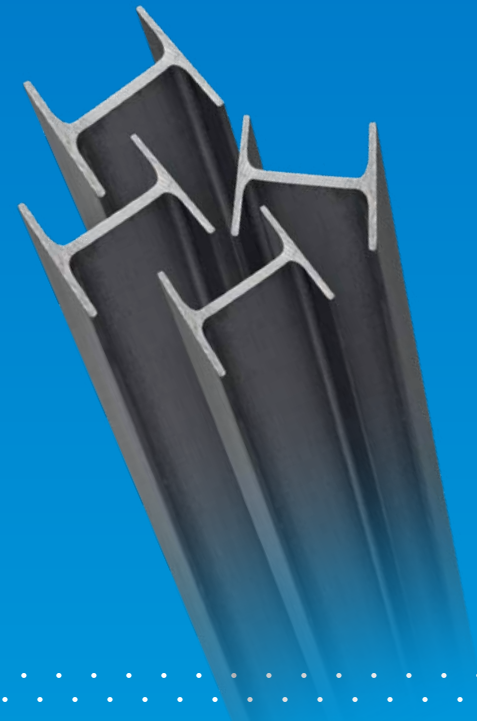
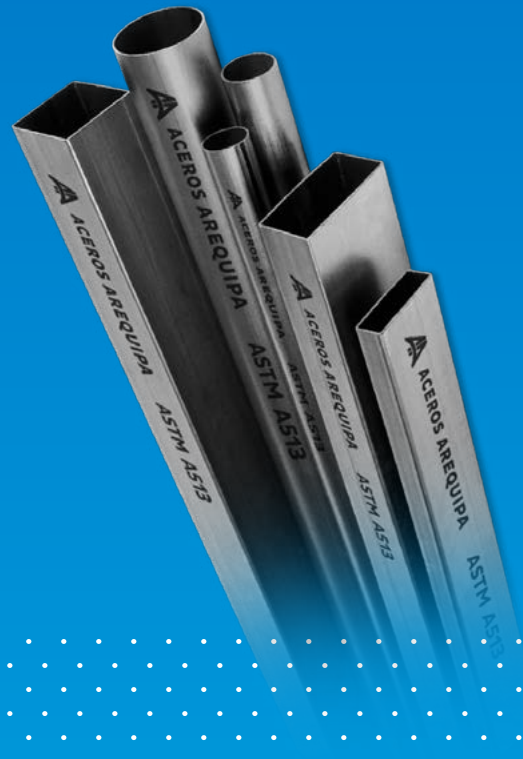


Committed with
a **sustainable**
future



20 —
22 —
Integrated
Annual
Report



Disclaimer

This document contains true and sufficient information regarding the development of the business of Corporación Aceros Arequipa SA during the year 2022. Without prejudice to the responsibility of the issuer, the signatories are responsible for its content in accordance with the applicable legal provisions.

March 30, 2023



Ricardo Cillóniz
Champin

Executive Chairman



Tulio Silgado
Consiglieri

CEO



Ricardo Guzmán
Valenzuela

CFO



Diego Hernández
Siguas

Accounting Manager

Letter to our Stakeholders

(GRI 2-22)

We are pleased to present our second Integrated Report of Corporación Aceros Arequipa, a document that allows us to comprehensively show the value of our corporation to all our stakeholders and report on our economic, social and environmental management.

The main milestone of 2022 was the first year of performance of the new Melt Shop (Melt Shop #2) in our steel complex located in the province of Pisco, Ica region. We achieved a production level of 183.7 t/h¹, producing 1,176,533 metric tons of billet product in the year.

The latest generation technology of Melt Shop #2 also allows us to have a more sustainable production by reducing water consumption (through dry coolers), emissions, consuming less energy, increasing our capacity to recycle steel as scrap and improving productivity. In addition, we made a significant investment in the implementation of a Vacuum Degassing station. This allows us to manufacture products from the range of special high carbon steels, to meet the

requirement of the Peruvian market for steels with a very high level of demand for mining and industrial use. It represents the commitment to the country and the mining industry by being able to provide inputs with added value that nowadays are usually imported.

Regarding our financial performance, we had positive results, exceeding figures for 2021. Our total sales amounted to 5,211 million soles, which represented an increase of 4% compared to the previous year, driven by higher local sales, sales to Bolivia and other markets (Brazil and Colombia) outside the main / usual destinations. Our gross profit for 2022 (S/ 700 million) was 41% lower than the gross profit registered in fiscal year 2021 (S/ 1,184 million) mainly due to higher costs of raw materials and products sold. We achieved a registered EBITDA of 632 million soles. All of this translated into greater benefits for our shareholders and interest groups, more jobs, higher wages and benefits for our employees, among others.

It is also important to highlight our progress in terms of sustainability. During 2022, we integrated our 2030 Sustainability Strategy into the company's balanced scorecard, in order to guide our management plans to achieve concrete actions and a real contribution to seven of the United Nations Sustainable Development Goals (SDGs).) with which we are committed. This has been possible thanks to the efforts of the entire corporation and the encouragement of the Sustainability Committee, which established fundamental guidelines allowing the strengthening of leadership in ESG management² at all levels.

¹ Production mix ratio / ² Environmental, social and governance

We work with solid foundations

This year we joined the UN initiative that promotes corporate sustainability worldwide. We were admitted to the United Nations (UN) Global Compact, a voluntary leadership platform for the development, implementation and dissemination of sustainable business practices. Through this adhesion, we commit ourselves to the Ten Universal Principles in the field of human rights, labor law, the environment and anti-corruption; just as we reinforce our commitment to contribute through action to the achievement of the Sustainable Development Goals (SDG).

As a result of our management, we are proud to highlight that, for the third consecutive year, we continue to be members of Standard & Poor's Dow Jones MILA Pacific Alliance Index. In its last edition, we found ourselves in 3rd position in the global steel industry. Our outstanding performance has allowed us to be included again in the Global Sustainability Yearbook 2023, creditors of the Top 5% superior S&P Global ESG Score distinction in the yearbook. These results position us as a leading company in the industry

in the Latin American region. In Peru, we remain in the local S&P/BVL index of the Lima Stock Exchange. These achievements demonstrate our efforts to integrate sustainability into our strategy and operations. We also highlight that we were recognized for the fifth consecutive year as a socially responsible company, through the evaluation (DESR) of Sustainable Peru and CEMEFI.

Generating shared value

We are a Company that is always betting on the development of our country and the region, which is demonstrated in the continuous and important investments that promote, directly and indirectly, the development of suppliers of goods and services, as well as the future benefit of generation employment within the Company. During 2022 we highlight:

- **We implemented a distribution center in Lurín on a 25-hectare plot.**
- **As part of our path to internationalization, we inaugurated a tube and shaped profiles plant in Bolivia.**

- **We have hired the business unit manager in Ecuador to start commercial activities.**
- **Two product lines (profiles and nails) entered the market in Colombia.**

In our efforts to manage diversity and inclusion, we created the Ingenieras de Acero trainee program, aimed at recently graduated engineers, with the purpose of increasing the participation of women in our sector to strengthen equal opportunities. Ten trainees chosen to participate in three projects for one year. We also strengthened our Human Rights management processes and conducted the first training in Business and Human Rights for personnel in critical positions.

Committed to the environment

Consequently, we continue to develop innovation projects to optimize the use of water and energy, and we promote the use of the different industrial by-products of our operations. During 2022, the process for obtaining zinc oxide from melt shop dust was consolidated, processing

close to 15,000 tons (7 times more than in 2021). The zinc oxide produced is sold to a refinery to obtain metallic zinc.

We are proud to announce that on December 28, 2022, the Ministry of the Environment awarded us the "Clean Peru" seal in recognition of compliance with the Clean Production Agreement signed with the Ministry of the Environment and the Ministry of Production.

At CAASA we are aware of the effects of carbon emissions on the environment, which is why we have proposed to achieve carbon neutrality by 2050, for which we have been implementing specific strategies and actions. We highlight our eco-efficiency efforts at melt shop #2, the implementation of the electric furnace allows us to consume more efficiently, favoring energy savings.

In addition, the water recovery system for washing gravel filters, has a technology that, in the same way, allows avoiding greater water consumption through recirculation. Another important milestone this year was that our transportation subsidiary, Transportes Barcino SA, acquired 32 Scania tugboats from the Green Efficiency portfolio, the largest fleet of European-brand Compressed Natural Gas trucks sold in Peru to date.

Today at Aceros Arequipa we are much more than steel

At CAASA we integrate the ESG management approach to generate shared value through our high performance. We work to make things better every day, we seek to be more efficient, provide the best products and services, hand in hand with continuous improvement, the lowest environmental impact and seeking to generate well-being in people.

This communication instrument has been prepared carefully following the GRI (Global Reporting Initiative) and IR (Integrated

Reporting) standards for the preparation of management reports. We invite you to know in detail our challenges and achievements that we obtained during 2022.

We ratify our firm commitment to our stakeholders, sustainable development, looking for solutions that transcend and allow us to be much more than steel.



Ricardo Cillóniz Champin
Executive Chairman



Tulio Silgado Consiglieri
CEO

CAASA in figures



S/ 5,211
million in net sales

S/ 632
million EBITDA

S/ 700
Millions of gross profit

S/ 795 thousand
invested in social
development projects

S/ 4.5 million
in environmental investment
projects

US\$ 256.20
million dollars
in purchases from national
suppliers



Members of the **DJSI MILA Pacific Alliance** by **3** Consecutive years and Global Top **5% distinction**

Sustainable Peru Award (DESR) as a **Socially Responsible Company** for the fifth year

Green loan for financing Aceros Arequipa companies in the US.

Aceros Arequipa among the **100 companies** with the best corporate reputation according to the Merco Peru ranking

We reduce water consumption per ton of **steel by 40%**

CAASA in figures



1.177 million
de TM
of finished product

4,218 tons of
zinc oxide
from dust from the melt shop

1.3 million tons of
ferrous scrap annually in our
production process



Acquisition of **32** Scania tugboats
that use CNG, the cleanest fuel
available in Peru.



Start up of a tube plant
and shaped profiles in
Bolivia



Zero social conflicts
in our area of influence



36 average hours of
training per employee

Our Recognitions

S&P/BVL Peru General ESG Index

We remain one of the best companies in its class in the local sustainability index of S&P/BVL Peru General ESG Index, which measures the compliance of companies in the social, environmental and corporate governance spheres.



For the fifth consecutive year, we obtained the Socially Responsible Company Distinction (DESR) granted by Perú Sostenible in alliance with the Mexican Center for Philanthropy (CEMEFI), achieving a score of 89.28/100.



We received the Great Place To Work® (GPTW) Certificate, which recognizes us as a place that offers world-class experiences to its employees, providing them with a pleasant work environment and high opportunities for growth.



We are among the top 100 companies in the Merco Empresa, Merco Líderes, Merco Talent and Merco ESG Responsibility rankings. Merco Empresa recognizes companies with the best corporate reputation, Merco Leaders recognizes the most valued leaders, Merco Talent recognizes those that best attract and retain talent, and Merco ESG Responsibility recognizes the most responsible.



THE CORPORATE EXCELLENCE OF ACEROS AREQUIPA HAS BEEN RECOGNIZED THIS TIME IN THE SOUTHERN MACRO-REGIONAL EDITION OF THE MOST ADMIRED COMPANIES (EMA) AWARD. IN ITS FOURTH DECENTRALIZED EDITION, IT RANKS IT AS ONE OF THE FIVE MOST ADMIRED COMPANIES, WINNING IN THE MANUFACTURING SECTOR.



On December 28, 2022, the Ministry of the Environment awarded us the "Clean Peru" seal in recognition of 100% compliance with the Clean Production Agreement signed with the Ministry of the Environment and the Ministry of Production.



In 2022, the Ministry of the Environment granted us the "Peru Carbon Footprint" level 3 recognition, for calculating Greenhouse Gas emissions for the 2021 period.



ASOCIACIÓN LATINOAMERICANA DEL ACERO

We are one of 35 Latin American steel companies that was recognized for its collaboration and transparency in the development of sustainability indicators from Alacero (Latin American Steel Association).

We are ranked 3rd in the global steel industry by the DJSI – MILA Pacific Alliance!

We were included for the third consecutive year in the Dow Jones Sustainability Index – MILA Pacific Alliance, a stock index that recognizes and groups the companies with the highest environmental, social and governance performance in each industry. CAASA scored 75/100 in the 2022 S&P Global Corporate Sustainability Assessment, moving up one position in the ranking from the previous year. In addition, thanks to our performance for the second year, we were included in the S&P Sustainability Yearbook 2023.

As a result of our excellent management and great efforts to improve our processes, we have occupied the top 3 sustainability ranking of the global steel industry as measured by Standard and Poor's (S&P) Global.

We also obtained another recognition:

- **Top 5% S&P Global ESG Score 2022: For being between 1 and 5% of the maximum score obtained from all participating companies in the industry.**

Corporación Aceros Arequipa
Steel

**Sustainability
Yearbook Member**

S&P Global ESG Score 2022

75 /100

As of February 7, 2023.
Position and Score are industry specific and reflect exclusion
screening criteria. Learn more at spglobal.com/esg/yearbook

S&P Global



Corporación Aceros Arequipa
Steel

Top 5%

S&P Global ESG Score 2022

75 /100

As of February 7, 2023.
Position and Score are industry specific and reflect exclusion
screening criteria. Learn more at spglobal.com/esg/yearbook

S&P Global



Member of
**Dow Jones
Sustainability Indices**

Powered by the S&S Global CSA



1

**Aceros Arequipa:
much more than steel**

1.1. We are CAASA

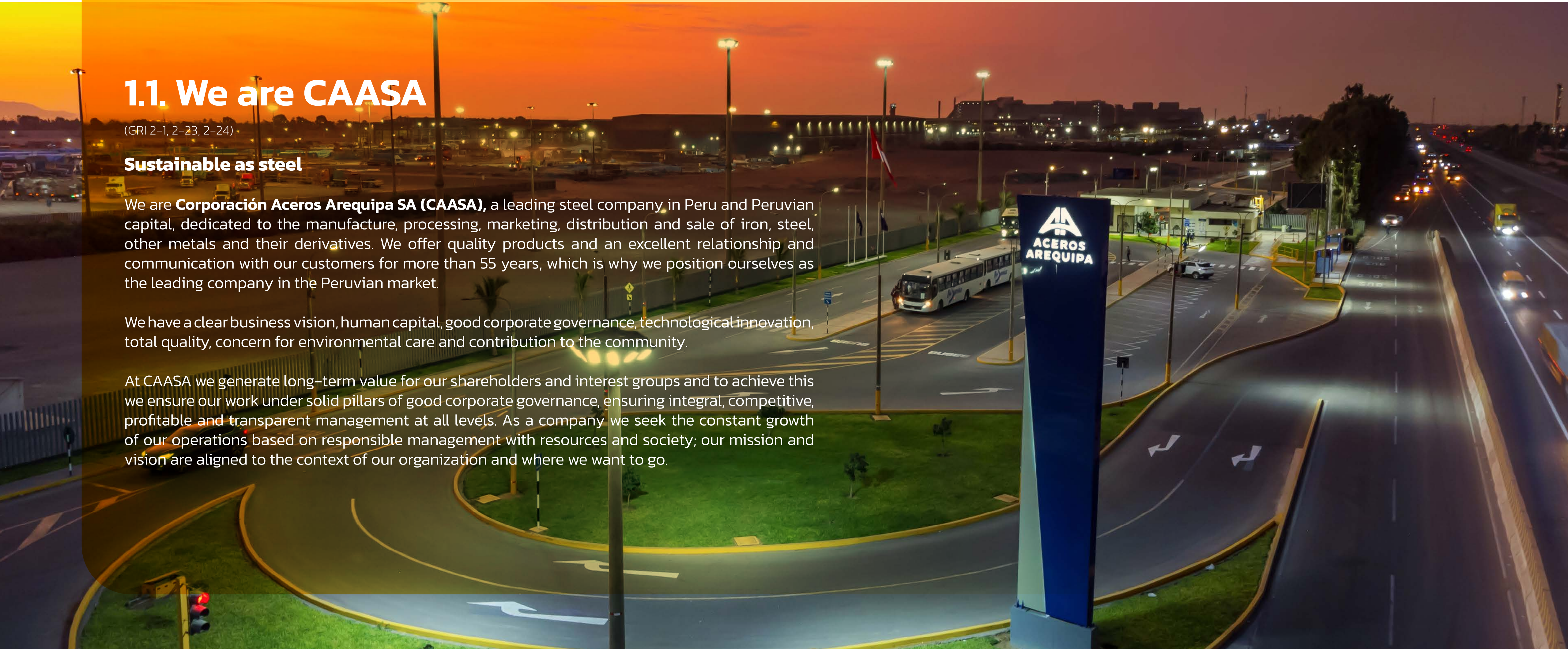
(GRI 2-1, 2-23, 2-24)

Sustainable as steel

We are **Corporación Aceros Arequipa SA (CAASA)**, a leading steel company in Peru and Peruvian capital, dedicated to the manufacture, processing, marketing, distribution and sale of iron, steel, other metals and their derivatives. We offer quality products and an excellent relationship and communication with our customers for more than 55 years, which is why we position ourselves as the leading company in the Peruvian market.

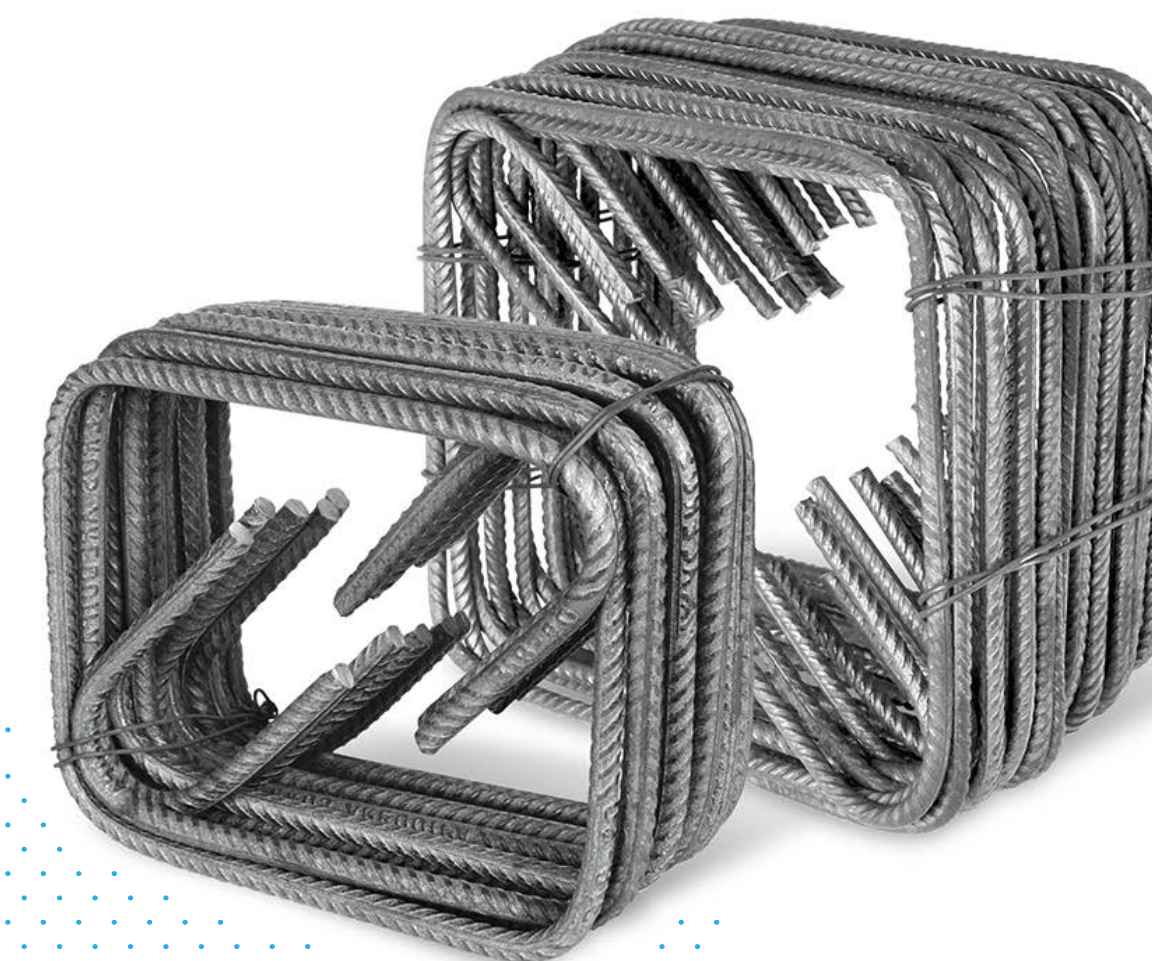
We have a clear business vision, human capital, good corporate governance, technological innovation, total quality, concern for environmental care and contribution to the community.

At CAASA we generate long-term value for our shareholders and interest groups and to achieve this we ensure our work under solid pillars of good corporate governance, ensuring integral, competitive, profitable and transparent management at all levels. As a company we seek the constant growth of our operations based on responsible management with resources and society; our mission and vision are aligned to the context of our organization and where we want to go.



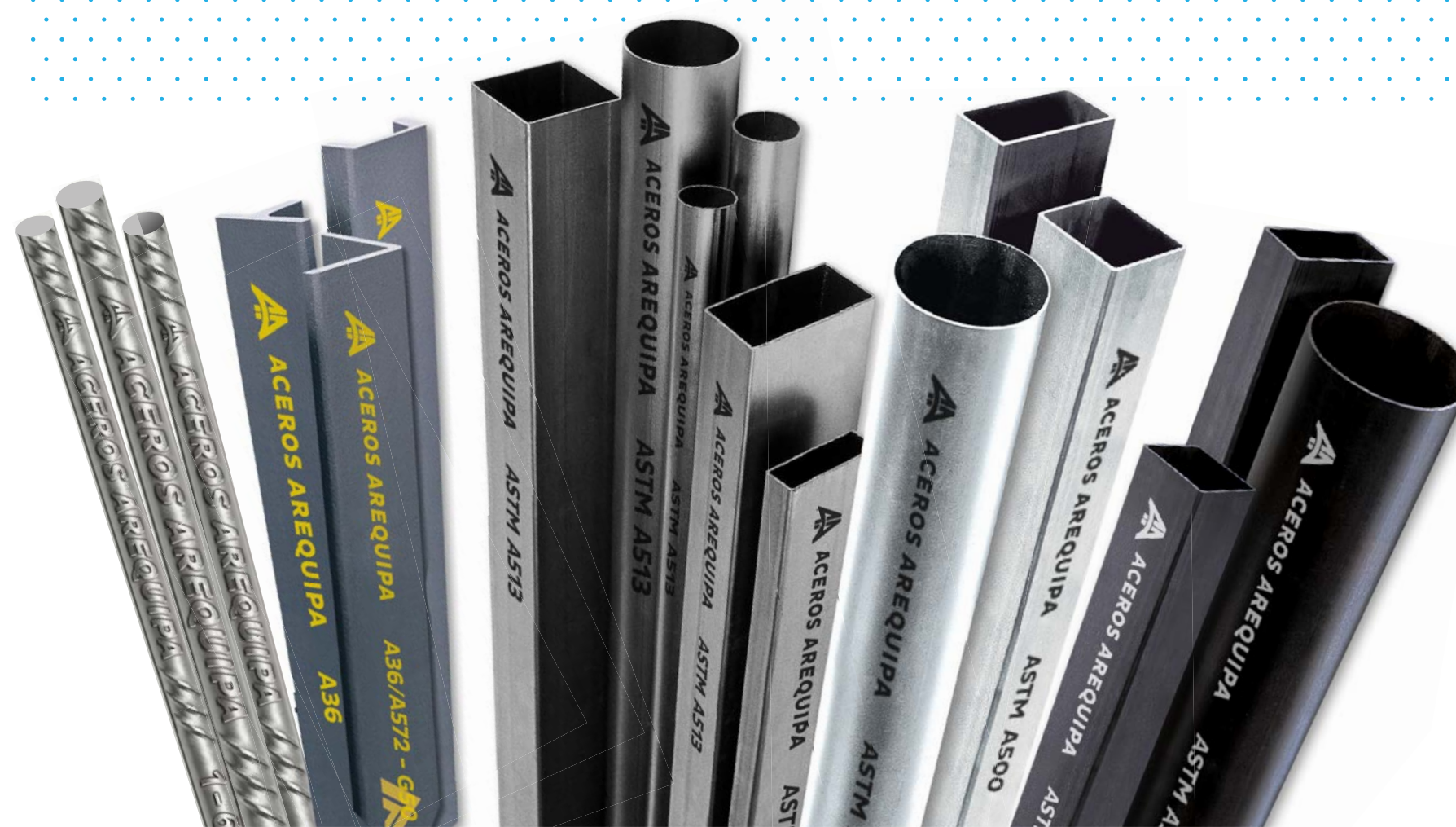
Mission

Offer steel solutions to our clients, through innovation, continuous improvement and human development, contributing to the growth of the country and increasing value for our shareholders and interest groups.



Vision

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



Our values

We have strong corporate values that allow us to operate responsibly, achieving our business objectives and having a positive relationship with our employees, clients, shareholders, suppliers and other interest groups, under ethical and transparent conduct of operations.



**WE FEEL PASSION
FOR WORK**



**WE FOCUS
ON WHAT IS
RELEVANT**



**WE WORK AS A
TEAM**

1.2. Our sustainability approach

(GRI 2-14, 2-22)

Lead by Example

Our Sustainability strategy was established and formalized in 2021, it seeks to place us at the forefront of good international practices and the current needs of society, the planet and the organization.

Compromiso Ambiental

GM Gestión Medioambiental

12 PRODUCCIÓN Y CONSUMO RESPONSABLES
13 ACCIÓN POR EL CLIMA

- Circular Economy
- Climate Change
- Eco-efficiency

Estructura Sólida

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

9 INDUSTRIAL, INNOVACIÓN E INFRAESTRUCTURA
16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS

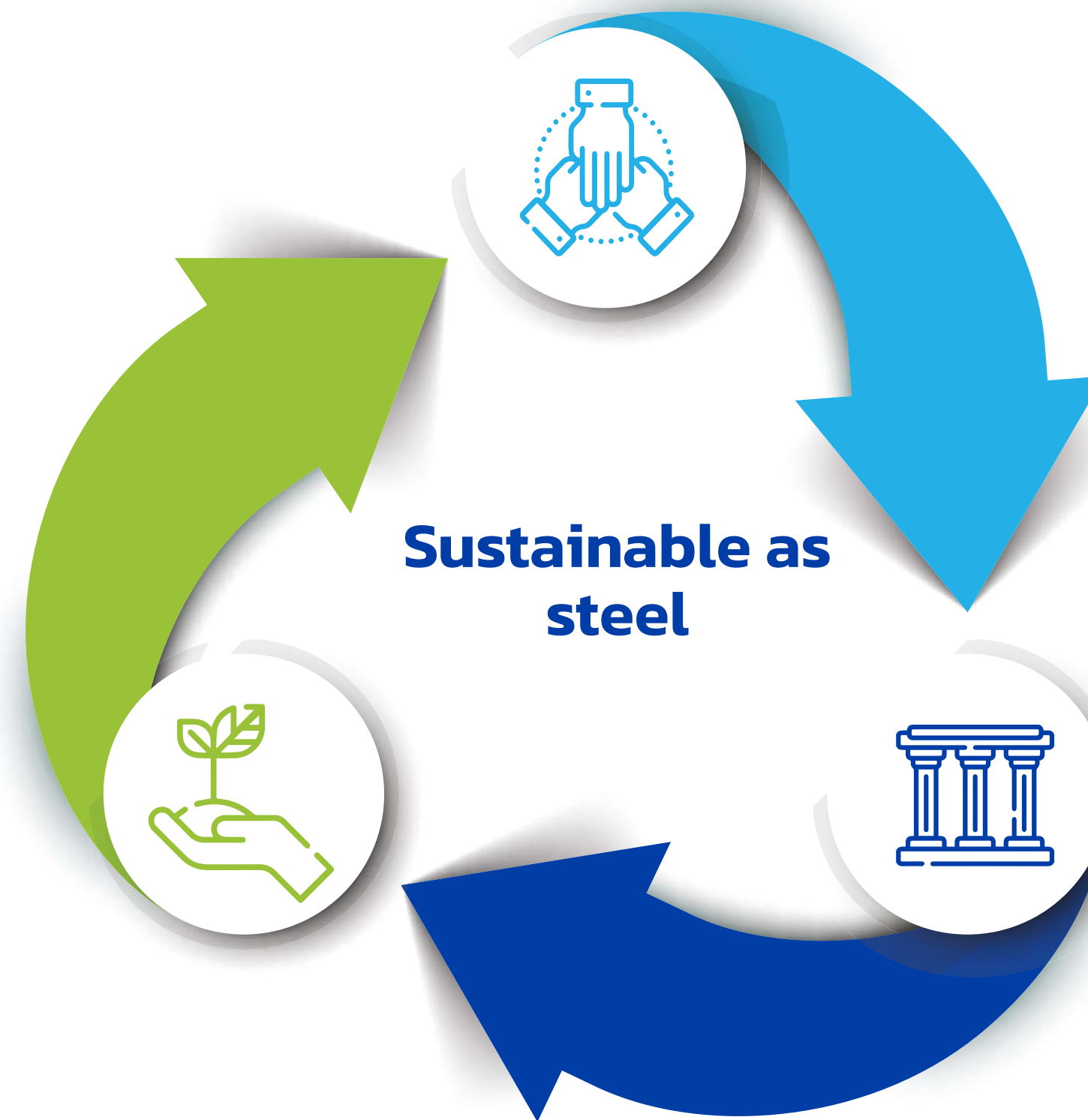
- Ethics and Integrity
- Corporate Governance
- Risk management
- Innovation and Competitiveness

Valor compartido

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

3 SALUD Y BIENESTAR
8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO
17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

- Extraordinary talent
- Security and health
- Community development
- Responsible supply chain
- Human rights



Sustainability Strategy to 2030

Our sustainability strategy integrates our relevant issues for the company and material issues for the organization and stakeholders, global industry trends and our contribution to the Sustainable Development Goals; Based on risk management, we seek to prevent negative impacts and/or enhance positive impacts based on the ESG pillars (environmental, social and governance).

The strategy includes our ambitions in three main axes or pillars: Solid Structure, Environmental Commitment and Shared Value. These, in turn, incorporate specific topics, long-term objectives, targets and indicators.



Our pillars

Each ESG pillar describes our way of working to achieve our established objectives, we not only seek to generate profitability for the company, what CAASA seeks through our strategy is to be a profitable company for our shareholders and that promotes the growth of our staff, of our surroundings and that protects the environment. Each pillar of the strategy is described below:



Solid Structure

We work ethically and transparently, always guided by our corporate values. We offer the best quality to our clients, applying technological innovation that allows us to be at the forefront.



Environmental Commitment

We promote the circular economy and innovation, which allow us to be more efficient in the use of resources, generate less waste and contribute to caring for our environment.



Shared Value

We contribute to improving the quality of life of the different groups with which we interact.

Main policies regarding sustainability

(GRI 2-23)

Within the management tools that we have for the execution of our sustainability strategy, we guide our processes under the following policies:

Document name

- [Code of Ethics](#)
- [Code of Ethics for Suppliers and Contractors](#)
- [Code against acts of fraud and corruption](#)
- [Corporate Social Responsibility Policy](#)
- [Human Management Business Policy](#)
- [Corporate Health and Safety Policy _ Occupations](#)
- [Environment Policy](#)
- [Human Rights and Diversity Policy](#)

Strategy Integration

In order to integrate our sustainability strategy into our business strategy and operations, work was carried out during the year to include initiatives and indicators by pillar in the company's balanced scorecard, which can be monitored annually by each department.



Solid Structure

Pillar	Indicators	Initiatives
Ethics and Integrity	4	1
Corporate governance	1	1
Risk management	3	3
Innovation and Competitiveness	4	20



Environmental Commitment

Pillar	Indicators	Initiatives
	2	
Circular Economy	1	2
Climate change	5	2
eco-efficiency		14



Shared Value

Pillar	Indicators	Initiatives
Extraordinary Talent	7	5
Security and health	1	3
Development of our surrounding population	9	9
Responsible supply chain	3	0
Human rights	1	1

Sustainability committee

2022 has been the second year of operation of our Sustainability Committee, which has been key to continue promoting the incorporation of the sustainability strategy by 2030 in the management of the different departments of the corporation.

The Committee held 3 work sessions, thanks to their leadership and commitment, we were able to implement new processes and execute actions to improve and strengthen our management, which led to being recognized for our sustainable management in different indexes and rankings at the national and international level.

One of these important achievements was the entry, for the third consecutive year, into the Dow Jones Sustainability MILA Pacific Alliance Index and the Sustainability Yearbook 2023, managing to place us among the three most sustainable companies in the steel industry worldwide.



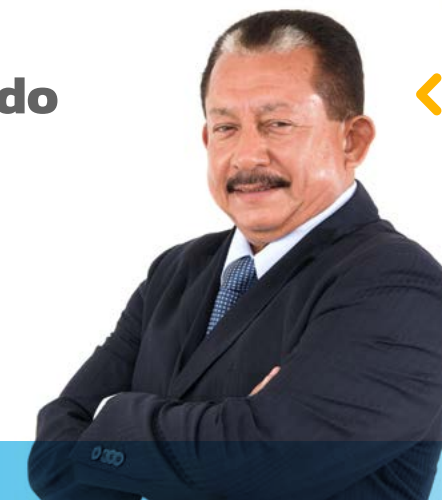
< **Ricardo Cillóniz Rey**
Project Manager, Mining and Social Responsibility ¹



Members of the Sustainability Committee



< **Tulio Silgado**
CEO



< **Augusto Cornejo**
Central Production Manager



< **Mariana Talavera**
Supply Chain Manager



< **Fernando Bustamante**
Strategic Management Control Manager



< **Ricardo Guzmán**
CFO



< **Juan Manuel Otoy**
Human Management Manager

The main achievements of the Committee are:

- **Integration of the sustainability strategy to 2030**
- **Closing sustainability management gaps 2022**
- **Promotion of the incorporation of Human Rights management practices**
- **Improvements in corporate policies**
- **Strengthening the culture of sustainability in the company**
- **Support in updating the 2022 Materiality and Mapping of Actors process**

(1) Presidente del Comité.

Material topics

(GRI 3-2)

Every two years we carry out the materiality update process, where we identify and prioritize the most important environmental, social and governance issues for the company and our stakeholders.

During 2022, the process included the analysis of the organization's context, the collection of information on the impacts of the industry (potential or real), the main sustainability standards and global commitments, as well as the expectations and interest of our employees, clients, State, suppliers and communities.

Due to their relevance, the prioritized issues are actively managed, are part of our sustainability strategy and are included in our reporting mechanisms to account for the progress and challenges to our stakeholders (To learn about the materiality process, go to the annex Materiality process.).



Prioritization of ESG issues

- Research, development and innovation
- Strengthening occupational health and safety
- Relationship with customers
- Risk management
- Corporate governance and ethical management
- Talent management
- Response to climate change and energy efficiency
- Air quality management
- Protection of Human Rights
- Creation of shareholder value

CAASA List of
Material Topics

Relationship with our stakeholders

(GRI 2-29)

For CAASA it is important to maintain a cordial and trusting relationship with our stakeholders (hereinafter GI) and maintain close relationships, following the communication guidelines established by the company in our Communications Matrix (To learn more about the communication mechanisms relationship and communication, go to the Matrix of communication with our stakeholders). For this reason, every two years we update our mapping of stakeholders, in order to collect expectations from our stakeholders, establish strategies to keep them updated on our management and propose improvements to our relationship mechanisms.

During 2022, we carried out an update of our interest groups and a mapping of actors. There are 6 categories of interest groups with which we relate, identified from our productive, commercial and sustainable development activities. All these groups are invited to participate through a period of consultations and interviews during the update of the stakeholder mapping. The topics discussed in these spaces were related to the material issues of the organization and those that represent positive and negative impacts, according to the experience of each interest group.



Suppliers



Shareholders



Customers



Employees



Society



Government

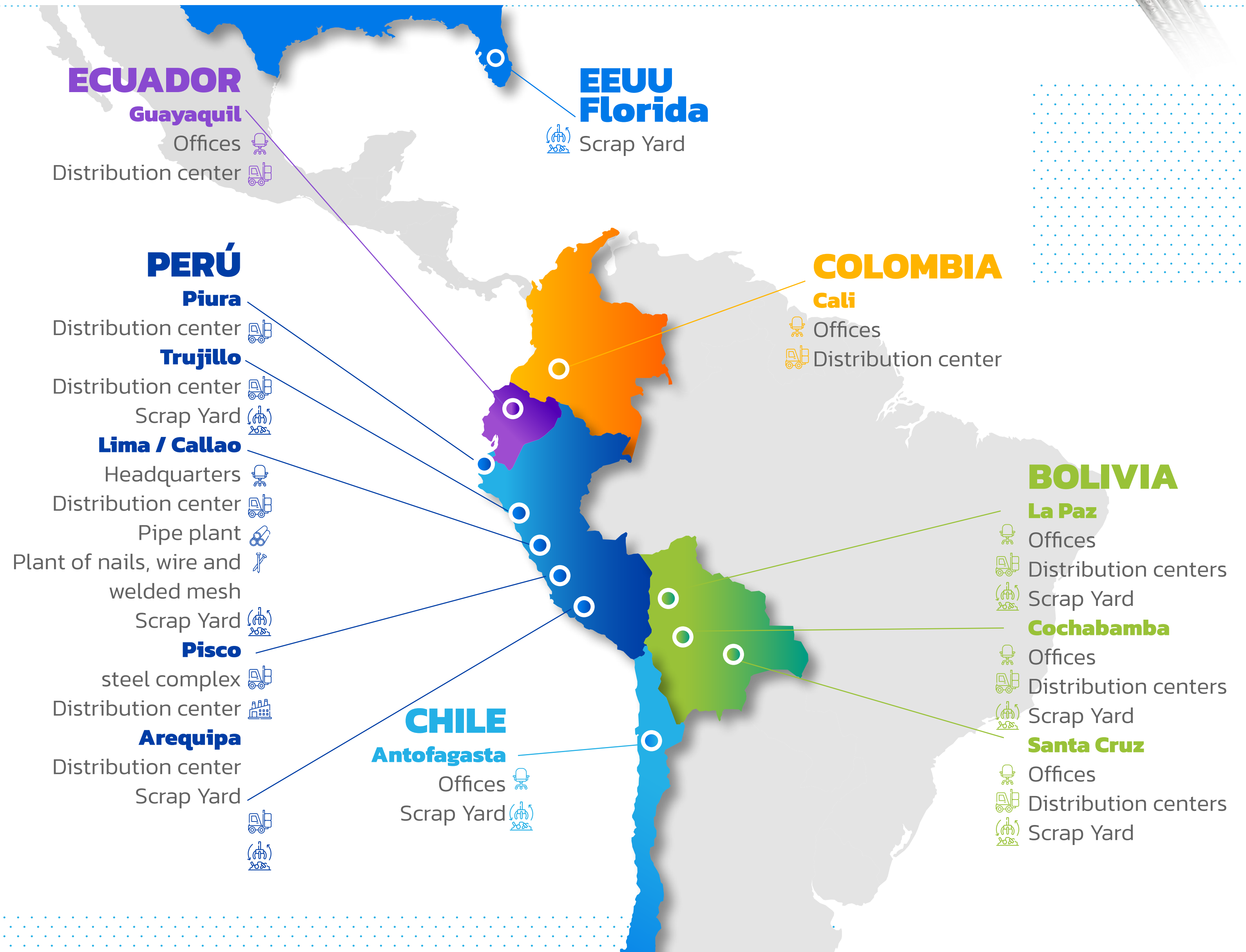
1.3. Our offices

(GRI 2-1, 2-2)

Consolidating our operations in the region

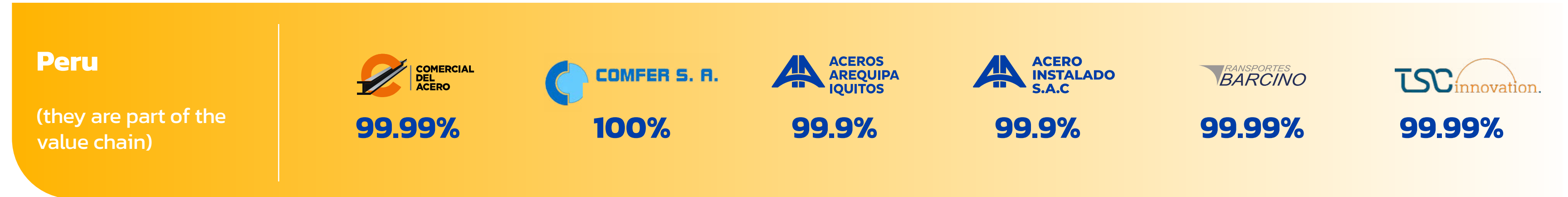
Initially established in the city of Arequipa in 1964, we were born with the firm purpose of providing Peru with the best steel. Today we have established ourselves as a leading company in the Peruvian steel market and, thanks to our broad portfolio of products, we have an increasingly important international presence. To serve the different market segments, we have operations in different cities in Peru and Latin America.

With these transactions, we not only achieve a greater regional presence, but we also take an important step to strengthen the supply of recycled inputs for our new steel plant in Pisco.



Subsidiaries and affiliates

Corporación Aceros Arequipa SA (hereinafter the Company), as part of its growth, invests in companies that strengthen the value chain of its corporate purpose (supply, production processes, marketing, services) both locally and internationally; In addition, it has investments in companies that are not part of the corporate or related purpose. The Company's investments are presented below:



Next, we detail the information of the main companies:



99.0%

ACEROS AMERICA S.R.L.:

Company incorporated in Bolivia (Santa Cruz) in 2016, with the aim of optimizing customer service and increasing market share in that country, as well as the export of scrap to Peru.



100%

ACEROS AMERICA S.A.S.:

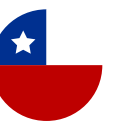
Company incorporated in Colombia in March 2020, with the objective of marketing finished products.



100%

ACEROS AMERICA AA S.A.S.:

Company incorporated in Ecuador in July 2022, with the objective of marketing finished products.



100%

ACEROS AMERICA SPA:

Company established in November 2019, in Chile, with the objective of supplying raw materials to Corporación Aceros Arequipa SA.



100%

ACEROS AMERICA CORPORATION:

Holding company incorporated in Delaware, United States of America, in which the Company has 100% of the shareholders. Aceros America Corporation, in turn, has a 100% equity interest in two companies that operate scrap yards: Aceros America Port Manatee LLC and Aceros America St. Pete LLC. These companies were incorporated in July 2021 with the objective of acquiring the operating assets of two scrap yards in the state of Florida, in the United States of America, in order to ensure part of the growing need for scrap from the new electric furnace. of the company.



99.99%

TECHNOLOGY AND CONSTRUCTION SOLUTIONS SAC (TSC INNOVATION):

Company established in November 2018, with the purpose of providing value-added services for construction through detailed engineering services and virtual design and BIM (Building Information Modeling) construction.



99.99%

TRANSPORTES BARCINO S.A.:

Company with several years of experience in the field of cargo transportation services, providing services to the Company, mainly



10%

ELECTRIC COMPANY EL PLATANAL SA (CELEPSA):

Our Company has a 10% interest in the capital of CELEPSA, a company that operates the 22.7 MW El Platanal hydroelectric plant in the Cañete river basin. In 2022, Celepsa represented 2.1% of the national production of the National Interconnected Electric System (SEIN), and 4.2% of participation at the hydroelectric generation level.

Currently, the Company has three subsidiaries: i) CELEPSA Renovables SRL, owner of the 18.4 MW Marañón Hydraulic Power Plant, located on the Marañón River; ii) Ambiental Andina SAC, a company that is in charge of providing meteorological and hydrological services; where it has a 50% stake and, iii) Ecorer SAC, a company that generates and sells energy from non-conventional renewable sources (solar, wind, geothermal and/or hydraulic).

Celepsa is also the promoter of the first private board of trustees, recognized by SERNANP, for the conservation of a protected natural area.

It is worth mentioning that in 2023 Celepsa will carry out the acquisition of shares in Termochilca, a thermal power plant located in Chilca with a capacity of 300 MW .



99.99%

COMERCIAL DEL ACERO SA (COMASA):

In September 2018, the Company acquired 66.35% of Comasa for an amount of 84.6 million soles. With the purchase, the Company increased its shareholding, obtaining 100% of the capital. The acquisition was made with own resources that the Company had reserved. As a result of the operation, the Company increases its participation in the flat and tube market and enters the market for structural beams and plates. In January 2021, the liquidation of Comasa was approved.



100%

COMFER S.A.:

During 2021, the Company acquired 100% of the shares for an amount of 17.5 million dollars. The purchase was made in two tranches: one in February and another in September. With this acquisition, the Company increased its market share in nails and wires. The transaction was carried out with own resources that the Company had reserved. In August 2021, the liquidation of Comfer was approved.

1.4. Leaders in steel production and comprehensive solutions

(GRI 3-3)

 Innovation and
technology drive
our development

This sector is characterized by the use of high technology to achieve high quality, resistant products for the construction of infrastructure and adapted to meet the needs of the market. For this reason, we focus on working with the latest technology in the sector: optimizing production ratios and reducing our negative impacts in our area of influence.

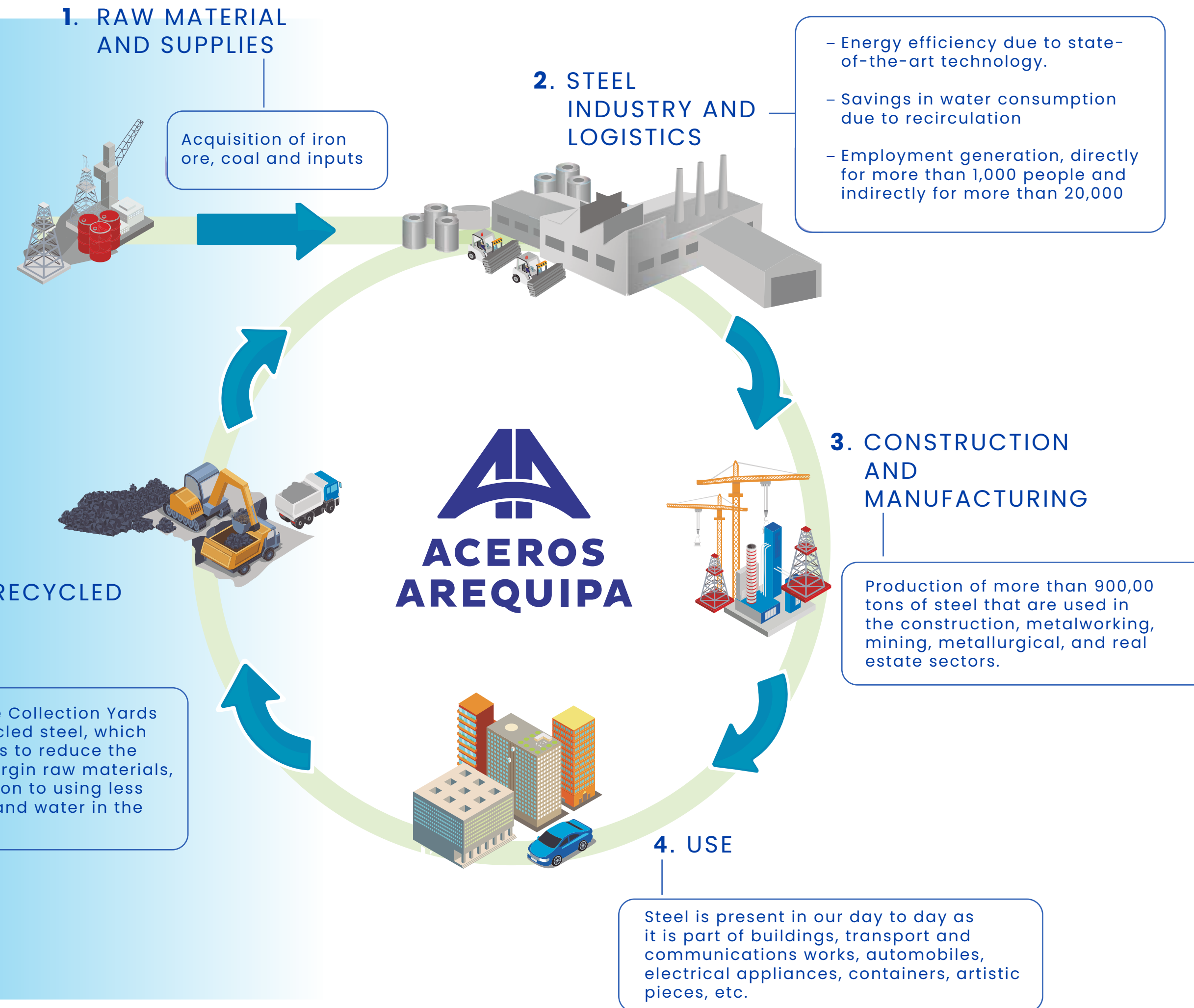
The national industry is made up of two steel companies that, together with importers, supply the national market with steel products. Among the most important products commercialized in the national market we have: construction bars, wire rod, smooth bars, profiles, beams, flat products, sheet metal, tubes, steel mesh, nails and wires.

In the present exercise, differentiated behaviors were observed in the evolution of international steel prices. In the case of construction bars, the average export price FOB Turkey in 2022 was 7% higher than the average price in 2021. On the other hand, the average export price of hot rolled coil FOB China in 2022 it was reduced by 19% compared to the average price of 2021. During 2022, the apparent demand for long products in the domestic market showed a drop of 7% compared to the previous year, and, in the case of flat and tubular products, the market showed a drop of 11% compared to that same year.



Our value chain

(GRI 2-6)



We promote the responsible consumption of resources, choosing technologies and processes that use renewable or higher-performance resources, whenever feasible. For this reason, our production adopts the circular economy approach in the steel life cycle to reduce the use of virgin raw materials and reduce energy and water consumption in our processes.

- We optimize the performance of resources in the organization, this implies designing the processes to manufacture, recondition and recycle in order to increase the degree of use of these.
- We implement environmental criteria for the acquisition of inputs and materials, in order to have the least possible environmental impact as a consequence of their use.
- The steel we produce is designed to be 100% recyclable, due to its properties. Even the majority of steel that we use today is recycled and maintains its initial quality. Recycling steel means saving raw materials and resources in its manufacture.

Our plants and technology

(GRI 2-6)

PISCO STEEL COMPLEX

It is located in Paracas – Ica, at km 241 of the Panamericana Sur. It is made up of two steel plants (plant No. 2 in operation and plant No. 1 on standby), two lamination plants, and the ACEDIM industrialization plant for cutting, bending, and pre-assembly services for corrugated steel bars.

During fiscal year 2022, our Pisco plant had a production of 1,194,541 tons of billets in the melt shops and 1,133,613 tons of finished products.

Annual production records were achieved at the melt shop and rolling mills.

OUR PRODUCT PORTFOLIO IS: CORRUGATED BARS, WIRE RODS, ANGLES, U CHANNELS, PLATES, TEES, SQUARE BARS, ROUND BARS FOR THE MANUFACTURE OF BALLS AND HELICAL BARS.



1'194,541

tons of billets per year –
ANNUAL RECORD



1'133,613

annual metric tons of
finished products –
ANNUAL RECORD



NEW MELT SHOP IN PISCO

We completed our first year of operation of (Steel No. 2), which began commissioning operations on July 13, 2021 (stage prior to the start of operations) in July 2021. It worked in parallel with the current furnace (Steel No. 1) until February 2022, date on which Melt shop No. 1 (850 thousand MT of capacity) entered stand-by.

As of February 2022, all billet production was carried out at Melt shop No. 2. The plant could reach a total capacity of 2.1 million t of billets with the parallel operation of Melt shop No. 1 and No. 2.

Main benefits:

- **Increased local billet production capacity, reducing dependence on imported billet.**
- **Decrease in the cost of transformation of the melt shop and flexibility in the metal load used.**
- **During 2023, operational improvements and complementary investments will continue to be carried out.**

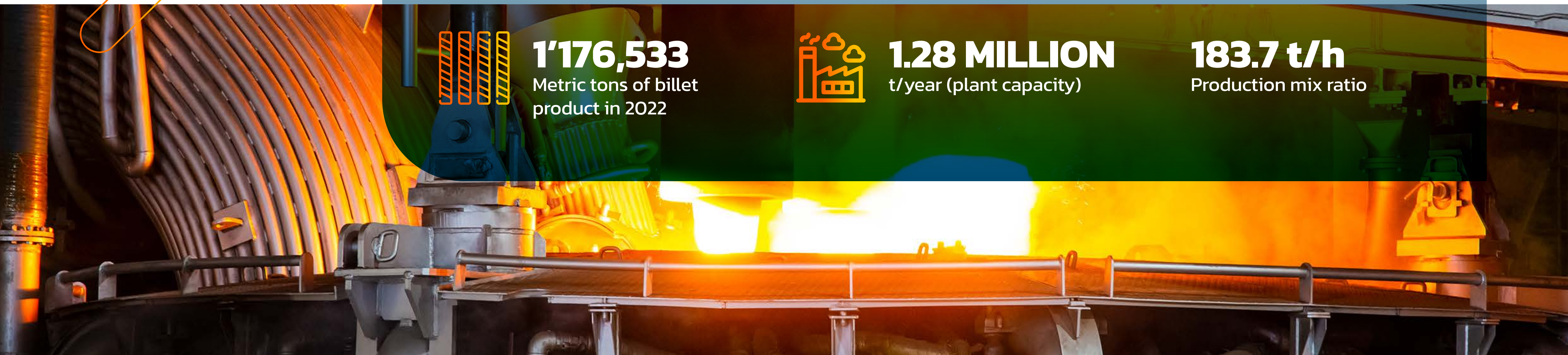


1'176,533
Metric tons of billet
product in 2022



1.28 MILLION
t/year (plant capacity)

183.7 t/h
Production mix ratio



Implementation of a Vacuum Degassing station (Vacuum Degasser)

We highlight that Melt shop No. 2 is complemented by the implementation of a vacuum degasser. Since mid-2022, Aceros Arequipa has been manufacturing products from the range of special high carbon steels, which allows it to meet the requirement of the Peruvian market for very high-demand steels for industrial use.

- Ensure the manufacture of high carbon steels, with low hydrogen content (<2ppm), of high resistance and useful life in service.
- Achieve a high degree of cleanliness in the steel that allows improving the mechanical properties of special steels.
- Reduce costs of inputs, raw materials, and give more flexibility in the operation.
- It represents the commitment to the country and the mining industry by being able to provide inputs with added value that nowadays are usually imported.



ROLLING MILL

This year was characterized by having optimized our production systems, achieving an annual total production record of 1,133,613 t of finished product from rolling mills; figures higher than our goals proposed at the beginning of the year. However, we are not only focused on exceeding our production goals, but also on guaranteeing that our employees can work in safe environments. For this reason, we integrate health contingency plans into our production plans and, in this way, we combat the spread of contagion by COVID-19.

- **Installed Capacity 2022: 1,200,000 t of finished product**

Among the CapEx investments that will be carried out during 2023 are the following: New rolling mill (which will start operating in 2024)

1'133,613

Tons of finished product in
2022-ANNUAL RECORD

1.2 million
t/year (plant capacity)

57 t/h

Production rate
Lamination 1

122.3 t/h

Rhythm of production
Lamination 2



SIZED STEEL PLANT

Descripción

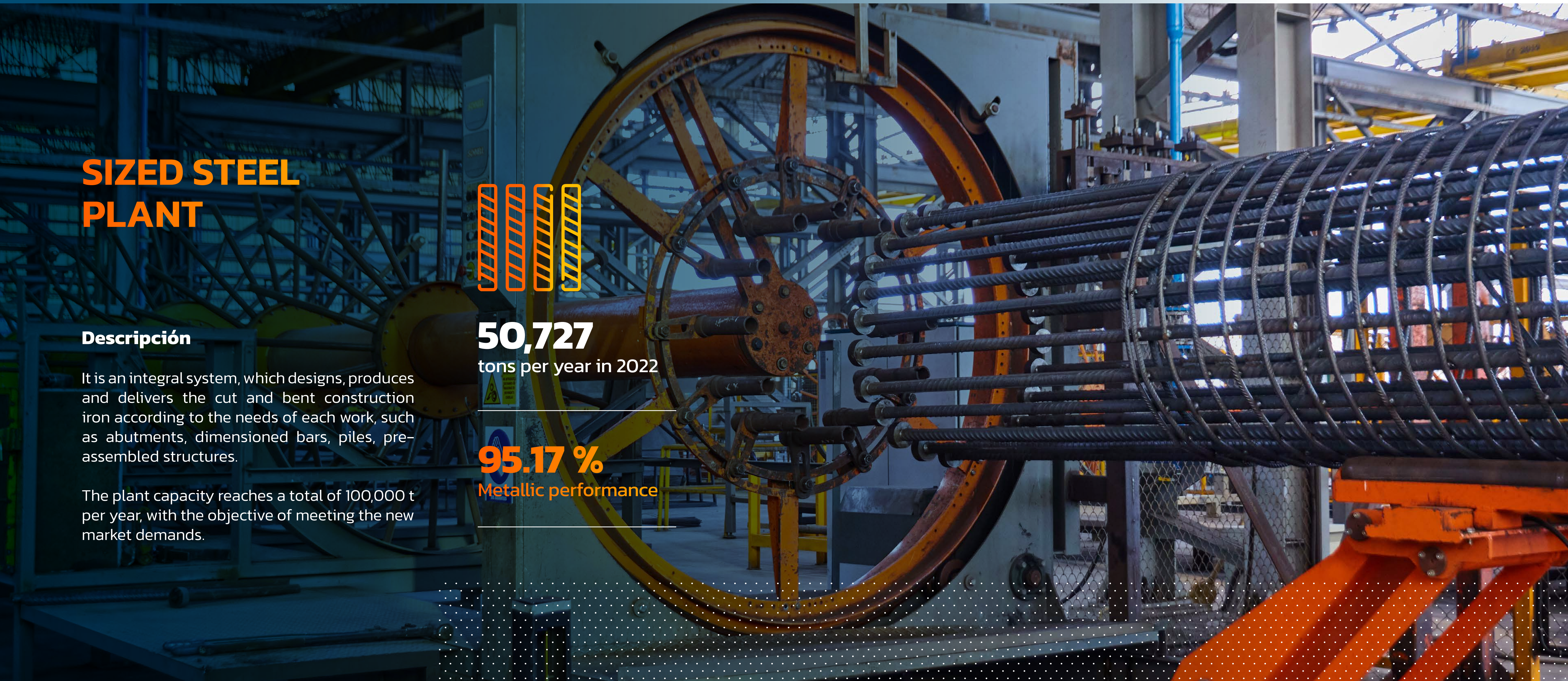
It is an integral system, which designs, produces and delivers the cut and bent construction iron according to the needs of each work, such as abutments, dimensioned bars, piles, pre-assembled structures.

The plant capacity reaches a total of 100,000 t per year, with the objective of meeting the new market demands.



50,727
tons per year in 2022

95.17 %
Metallic performance



CALLAO TUBE PLANT

DESCRIPTION:

This plant is dedicated to the manufacture of steel tubes in different shapes and sections.

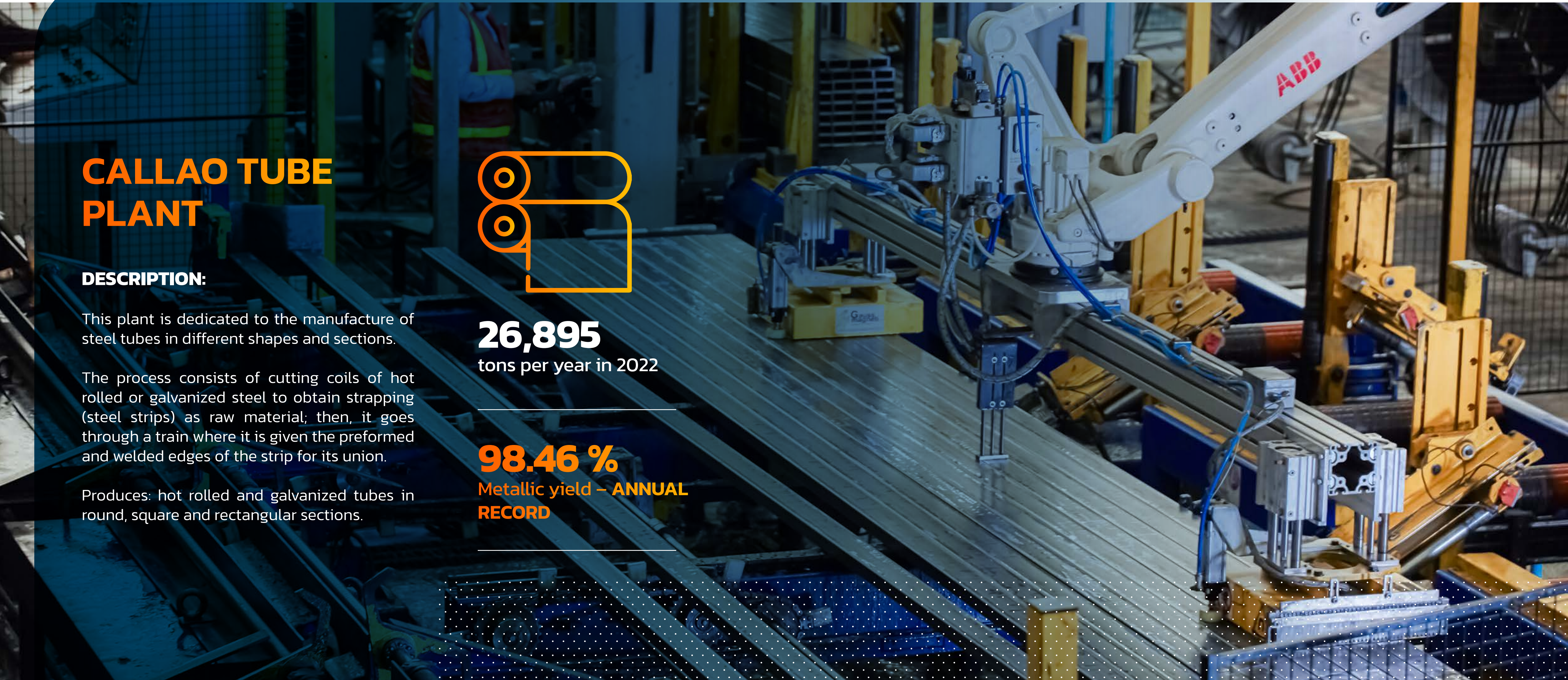
The process consists of cutting coils of hot rolled or galvanized steel to obtain strapping (steel strips) as raw material; then, it goes through a train where it is given the preformed and welded edges of the strip for its union.

Produces: hot rolled and galvanized tubes in round, square and rectangular sections.



26,895
tons per year in 2022

98.46 %
Metallic yield – **ANNUAL
RECORD**



CAJAMARQUILLA TUBE PLANT

DESCRIPTION:

This plant is dedicated to the manufacture of steel tubes in different shapes and sections. It has two manufacturing lines.

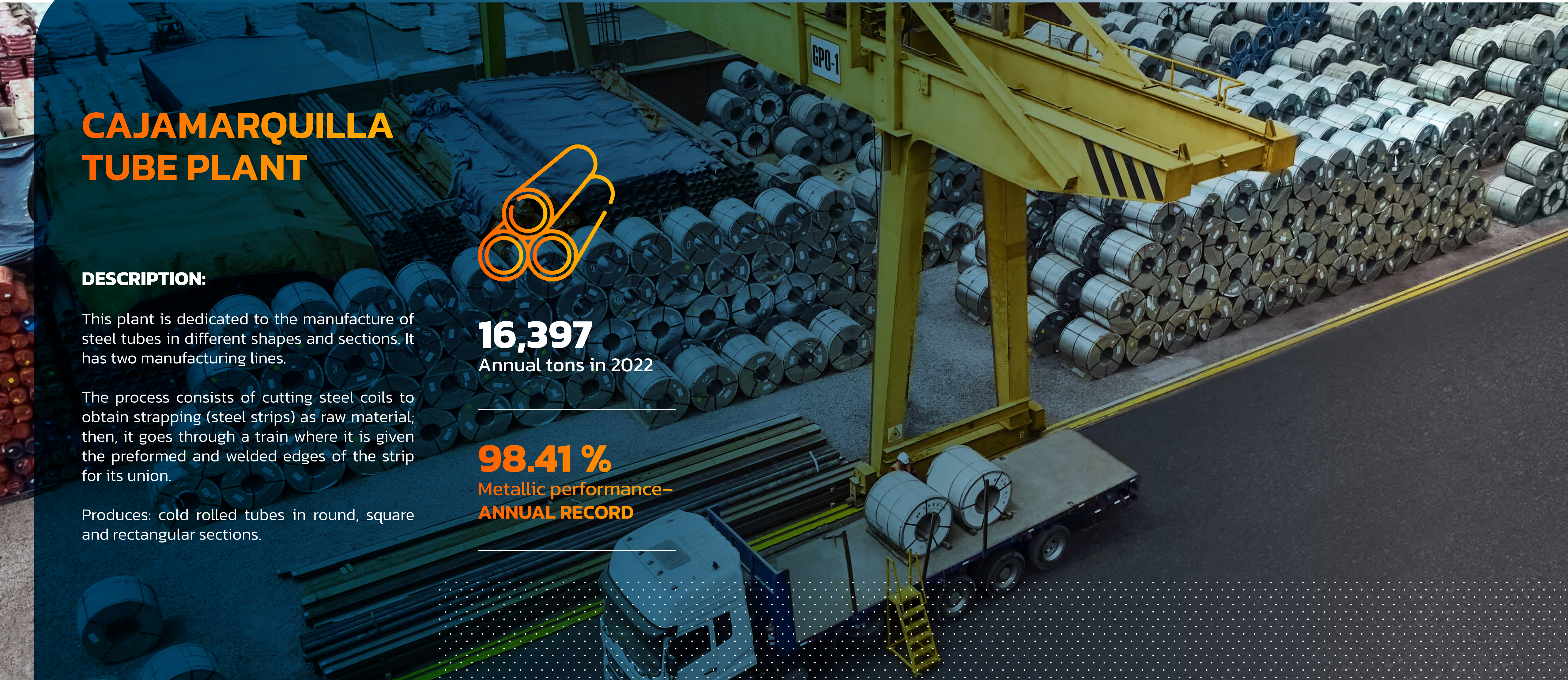
The process consists of cutting steel coils to obtain strapping (steel strips) as raw material; then, it goes through a train where it is given the preformed and welded edges of the strip for its union.

Produces: cold rolled tubes in round, square and rectangular sections.



16,397
Annual tons in 2022

98.41 %
Metallic performance—
ANNUAL RECORD



WIRE, NAILS AND ELECTRO-WELDED MESH PLANT

Description:

It is a plant dedicated to the manufacture of products such as nails, wires and electro-welded mesh. With this acquisition, Aceros Arequipa strengthens its presence in the market and expands its commercial offer.

Nail line:

We offer our clients nails with the highest quality in accordance with the standard. It is manufactured in measures from 1 inch to 7 inches.

Annealed wire line:

We have automated ovens, which allows us to carry out the process technically and under the

established quality standard.

It is manufactured with a wire rod with low carbon content SAE 1008, drawn and with annealing heat treatment to give it ductility property in accordance with the standard.

Electro-welded mesh line:

It is designed for use as structural reinforcement. In mining, it is used as reinforcement of tunnels, tunnels, etc. They are manufactured in 25-meter coils and in 6-meter-long panels.



Innovative products and services

(GRI 2-6)

The continuous improvement of our processes and activities allows us to develop services and products to satisfy the demanding demand of the national and international market, with a wide portfolio of products and services. We serve the Construction, Industry and Mining sectors.

Our product portfolio

Our product portfolio has the highest quality standards to meet the needs of our customers, delivering high-value products:

- **Corrugated bars or Rebar**
- **Corrugated stirrups**
- **Mechanical connectors**
- **Transfer voussoirs and baskets**
- **Nails and wires**
- **Electro-welded meshes and panels**
- **Tralichos**
- **Wire rod**
- **Merchant bars**
- **Beams**
- **Flat products**
- **Calamines**
- **Tubes**
- **Mill Ball Bars**
- **Rock Support Bolts and Adapters**
- **Tools and hardware**



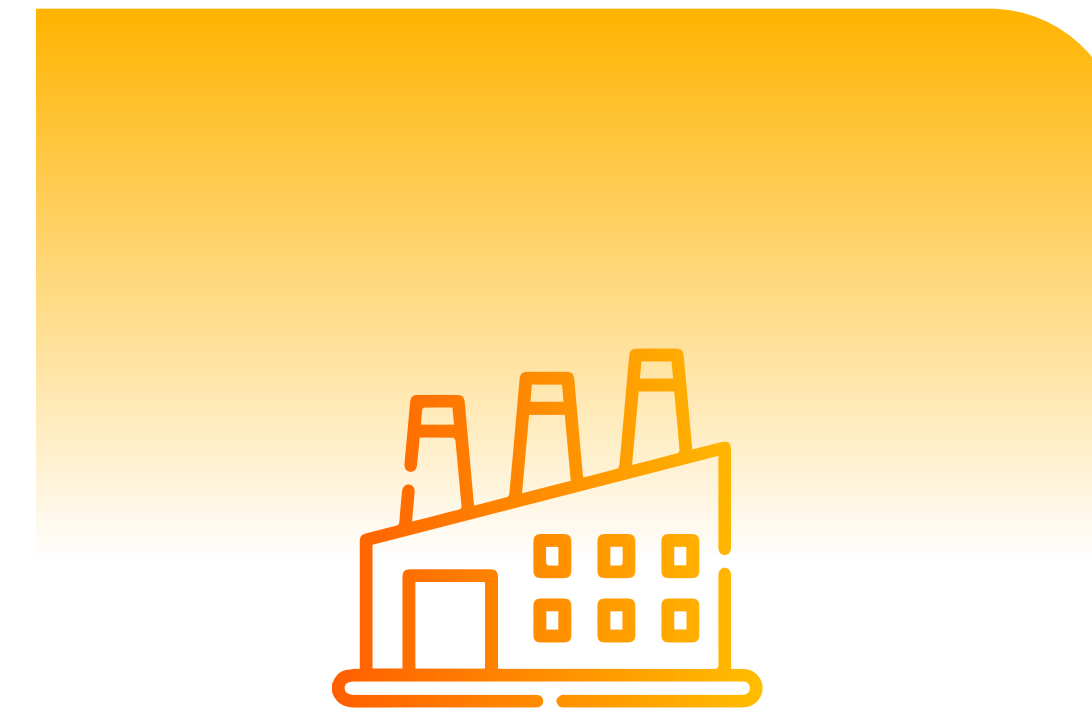
Our main services

We constantly innovate to provide solutions that meet the needs and expectations of our customers. We have developed services with state-of-the-art technology that complement our product offering and allow our clients to optimize, streamline and make their projects profitable.



CONSTRUCTION

ACEDIM, an integral solution of Dimensioned Steel that designs and produces pre-assembled steel structures, and installs them in works to achieve a greater speed and productivity in the departure of the steel of the project.



INDUSTRIAL

STEEL CENTER, a service solution that offers a wide range of machinery and equipment that allow us to offer our clients greater efficiency in their processes, reduce costs and optimize times.

Services:

- Cutting of coils to strips
- Cutting and bending of plates
- Grooving of plates
- CNC pantograph service
- Oxyfuel and plasma service
- Tube grooving



MINING

GEOSUPPORT, geomechanical advice for the control of underground and surface instabilities of land. It is based on training and evaluations in the field, contributing to the implementation of good practices in the installation process of our products.

DIMENSIONED STEEL

With ACEDIM Integral Solution, we provide a highly efficient service. From the initial stage of the project, the costs of starting the steel are minimized, extracting from the work activities that do not generate value, thus achieving the desired effectiveness. We design, manufacture and install construction iron, using BIM technology, Lean Construction processes and the VDC (Virtual Design Construction) methodology for the development of digital prototypes of concrete, reinforcing steel and inserts and the management of industrialized reinforcement processes.

To achieve this quality service, we have developed three stages:

1. ACEDIM BIM. In this stage we use BIM technology Lean Construction processes and the VDC (Virtual Design Construction) methodology for the development of digital prototypes of concrete, reinforcing steel and inserts and the management of industrialized reinforcement processes.

In addition, we use our virtual platform "Steel Track", whose function is the integration of our process chain: engineering, commercial, planning, plant, supply, customer, installation or assembly associated with the products of the ACEDIM line, pre-assembled and installed.

2. Pre-assembled. At this stage of the service, we implement the fastest and most industrialized way to provide reinforcing steel reinforcement for any type of project. Among these are: roll-up meshes (rollmat), piles, beams, columns, pre-beams, pedestals, dowels, meshes and electro-welded panels. The pre-assembled reinforcements are manufactured in fixed industrial facilities, with standardized procedures and with permanent quality control supported by our PrearmAR augmented reality application.

3. Installed Finally, for this stage we have a team specialized in the installation of Steel (ACEDIM, Pre-assembled). This team works alongside engineering and planning staff to meet project schedules. Progress is controlled through our "Trimble Connect" platform.

Benefits:

1. **Comprehensive service high efficiency.**
2. **Faster, reducing the time for our clients' projects.**
3. **Increased productivity, as a result of better project planning and control.**
4. **Maximum savings from the departure of steel.**
5. **We have a specialized service engineering and steel production.**



191
projects executed
2022



1.5. Economic performance

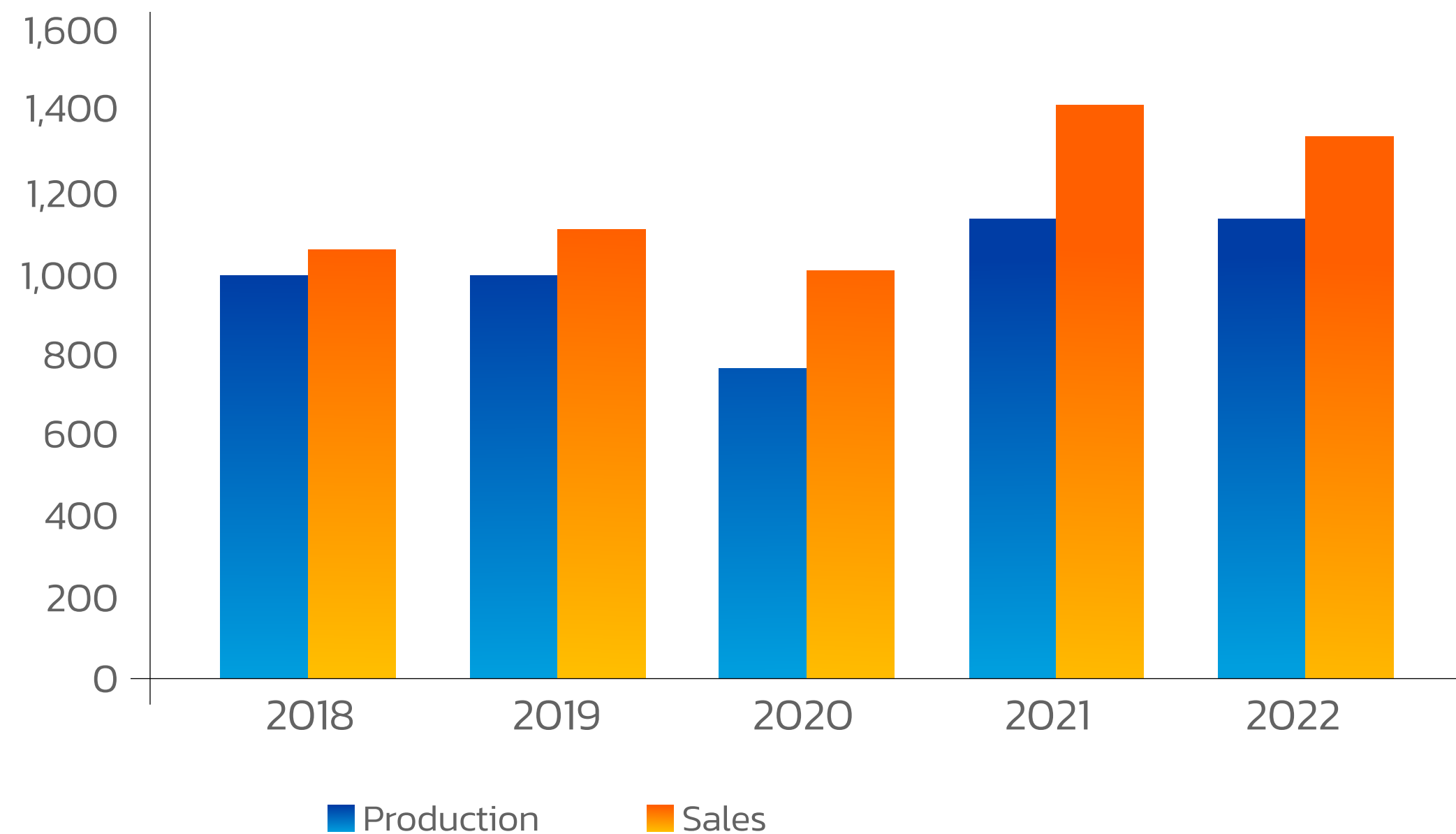
> Productivity and growth

Productivity and growth

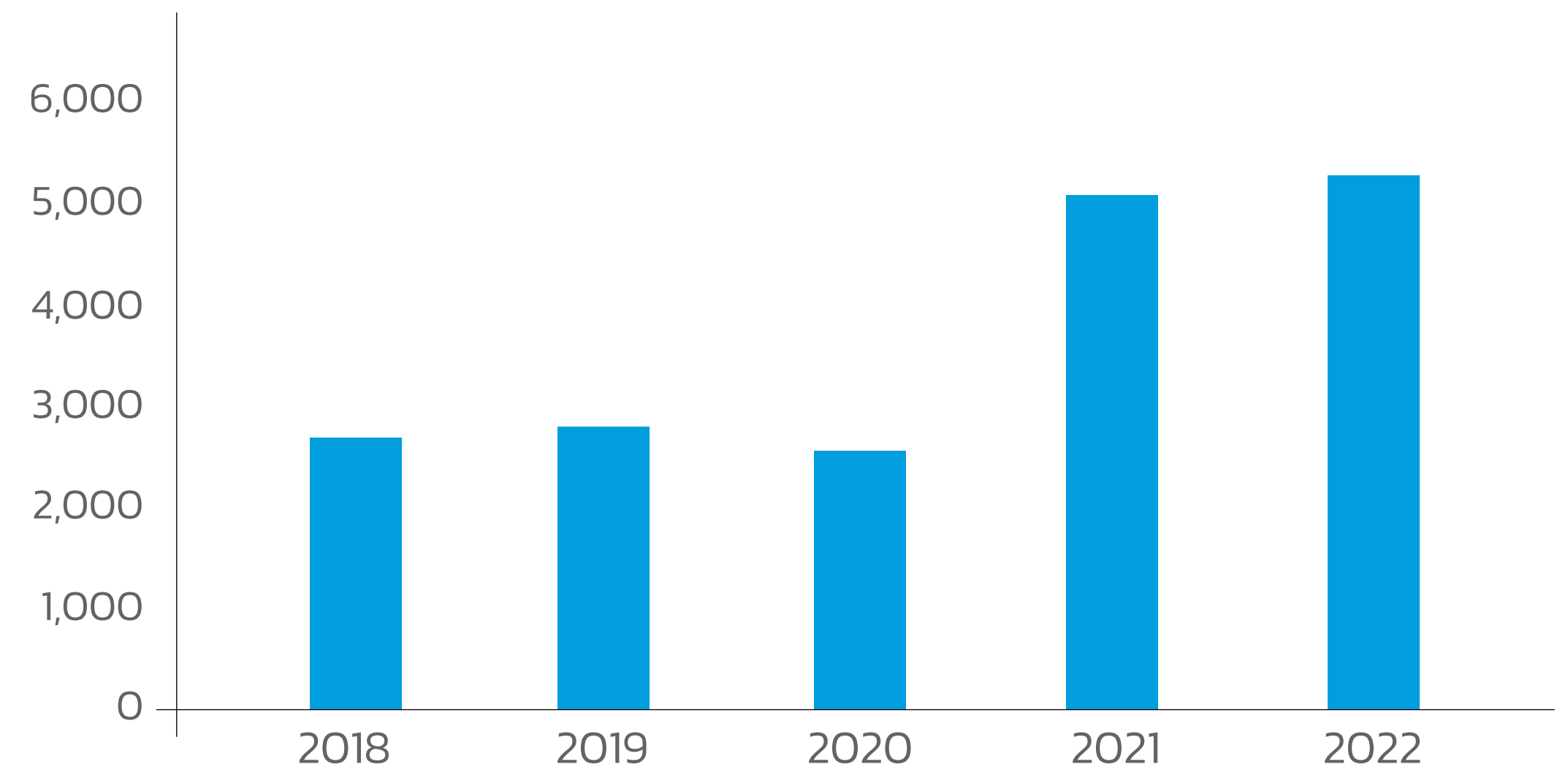
During the year 2022, 1,343 million MT of products were sold. The volume of sales achieved was 5% lower than that sold during the previous year. This result is mainly explained by the contraction of the markets due to a reduction in the country's economic activity.

Regarding the Company's exports, they represented 14% of total sales, with the Bolivian market being the main destination for our exports.

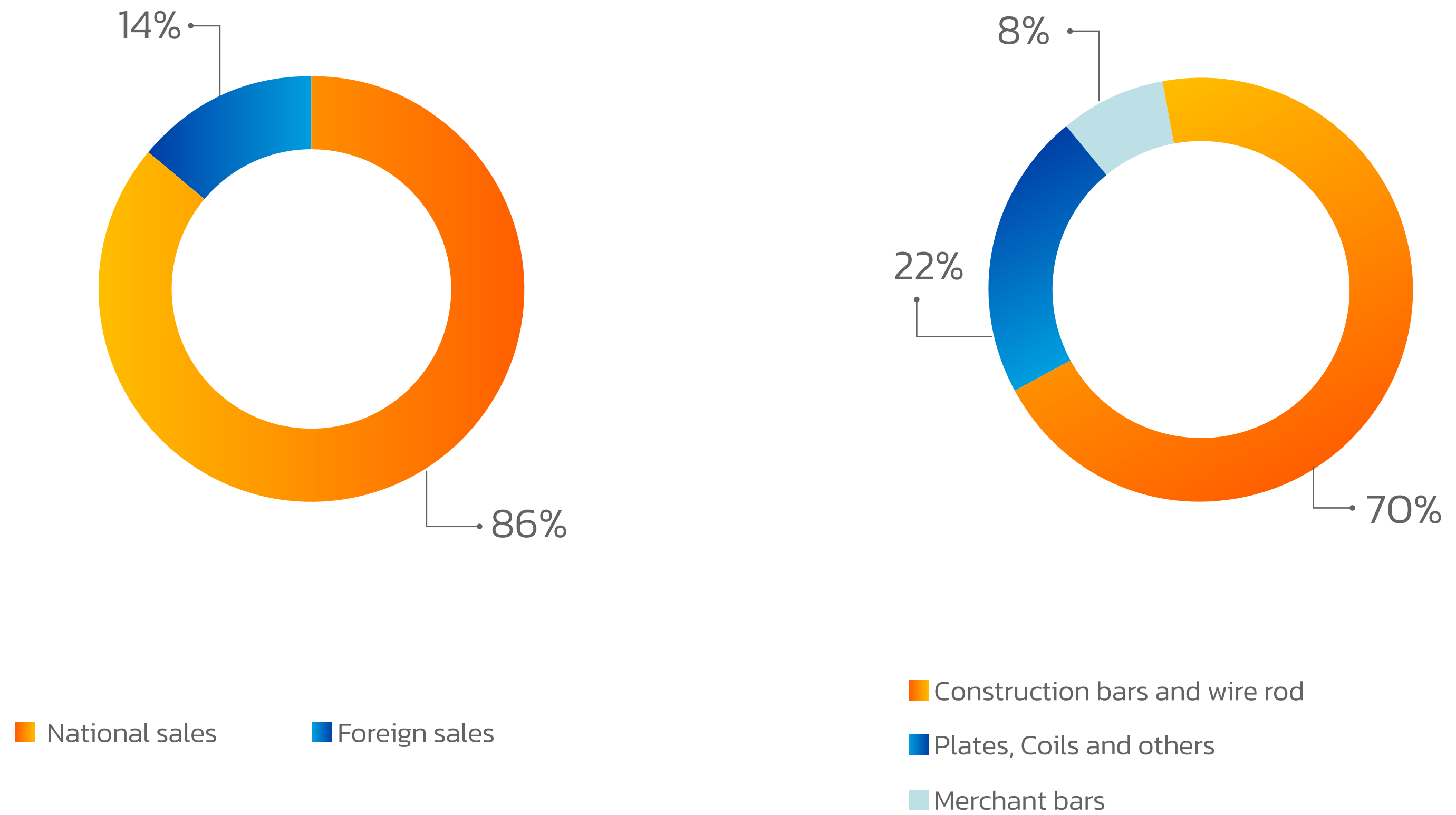
VOLUME (THOUSANDS OF MT)



SALES (MILLIONS OF S/)



Regarding sales by product family, construction bars and wire rods represented 70% of sales, with the balance shared by merchant bars, smooth bars, plates, coils, among others.

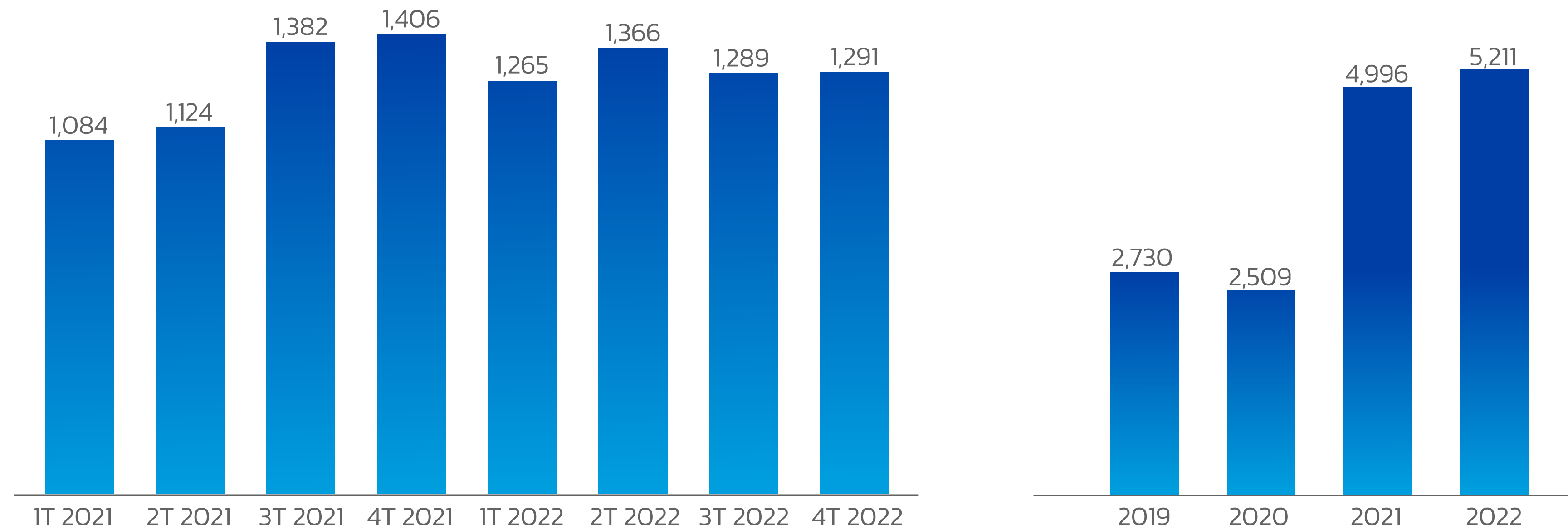


Total value (in thousands): S/ 5'211,387

Financial aspects

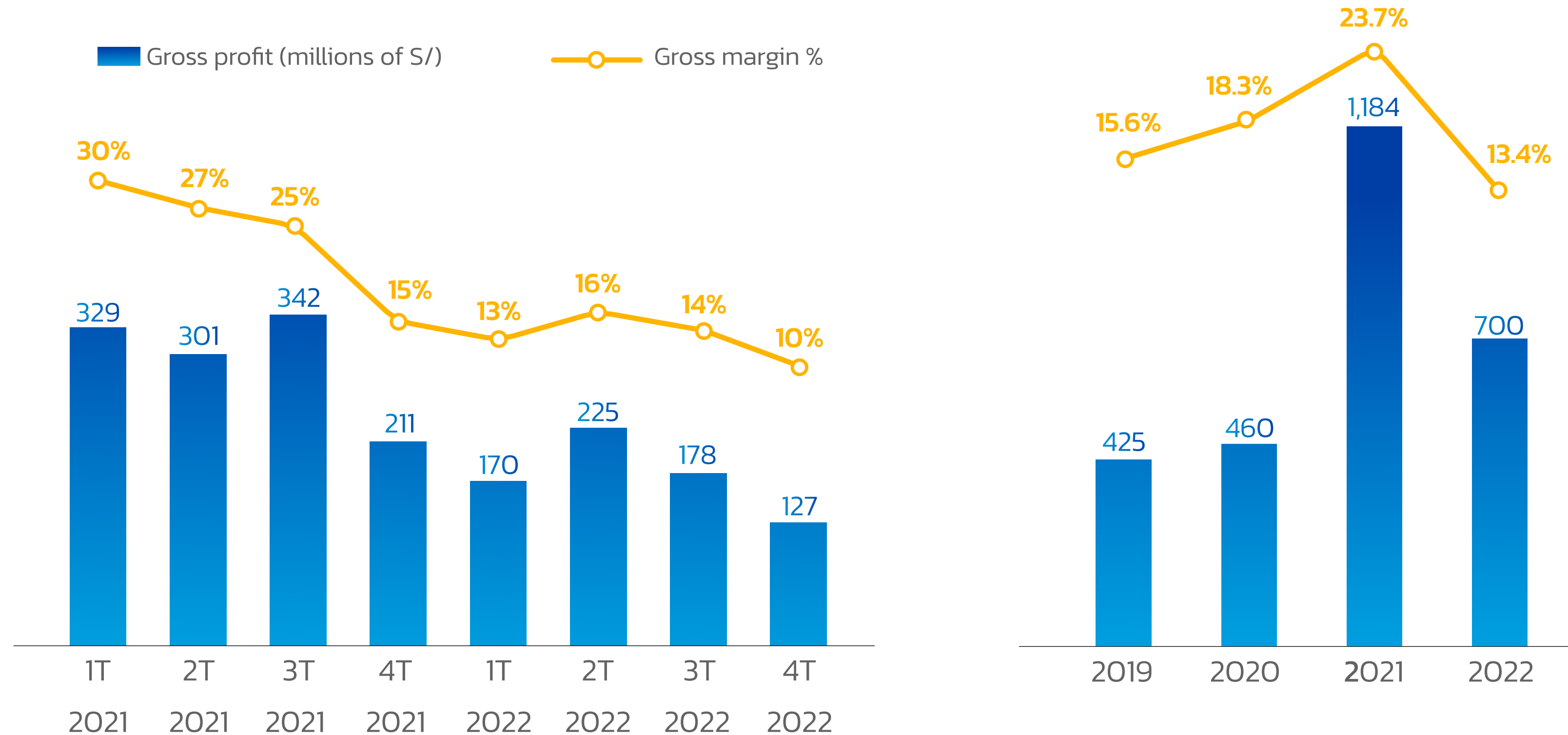
Net sales in the year totaled 5,211 million soles, a figure that represented a growth of 4.3 % compared to the previous year, driven by higher prices in the local market and higher price and volume of exports to Bolivia and Colombia among other destinations.

Net Sales (S/ millions)



The gross profit of 2022 (700 million soles) was 41 % lower than the gross profit registered in fiscal year 2021 (1,184 million soles) mainly due to higher costs of raw materials and commercialized products. It is worth mentioning that this reduction occurs compared to a year (2021) where high margins were reached compared to previous years, as can be seen in the lower graph.

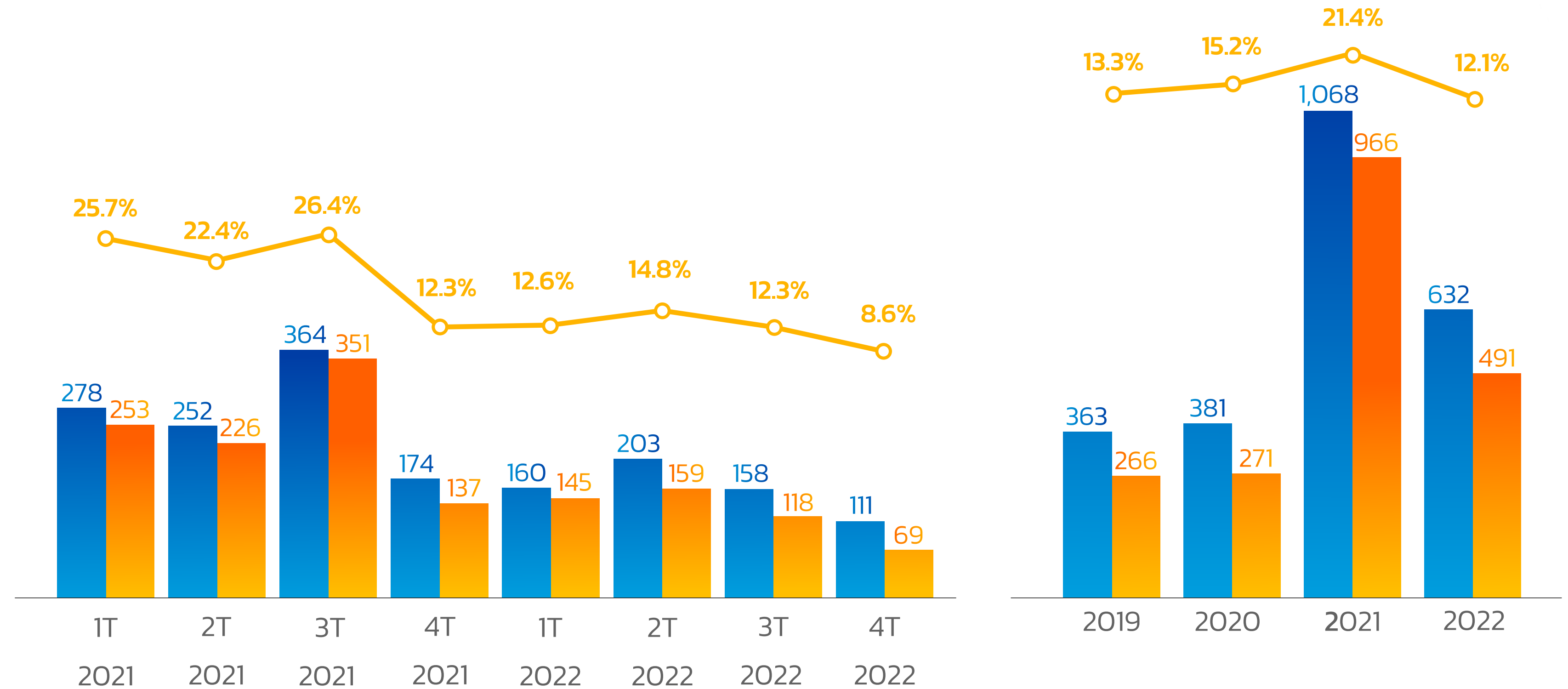
Regarding the gross margin of the Company, it was located at 13.4 %, percentage less than that registered in the year 2021 (23.7 %).



Operating profit and EBITDA recorded during 2022 were 491 and 632 million soles, respectively. Although these figures are lower than those of 2021, they represent significant growth compared to those obtained during 2019 and 2020.

The EBITDA margin obtained during fiscal year 2022 was 12.1 % versus 21.4% obtained the previous year.

■ EBITDA (millions of S/)
 ■ operating profit (millions of S/)
 ○ EBITDA margin %



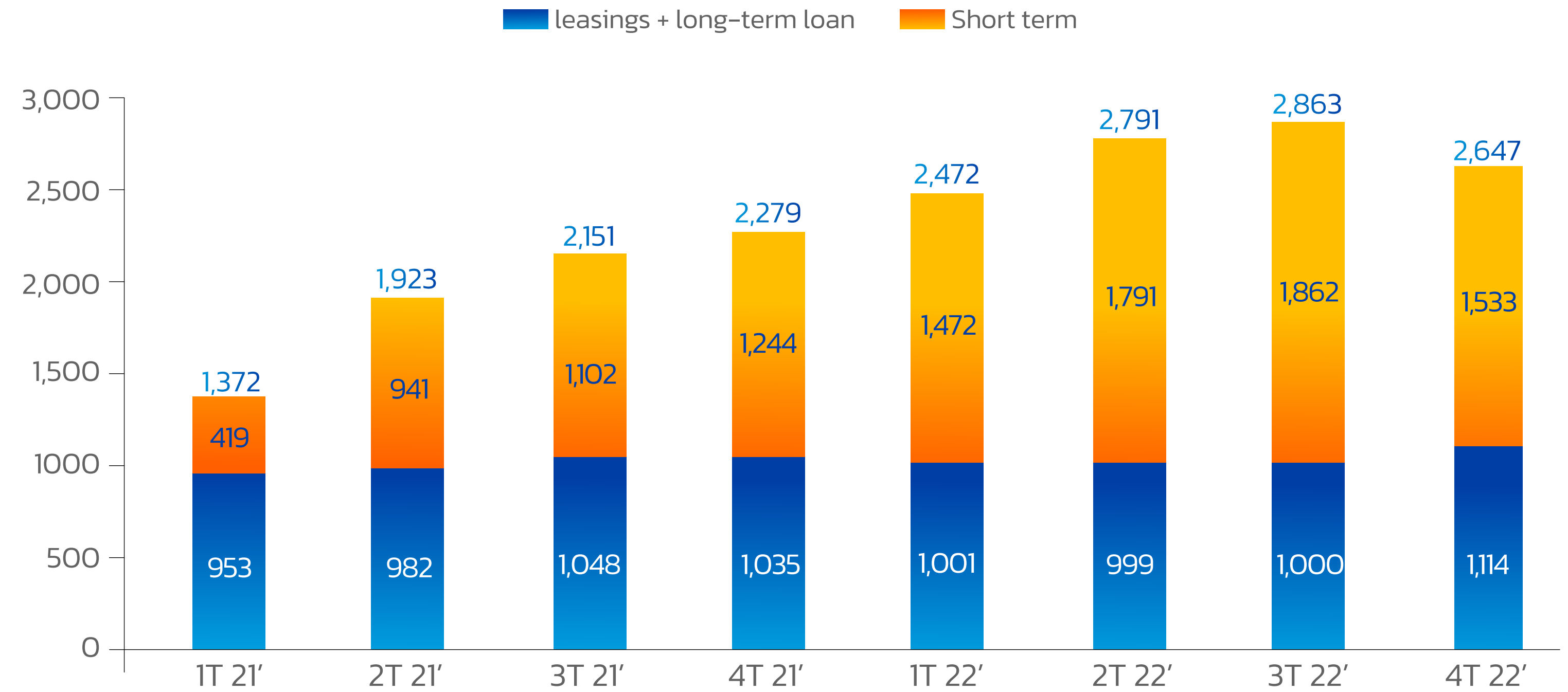
In 2022, the financial expenses generated were higher than those of the previous year due to higher requirements for working capital, higher rates of interest and to the recording in the expense of the interest of the leasing of the new melt shop that during the construction period were capitalized.

As of December 2022, the leverage ratio defined as Net Financial Debt / EBITDA was 3.3 x, a higher figure than the one reached in December 2021 due to an increase in indebtedness and a reduction in EBITDA. The evolution of financial liabilities (not including suppliers) is presented below.

At the end of 2022, the Company obtained a profit of 246 million soles, which was lower than the profit registered in the previous year (689 million soles). This decrease is explained by a lower gross profit, higher financial expenses and a loss in the results of associates. These expenses were partially offset by lower administrative expenses. Additionally, in 2021 an extraordinary income was recorded as a result of the positive effect of closing the negotiation with the gas supplier, which helped the 2021 profit to be higher than that of 2022. It is important to mention that the Company has the debt policy that minimizes the gap between its assets and liabilities denominated in dollars, in order to partially mitigate the impact of fluctuations in the exchange rate.

As of December 2022, current assets increased by 4 % (S/ 1,44 million) with respect to that existing as of December 2021, totaling 3,367 million soles. This increase was mainly due to a higher level of inventories of S/ 153 million as a consequence of the increase in the prices of raw materials and commercialized products, which were partially mitigated with a reduction in trade accounts receivable.

Financial Liabilities (S/MM)



"Note: does not consider financial obligations with suppliers"

Current liabilities increased by 14 % (S/ 304 million) compared to the existing one at the end of 2021, standing at 2,439 million soles. This variation is mainly explained by higher bank financing for working capital.

The company's working capital was reduced by 15 % compared to that existing at the end of 2021, standing at 928 million soles, mainly due to higher financial liabilities for working capital. Regarding the liquidity indicator (current assets divided by current liabilities), it registered a decrease in December 2022 and stood at 1.38 compared to 1.51 obtained at the end of 2021. As of December 2022, the net asset in property, plant and equipment was 2,653 million soles, an amount higher than that registered in December 2021 (S/ 2,424 million) explained by the investments in the new melt shop, the new distribution center in Lurín and rolling mill 3, among others. As of the same date, intangibles totaled 8 million soles.

As of December 2022, the book value of investments in subsidiaries and associates amounted to 219 million soles, a figure higher than the 205 million soles existing at the end of 2021.

Regarding the indebtedness ratio (total liabilities minus deferred taxes divided by equity), this increased compared to the one registered in December 2021 (1.26), standing at 1.30, mainly due to a higher indebtedness for working capital. The growth of the Company's equity (S/ 121 million) occurs as a consequence of the profit for the year after taxes, less the distribution of dividends.

It is worth mentioning that, as of December 31, 2022, Banco de Crédito del Perú, Interbank and BBVA had an exposure greater than 10% of the company's equity, with an aggregate amount of 1,477, 378 and 363 million de soles, which represented 5.8 %, 18.4% and 16.4 % of equity, respectively. Said exposure includes promissory notes, financial leases, medium-term financing and letters of credit.

In addition, the company has established a trust fund made up of machinery and real estate from the Pisco plant, in support of loans granted by Banco de Crédito del Perú SA, Banco Santander Perú and Banco Internacional del Perú SAA – Interbank ; The realizable value as of October of the assets in said trust amounts to 201 million dollars, which represents 29% of the company's equity.

Finally, it is indicated that the company Tanaka, Valdivia & Asociados Sociedad Civil de RL, representatives of EY International, was appointed by the company's board of directors as external auditors for the year 2022.

> At the end of 2022, the Company obtained a profit of 246 million soles



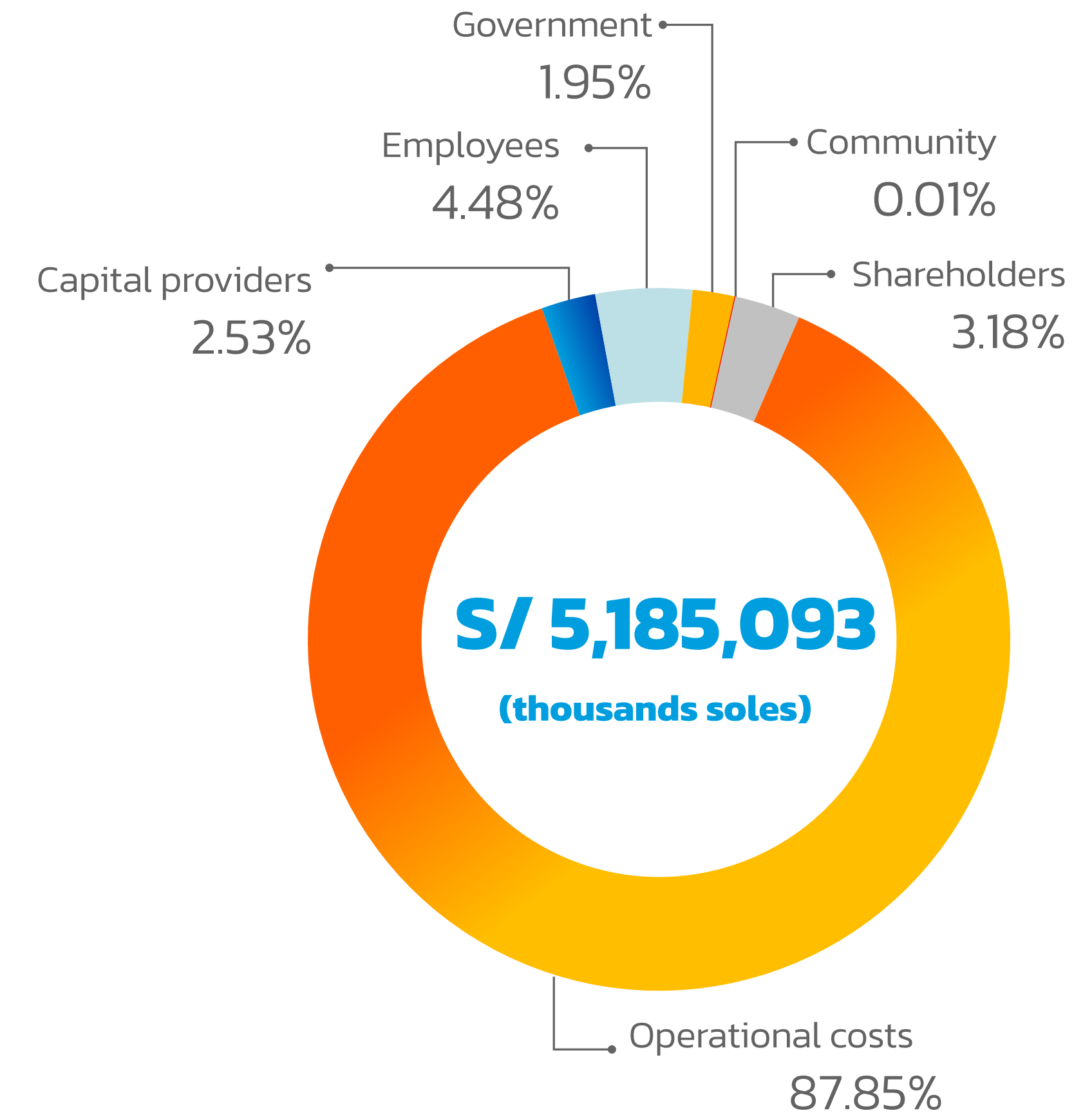
Economic value generated and distributed

(GRI 3-3, 201-1)

Our economic performance in the year contributed to generating value in our different interest groups. This positive impact can be seen in the following table:

	2021 thousands of S/	2022 (thousands of S/)
Direct Economic Value Generated (VEG)	5,182,976	5,294,263
Direct Economic Value Distributed (VED)	4,723,745	5,185,093
Operational costs	3,849,352	4,555,196
Employee salaries and benefits	317,199	232,269
Payments to providers of capital	22,036	131,237
Payment to the government (Income tax + others)	203,454	101,045
Investments in our area of influence	1,434	452
Shareholders (Dividends)	330,271	164,894
Retained Economic Value (VEG - VED)	459,231	109,170

Direct Economic Value Distributed (VED)



Tax indicators

(GRI 207-1)

We have a tax strategy aimed at complying with the tax regulations issued by the corresponding agencies in the countries where we maintain operations. In this way, we minimize tax risks and protect the Corporation's reputation, based on a reasonable interpretation of the tax regulations applicable in each country.

Our Accounting Sub-Management and the Tax Office are responsible for the implementation and execution of the tax strategy in our business management.

Effective tax rate in S/ (in millions)	2021	2022
Income before taxes	977.1	362.0
Reported taxes	287.8	115.6
Effective taxes disbursed	218.0	127.5

Assets available for sale

For 2023, various properties remain for sale, including an 85 thousand m² plot of land in Pisco, an 801 m² plot of land in Paracas, and two plots of land totaling 60 thousand m² in Arequipa among others. Additionally, according to the Board of Directors agreement of January 2018, a piece of land was purchased in Lurín, with the purpose of moving the main warehouse that the company maintains in Callao, putting up for sale later around 43 thousand m².

Perspectives

Given the current situation of political uncertainty, Corporación Aceros Arequipa SA is reviewing the sales estimates for 2023. In the national market, greater sales of products for mining supply are expected. In relation to other markets, sales will depend on the behavior of the Bolivian market and the logistics capacity to supply it.

However, by 2023, lower prices of both raw materials and finished products are expected than those registered during 2022, which were affected at the beginning of that year by the war between Russia and Ukraine. The Company will maintain the safety and health of its workers, the increase in productivity, the

availability of raw material for Melt shop #2, the automation of processes and innovation, the care of the environment and the generation of shared value for the company as central objectives. society.

Additionally, the service to our local and foreign customers will be further strengthened, the internationalization process will continue and continuous improvement in the quality of our products and processes will continue to be promoted; all this on a platform of sustainable and responsible growth.

In February 2021, the Company acquired Comfer SA, a company that produces nails and wires, which allowed us to strengthen our participation in these markets and be more efficient in the processes. Currently, Comfer SA is in the liquidation process after integrating its processes and assets with those of the Company.

In July 2021, two scrap yards were acquired in Florida, United States. These investments contribute to ensuring the supply of scrap, in a context of greater needs for this raw material, as a result of the greater production capacity of liquid steel at Melt shop #2.

Melt shop #2, which has a capacity of 1.25 million MT per year, began commissioning activities (stage prior to the start of operations) in July 2021, and then worked in parallel with the current furnace (Melt shop #1) until February 2022, the date on which Melt shop #1 went into stand-by. As of February 2022, all billet production was carried out at Melt shop #2.

With the entry into operation of Melt shop #2, the local billet production capacity was increased, reducing dependence on imported billets and providing flexibility in the metal load used. During 2023, operational improvements will continue to be made as a result of the learning curve in this melt shop and complementary investments.

Melt shop #1 with a capacity of 850,000 MT, It remained on stand-by until market conditions such as internal growth warrant its restart. Considering this melt shop added to Melt shop #2, of 1.25 million MT of capacity, the Company would have a potential total capacity of 2.1 million MT of billets.

Among the investments that will be executed during 2023 are:

- New rolling mill (which will start operating in 2024)
- Lurin distribution center
- Improvements in the nail and wire plant, among others

These investments are financed with two loans from BCP (in soles) and Interbank (in US dollars) for a total of 163 million dollars, which will be disbursed as these investments are executed.

Likewise, the Company maintains a continuous evaluation of the opportunities for vertical and horizontal integration to grow and optimize its processes.

In 2023, the inventory will continue to be optimized according to the Company's needs; diversifying international sales, through our subsidiaries in Bolivia, Colombia and Ecuador; monetizing non-productive assets, through the sale of real estate, and expanding our production of bars for balls, in order to serve the mining market. Likewise, we will continue with improvements in corporate sustainability to better serve all our stakeholders.



Regarding the perspective of our subsidiaries:

- **Aceros America Corporation (USA):** during 2023, through its subsidiaries Aceros America Port Manatee LLC and Aceros America St. Pete LLC, a greater collection and export of scrap is expected compared to what was executed in 2022.
- **Aceros América S.A.S. (Colombia):** sa higher sales volume is projected in 2023 versus 2022.
- **Aceros América AA S.A.S. (Ecuador):** iwill start operations in 2023.
- **Aceros América S.R.L (Bolivia):** production of the new tube and shaped profiles plant is expected to start during the second quarter 2023..
- **Aceros América SPA (Chile):** began exporting scrap to Peru by sea in the third quarter of 2022, which has allowed sales to increase (previously it sold exclusively by land). In 2023, a significant increase in sales is expected because there will be a full year of exports by sea.
- **Tecnología y Soluciones Constructivas (Perú):** will increase its operations during 2023 versus what was executed in 2022, in line with the growth of the Company and its international clients.
- **Transportes Barcino (Perú):** in 2022 it acquired 32 new trucks that use natural gas in line with the strategic energy transition plan, as well as 10 new diesel trucks. During 2023 it will be focused on optimizing processes and providing specialized service for the growing needs of the Company.

Finally, the Company will continue to strengthen its communication channels with the market and with its stakeholders. To this end, meetings with investors and quarterly calls will be held, where relevant information on the Company and its performance is presented.



A worker in a blue hard hat and safety gear is working with large coils of steel reinforcement in a factory. The worker is wearing a blue hard hat, safety glasses, a white face mask, and a blue and grey work shirt. They are holding a large coil of steel reinforcement. The background shows other workers in a large industrial facility with high ceilings and structural beams.

2

We work with solid foundations

2.1. Corporate governance

(GRI 2-9, 2-10, 2-12, 2-13, 2-18, 3-3)

> We have committed leadership

At Corporación Aceros Arequipa SA (CAASA) we make sure that our daily work is carried out under solid pillars of good corporate governance, with integral management at all levels, competitive, profitable and transparent. This allows us to ensure the generation of long-term value for our shareholders and interest groups.

The Board of Directors is a key player in decision-making and in our governance structure, as it is the body that ensures professional management that generates trust. The governance functions are defined in the Regulations of the Board of Directors. Our current Board of Directors was elected for a period of three (3) years, and is made up of twelve (12) members: one (1) executive director, two (2) independent directors and nine (9) non-executive directors.

COMMITMENTS WITH OUR SHAREHOLDERS

- 1 Value creation
- 2 Equitable treatment
- 3 Adequate and accessible
- 4 Transparency
- 5 Speed in attention

PILLARS OF THE CORPORATE GOVERNANCE CODE



³ Available on the website: <https://investors.acerosarequipa.com/gobierno-corporativo#cumplimientoCorporativo>

Board Guidelines:



- Directors are chosen individually based on their capabilities and experience.
- Annually, a self-assessment of the Board of Directors is carried out.

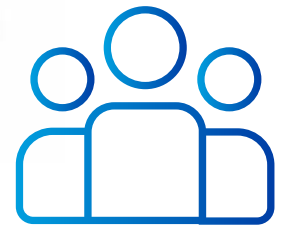
⁴ Self-assessments are carried out once the year is over, during the first quarter of the following year. In this sense, during the first quarter of 2022, 100% of the Directors carried out their self-assessment of the performance of the year 2021. Regarding the performance of the year 2022, the self-assessments will be carried out during the first quarter of the year 2023 and may be reported in the Annual Report of the year 2023

Board Members and Board Performance

The current Board of Directors of the Company was elected at the Annual Shareholders Meeting of March 2022.

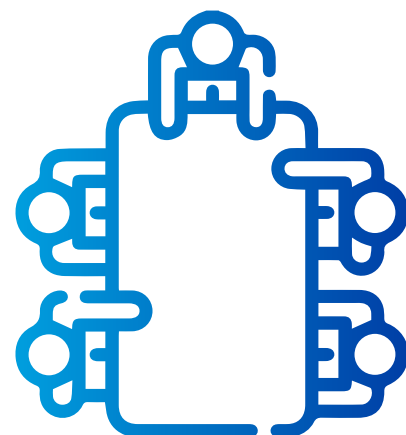
NAME	GUY	PARTICIPATION (ATTENDANCE) 2022
Mr. Ricardo Cillóniz Champin	Executive Chairman	100%
Mr. Fernando Enrique Carbajal Ferrand	Vice president	100%
Mr. Jorge von Wedemeyer Knigge	non-executive	100%
Mr. Pedro Blay Hidalgo	non-executive	100%
Mr. Ricardo Bustamante Cillóniz	non-executive	100%
Mrs. Renee Cillóniz Champin	non-executive	100%
Mr. Manuel Montori Burbank	Independent	100%
Mr. Enrique Olazabal Bracesco	non-executive	100%
Mr. Pablo José Peschiera Alfaro	non-executive	100%
Mrs. Giselle Ferrand Rubini	Independent	100%
Mr. Jordan Aldo Ponce Gambirazio	non-executive	100%
Mr. Andreas von Wedemeyer Knigge	non-executive	100%


At the aforementioned Mandatory Annual General Meeting, changes were made to the Board of Directors, having entered two (2) new directors: Jorge von Wedemeyer and Jordan Ponce, retiring Messrs. Diego Urquiaga Heienberg and José Antonio Baertl Montori.



Description of the profiles of the members of the Board of Directors:


 **Mr. Fernando Enrique Carbajal Ferrand.** Business administrator by profession, with additional education in Marketing at Kellogg, Six Sigma accreditation, PAD Good Corporate Governance program. He served as manager for Latin America of the North American companies STP Corporation and First Brands Corporation, and was vice president for Latin America of the company Honeywell International. Currently, he is President of Plásticos Nacionales SA and Director of Businesses Mancoche SA. He is a member of CAASA's Board of Directors since March 13, 1998.




 **Mr. Jorge Guillermo Von Wedemeyer Knigge.** Business administrator, 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 Director of Lima Airport Partners, Euromotors SA, International Camiones del Perú SA, Euro Camiones SA, Euroinmuebles SAC and Altos Andes SAC; as well as the various companies that make up Corporacion Cervesur SAA: Creditex SAA; Transaltisa SA; Processed Foods SA (Alprosa); Agroindustrial Processes SA (Proagro). Previously, he served as Interim CEO of Lima Airport Partners (concession operator of the Jorge Chávez International Airport). He was Director and President of the Lima Chamber of Commerce and has been President of the Peruvian-German Chamber of Commerce for several years. He has been a member of the

CAASA Board of Directors since April 26, 2022.


 **Mr. Pedro Blay Hidalgo.** By profession an Industrial Engineer from the Pontificia Universidad Católica del Perú, with an MBA from Cornell University and a Master's Degree in International Business from the Thunderbird School of Global Management. He is a Director of Inmobiliaria Comercial del Acero Argentina SA and Inmobiliaria Comercial del Acero Cajamarquilla SA. He is a member of CAASA's Board of Directors since March 28, 2016, having worked in the Company in the commercial area since 1997, serving in his last executive position as Export Manager until March 2016. Additionally, he served as Director of Comercial del Acero SA, Comfer SA and the Peruvian Chamber of Construction (CAPECO).

 **Mr. Ricardo Bustamante Cillóniz.** Agronomist by profession. He studied at the California Polytechnic State University and took the PAD at the University of Piura. Founder and Director of Fundo San Fernando SA and Agrícola la Joya SAC, member of the CAASA Board of Directors since December 22, 2011 and Director of Rethink Peru SAC since April 2019.

 **Mrs. Renee Cillóniz de Bustamante.** With studies in commerce, with more than 17 years of experience in the steel products market. She works as CEO of Renemar SA. She is a director of Tradi SA and a member of the CAASA Board of Directors since July 22, 2005.



Mr. Manuel Montori Burbank. Lawyer graduated from the University of Lima and MBA from Harvard Business School. Currently, he is Executive Vice President at Altozano Desarrollo y Construcción. He has been Chairman of the Board of Citileasing Peru and member of the boards 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. Likewise, he was Executive Director of Citibank for Corporate Banking in Peru and manager of the Citibank School of Banking in the State of Florida, in the United States of America. He has been a member of the CAASA Board of Directors since March 23, 2017.



Mr. Enrique Olazabal Bracesco. Lawyer by profession from the Pontifical Catholic University of Peru. He has experience in the field of legal advice to companies of national and international prestige. He was a member of Estudio Romero Abogados for many years, of which he became one of the four main partners, personally advising, among others, important national and foreign clients, such as: Banco de Crédito del Perú, Compañía de Seguros Rímac, BASF Perú, Marriot Peru, TEXACO, Atacocha Mining Company, Milne, Transcosta, Occidental Petroleum, GSI, Johnson and Johnson, Basic Chemical Industries, Braniff, Eastern, Anglo American Clinic, Eternit, among others. Likewise, he has experience in managing arbitration processes. He has been a member of the CAASA Board of Directors since March 13, 1998.



Mr. Pablo Peschiera Alfaro. He has a BS in Mechanical Engineering from the University of California, Berkeley, and an MBA from Stanford University. He is a consultant and director of companies, as well as an entrepreneur and investor. He has been and is director of various companies in the industrial, construction, commerce, services, agricultural, agro-industrial and real estate sectors. He has been Chairman of the Board of Redondos SA and Director of COSAPI SA. He is Director of Tradi SA, Agroindustrias del Pacífico SA, Define Consultoría SA, Define Servicios SAC, Define Holding SAC, San Felipe SA, Ubicua Offices Peru SA, Inmobiliaria Los Granados SA, Inmobiliaria Comercial del Acero Argentina SA and Inmobiliaria Comercial del Acero Cajamarquilla SA. He is president of the investment committee of the HMC Capital High Yield Peru F2 Fund and member of the investment committee of the HMC Deuda Privada Andina Fund. He has been a member of the CAASA Board of Directors since February 28, 2008.



Mrs. Giselle Ferrand Rubini. She graduated in Business Administration from Universidad del Pacífico with honors, "Robert Maes" and "Maes Heller" awards. He has completed the following courses: Program for Directors of Companies XVIII (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 Circular Economy: Transition to the Sustainability of the Future (MIT Professional Education). He was a professor of Financial Mathematics at the Universidad del Pacífico. In the beginning, he worked at the Atlantic Security Bank and at Deter Peru SA (Procter & Gamble). Later he developed business ventures in the agricultural, commercial, bakery and restaurant sectors. In addition to the position of director at CAASA, which she has held since April 25, 2019, she has served as manager and member of the Board of Directors of other unlisted companies.



Mr. Andreas Von Wedemeyer Knigge. Business administrator, obtained the degree of Dipl.-Kfm. in Business Administration from the University of Hamburg, Germany, as well as Brewmaster, at the Ulmer Fachschule für Bierbrauer und Mälzer in Ulm, Germany with studies at the Program for Management Development, Graduate School of Business, Harvard University, United States of America and Senior Management Program – PAD of the University of Piura. He holds the position of Executive President of the Board of Directors of Corporación Cervesur SAA He is President of the various companies that make up Corporación Cervesur (Alprosa, Creditex, Futuro Inmobiliario Camacho SA, Futuro Invest SA, Proagro, Servicios Aéreos AQP SA, Servicios de Asesoría, Texgroup, Transaltisa), as well as Chairman of the Board of Ferreycorp SAA, Ferreyros SA, Euromotors, Altos Andes, Euro Camiones, Euroinmuebles, International Camiones del Perú SA, Inversiones Sabancaya SAC and Renting. He is a Director of CFI Holdings SA He is a Director and member of the Executive Committee of COMEX Peru. He is Director and former President of the National Society of Industries. He has been a member of the CAASA Board of Directors since March 24, 2010.

Mr. Jordan Aldo Ponce Gambirazio. Lawyer from the Pontifical Catholic University of Peru. He is the main partner of Estudio Ponce Canessa Abogados with experience in the field of legal advice to companies. He is a member of the Executive Committee of the Euromotors Group, and Director of various companies such as San Bartolomé SA, Minera Colquisiri SA, Freno SA, Vari SAC, Agrícola Chapi SA and Sum Vehículos SA among others. Current Vice President of the Board of Directors of the Automotive Association of Peru. He has been a member of the CAASA Board of Directors since April 26, 2022.

Mr. Jose A. Baertl Montori*. By profession Bachelor of Agricultural Sciences from the La Molina Agrarian University. Previously, he worked as manager of Laminadora del Pacífico SA; previously, he was manager of Castrovirreyna Cía. Minera SA and Volcán Cía. Minera until 1982. During the year 2018, he was president of the Board of Directors of Agrícola La Venta SAC He is a member of the Board of Directors of CAASA since March 13, 1998.

* Director until March 2022

Mr. Diego Urquiaga Heineberg*. Bachelor of Science in Animal Science from California Polytechnic State University and Master's in Business Administration from the University of Piura. Zootechnician and business administrator by profession, he has been a manager in various national and multinational companies in the industrial, food and service sectors. Currently, he works as an independent businessman. He has been a member of the CAASA Board of Directors since November 27, 2003.

* Director until March 2022

Since the director Mr. RICARDO CILLÓNIZ CHAMPÍN is part of the management team, his professional career is mentioned in the corresponding part. Additionally, and because they are considered of interest, mention is made of those people who in recent years have been a continuous part of the Board of Directors of the former Aceros Arequipa SA and who were, as of December 2019, directors of CAASA:

- **José Antonio Baertl Montori** since March de 1988
- **Fernando Carbajal Ferrand** since March de 1985
- **Ricardo Cillóniz Champin** since March de 1985
- **Enrique Olazábal Bracesco** since March de 1985

Board Committees

(GRI 2-16)

At CAASA we have formed various committees installed to address issues considered of interest to the organization. These committees have the function of developing the guidelines and standards for our processes and related procedures and ensuring compliance with them.

Below is the number of sessions held by all of our committees:

It should be noted that, throughout the year, the members of the Board of Directors, attending to strategic matters that have been required of

them, have met in session beyond the twelve (12) regular sessions, making a total of thirteen (13) sessions, in line with the objectives of the Company. For its part, the Audit and Risk Committee, as well as the Appointments, Compensation and Human Resources Committee, which are made up of members of the Board of Directors, met a total of nine (9) times throughout the year.

The main purpose of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its responsibilities for monitoring the Company's internal control system. It meets at least four (4) times a year and is made up of four (4) members of the Board of Directors.

The Executive President, the CEO and the Internal Audit Manager attend the Committee with voice but without vote, the latter participates as Technical Secretary of the Committee. The External Auditor or other managers or employees of the Company attend as guests when required by the Audit and Risk Committee.

The Audit and Risk Committee has been promoting the preparation and compliance with Business Policies and Codes approved by the Board of Directors, since they provide guidelines on significant issues for the Company's management, such as: Information, Human Resources, Inventories, Investments, Fixed Assets, Occupational Health and Safety, Purchase of Goods and Services, Credits and Collections, Costs and Budgets, Ethics, Fraud, Internal Control and Comprehensive Risk Management, Social Responsibility, Good Corporate Governance, among others.

AUDIT AND RISK COMMITTEE⁵

Members:

- Mr. Andreas von Wedemeyer, as Chairman of the Committee
- Mr. Pablo Peschiera Alfaro, member
- Mr. Diego Urquiaga Heineberg, member
- Mr. Ricardo Bustamante Cillóniz, member

⁵ Concerns from stakeholders that are received through the ethical channel, which is managed by a third party to guarantee the confidentiality of the information and independence of the person receiving the complaint, are reported for their knowledge, evaluation and definition of actions, depending on who is the accused, according to an escalation protocol for attention, to Senior Management, the Internal Audit Manager, the Prevention Manager, the Audit and Risk Committee of the board of directors and the Board of Directors. The Audit and Risk Committee monitors the implementation of action plans derived from the investigations of all the complaints reported by the ethics channel.

> five (5) sessions held

APPOINTMENTS, REMUNERATION AND HUMAN RESOURCES COMMITTEE

Members:

- Mr. Fernando Carbajal Ferrand, as Chairman of the Committee.
- Mr. Pablo Peschiera Alfaro, member.
- Mr. Jose Antonio Baertl Montori, member.
- Mr. Enrique Olázabal Bracesco, member.

The main purpose of the Appointments, Remuneration and Human Resources Committee is to guarantee that human management at the Company's executive level is framed within the corporate guidelines and modern Human Development practices. Likewise, to maintain a fair and competitive compensation system that allows the mission and strategic objectives of the organization to be fulfilled. It meets at least four (4) times a year and is made up of four (4) members of the Board of Directors. The Executive President, the CEO and the Human Resources Manager attend the Committee with voice and without vote, the latter participates as Technical Secretary of the Committee.

The Appointments, Remuneration and Human Resources Committee has been promoting the performance of management levels by setting and monitoring objectives and goals for each functional area and periodically reviewing the salary and organizational structure, adapting it to the process of changes that the Company has been developing.

 **four (4) sessions held**

Directory flags

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



	2020	2021	2022
Average tenure of the board of directors in years	13.25	14.25	13.21
BOARD PERFORMANCE			
Average board attendance	100%	100%	100%
Minimum attendance required for all board members	100%	100%	100%
Number of directory sessions	14	18	13



Management Plan

(GRI 2-11)

NAME	POSITION
Mr. Ricardo Cillóniz Champin	Executive Chairman
Mr. Tulio Silgado Consiglieri	CEO
Mr. Augusto Cornejo Cañedo	Chief Production Officer
Mrs. Mariana Talavera Rubina	Supply Chain Manager
Mr. Diego Arróspide Benavides	Strategic Procurements Manager
Mr. Ricardo Guzmán Valenzuela	CFO
Mr. Gonzalo Arróspide del Busto	Commercial manager
Mr. Juan Manuel Otoyá Wherrems	Human Resources Manager
Mr. Rafael Cáceres Gallegos	IT Manager
Mr. Fernando Bustamante Cillóniz	Strategic Management Control Manager
Mr. Ricardo Cillóniz Rey	Project Manager, Mining and Social Responsibility
Mrs. Gillian Gilda Paredes Guerrero	Legal Affairs Manager
Mr. Humberto Barragán Herrera	Internal Audit Manager



MR. RICARDO CILLÓNIZ CHAMPIN.

A civil engineer by profession, with an MBA from Michigan State University. He held the position of managing director of CAASA, since January 1988. He is a director at Rímac Internacional Cía. de Seguros y Reaseguros, Compañía Eléctrica El Platanal SA, among others. As of January 1, 2007, he assumes the Executive Chairman.



MR. TULIO SILGADO CONSIGLIERI.

An agronomist by profession from the National Agrarian University, with studies at the Kellogg School of Management, among others, he has held the position of CEO since January 2015. Previously, he was CEO at Cerámica San Lorenzo from 1994 to 2015. He was a director at Ceramics Cordillera Chile and Ceramics San Lorenzo Colombia. Likewise, he served as sales manager for Central America and the Caribbean of ICI (Imperial Chemical Industries), CEO of ICI Dominicana and manager of Agrochemicals of ICI Peru from 1987 to 1994. Currently, he is director of the companies Fundo Buenos Aires Quilmana SAC, Fábrica Peruana Eternit and Tecnofil, and representative of Blue Valley.

⁶ The Regulations of the Board of Directors establish as the only exception that the Executive President can act as Chairman of the Board of Directors. The Regulation also establishes that in the event of a risk of conflict of interest, the Director in question must notify the Board of Directors so that his abstention in said matter can be evaluated.



MR. AUGUSTO CORNEJO CAÑEDO.

A mechanical electrical engineer by profession, with a Master's in Administration, with a mention in business management, and a PhD in Business Sciences from the San Luis Gonzaga University of Ica, he has held the position of central production manager since January 2016. Previously, he served as production manager. Rolling and Finishing Plants and Rolling Superintendent.



MRS. MARIANA TALAVERA RUBINA.

A business management engineer by profession from La Molina National Agrarian University, he has held the position of Supply Chain Manager since June 2018. Previously, he held local management positions in Purchasing and Supply Chain areas at companies such as Kimberly Clark, Intralot del Peru and ABInbev, as well as the position of regional purchasing manager at the Kimberly Clark company.



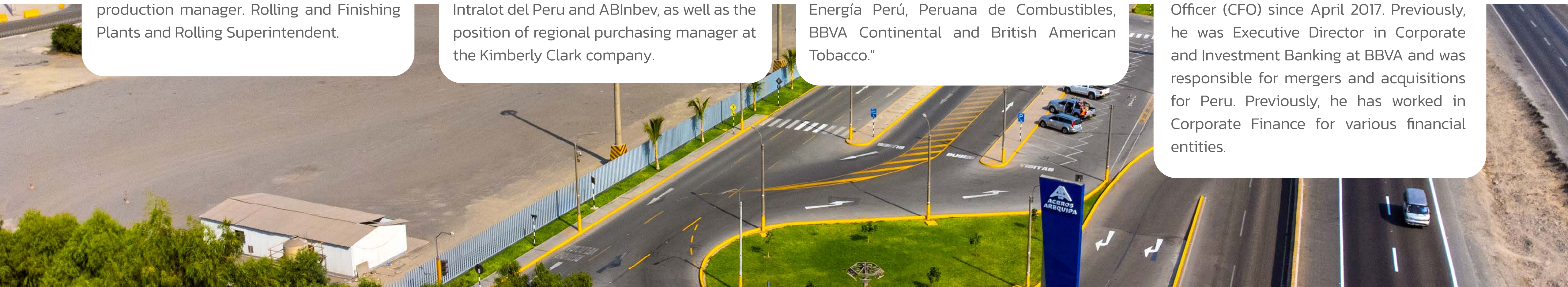
MR. DIEGO ARRÓSPIDE BENAVIDES.

Studied industrial engineer at the University de Lima and has a Master's degree in Operations Management from the UPC. Since July 2017 holds the position of Strategic Purchasing Manager. Previously held management positions in purchasing and logistics areas at companies such as Engie Energía Perú, Peruana de Combustibles, BBVA Continental and British American Tobacco."



MR. RICARDO GUZMAN VALENZUELA.

Business administrator by profession, with a concentration in finance from The University of Texas at Austin, with an MBA from The University of Chicago Booth School of Business. He has been CAASA's Corporate Finance Manager since July 2011 and has held the position of Chief Financial Officer (CFO) since April 2017. Previously, he was Executive Director in Corporate and Investment Banking at BBVA and was responsible for mergers and acquisitions for Peru. Previously, he has worked in Corporate Finance for various financial entities.





MR. GONZALO ARROSPIDE DEL BUSTO.

A business administrator by profession, with postgraduate degrees from ESAN and North Western University USA, he has held the position of Commercial Manager since December 1998. Previously, he worked at Cerámica Lima SA, performing the position of commercial manager.



MR. JUAN MANUEL OTOYA WHERREMS.

A lawyer by profession from the Pontificia Universidad Católica and an MBA from the Maastricht School of Management, with specialization studies in Human Resources Administration 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 served as Human Resources Manager at Unique of Yanbal International, Human Resources Director at the CODERE GROUP in Peru, Colombia and Argentina, and as Human Resources Manager at ORUS SA of the ROMERO GROUP.



MR. RAFAEL CACERES GALLEGOS.

An electronic engineer by profession, he has held the position of IT manager since September 1999. Previously, he worked as manager of @PhoneSA until 1998, he worked as operations manager of Americatel Perú SA.



MR. FERNANDO BUSTAMANTE CILLÓNIZ.

By profession a mechanical engineer from Boston University, with an MBA from the University of Piura. He has held the position of manager of Strategic Management Control since 2010. Previously, he worked as an internal consultant, head of Marketing for the Profile Line, corporate coordinator of TQM and as head of PCI and Supply Warehouse. Currently, he is also the director of Fundo San Fernando.





MR. RICARDO CILLÓNIZ REY

Industrial Engineer by profession from the University of Lima, with an MBA from the Kellogg School of Management and a Master's Degree in Engineering from the McCormick School of Engineering. He has held the position of Manager of Projects, Mining and Social Responsibility since November 2010. Previously, from 2005 to 2010, he served as Consulting Manager at Bain and Company – UK. Additionally, he held positions at Deutsche Bank – London and South Pacific Business Development. Currently, he is also a director at Agroindustrias AIB SA



MRS. GILLIAN GILDA PAREDES GUERRERO.

He is a lawyer by profession from the Pontificia Universidad Católica del Perú, and has a master's degree from Columbia Law School in banking, corporate, financial and securities law. She has held the position of Legal Affairs Manager since May 2022. Previously, she served as Legal Affairs Manager at Pluspetrol, Senior Partner at Munizlaw, Foreign Associate at Shearman & Sterling LLP of New York, among others.



MR. HUMBERTO BARRAGÁN HERRERA.

He is a certified public accountant from the Pontificia Universidad Católica del Perú – PUCP. He has a postgraduate degree in Internal Audit, Management Control and Quality Management from the University of Lima, as well as a postgraduate degree in Finance and International Accounting Standards from the ESAN University. He was an external financial auditor at the firm KPMG, an internal auditor at Aliaxis Latin America (a group dedicated to the industry of pipes, accessories, plastic valves and related products, for residential, commercial and industrial construction), based in Costa Rica; internal auditor in the road infrastructure construction company in Peru of the H&H Group of Ecuador and internal auditor of Electric Energy Transportation companies in Peru of the ISA Business Group of Colombia. He was a part-time professor at the Faculty of Accounting Sciences of the PUCP. He is Internal Audit manager since December 2013.

Degree of relationship by affinity or consanguinity between directors and management staff:

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



Executive Committees

At CAASA we have formed committees to address issues considered of interest to management, among which we have health and safety, sustainability, among others.

Our executive committees meet a minimum of two (2) to four (4) times a year, with the exception of our Sexual Harassment Intervention Committee, which meets annually for mandatory training, and there will be extraordinary sessions when presented complaints related to harassment and bullying described in our Policy for the Prevention, Investigation and Punishment of Sexual Harassment; and our Occupational Health and Safety committee that meets once a month. However, what is described does not exempt the existence of some extraordinary meeting that varies the established amount.

COMMITTEE NAME	NUMBER OF SESSIONS IN 2022
Occupational Health and Safety Committee – Pisco	10
Occupational Safety and Health Committee – Lima	12
Intervention Committee Against Sexual Harassment	3
Ethics Committee	3
Sustainability Committee	3

In addition to the information reported in this document, corporate governance management can be found on the web portal of the Securities Market Superintendency (SMV). https://www.smv.gob.pe/SIMV/Bp_LisDatosGenerales?data=FE7BFBF81D7C982CFB21364944D2&op=bq1

2.2. Transformation towards the future

(GRI 3-3)

➤ We believe in innovation and technology as enablers to achieve our business goals

In order to remain at the forefront of the industry, we have identified a series of risks that could impact our objectives if we do not manage innovation and technological development in a timely manner: environmental impacts due to the growth in product manufacturing, impact on wholesale production demand for raw materials and possible loss of customers due to new market needs, among others.

To mitigate these risks, we are constantly looking for technological developments in our production, commercial, logistic, and administrative processes that allow us greater efficiencies and less environmental impact.

On the other hand, innovation and digital transformation are fundamental drivers for the generation of company value.

At CAASA, we have several spaces for innovation at the corporate level, such as the strategic management cycle, digital transformation and industry 4.0 projects, the suggestions program, continuous improvement projects, among others.

Innovation is part of Aceros Arequipa's DNA and has been the engine that drives its growth over the years. Our approach includes the participation of employees at all levels, which starts from the definition of strategic objectives by the CEO, to the implementation of projects with multidisciplinary teams, where technology plays a crucial role.

**Investment in digital technology
development 2022**

USD 925 thousand

Our technological innovation projects focus on 5 pillars:

PILLARS OF DIGITAL TRANSFORMATION IN CASSA



These projects seek to promote the achievement of CAASA's objectives through the use of digital technologies and industry 4.0, and are part of our Digital Transformation corporate initiative. In addition, we promote the training and use of these technologies with workshops at the corporate level where we have the support of specialized partners (EY, IBM, among others).

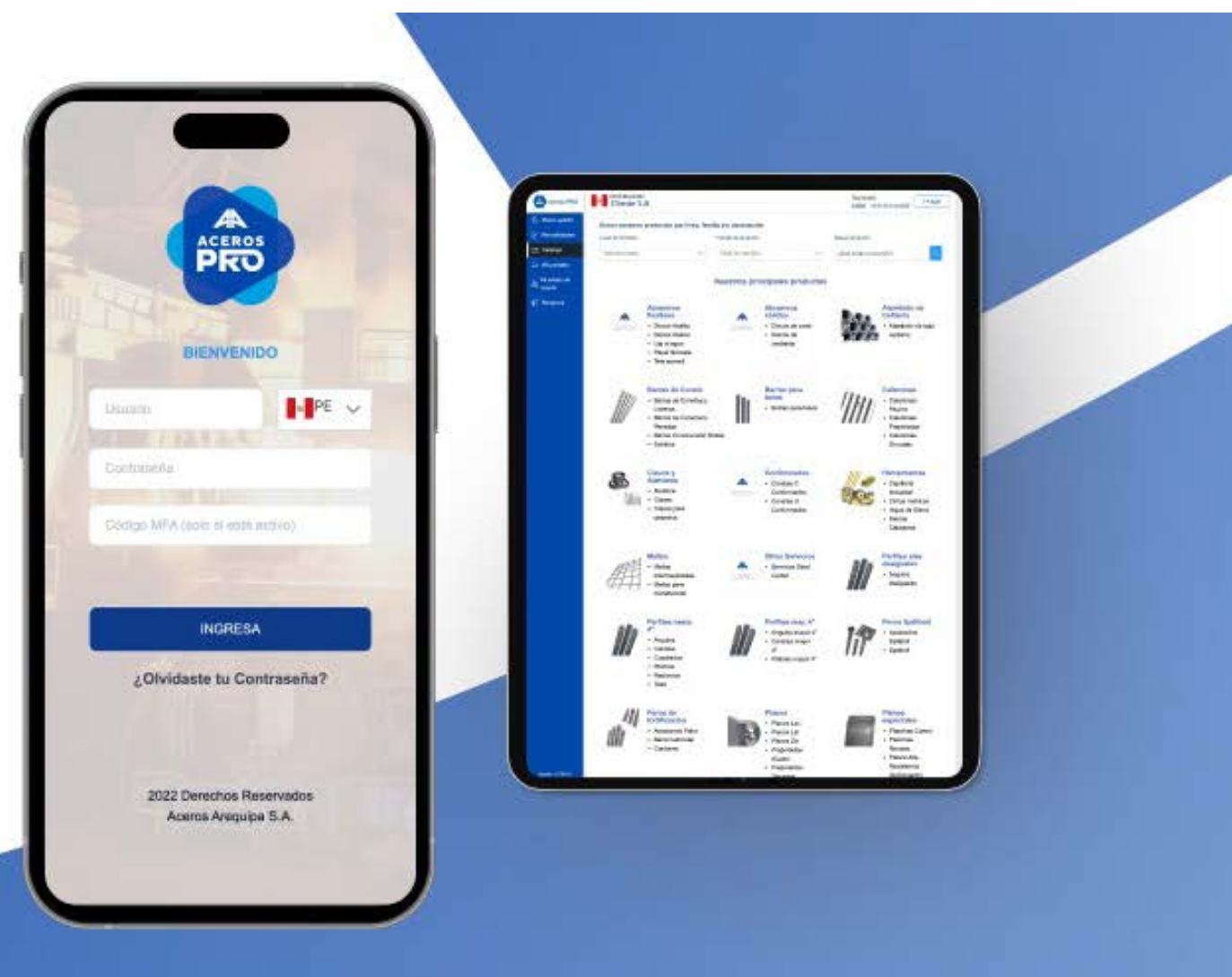
Main initiatives by pillar in 2022

Pillar 1: Customer Experience:

- **Aceros PRO:** web application and mobile app that transforms our customers' purchasing process into 100% digital. In the last year it was used by more than 600 clients, it is constantly growing in Peru and soon at a regional level (Bolivia and Colombia).
- **Digital Assistant / Chatbot:** channel for quick inquiries through WhatsApp for our clients. In the last two months of 2022, America had more than 11,000 interactions with our customers.



All our products in our APP, quickly and easily



Aceros PRO

We Present **America**

Your new virtual assistant that will help you resolve queries quickly and simply



How can I help you?

- 1 Consult your state of account
- 2 Makes follow-up to your requests
- 3 And other functionalities as follow up to your claims, Exchange rate, among other...

Contact her through WhatsApp + 51 960 264 181

- This number does not answer calls
- We will never ask you for your password or sensitive information by this channel



Digital Assistant / Chatbot

Pillar 2: Efficiency and Productivity

- **IoT (internet of things):** we capture key variables from production systems through sensors, which are taken to the cloud creating a data lake ('data lake'), this allows us to analyze the data and facilitate decision making from process optimization.
- **RPA (robots digitales):** allow to automate routine tasks in business processes. During 2022, 25 RPAs were developed in production, logistics and administrative processes, which made it possible to generate operational efficiencies.

Pillar 3: Data and Analytics

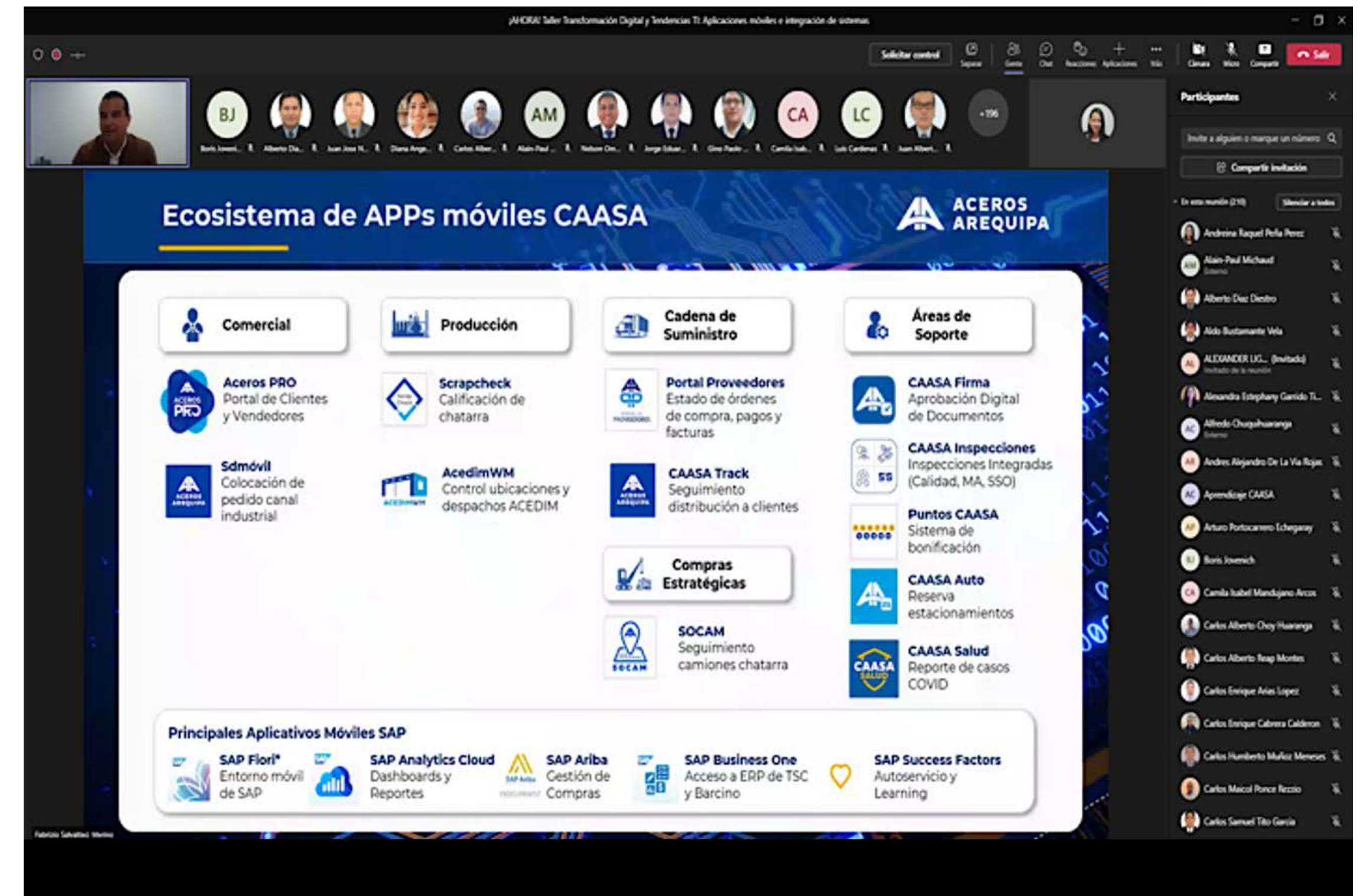
- **Artificial Intelligence (AI) + Machine learning:** we develop advanced analytical models to predict or simulate results in processes. For example, machine learning models to optimize energy consumption or simulate the mechanical properties of finished products.

Pillar 4: Control and IT Risks

- **Cloud Migration:** We are in the process of moving our IT infrastructure to the cloud, which will give us greater flexibility and agility.
- **Cybersecurity:** we have a set of control activities in the administrative and productive computer networks. For example, monitoring of cybersecurity risk events using artificial intelligence.

Pillar 5: IT culture

- **Digital transformation and IT trends workshops:** spaces where new technologies associated with industry 4.0 are presented and ideas from business users are collected.
- **IT Training:** seeks to reinforce the knowledge of our employees in IT tools. For example, in the use of SAP or new digital technologies.



Information Technology Management

We seek to contribute to the creation of value and competitive advantages by providing high-quality IT solutions to the areas of the company, through comprehensive knowledge

of business processes, innovation and cost optimization. We govern our management under the following policies and guidelines.



Cybersecurity

At CAASA, our cybersecurity governance model is led by the Information Technology Manager (CIO), who defines the applicable strategy in the company and has the support of the sub-management, headquarters and cybersecurity specialists.

The Defense in Depth strategy seeks to protect digital assets using several 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 encompasses policies, guidelines and other relevant documents.

Among the training and awareness activities for 2022, the following stand out:



2.3. Ethics and compliance

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

 We work with integrity and promote the protection of human rights in our operations

Ethics and Compliance

At CAASA and our subsidiaries, ethics and the fight against fraud and corruption are key elements of our organizational culture, constituting fundamental principles in relations with our stakeholders and guiding our actions in the markets in which we carry out our activities.

Our corporation, with more than five decades of presence in Peru, is characterized by maintaining the highest standards of transparency, ethical behavior and compliance with the law, as well as a level of zero tolerance against fraud, corruption, money laundering and any action that goes against the values defined in our Code of Ethics, the Code Against Acts of Fraud, Human

Rights and Diversity Policy, and other internal regulations that govern our processes.

Prevention Model

We have the Prevention Model against acts of corruption, money laundering and financing of terrorism. The objective of our prevention model is to promote a culture of integrity and transparency in all our employees and stakeholders.

We maintain good business practices without limiting ourselves to the provisions of Law 30424, Law 30835 and its regulations and Legislative Decree 1352. Our policies are contained in our

Code against Acts of Fraud and Corruption, and define the framework of our prevention model.

Regarding the prevention model, among the powers and responsibilities delegated by the Board of Directors to the Audit and Risk Committee, in relation to the work of the person in charge of Prevention are:

- Review and approve the focus and work plan of the person in charge of Prevention.
- Follow up on compliance with controls related to risks of fraud, corruption, money laundering and terrorist financing.

The Audit and Risk Committee reports the issues discussed in its sessions to the full Board of Directors.

The corruption risk assessment is carried out for all operations. Among the identified risks related to ethics and compliance, we can mention those derived from the relationship with stakeholders, the integrity of the information, internal and external corruption and fraud events, and regulatory compliance.



Main advances in 2022

Throughout the year we have implemented new controls and strengthened the ones we had, articulating them in an Anti-Bribery Management System in accordance with the ISO 37001 standard. We will apply for certification in 2023.

Among the main new controls or strengthening of existing ones are:

- The Protocol for Interaction with Public Officials has been implemented, training employees with greater vulnerability or exposure to irregular situations that may induce or involve them in crimes of public corruption.
- A more complete Donation Management process has been implemented with specific and reinforced controls.
- A new online tool was acquired to reinforce the due diligence process with the different business partners, in order to better understand the profile of each of them, ensuring that they establish or maintain business relationships with companies that share our principles of ethics and integrity.

- Awareness of the code of ethics, the code against acts of fraud and corruption and the anti-bribery management system has been reinforced for employees, through training, as well as for clients and suppliers, through communications segmenting the different audiences (e-mail, email, website). In addition, the use of the complaints channel has been promoted: steel ethics line.
- The certification of Authorized Economic Operator for Import and Export (OEA) was achieved.

100 %

Processes assessed for risks related to corruption



Governance Structure of the Code against Acts of Fraud and Corruption

We define specific responsibilities with the different actors in the application of our Code against Acts of Fraud and Corruption.



Anti-corruption training

(GRI 205-2)

During 2022 we carried out the following trainings:



Management Training on legal basis and criminal liability of the company, as well as the role of Management positions

Addressed to the CEO, Executive Chairman and reports from the CEO.



Protocol for Interaction with Public Officials:

Aimed at employees who occupy positions with greater vulnerability or exposure to irregular situations that may induce or involve them in crimes of public corruption.



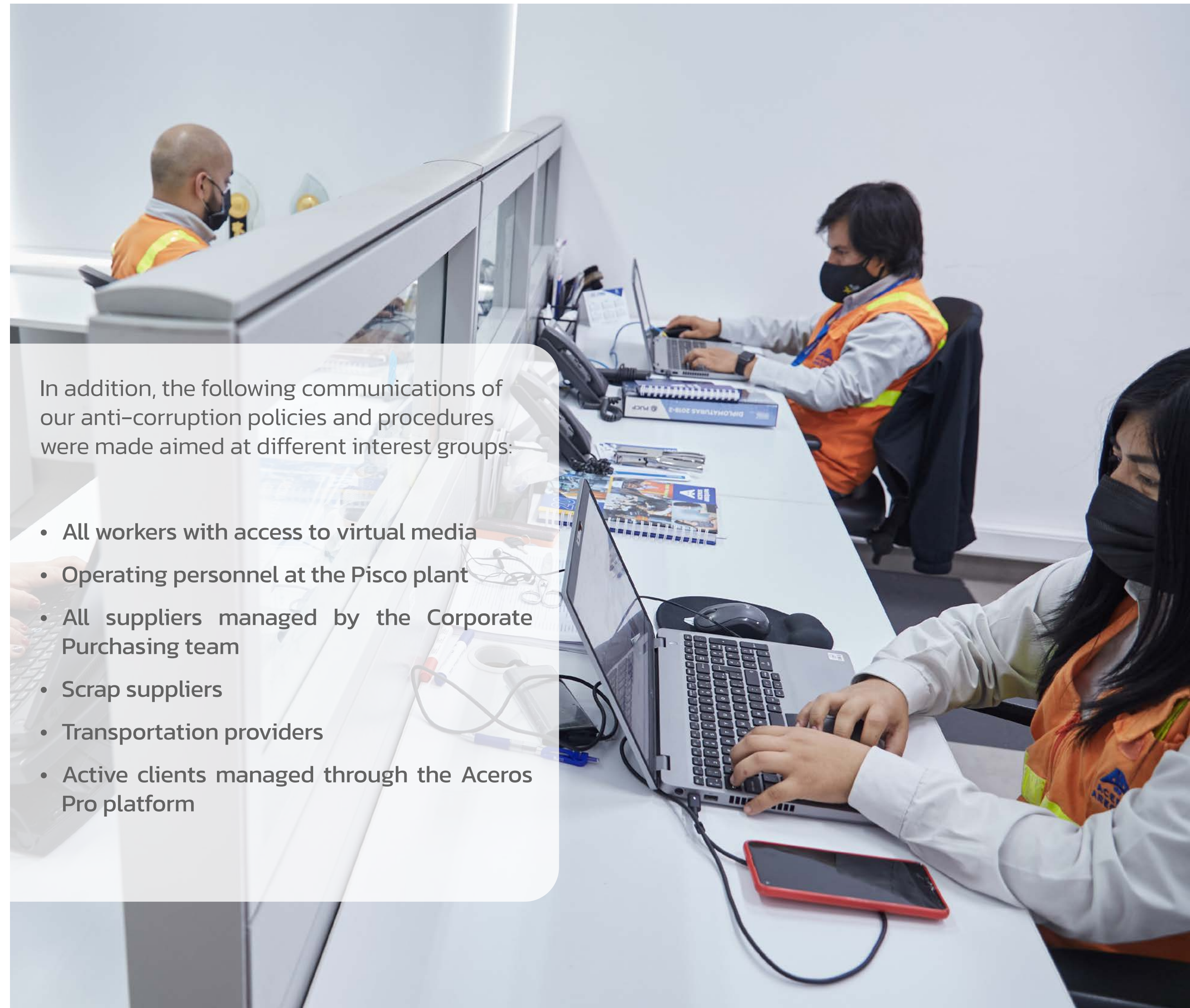
Training of ethical guidelines to critical positions SGAD (Anti-Bribery and other Offenses Management System)

All personnel occupying positions associated with risks related to acts of private corruption, money laundering and terrorist financing.



General training Ethical guidelines (Codes + Prevention Model)

All the personnel of all the offices (Lima, Callao, Pisco, Trujillo, Arequipa) and Subsidiaries.



In addition, the following communications of our anti-corruption policies and procedures were made aimed at different interest groups:

- All workers with access to virtual media
- Operating personnel at the Pisco plant
- All suppliers managed by the Corporate Purchasing team
- Scrap suppliers
- Transportation providers
- Active clients managed through the Aceros Pro platform

Performance of the Ethical Steel Line

(GRI 205-3)

At 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 actions that benefit society and minimize the negative consequences that could arise.

Our ethics line seeks to make a tool available to our stakeholders to channel their concerns or complaints, and thus prevent fraud, corruption and other breaches of the law or our internal regulations.

This mechanism is managed by an independent third party, which offers the whistleblower the possibility of anonymity and the confidentiality of information that can be shared with us. In addition, it helps to improve our complaints management system so that they can be dealt with in a timely manner, and implement improvements in the violated controls that gave rise to ethical complaints.

- **Availability: 24 hours a day, 365 days a year.**
- **Allows you to attach documents that serve as evidence for the reported case.**
- **It has a personalized operator and the option of voice mail recording.**
- **At no cost to the complainant.**

When a person identifies an unethical act in the operations of Corporación Aceros Arequipa, they can report the fact through the Acero Ethical Line anonymously or by providing some identification. The service channels are available on the CAASA website and intranet; They also contain the Aceros Arequipa Ethical Line Use Guide document, which describes the steps to follow to file a complaint through each of these channels.

In order to provide all the facilities to the complainant, complaints can be made through a web form, fixed telephone line, email, WhatsApp, postal mail or in person at the offices of the administrator of the Ethical Steel Line. It should be noted that, although there is an official channel

for registering complaints; The possibility is open for a complainant to communicate directly with an official of CAASA and subsidiaries alerting them to situations that go against the ethical guidelines of the company. The official who receives the communication informs the ethics committee or the CEO, if applicable, for the respective attention.

We have the following channels so that anyone can file a complaint on the Steel Ethics Line:



You can contact an advisor Monday through Friday from 8:30 a.m. to 6:30 p.m. to the following number:

WhatsApp: 989 043 514



Virtual form:

www.lineaeticaacerosarequipa.com



Email box:

denuncias@lineaeticaacerosarequipa.com

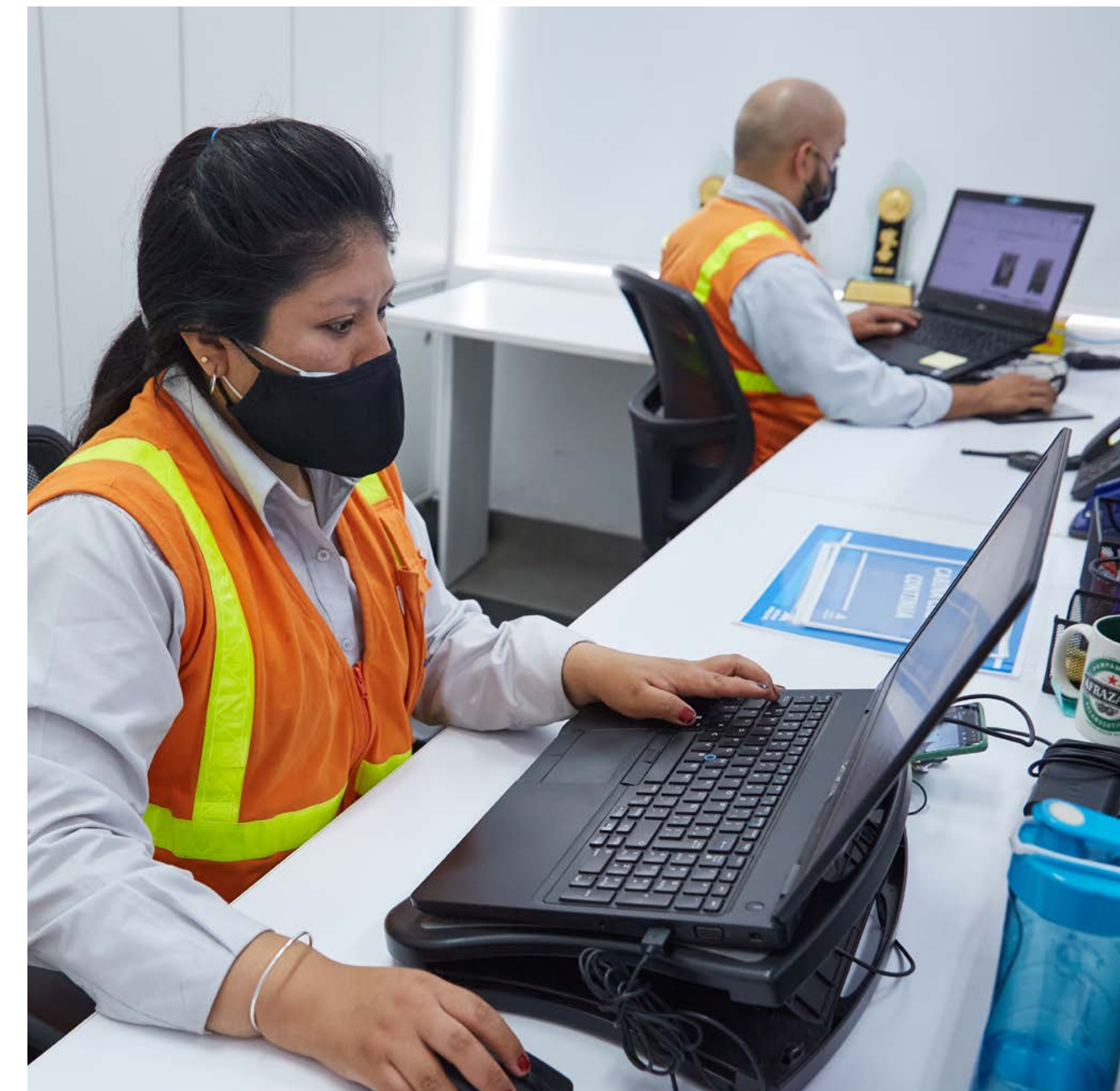


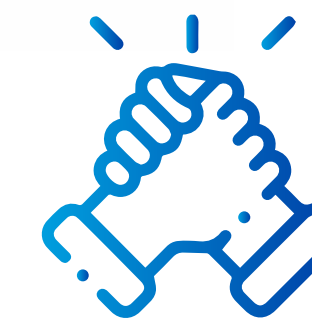
Telephone line, available 24 hours.

7 days a week:

+51-1-0800-18-134 (Toll Free)

+51-1-219-7134 (Local call cost)





Sexual harassment cases



Discrimination cases

During the 2022 period, we had no complaints of discrimination, cases of unfair competition, corruption, sexual harassment, or cases contrary to the ethical guidelines established by CAASA. We received 14 complaints in our Ethical Steel Line, of which nine are closed and three are in process. For appropriate complaints, we implement 12 corresponding corrective measures.

Training and dissemination efforts of the Ethics Line

(GRI 2-15, 2-16)

Aligned with our Anti-Bribery and Other Crimes Management System, periodically, unethical situations that could occur in their daily activities are disseminated to all employees through emails, publicizing CAASA's position of non-tolerance and rejection of these kinds of situations.

In these communications it is specified that when they identify a similar situation or another that contravenes the guidelines established in the Code of Ethics, Code Against Acts of Fraud and our internal regulations, they can use the Steel Ethical Line to report the unethical situation identified.

Training and dissemination of ethical and anti-bribery issues were carried out for suppliers

Trainings:

- Scrap suppliers

Diffusions:

- All suppliers managed by the Corporate Purchasing team

- Scrap suppliers
- Transportation providers
- Active clients managed through the Aceros Pro platform

Fair competition

(GRI 206-1)

We are committed to maintaining honest and constructive relationships with our competitors; Therefore, we will be guided by the following principles:

- Compete in the markets fairly, without making misleading or denigrating advertising of the competition or third parties.
- Obtain information from the competition, always legally.
- Comply with competition regulations, avoiding any conduct that constitutes or may constitute collusion, abuse or restriction of competition.
- Make pricing and marketing decisions independently, without cooperating or coordinating with other competitors.

- We will not offer or solicit improper payments in connection with the purchase of our goods or services, or the sale of our products or services, nor will we participate in or assist in obstructing or threatening individual customers.

In July 2022, we received a complaint for unfair competition through our ethics channel. We asked the complainant to expand the information twice because the original complaint did not have the complete information to start an investigation.

At the end of the year, the complaint was dismissed for lack of information.

Additionally, we have the Code of Ethics and the Code against acts of fraud and corruption.

Ethics Committee

Compliance with the Code of Ethics is supervised by the CEO who delegates functions and authority to an Ethics Committee that acts in accordance with the provisions of its regulations.

The Ethics Committee is also responsible for the following:

- Serve as a consultative body regarding concerns of employees or third parties about facts or circumstances that may affect business ethics.
- Analyze and direct disputes regarding potential conflicts of interest reported by employees to the company, in compliance with the provisions of the Code of Ethics.
- Freely and objectively analyze situations of ethical non-compliance.

During the year
2022 the committee
met 3 times.

Human rights

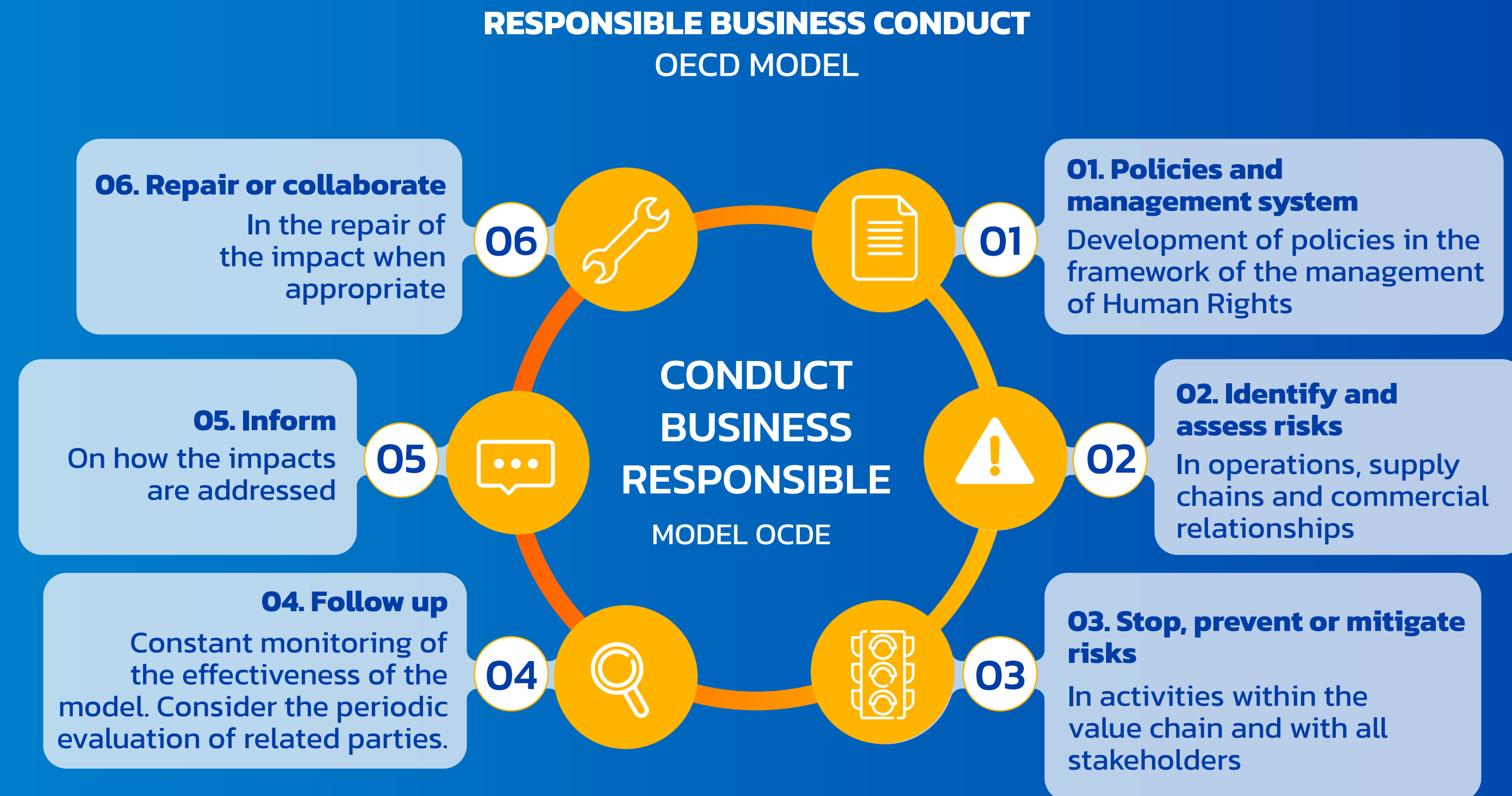
(GRI 3-3, 406-1, 407-1, 408-1, 409-1, 410-1)

At 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 with our stakeholders.

We work under the framework of the **United Nations Guiding Principles on Business and Human Rights**, the **OECD Due Diligence Guide for Responsible Business Conduct** and the **National Action Plan on Business and Human Rights 2021-2025 (Peru)**.

During 2021, we began the implementation of the Human Rights Due Diligence model, which seeks to identify, prevent, mitigate, and explain how real and potential impacts on human rights are addressed in our activities, supply chain, and other commercial relationships.

During the 2022 period, we did not receive any complaints regarding human rights through our ethics line or any other channel.



Below is a list of these corporate documents:

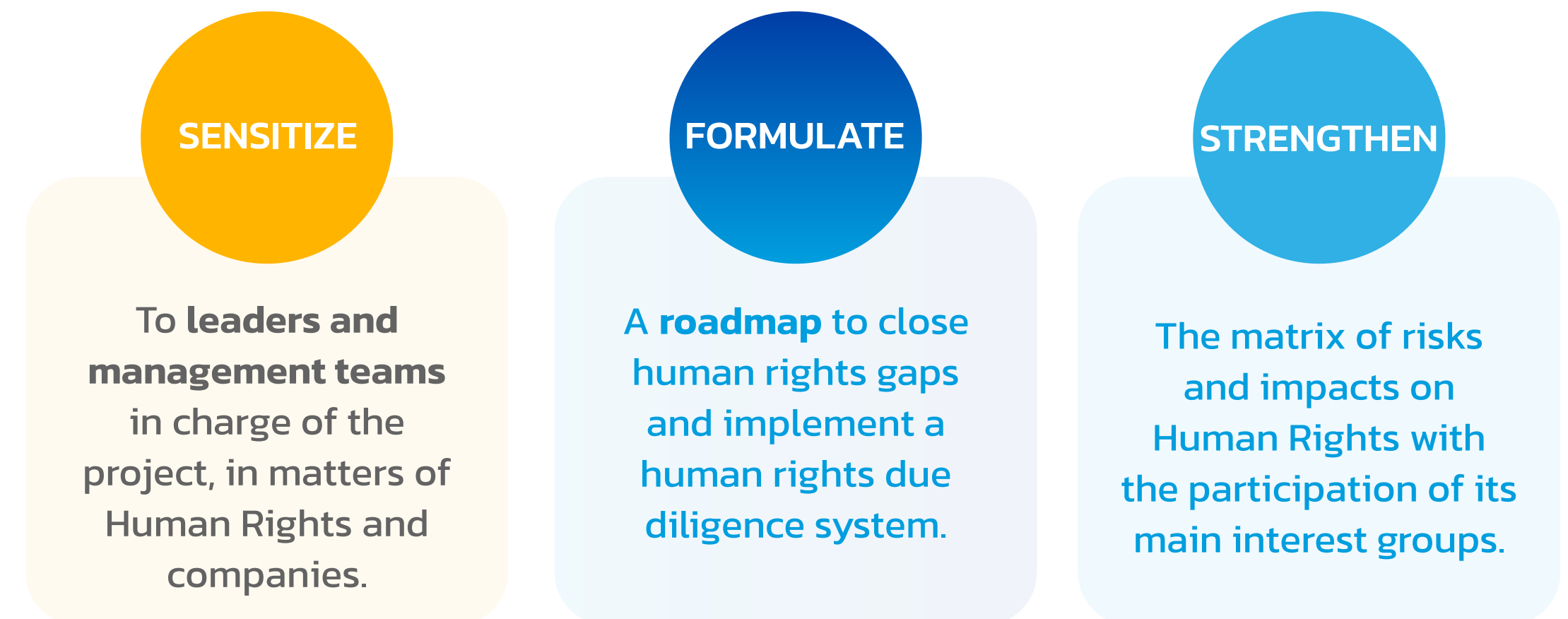
Main policies and procedures related to Human Rights:

- Aceros Arequipa Code of Ethics
- Code of Ethics for suppliers and contractors
- Code against acts of fraud, bribery and corruption
- Human Rights and Diversity Policy
- Corporate Social Responsibility Policy
- Policy for the prevention, investigation and punishment of sexual harassment

Governance structure for Human Rights issues:

INSTANCE	ROLE OR FUNCTION
Human Management Area	Responsible for systematizing and integrating the progress of Aceros Arequipa in terms of human rights, making possible gaps visible and promoting improvement actions.
Sustainability Committee	Responsible for monitoring and supervising compliance with human rights work plans and company performance.
Ethics Committee	Responsible for the investigation, corrective actions and/or sanction if necessary.

During 2022, we strengthened our Human Rights management to achieve the implementation of our Due Diligence model. Our process was developed in three stages:



Stage I:

The review and analysis of the CAASA Human Rights Risk Matrix was carried out to identify the relevant issues to be addressed with the stakeholders. Two interest groups were selected based on the most relevant risks in the Human Rights matrix: company and providers. In this sense, we were able to identify significant risks related to labor conditions and corruption, while risks related to child labor or forced labor have been identified in processes related to purchasing management.

In addition, the first training in "Human Rights and companies" was carried out, with the participation of 19 people belonging to the areas of Human Management, Strategic Management Control/Strategic Planning, Social Responsibility, Purchasing, Transportation (Barcino), Property Security, Environment, Occupational Health and Safety, IT and Distribution. The objectives of the training were:

- Know the basic concepts of Human Rights (Theoretical and practical)

- Understanding the Due Diligence process in Human Rights (Theoretical)

In the case of security personnel, during 2022 we focused training on our asset security team (two positions). Next year we will evaluate including other security-related roles, as well as implement mechanisms to promote third-party training.

Stage II:



We evaluate our progress in Human Rights management, in each pillar of due diligence, in accordance with various global standards. We established short- and medium-term action plans that will allow us to improve our management in the following years.



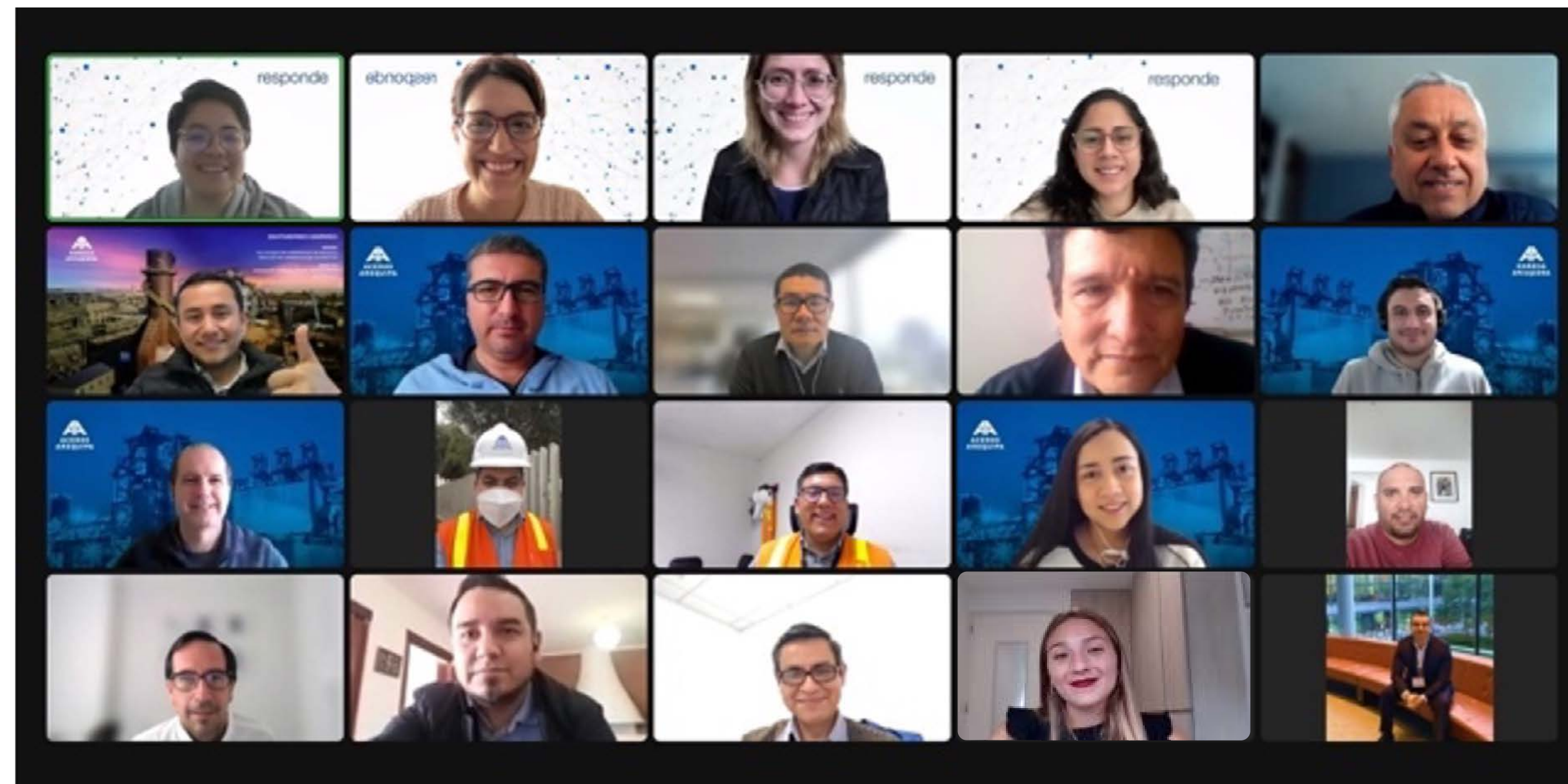
Stage III:

From November 2 to 30, a total of 15 interviews were conducted with critical stakeholders, distributed as follows: 7 to representatives of the society interest group and 8 to representatives of the supplier interest group. The following topics were addressed in the interviews:

It is worth mentioning that in the case of suppliers and contractors, we have mechanisms to mitigate the risks identified as part of the approval processes, registrations, acceptance of the code of conduct and others. For example, regarding freedom of association, our suppliers and contractors must comply with the delivery of evidence during their evaluation.

With the collection of perceptions from interest groups, the human rights risk matrix prepared in 2021 was strengthened. In addition, it will allow us to continue advancing on our Human Rights management roadmap.

SUPPLIERS AND CONTRACTORS	SOCIETY
Labor conditions	Affectations to the quality of life, resources, customs or economic activities
Child labor	
Harassment or sexual harassment	Environmental affectations
Labor conditions	
People safety	Affectations or damages to the health of the communities
Health effects	



2.4. Risk management and internal control

(GRI 3-3)

> We anticipate and manage our risks with an ESG approach

Our risk and opportunity management comprises an effective methodology and tools for the identification, evaluation, control and monitoring of risks and opportunities. This helps leaders and employees to meet their business and area objectives, as well as to prepare and define response strategies for unexpected situations, complying with the company's internal control and comprehensive risk management policy. We have a series of processes and policies that guide our actions:

- Business Policy for Internal Control and Risk Management
- Comprehensive Risk and Opportunity Management Methodology (GIRO)
- Materialized Risk Management Sub-process

MAIN MILESTONES 2022

- Analysis and updating of strategic risks and mitigation actions as part of the Strategy Management Cycle at the Management Committee and Board level.
- Implementation of a computer tool for strategic risk management at Entity and Tactical level – BALSC.
- Adhesion of ethical risks and integrity, of human rights within the framework of the GIRO methodology.
- Implementation and dissemination of a computer tool for process risk management (Goldenbelt).
- Development of tools to measure the effectiveness of controls through self-control routines and training and deployment workshops with thread owners.
- Updating of the Corporate Policy for Internal Control and Risk Management, with impact criteria applicable to CAASA and Subsidiaries.
- Development of materialized risk management thread and monitoring thereof.
- Definition of Guidelines for the execution of Self-control Routines.



Integrated risk and opportunity management

CAASA's GIRO methodology establishes a framework of reference and good practices for the management of risks and opportunities of the company, providing clarity on the total exposure of the company. It establishes a guide to good practices and tools to anticipate and manage our risks with an ESG approach, meeting business and process objectives, in order to prepare ourselves for unexpected situations.

Primary responsibility lies with managers for compliance and strategic risk management, and with process owners for process risk management. The methodology also addresses specialized risk management such as OHS, environmental and information security, and any specialized risk management that CAASA defines to implement in the future.

GENERAL OBJECTIVE

Protect the value of the company.

SPECIFIC OBJECTIVES

- Improve process control and the internal control system.
- Reduce interruptions in our operations.
- Avoid contingencies and prevent acts of fraud, corruption and other crimes.
- Strengthen corporate governance.
- Promote the culture of risk management and compliance.
- Prepare the company for future disruptive events.
- Identify and capture opportunities to ensure compliance with business objectives and processes, with a focus on continuous improvement.

Benefits of our GIRO methodology

- Aligns internal control and risk management systems with the good practices of the COSO 2013 and COSO ERM 2017 guide (Committee of Sponsoring Organization of the Treadway Commission) and IIA (Institute of Internal Auditors).
- It allows a holistic vision of all the Company's risks, which includes both strategic risks and process risks.
- It has an information system that allows the registration, evaluation and monitoring of risks in a centralized and standardized manner. In addition, it allows linking risks with activities within the processes.
- It facilitates the construction of the strategic plan and the functional plans so that they focus their efforts on the mitigation of critical

risks and the capture of opportunities, in the same way, it facilitates the alignment with the individual objectives at the different organizational levels.

- It includes the management of environmental and/or emerging risks that respond to multiple trends that may affect the company's strategy in the future.
- It integrates the focus on the training of process owners and awareness of their role as the first line of defense.



In addition, we also classify our risks according to type of impact and temporality:

RISK CLASSIFICATIONS	
By type of impact	<ol style="list-style-type: none"> 1. Economic 2. Operations and information systems 3. Reputation and image 4. Regulatory and legal 5. Environmental 6. SSO
By temporality	<ol style="list-style-type: none"> 1. Emerging 2. Non emergent

Risk Culture

We integrate a risk culture that allows us to ensure a comprehensive risk approach in our portfolio to be clear about the company's total exposure to threats from both the external environment and the internal business environment. We analyze the risks taking advantage of the available data with a focus on continuous improvement.

In addition, we encourage open and transparent communication about risks, we encourage

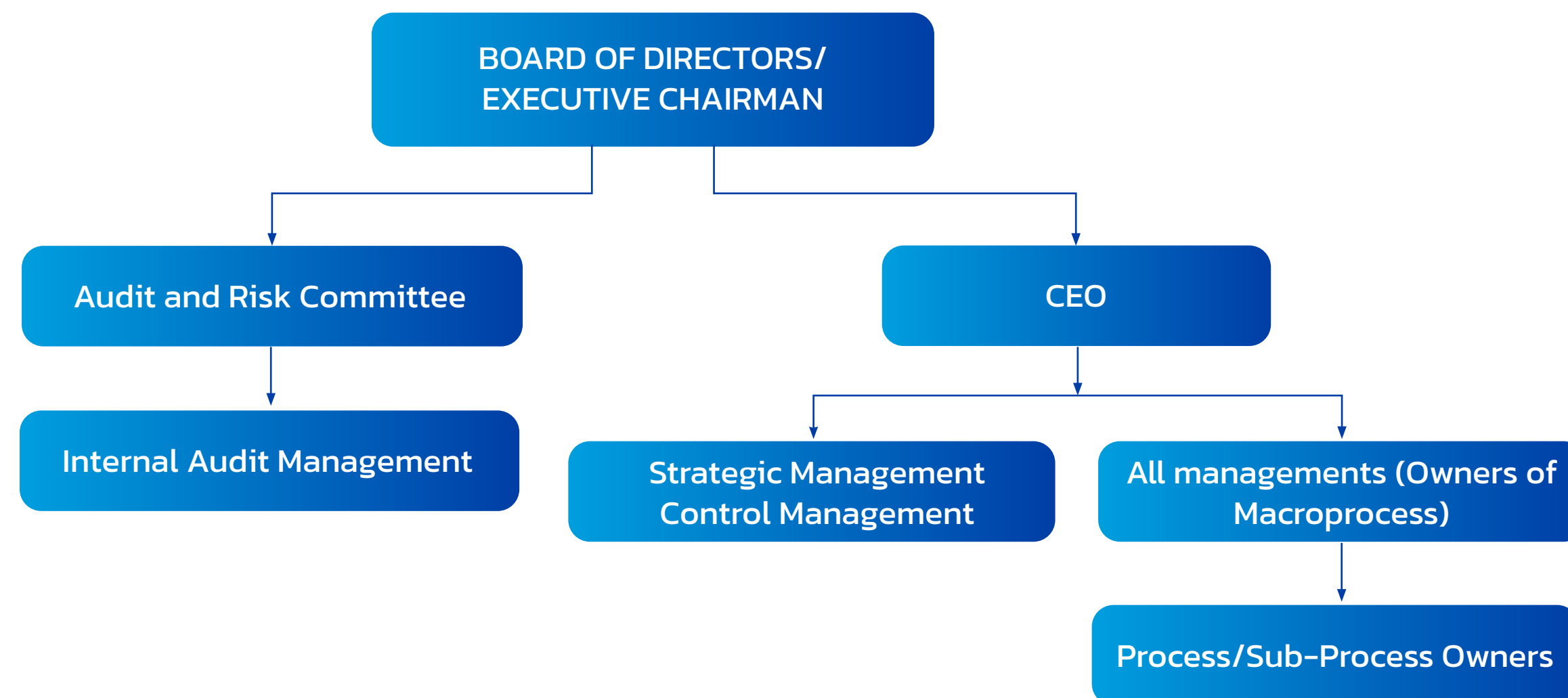
alignment and synergies between areas for integrated and end-to-end management. We also promote a continuous vision of the strategic environment and internal processes to identify possible risks and take proactive measures.

To guarantee the success of our risk culture, we offer continuous training and workshops for the deployment of our GIRO methodology and we provide support for updating the risk matrices. In addition, we carry out training and awareness campaigns in risk management. We also develop

computer tools to facilitate the management of process risks (Goldenbelt) and strategic risks at the entity and tactical level (BALSC). Lastly, we are in the process of reinforcing the definition of objectives and incentives associated with risk management. A training plan has been established for the Audit and Risk Committee structured in 3 dates to be developed during 2023 and to which we will periodically continue involving the Board of Directors

Governance of risk management

Internal control and comprehensive risk management are carried out by all members of the company, including senior management and its committees, managers, assistant managers, bosses and employees.



Senior **management** is responsible for the design, implementation and supervision of the internal control system, for managing the risks to which CAASA is exposed, as well as periodically validating the risks and controls at the entity level with the Board of Directors.

The **Audit and Risk Committee (CAR)** evaluates the effectiveness of the internal control systems, presented by the Internal Audit area.

The **Executive Chairman**, in coordination with the CEO, defines the Corporate Strategic Plan, determines short, medium and long-term objectives, identifies risks at the entity level and assists in the implementation of strategies to mitigate them. He is responsible for promoting a risk management culture within our company.

The **CEO** is responsible for designing, implementing and supervising the internal control system and managing the risks to which we are exposed.

On the other hand, **managers** ensure that processes are designed to achieve business objectives; identify and monitor the risks of their processes; they define sufficient controls for their administration, and supervise the control system defined in their processes.

Finally, the **area leaders** are committed to

strengthening the execution of the processes under their responsibility, seeking efficiency and effectiveness; measure the performance of the process and report on the results achieved; identify and manage the risks of its processes, carrying out self-assessment tests of controls, and keep the documentation of its processes updated.

Internal audit

The Company has an Internal Audit manager elected by the Audit and Risk Committee and the Board of Directors. The mission of internal audit in the organization is to support Senior Management in improving and strengthening internal control and risk management, providing improvement proposals and focusing on what is relevant.

To guarantee the independence of the internal audit, it has been established that the Internal Audit manager and his team report functionally to the Audit and Risk Committee of the Board of Directors, and administratively, to the Executive Chairman and the CEO of the Company.

External Audit of Financial Statements

Among 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, are:

- ▶ **Select and propose external auditors to the Board of Directors.**
- ▶ **Review and approve the approach and work plan of the external auditors.**
- ▶ **Review and confirm the independence of the external auditors, obtaining their statements regarding the relationship between auditors and the Company, and non-audit services.**
- ▶ **Evaluate the work performed by the external auditors.**
- ▶ **Review the results of the audit with Management and the external auditors, in addition to approving their report for presentation to the Board of Directors and Shareholders' Meeting.**



2.5. Quality and competitiveness

(GRI 3-3)

> We work to make things better every day

It is essential to maintain and continue promoting the culture of quality and continuous improvement in our employees. To achieve this, we developed a strategy based on 3 pillars:

Simplicity

Adapt the methodologies of the management systems, as well as the Continuous Improvement programs to make them more agile and flexible for our employees.

Expansion

Expand the scope of management systems and Continuous Improvement programs for CAASA and subsidiaries.

Culture

Promote the improvement of processes through methodologies and tools that promote the involvement and experiential learning of employees in the continuous improvement of the company.



Short term goals

- Strengthen comprehensive management and continuous improvement of processes.
- Ensure compliance with business objectives, legal requirements and regulations.
- Design processes that enhance the culture of quality through the development of people.

Long term goals

- Ensure that all CAASA employees are part of the integrated management system by applying continuous improvement in their processes.

Integrated management system

Our main objective is to permanently improve our processes, through the implementation of high management standards, which allow us to support the growth and expansion of the company at a national and international level.

Below, we present the main achievements of 2022:

1. Recertification of management systems under international standards ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, granted by the ABS Quality Evaluations certifier.
2. Certification as Authorized Economic Operator - Exporter, to guarantee security in the export processes of the international logistics chain, granted by SUNAT.
3. Strengthening of the application for the Management of Non-Conformities, through the development of the Occupational Health and Safety accident module, systematizing accident investigation and centralization of information, to contribute to the analysis and

evaluation of actions to avoid the recurrence of accidents. accidents and, with this, reduce the accident rate of the organization.

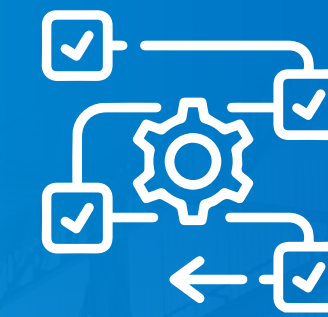
4. Establishment of the anti-bribery management system, to deploy and strengthen the prevention model at all levels involved in the company.
5. Integration of the subsidiary Aceros América Corporation (Port Manatee and Saint Pete - USA) to the CAASA document management model, achieving the unification and standardization of guidelines, ensuring cross-sectional control of documentation at the corporate level.
6. Training and development of internal auditors for the OAS Security System, generating value through the identification of opportunities for improvement, based on their experience and knowledge in the international logistics chain.
7. Integration of the new wire drawing processes and the manufacture of derived products to CAASA's integrated management system (GIS), ensuring the standardization and adoption of good corporate practices.

We have the following current certifications:

1. Renewal of the integrated management system certificates under the international standards ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System.
2. Maintenance and recertification of product certificates for export to Brazil with the Brazilian Association of Technical Standards – ABNT, under the NBR 7480 technical standard.
3. Maintenance and expansion of the product certificate for export to Colombia with ICONTEC, under the technical standards NTC 2289, technical regulation 1856 and ASTM A706.
4. Maintenance of Accreditation of technical competence of the Aceros Arequipa laboratories in accordance with the NTP ISO/IEC 17025 standard.



Goals at management level:



100%
of the processes of our
subsidiaries aligned and
documented.



**Anti-bribery management
system implemented to
strengthen the prevention
model.**





Continuous Improvement Programs

We seek to promote in all our employees a philosophy of innovation and continuous improvement, which allows us to permanently increase cost efficiency, simplify processes and eliminate waste in order to increase customer satisfaction and company margins.

For this we manage 4 programs and a tangible recognition mechanism called CAASA Points.

Suggestions

SUGGESTIONS PROGRAM

Implement ideas that contribute to process improvement and reduce inefficiencies

Projects



Develop high impact and low cost improvement projects.

5'S



Implement standard practices of order and cleanliness in work areas.

Points CAASA



Incentive and recognition mechanism in CAASA - Pisco

Suggestions Program

We encourage our employees, through their experience and creativity, to generate ideas to make improvements focused on reducing inefficiencies in our processes, products and/or services.

In the last 6 years, important improvements have been achieved aimed at reducing and/or eliminating waiting times, excess inventories, unnecessary movements, over production, rework and defects that have resulted in savings for the company USD\$350,000.00.

In 2022, we managed to capture 2,200 improvement ideas. We implemented 75% of the ideas that helped us simplify our processes, achieving an economic benefit of more than US\$ 125,000. Having as main suggestion the reuse of refractory bricks, from the management of Steel Mill and Direct Reduction, which allowed us a saving of US\$10,310.

Today we are in the expansion stage of our program in all areas of the company. In 2022, the participation of strategic purchasing management and Supply Chain management stands out.

In order to reach all our employees, during 2022 we have consolidated the mobile version of our

program which allows, in an agile and simple way, to enter ideas for improvement at any time.

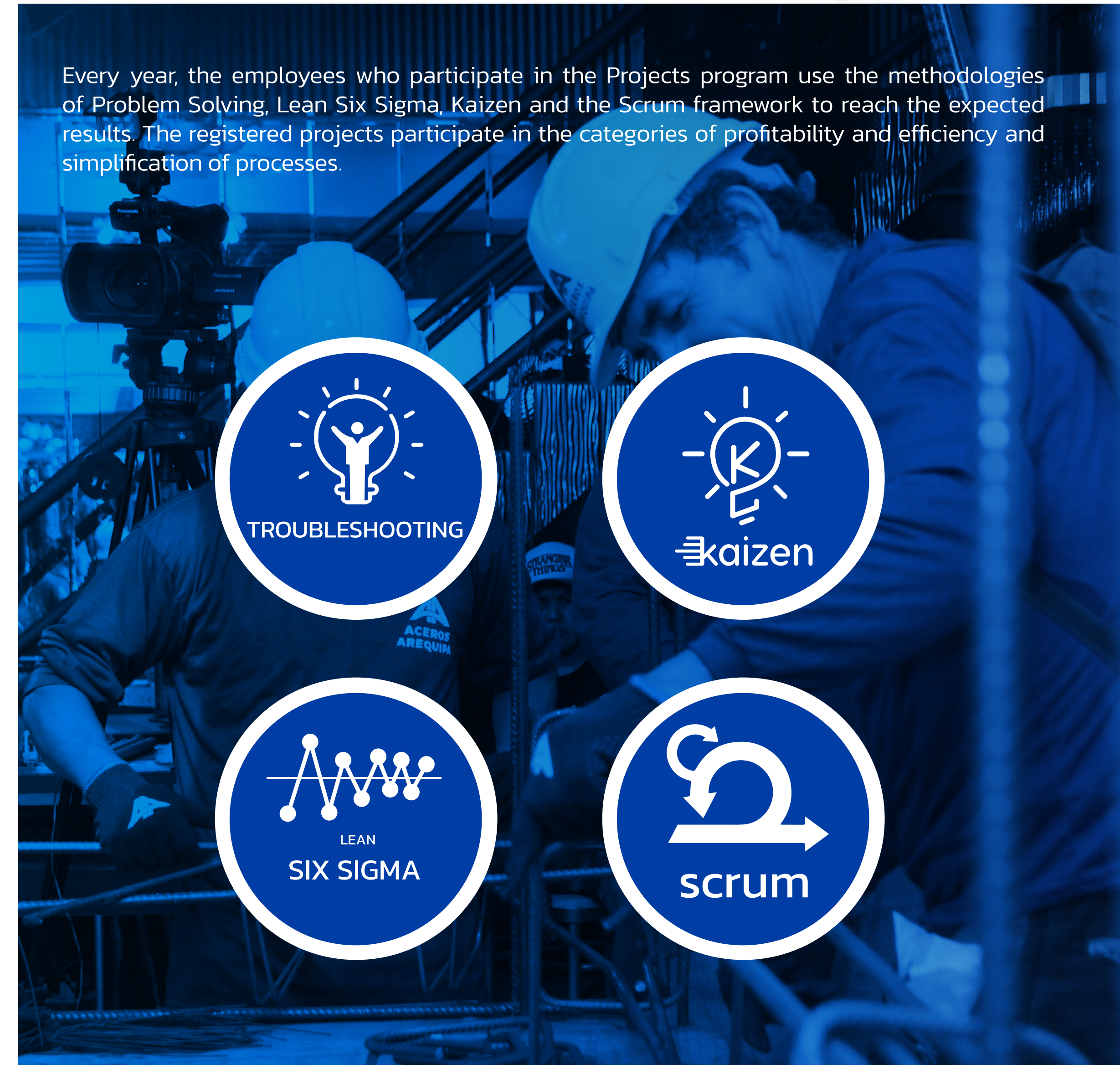
US\$ 350
million savings
to the company

2, 200
improvement ideas

US\$ 125
Thousand
economic benefit

Project Program: Quality Circles and Progress Groups

We seek to develop high impact and low-cost improvement projects. For 29 years we have been using continuous improvement methodologies with the purpose of increasing the productivity and efficiency of processes through teamwork.





In 2022, 50 projects were registered, of which 24 managed to reach the objectives set. Thanks to our expansion strategy, 16 of these projects were for teams from administrative areas in Lima and subsidiaries, achieving great results for their processes.

As part of the recognition of the outstanding effort, for more than 29 years we have developed

the **Internal Meeting**, a contest that seeks to promote a culture of continuous improvement; encourages, recognizes and disseminates outstanding creativity and participation; and encourages healthy competition in all areas of the corporation.



29
years



+500
implemented projects



In 2022:
24 projects and savings of
US\$ 3,4 MILLION



5S program

For the administration of the 5S we have divided the areas into work zones, with 226 at the corporate level, which are distributed in 3 categories: Workshops, plant and warehouses, each of these with standards defined by CAASA and in accordance with the need for the process.

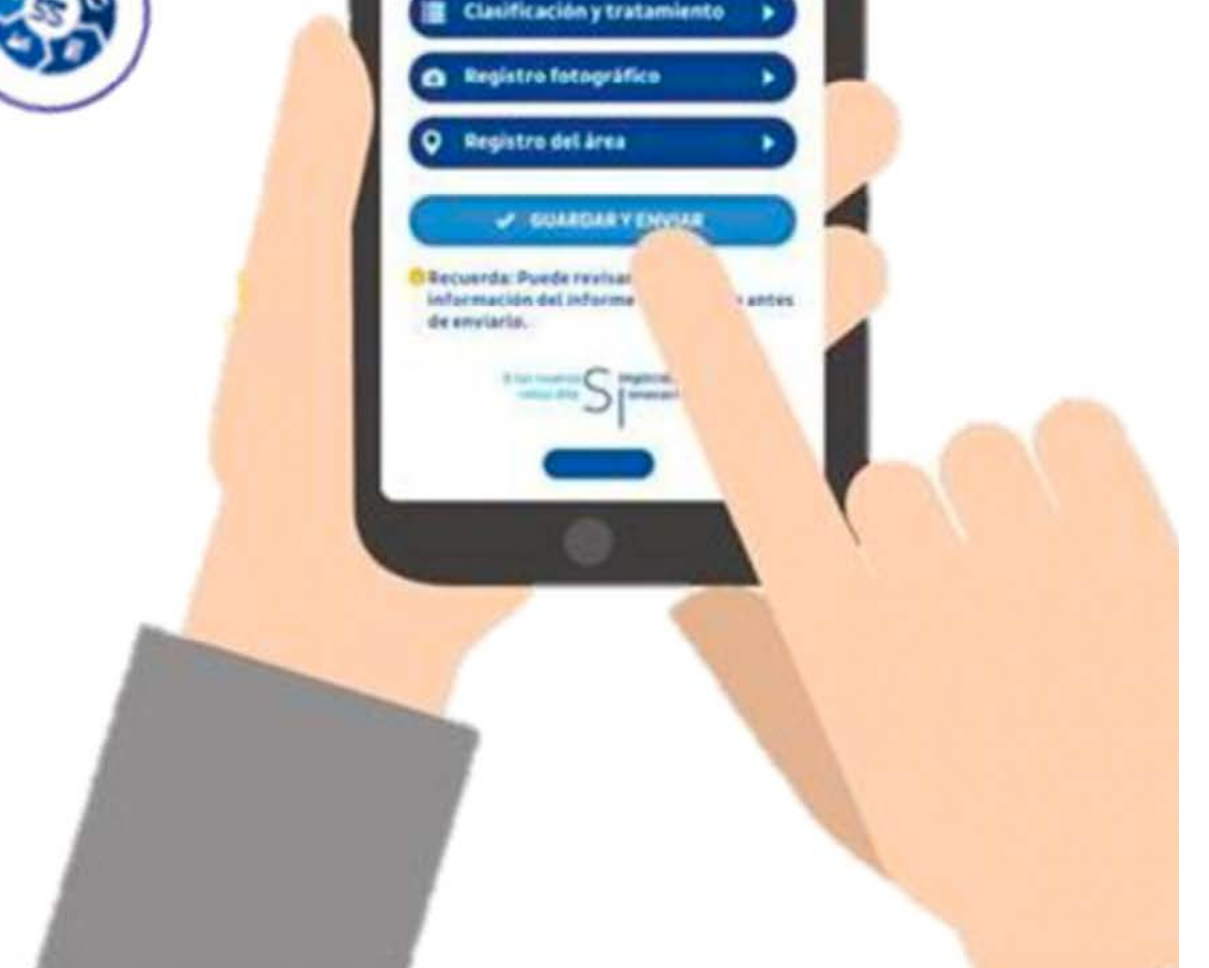
Throughourapplication "IntegratedInspections" we quickly manage the findings in the areas of Safety, Environment, Quality, Productivity and Management of order and cleanliness. We seek to improve the quality of life in the workplace. In addition, inspections are carried out periodically to assess compliance with the standards and identify best practices that can be replicated at the corporate level.

Within the expansion strategy of the 5S program, we have begun the implementation process in subsidiaries, working hand in hand with the leaders and managers of the 40 identified work areas. In 2022, we managed to certify 187 zones in 5S thanks to the involvement of all our employees in this program, from the operational staff to the executive level.



226 work areas
at the corporate level

3 categories Workshops,
plant and warehouses



CAASA Points

CAASA's rewards system, which tangibly recognizes the outstanding participation of our employees in Continuous Improvement programs.

During 2022 we have worked on the consolidation of the application that allows the management of point designation and the exchange process of employees, with which we continue to promote simplicity and agility in the processes in the corporation.



TANGIBLE RECOGNITION

P U N T O S
C A A S A

CÁLOGO DE PRODUCTOS
P U N T O S
C A A S A

ACEROS AREQUIPA

Tangible recognition: CAASA points that can be exchanged for company merchandising or product categories.

INTANGIBLE RECOGNITION

Internal and external communications

Result´s presentation to the Management

Innovation meeting event

Intangible recognition: Internal spaces where employees show their achievements in the different quality programs to company leaders seeking to continue promoting participation and involvement in the company's continuous improvement.



Outstanding Achievements 2022

As part of the internal "Suggestions" and "Projects" programs, we recognize individual or group participants whose project has brought efficiencies and thus fulfills the purpose of these programs.

Regarding the Suggestions Program, in the "Best Suggestion of the Year" category, we awarded Antonio Pariona, who proposed 116 suggestions of which 90 were implemented. Likewise, in the "Highest Impact Suggestion" category, we awarded Wilder Melo for suggesting Reuse of Refractory Brick.

On the other hand, regarding the Projects Program, the "Profitability" category is one whose improvements generate a demonstrable positive economic impact on the business. This year, the Innovation and Manufacturing team developed the project "Improvement in the dispatch and pre-assembly process".

Likewise, in the category "Efficiency and simplification of processes", we awarded the Power System team with the project "COES: Forecast of the maximum coincidence".



3

Generating shared value





3.1. Extraordinary talent

GRI 3-3)

> We train steel leaders

At CAASA we have the firm conviction that Human Talent is the central actor in business management. We establish guidelines for its management in order to provide our leaders and employees with a frame of reference, so that their actions and decisions within the development of their activities are aligned with good practices in human management, the values and policies of the organization and at the same time, compliance with current labor legislation. All this, within a unified organizational culture, which pursues a good organizational climate, generating value in each of its processes to help the organization achieve its objectives and goals within an environment of security, respect and trust.

We are in the constant search 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.

Our main objectives



Leadership: Prepare and empower our leaders, reinforcing skills and tools for listening, communication, motivation and development of their teams.



Development: Develop talent with high levels of potential and outstanding performance.



Recognition and Retention: Promote and reinforce the appreciation and appreciation of outstanding achievements, contributions and actions.



Employer brand: Manage our position among the best places to work and attract the best talent.



Structure and Global Thinking: Generate global thinking and act locally, driving growth and expansion.

Mission

Being a strategic partner for the organization, managing talent, to contribute to the achievement of business results and sustainability.

Vision

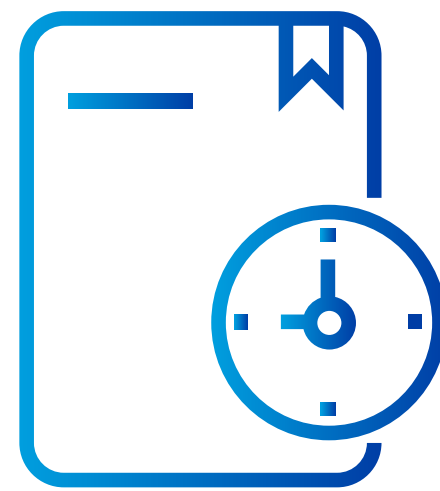
Being a high performance team with strategic vision, building a great place to work and value for the business.



We obtained the GPTW Certification until December 2022, which recognizes companies for offering a work experience of world standards. We participate every 2 years.



We continue in the Merco Talent Ranking, which recognizes the companies that best attract and retain talent. In 2022 we were in position 87, we rose 6 positions compared to the previous year.



Policies that guide our management

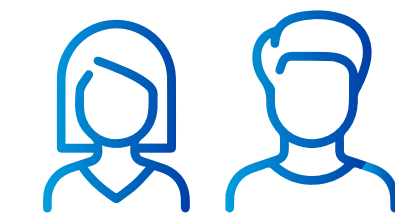
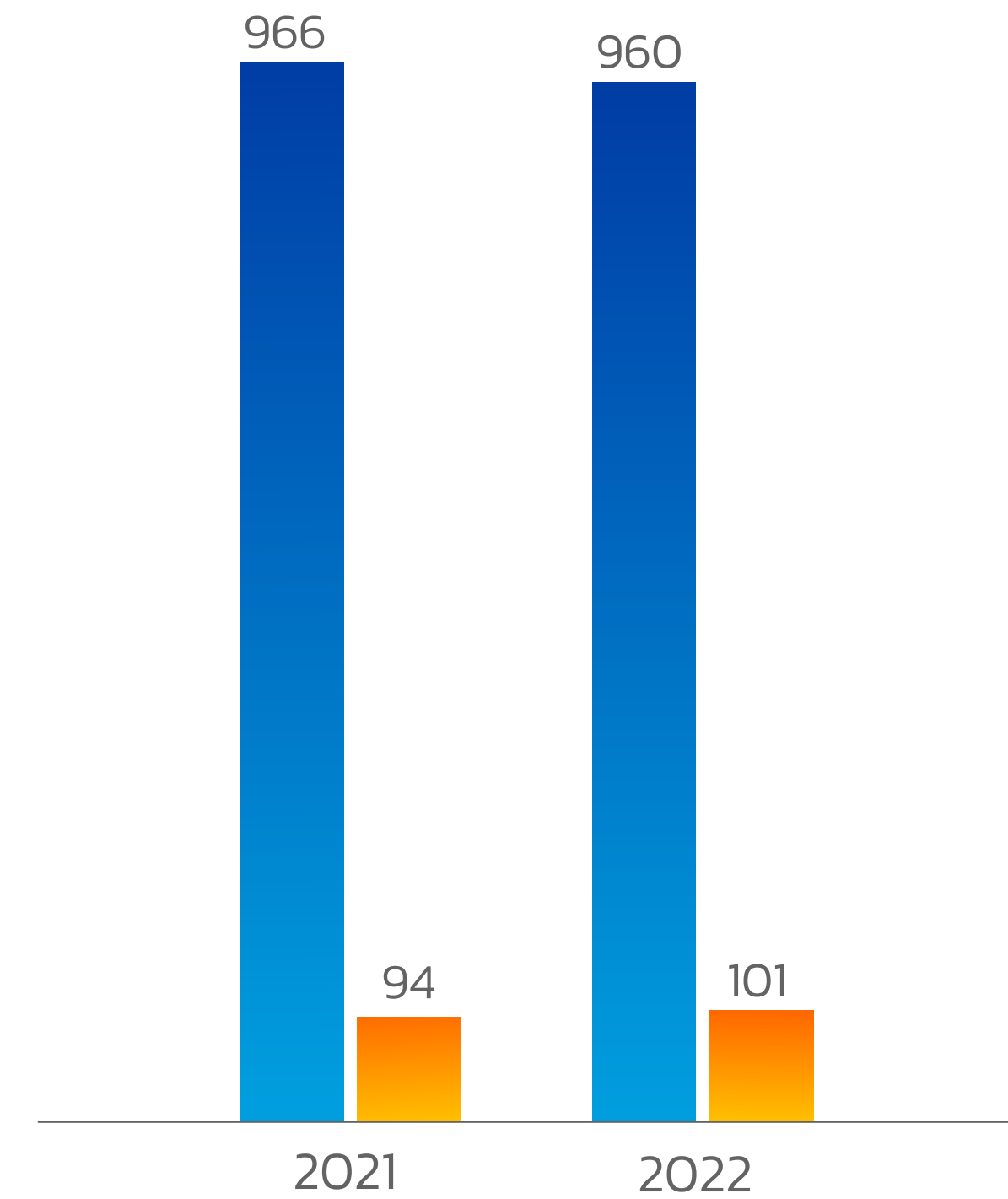
- Human Management business policy
- Internal regulations
- Ethics code
- Code against acts of fraud and corruption
- Occupational Health and Safety Policy
- Compensation policy
- Policy for the contracting and management of outsourcing services
- Policy for the prevention, investigation and punishment of sexual harassment
- Corporate Policy on Human Rights and Diversity

Our workforce

(GRI 2-7)



EMPLOYEES ACCORDING TO GENDER

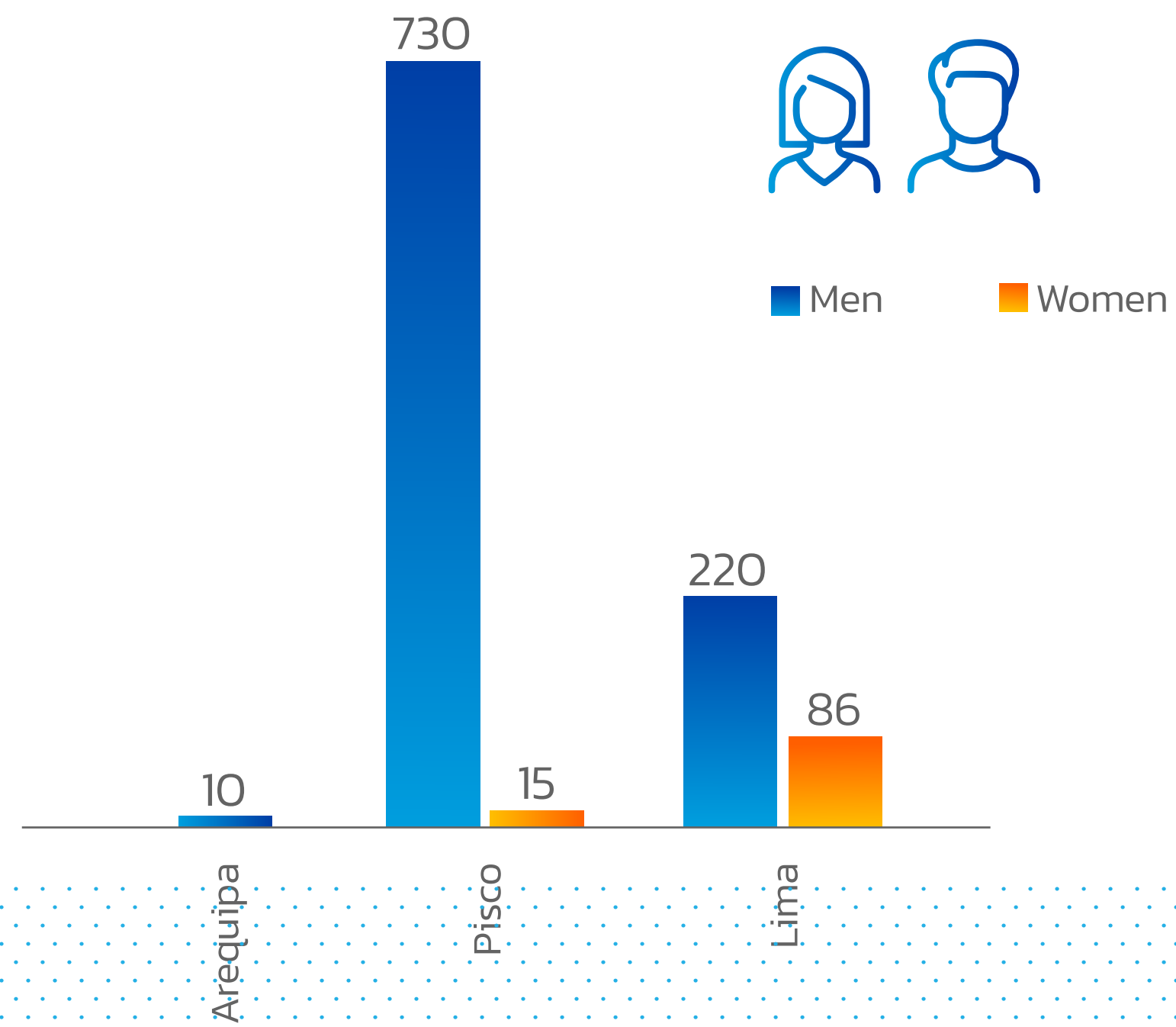


■ Men ■ Women

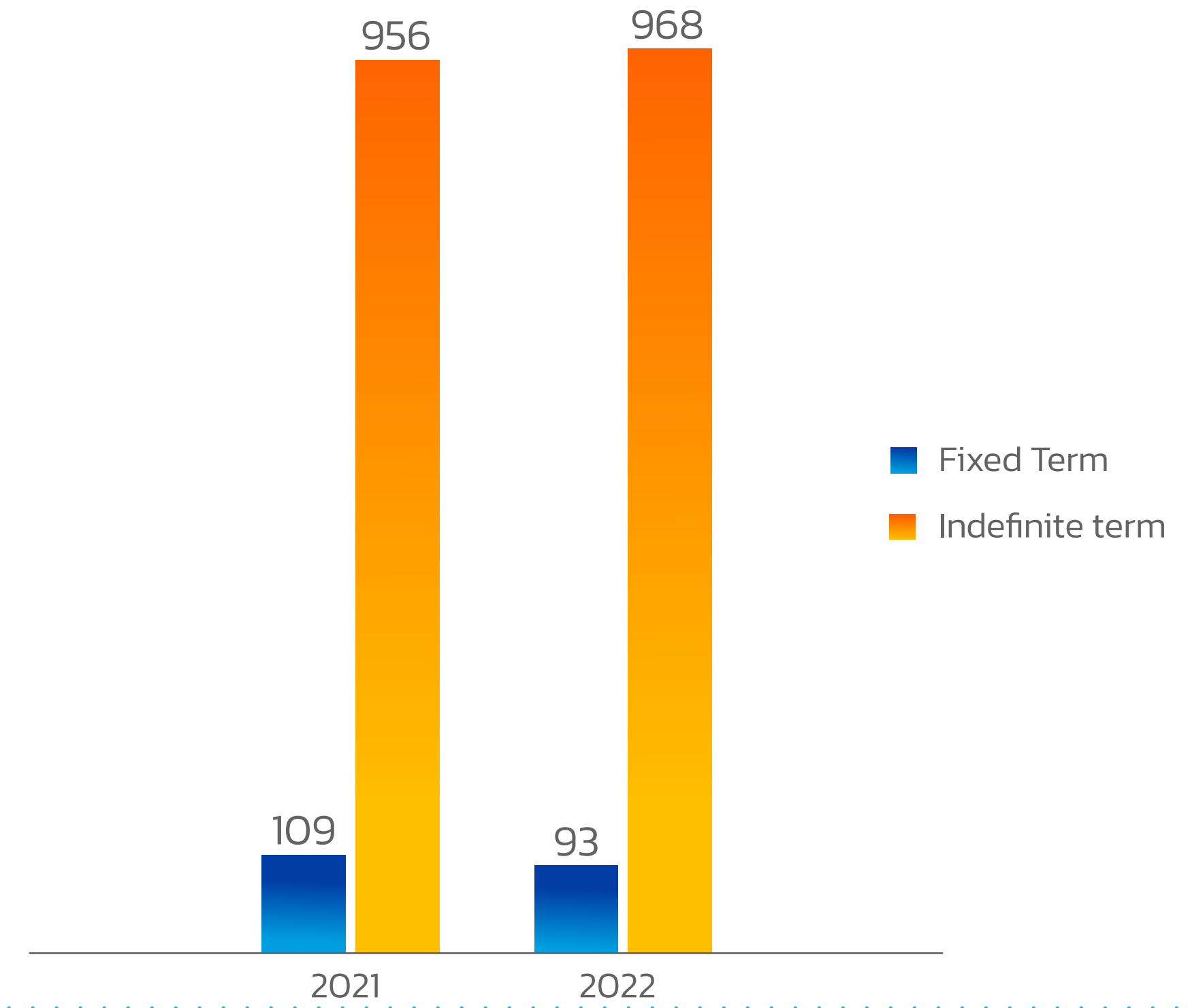
In 2022, our female employees represent 10% of all employees. This represents an increase of 1% over the previous year.



EMPLOYEES BY PLACE OF WORK 2022

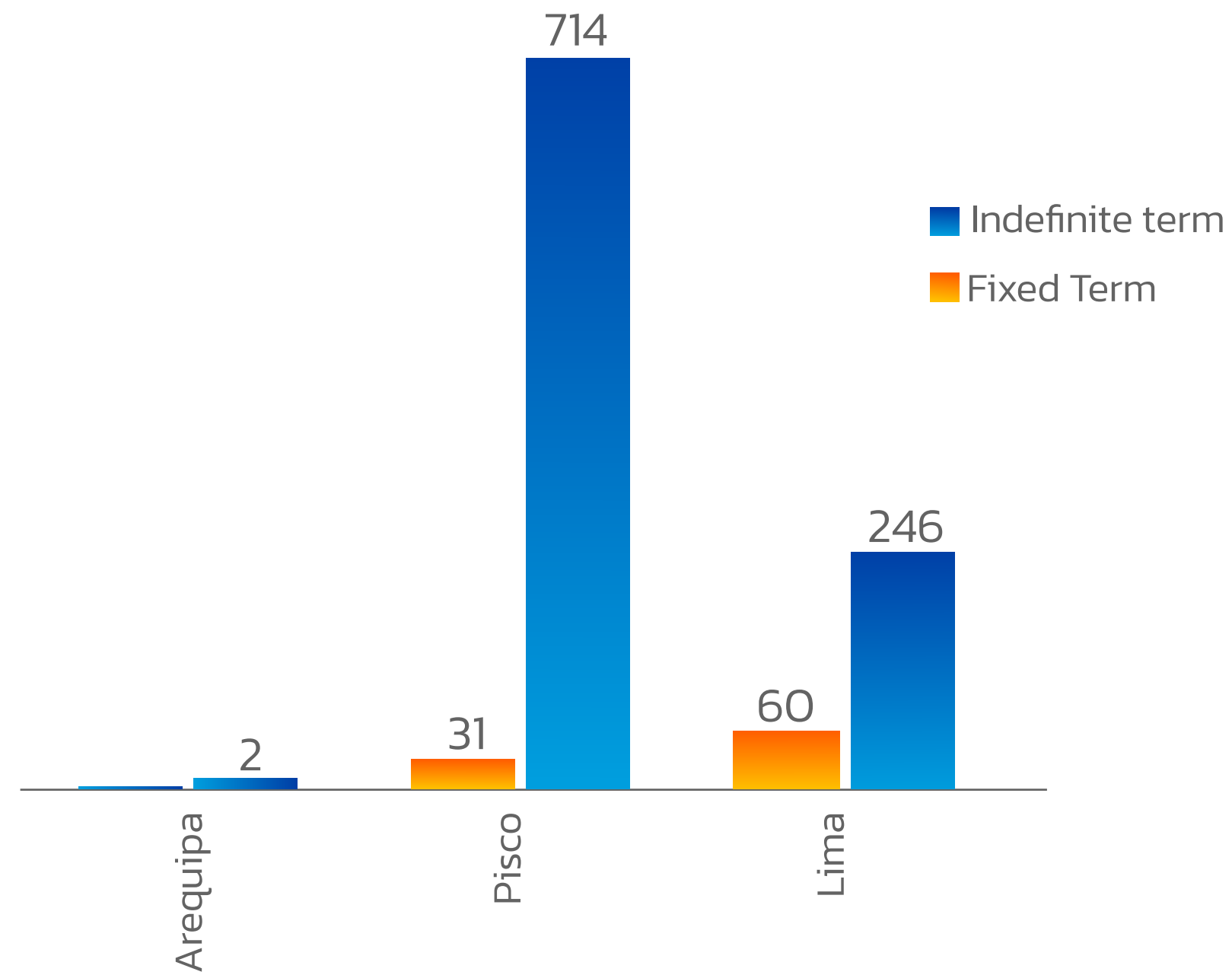


EMPLOYEES ACCORDING TO TYPE OF CONTRACT

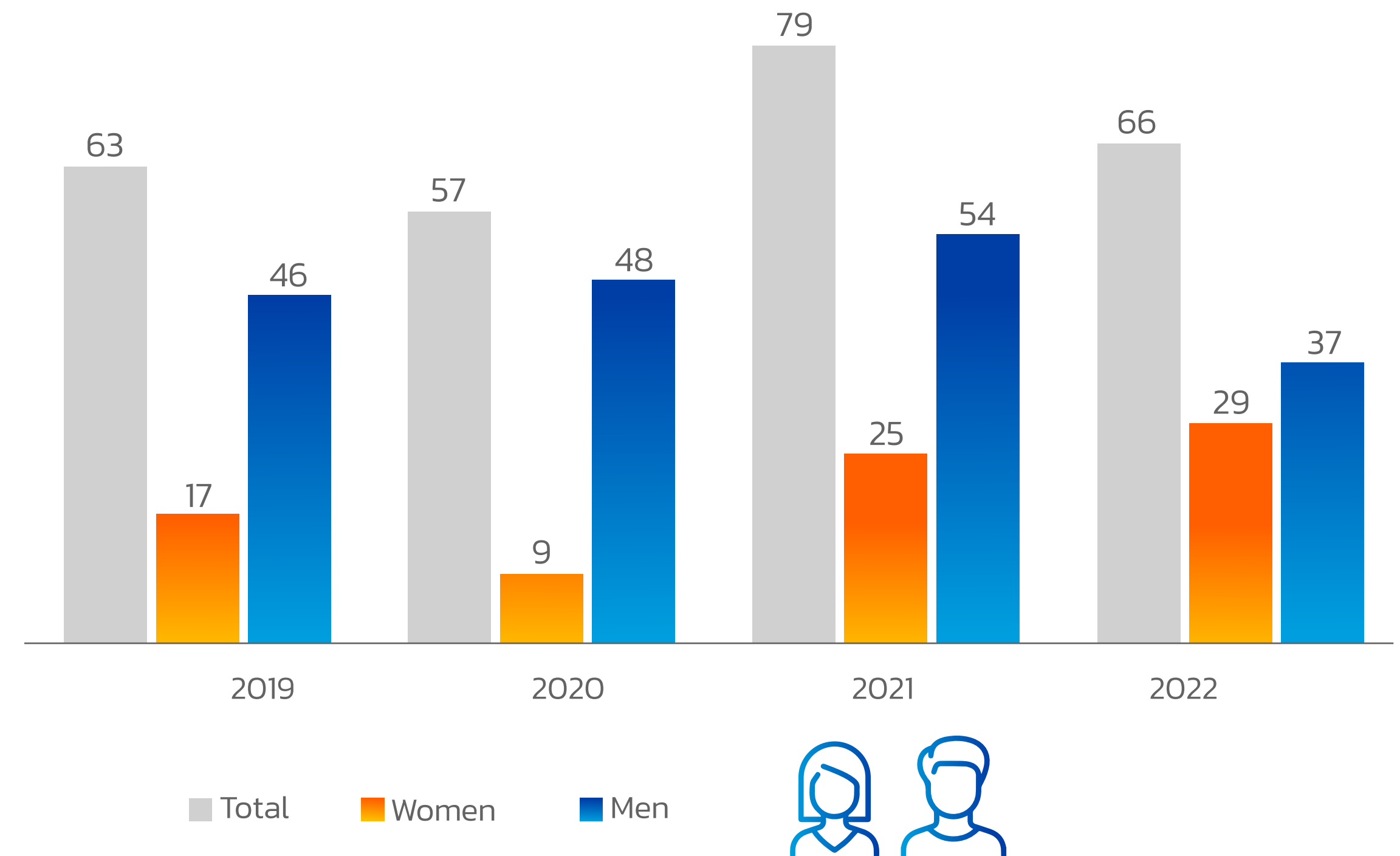




EMPLOYEES BY REGION, ACCORDING TO TYPE OF CONTRACT ⁷



New hires by gender (GRI 401-1)



In 2022, we hired a total of 66 new employees, of which 44% were women.

⁷ Figures at the end of the year.

Training and knowledge

(GRI 404-2)

Gestión Humana is a strategic partner in the organization, focused on attracting and developing talent, we work together with our leaders, based on clear, respectful, equitable, fair working relationships that create a climate of trust and comprehensive development in the human, labor and social aspects in order to have competent employees, committed and aligned with the company's strategy, to contribute to the achievement of results, the sustainability of the business and the development of our country.

To consolidate our culture of learning and self-development, during 2022 we continue to motivate our employees so that they are protagonists of their development. We made 400 licenses available to you on LinkedIn Learning, a website with learning activities divided into 6 categories:

Technical, Management, Corporate, Well-being, Continuous Improvement, SSO and MA; and we rewarded the employees who achieved the greatest number of hours invested in their learning.

Some of the beginner learning activities that were added in 2022 are:

- Steel Leaders Program with the modules: Competences of our Leadership Model and CAASA Interviewer.
- OAS Auditor Training Program
- Guidelines for interaction with public officials
- Anti-bribery Management Guidelines at CAASA
- Human rights and business
- Executive Pitching Projects Program
- Workshops: Fundamentals of Digital Transformation
- Project leadership and application of agile methodologies workshop
- Give and receive feedback workshops.
- MS program. Excel
- English for Business Program
- People Analytics
- SEVAD help rooms
- Mentoring Program
- team building

We maintained the following programs

- Communication and Presentation Skills Workshops.
- Effective Negotiation Workshops.
- Learning Excellence with the Pacifico Business School, CENTRUM, ESAN and UTEC postgraduate schools through 60 places in various executive courses.
- Onboarding Program.
- Mandatory training in SSO and Environment.
- Corporate training on Integrated Management Systems, BALSC, Against Sexual Harassment, Ethics Line, Budgets, Compensation Policy, among others.
- OEA Certification Program.
- Workshops for the creation of development plans and the 70-20-10 Learning Model.
- Technical training for plant employees.
- CAASA takes care of you program that includes Wellness content.

400
licenses available to you
on LinkedIn Learning,



Leadership Program

Levels: Senior leaders, leaders and contributors.

Objectives: Promote the role as responsible leaders in the establishment of a culture that strengthens the results and accompanies the teams in the current situation.

Achievements: We recognized 33 leaders who completed the program.

Courses of the “Competence Module of our Leadership Model” that were given in 2021 and 2022

LIDERAZGO CAASA

Lanzamos nuestro Programa de Liderazgo para identificar y reforzar nuestras competencias.

	 Líder Senior <small>Gerentes, su gerencias y superintendentes.</small>	 Líder <small>Jefes hacia colaboradores con reporte.</small>	 Contribuidor Individual <small>Colaboradores administrativos sin reportes.</small>
2021	<ul style="list-style-type: none"> ➤ Comunica efectivamente ➤ Promueve el compromiso 	<ul style="list-style-type: none"> ➤ Planifica y alinea ➤ Desarrolla talento ➤ Genera confianza 	<ul style="list-style-type: none"> ➤ Compromiso y equipo ➤ Autodesarrollo
2022	<ul style="list-style-type: none"> ➤ Genera confianza ➤ Autodesarrollo 	<ul style="list-style-type: none"> ➤ Autodesarrollo ➤ Crea redes interpersonales ➤ Crea equipos eficaces ➤ Asegura responsabilidad 	<ul style="list-style-type: none"> ➤ Genera confianza ➤ Invierte en relaciones

Annual training program for plant personnel

We have an annual training program in different topics and areas, below we highlight some high-impact training.

Objective: Ensure the objectives of the company, safely and efficiently in the company.

Here are some high-impact trainings:



Emergency brigades: Have a capacity to respond to any contingency that puts the physical integrity of people and equipment at risk



Training in High-Risk Work: Establish the appropriate standards for the execution of critical activities in the operation.



Lean Six Sigma: Establish support for statistical analysis and implementation of process improvement.



Training of Internal Auditors: Make our integral management system sustainable, promoting efficiency and performance standards in the processes.



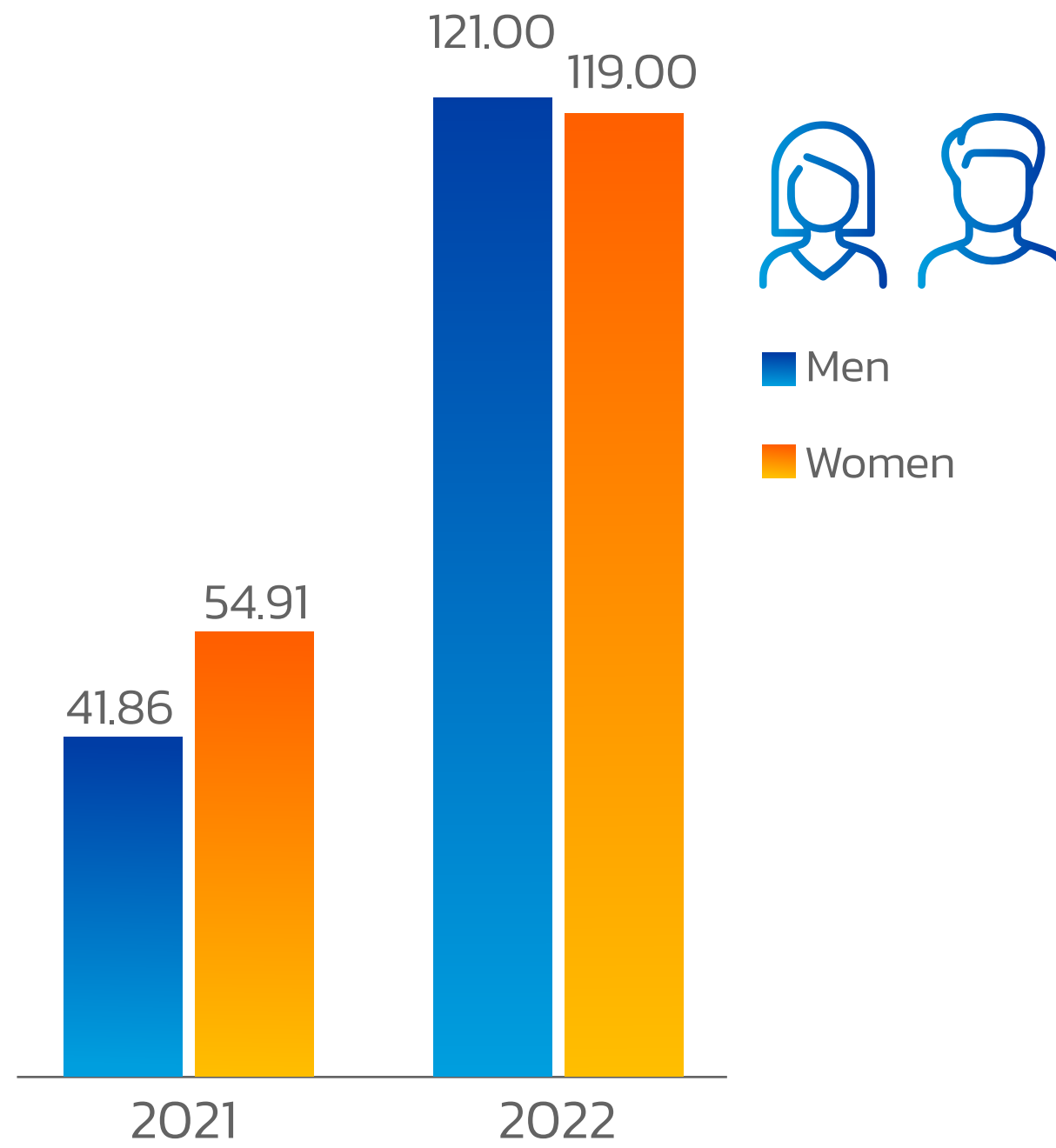
Leading indicators

(GRI 404-1)

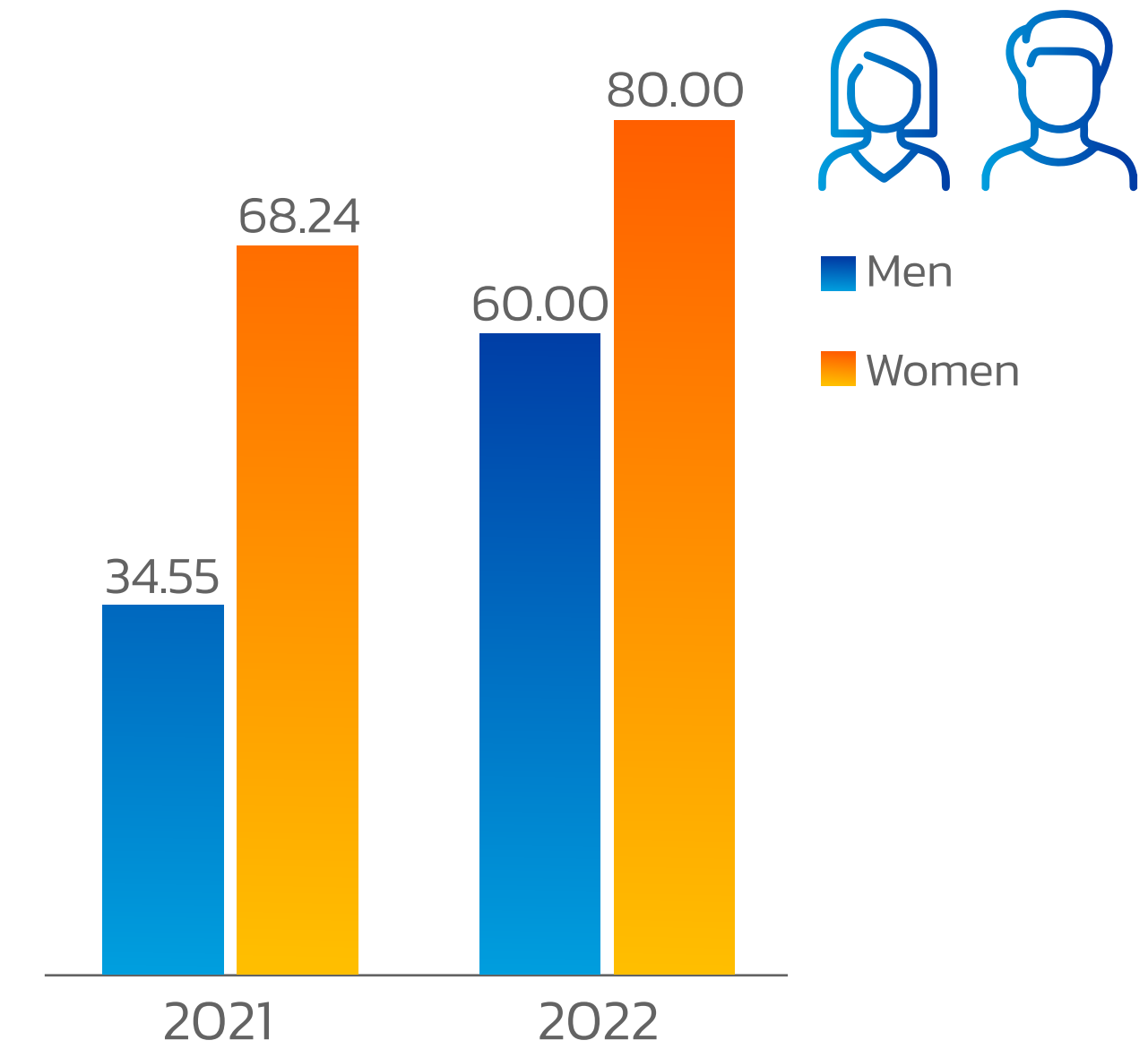
On average, in 2022, our employees received 36 hours of training (18 hours of mandatory training and 18 hours of non-mandatory training). The average amount per employee spent on training and development programs was S/. 774.00 soles.



AVERAGE TRAINING HOURS – MANAGERS

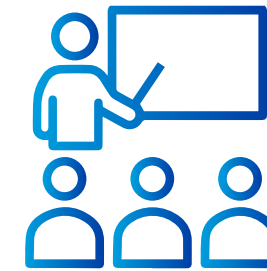
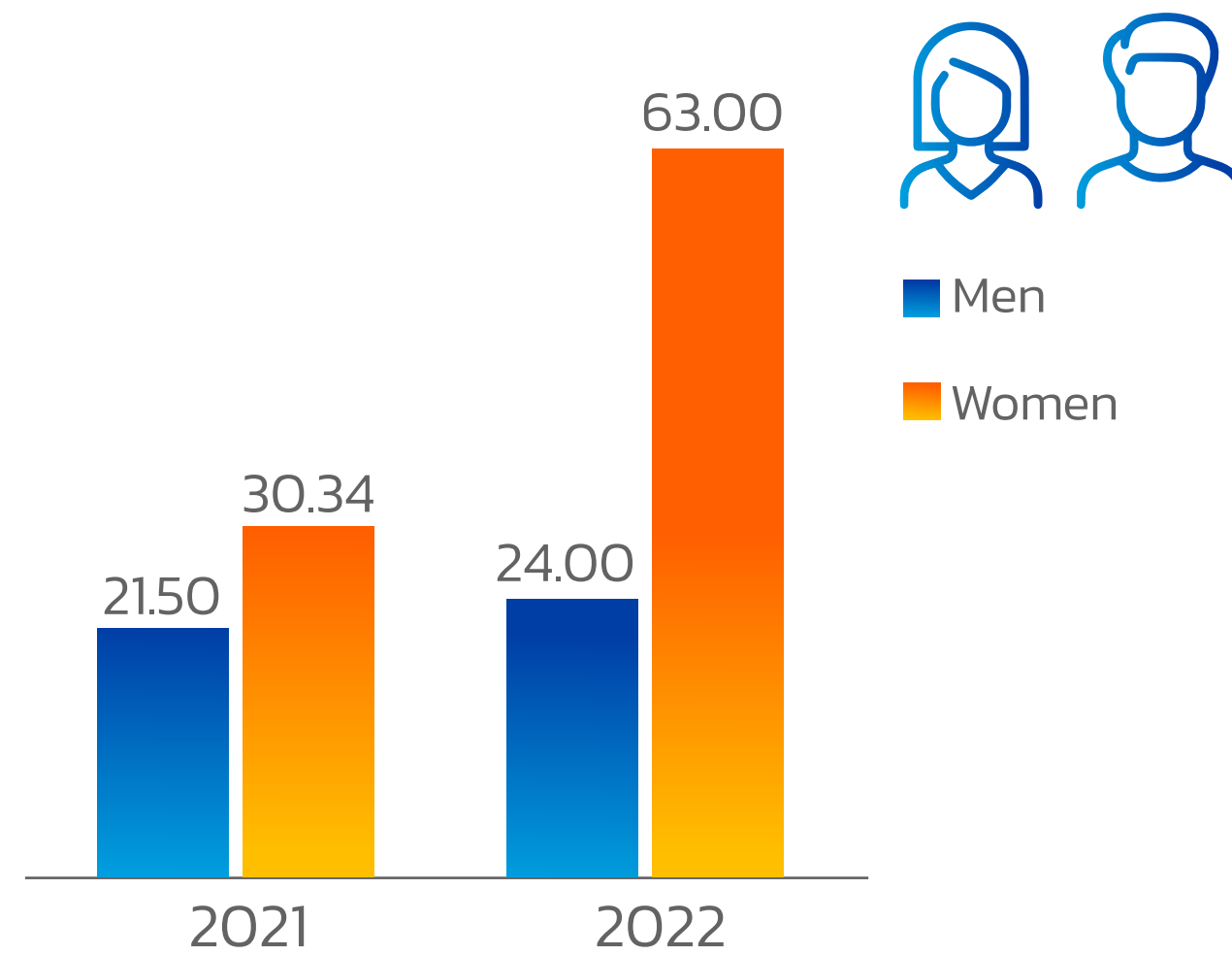


AVERAGE HOURS OF TRAINING – CHIEFS AND GENERAL SUPERVISORS



Training Highlights

AVERAGE HOURS OF TRAINING EMPLOYEES



100%

He received training on the code of conduct from our employees in the last 3 years



The **1st**

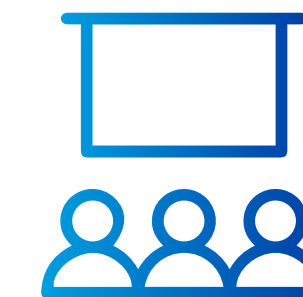
Training on Human Rights issues for our employees in risk positions was placed into action

Compliance with



100%

of scheduled training on health and safety issues



100%

One of our employees received some type of training in the last year

Performance evaluation

(GRI 404-3)

We evaluate the performance of our employees, employees, through our SEVAD methodology, which consists of a self-evaluation, the evaluation of the direct leader, calibrations of leaders (superiors and peers) and a final calibration in the Management Committee.

Our SEVAD: Performance and Development Evaluation System is on a virtual platform that makes it easy for us to access from anywhere and provide constant and timely feedback.

We measure the fulfillment of the Objectives of the year, Responsibilities associated with the position and Competences of our model, each one with different weights according to the level of responsibility of the position. We have a cycle of 4 stages in the year.



For operating employees, we have a system based on the evaluation of factors that consider compliance in production, continuous improvement and behaviors. The final evaluation is obtained from the weighted average of the different evaluations by factors and evaluators. It is reviewed with the process owners and the Central Production Management.

Every year we seek to achieve greater adherence to the performance cycle and those users remain satisfied with the experience in using the platform. In addition, we continually support them in adopting theoretical and practical concepts of what performance management entails. We generate Help Desks and workshops to be able to answer questions and doubts so that they serve other evaluators and evaluators.



100%

of our employees who participate in SEVAD have received a performance evaluation



100%

of our operator employees who were evaluated in 2022

Working environment

To evaluate the work environment in our workplaces, we use the Great Place to Work methodology, which is based on 5 dimensions: Respect, Credibility, Camaraderie, Impartiality and Pride. We seek to maximize human potential and trust through innovation, values and effective leadership.

The objective of the measurement is to ensure levels of satisfaction, well-being and a climate conducive to attracting and developing the best talent in order to guarantee the achievement of sustainable results and business growth. Quantitatively, we establish the objective satisfaction percentages that each management has to reach every 2 years.

We measure our climate every two years; the next measurement will be in the year 2023.

Leading indicators

In 2021, 90% of our company's employees actively participated in the survey. 87% of

those surveyed stated that they were actively committed to the company (engaged).



87%

of employees committed to 2021 without significant differences between men and women ⁸.

In order to improve our results in 2022, we have developed work sessions with the managements for the creation and monitoring of the climate plan by management. We also have a Human

⁸ Commitment level results in women: 87.22%, in men: 87.11%.





Management work plan and the leaders of each area, since the climate is impacted by everything, we do in our CAASA.

Internal communication

We create spaces for two-way communication that allow open dialogue between employees. This is how we launched the CIE (Internal Strategic Communication) event, where our CEO, Tulio Silgado and his team of managers share CAASA's progress and challenges with the entire team. Also, it is a space for CAASA employees and subsidiaries to present their queries on various topics.

Likewise, we continue to strengthen the links with our employees through communication via email and visual communication supports on the floor, with murals, paneling and closed-circuit TV. In addition, we launched CI's media preference and satisfaction survey and solicited your feedback.

Communication channels

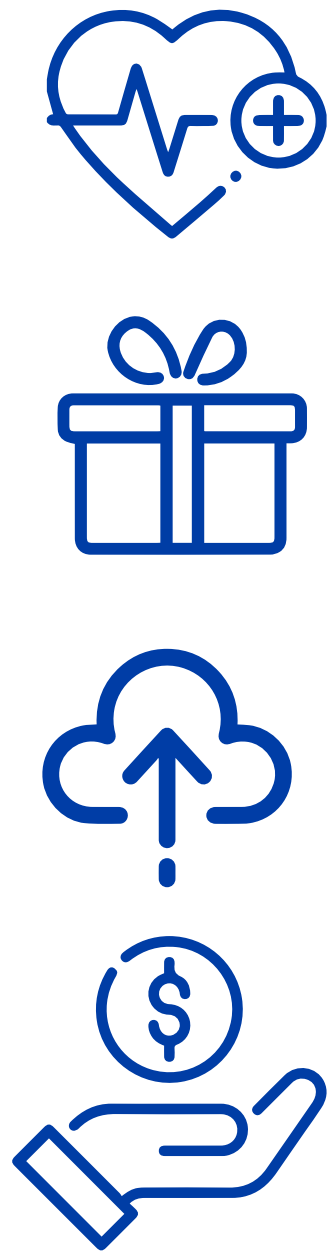
1. CIE Event – Strategic Communication with presentations and space for questions and answers by the CEO and the Managers' Committee. Frequency 3 per year.
2. Gente de Acero magazines, frequency 3 editions in the year.
3. LinkedIn, weekly frequency.
4. Intranet, daily frequency.
5. Connection Mails, daily frequency.
6. Closed circuit TV for the Pisco Plant, daily frequency.



Retention and benefits⁹

(GRI 401-2)

We have various benefits for our employees, who seek their well-being, as well as their professional and personal development.



FLEX TIME: Flexible Hours Applied to Remote Work, a benefit that provides greater flexibility with the aim of reconciling the work and family environment.

SUMMER SCHEDULE: Thinking of the employee and his family, summer schedule is created so that they can share more time with their families.

PERMISSION FOR FUTURE PARENTS: Permission for those employees who will be fathers, consists of using 2 hours of working hours on a monthly basis to attend pre-natal check-ups.

ECONOMIC SUPPORT BEFORE FAMILY EMERGENCIES: Interest-free loans.

AGREEMENTS WITH COMPANIES: Special discounts in different categories, such as entertainment, education, restaurants, products, among others.

VACATION ALLOWANCE: Basic monthly salary/ salary that is granted when the collaborator enjoys his vacations.

FIVE-YEAR¹²: Permanent monthly bonus granted from the fifth year of work (to workers and employees).

OVERTIME FOOD VOUCHERS¹³: Food vouchers for employees who work for 12 continuous hours

GRATIFICATION FOR 25 YEARS¹⁰: Extraordinary bonus granted only once to each collaborator who completes 25 years of service.

TRANSPORT ALLOCATION: Subsidy for 50% of transportation to the Pisco plant for employees residing in Ica and Chincha.

SUBSIDY FOR INSURANCE POLICIES: Total subsidy for insurance coverage

- Life law without salary cap
- Group life (complement to law life)
- Personal accidents

NIGHT WORK BONUS¹¹:

Surcharge of 20% of the basic wage for hours of work in night work.

POSTGRADUATE SUPPORT PROGRAM: Financing facilities for MBA programs, specialized Masters and diplomas.

Partially Subsidized EPS: Partially/Fully Subsidized EPS Coverage

DISCOUNT ON PURCHASE OF STEEL PRODUCTS: 50% discount on the purchase of offcuts and/or 20% on commercial baco for the construction of a family home.

⁹ They are mentioned in cases where they do not cover all workers.

¹⁰ Outreach to Workers and Employees

¹¹ Scope of Employees and Workers of Pisco, Supervisor level or less

¹² Outreach to Workers and Employees.

¹³ Outreach to Pisco Employees and Workers

We are convinced of the importance of work-life balance, therefore, we provide maternity and paternity leave as established by law.

(GRI 401-3)



1

employee had maternity leave



17

employees had paternity leave

100% of employees who made use of this right returned to work, remaining at least 12 months in the company.

Freedom of association and collective bargaining

(GRI 2-30, 407-1)

At CAASA we respect unions and collective agreements. We believe that the participation of workers in these negotiation spaces helps us to have efficient and safe operations, which take place in a positive and fair work environment. We recognize the right of free association of our employees (Union of Arequipa and Union of Pisco). We respect their participation in any type of collective bargaining, and we do not practice any type of discrimination towards them linked to these associations.

We seek to maintain peace and labor harmony within the company, to achieve this we maintain permanent, fluid and transparent communication, complying with the clauses agreed in the current collective agreements. For collective bargaining, we meet every two years with the Arequipa union and every year with the Pisco union.



35.6%
of unionized employees



diversity and equality

At CAASA our Talent Acquisition processes respect equal opportunities, promote diversity and non-discrimination based on race, color, age, sex, sexual orientation, marital status, ideology, political opinions, nationality, religion, disability or any other personal, physical or social condition.

In 2022 we implemented the following programs and initiatives in order to reinforce good practices in diversity and equality management::

1. Within the **Steel Leaders Program**: CAASA Interviewer Module, aimed at leaders, where the importance of having a diverse work team was explained. One of the objectives was to avoid unconscious biases and promote diversity in the selection processes.
2. **Trainee Program**: Steel Engineers, aimed at recently graduated engineers, with the purpose of increasing the participation of women in our sector to strengthen equal opportunities.
3. **Women of Steel**: We share on LinkedIn, through videos and notes, the

experience of our employees in CAASA, to encourage more women to work in our organization and industrial sectors.

4. **Elevate your Talent**: We provided 3 Workshops to enhance the employability of the engineers who participated in our final stage of the Steel Engineers Program who did not manage to enter CAASA so that they can continue developing.



1,400
process applicants



61
candidates reached
the final phase of the
process



10
Trainees chosen to
participate in 3 projects
for 1 year

3.2. Security and health at work

(GRI 3-3, 403-1, 403-2)

➤ We strengthen the culture of prevention in safety and promotion of the health of our workers

At CAASA we continue to consolidate our culture of prevention; we identified the main impacts related to Occupational Health and Safety (SSO) that could be generated when carrying out our operations; among which we have the affection of the health of workers and plant contractors due to accidents (as a consequence of equipment failures, fires, or other uncontrolled manifestations) and the strengthening of the culture of prevention that can reduce the number of events produced ; To manage our impacts we have our Management System in accordance with ISO 45001 which is implemented and, in 2022, it was recertified in all our operations in Peru; Our system is described in more detail in this chapter.

To achieve proper management, we condition our work environments so that they are safe

and healthy as a result of risk analysis for health and safety, our activities and jobs are standardized, and we train our employees to achieve interdependent safety.

We work and ensure compliance with Law 29783 on Safety and Health at Work (SST) and DS - 42F Industrial Safety Regulations. We implement and keep updated the documents that help us achieve proper management; Among these we have: Occupational Health and Safety Policy, the Corporate Occupational Health and Safety Policy (updated during 2022) and the Internal Regulations on Occupational Health and Safety. Within the management tools we have a program of scheduled monthly inspections and unannounced inspections where we record the hazards and risks identified in the operation.

Through our risk management matrices, we plan to control them. Dangerous situations are reported following the incident management procedure.

Our system is in search of continuous improvement, so the participation of employees is essential to achieve it.



Our objectives



To achieve our objectives, digital forms have been developed to streamline SSO management; Training is carried out virtually and dynamically to streamline and ensure compliance with the training program, and safety inspections are carried out by various managers of the organization (managers, bosses, among others). It is important to mention that during 2022 we began with the design and development of an accident predictive model through a digital application.

Health services

(GRI 403-3, 403-8)

We have a Medical Surveillance service for the care of health care services and especially Occupational. They are directed to attend to different medical needs: Assistance, to attend to common diseases and emergencies and Occupational Medical Surveillance, to prevent occupational diseases and attend to accidents and emergencies, in addition they were adapted to also attend to COVID-19. They are accessible to all direct workers of CAASA and Contractors.

- We have professionals hired through the Natclar Clinic; for Lima, 1 doctor and 3 nurses. In Arequipa, with 1 nurse. For Pisco 1 paramedic, 5 nurses and 3 paramedics.

In general, and in compliance with labor regulations, we register all workers in the Social Security of Health. In addition, for those workers who so wish, we have an agreement for affiliation with a Health Provider Company (EPS) that offers social security services in private health.



Health promotion

(GRI 403-6)

At Aceros Arequipa, we care about the physical, mental and emotional health of our employees. For this reason, we manage a series of virtual talks and trainings that seek to promote the well-being of our employees, among which are:

- "Healthy eating to strengthen my immune system."
- "Importance of Mental Health."
- "Mental health in times of pandemic and epidemics."

Our training in physical, mental and emotional health seeks to reduce psychosocial risks that our employees can identify in order to take direct action, avoiding incidents or serious injuries.



Worker participation, consultation and communication on health and safety at work

(GRI 403-2, 403-4)

For permanent communication and system improvement, they are channeled through our occupational health and safety committees. Through this means we also receive relevant information from employees regarding management (new risks, dangerous situations, among others).

We have an active process for the communication and consultation of our employees regarding SSO; The process of communicating relevant information is done through the company's internal communications management and through the committee and/or publication in showcases.

Participation and consultation provide for the intervention of the OHS committee who act on behalf of the organization's workers in new projects and improvements that could impact the safety and health of employees.

Occupational health and safety committee

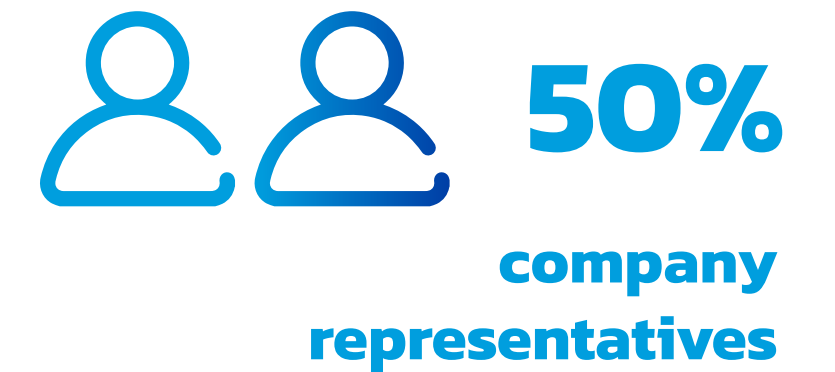
(GRI 403-4)

We have a Safety and Health Committee at work, as stipulated in the current regulations for OHS matters; The objective of this committee is to promote health and safety at work, advise and monitor compliance with the provisions of the Internal Regulations for Safety and Health at Work and national regulations, favoring labor well-being and supporting the development of the employer and the employees.

The committee is parity, which means that it is made up of an equal number of representatives of the company and representatives of the workers. Members of the actively participate in safety inspections, incident/accident investigation and are the ones who approve risk matrices and safety programs.

We have 2 OHS committees that support our employees in the aforementioned activities, one in Lima and one in Pisco. The Lima committee met 12 times and the Pisco committee 10 times in 2022.

Occupational Health and Safety Committee



Leading indicators

During 2022, we have managed to reduce our SSO indicators with respect to our own personnel, however for contractors our indicators were higher compared to the previous year. Due to Aceros Arequipa's commitment to safety, when a fatal accident occurs, as occurred this year with a contractor, we affect the frequency and severity indicators both in recordable events and those that generate lost days. This generates a distortion of the indicators, which makes us keep in mind that we must continue to improve so that events of this nature do not occur.

Regarding fatalities, during 2022 we regret the registration of a fatality within our facilities by a contractor. As part of our integrated management system and corporate values, we reinforce the identification of risks in order to reduce and mitigate the occurrence of accidents or fatalities in work spaces within routine operations.

In addition, as our internal regulations on safety and health at work indicate, all CAASA employees or third parties have the right to refuse work when they have the perception or appreciation

that the proposed work represents a risk to their health and/or physical integrity and which has not been previously identified.

We have a procedure for the identification of risks and impacts in terms of OSH, within which we have those produced by natural events such as those caused by man.

During 2022, 75% of accidents and incidents were generated by cuts, burns and entrapment, which occurred in manual and semi-manual activities. Due to this, we have taken 5 prevention measures:

1. Include Critical Third Parties in Management Dashboard reviews
2. Continue promoting training on work procedures for all employees and third parties
3. Strengthen the People-Based Safety program by adding the "LIVING SAFE" approach.
4. Development of a predictive model of accidents

Accident indicators

(GRI 403-9)

ACCIDENTS	NUMBER OF MINOR ACCIDENTS 2022
Direct employees	12
Contract employees	57

ACCIDENTS	NUMBER OF INCAPACITATING ACCIDENTS 2022
Direct employees	5
Contract employees	47

Fatality indicators

FATALITIES	2019	2020	2021	2022
Direct employees	0	0	1	0
Contract employees	1	0	0	1

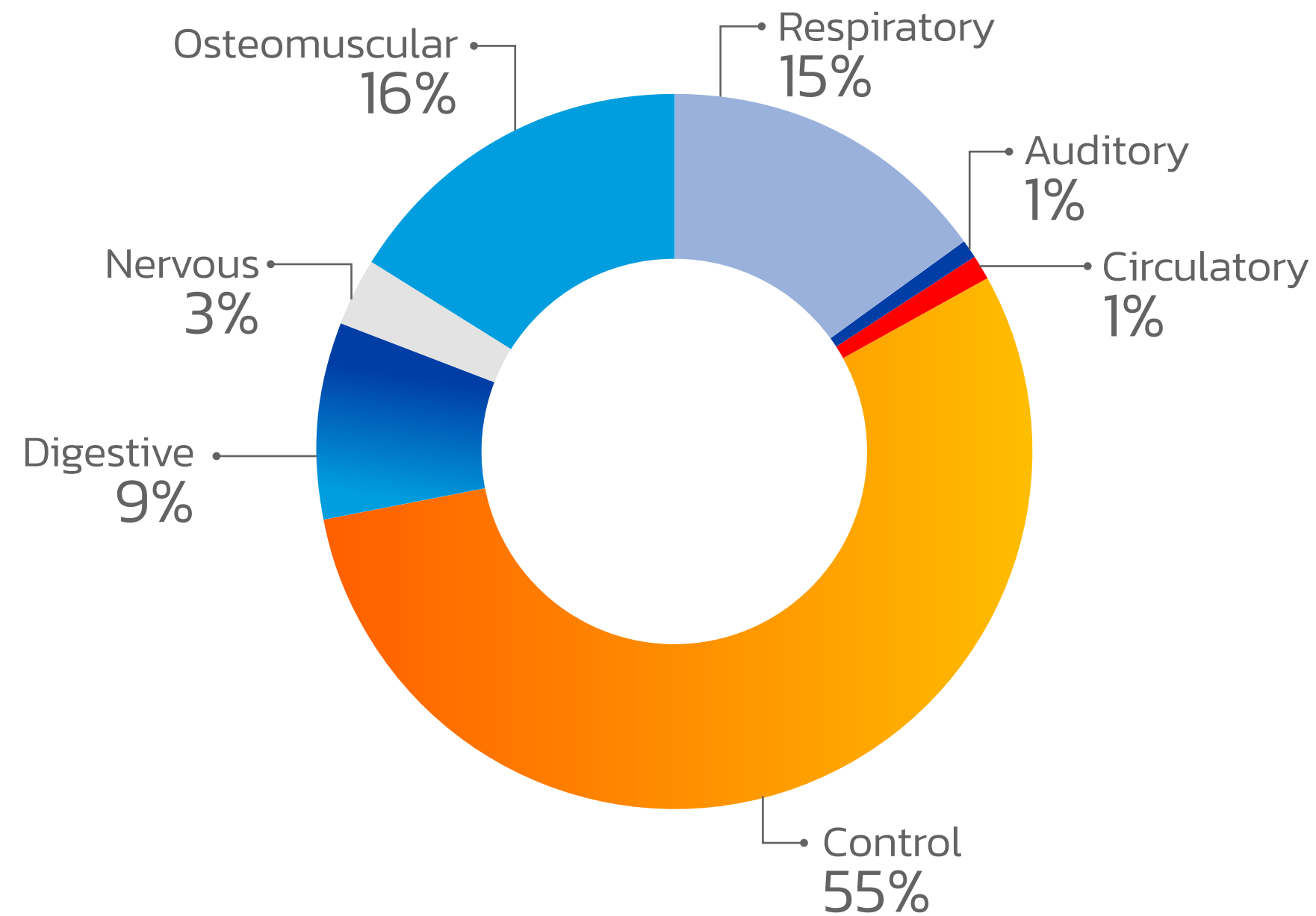
(GRI 403-10)

DEATHS DUE TO ILLNESS OR OCCUPATIONAL DISEASE	2022
Direct employees	0
Contract employees	0

Work Injury or Illness

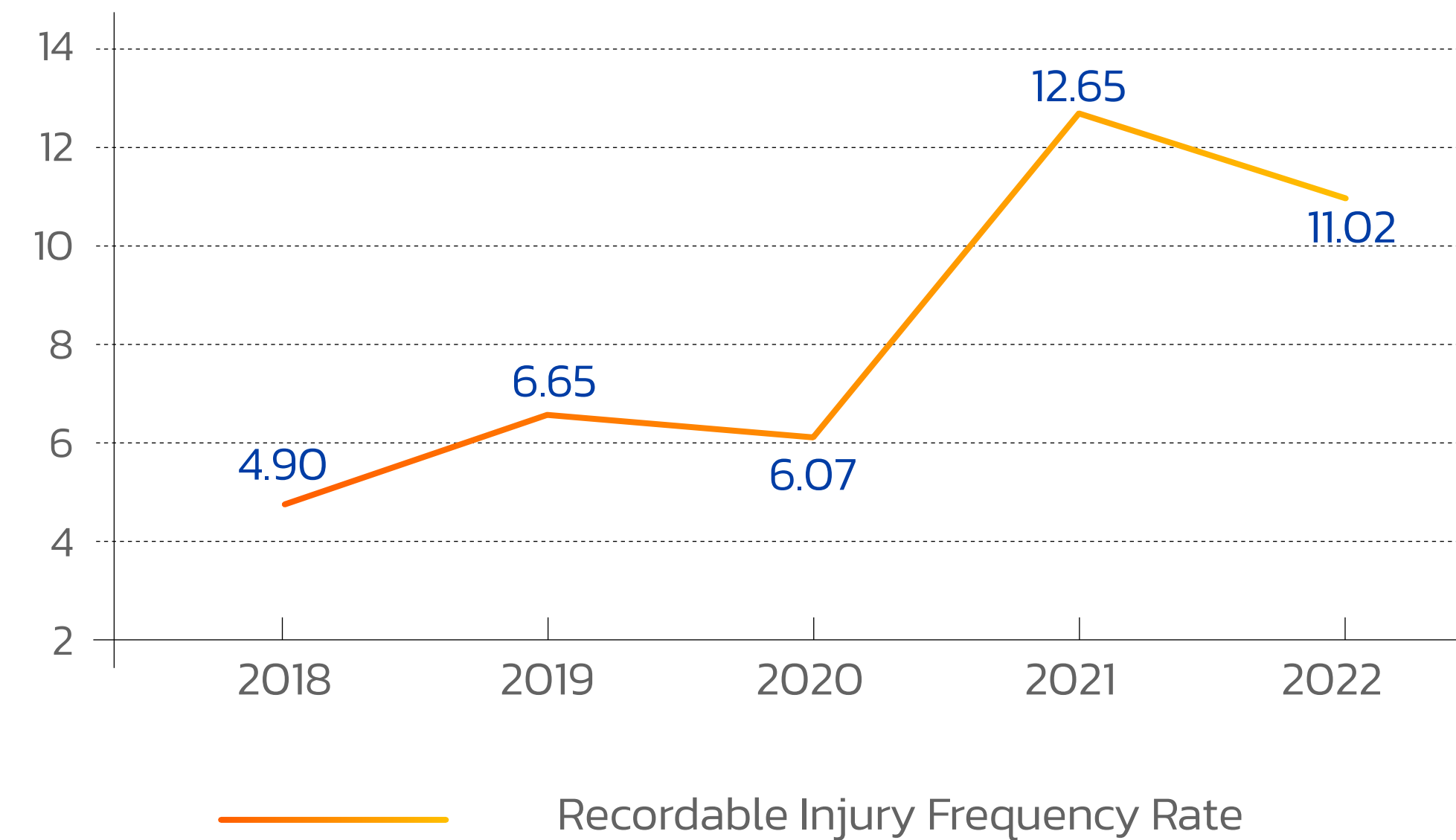
(GRI 403-10)

MORBIDITY BY CAASA SYSTEM



Total Recordable Injury Frequency Rate¹⁴ – Employees

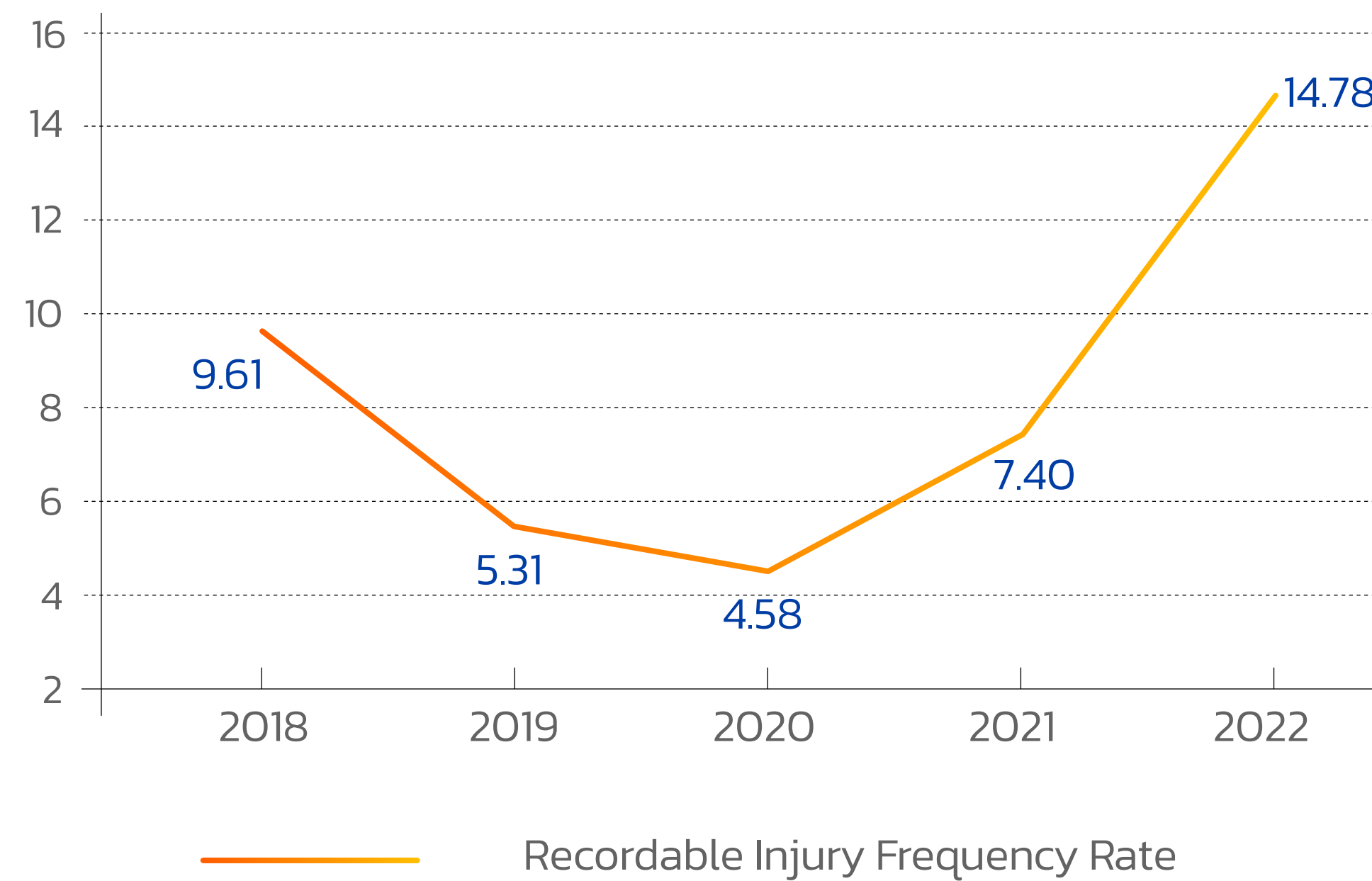
(GRI 403-9)



¹⁴ TRIFR, for its acronym in English.

Total Recordable Injury Frequency Rate – Contractors

(GRI 403-9)

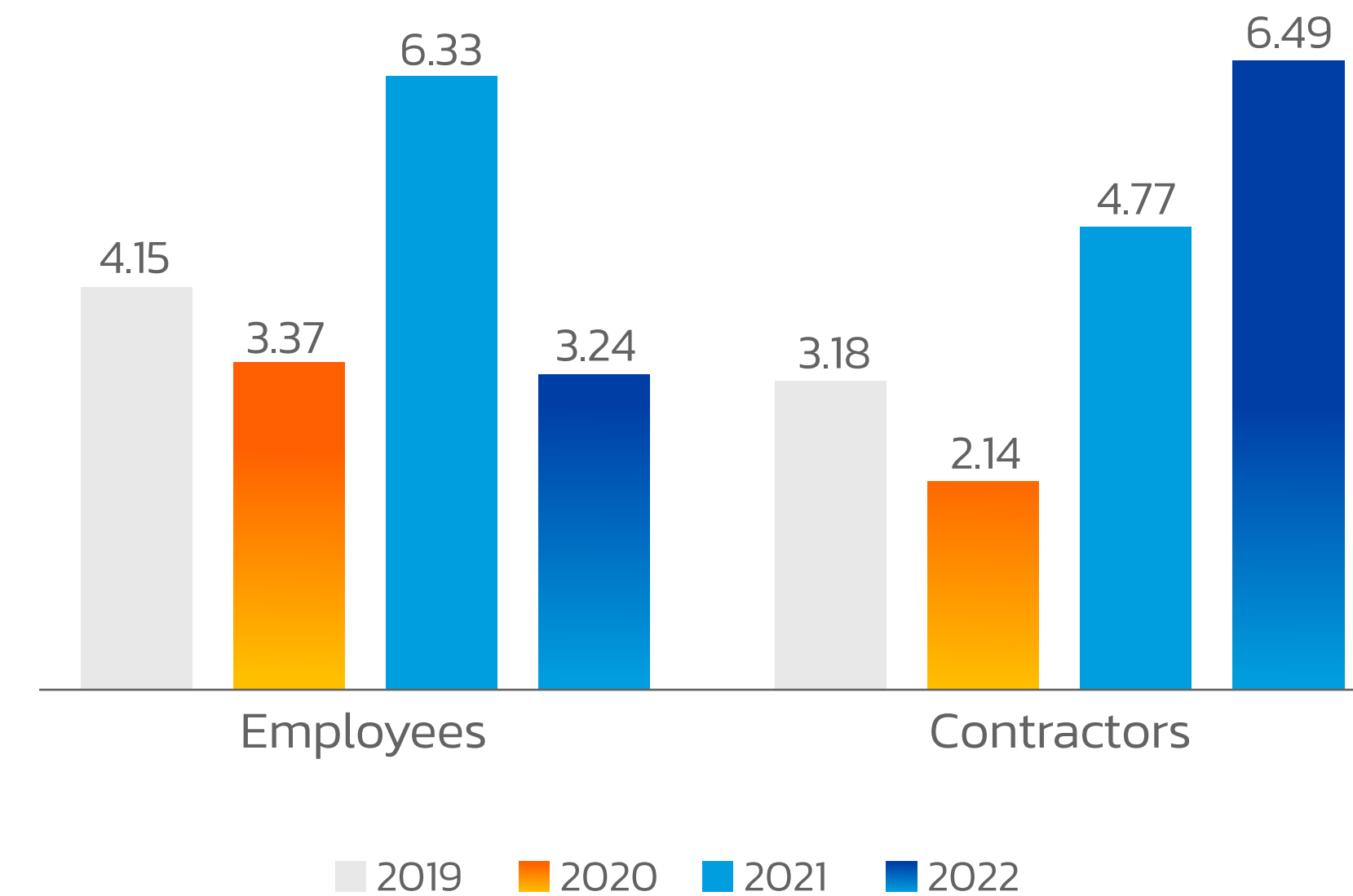


Grades:

- The frequency, seriousness and accident rate only consider accidents with lost time.
- Rates and indices calculated for each million hours worked.

Employees and contractor accident frequency rate¹⁵

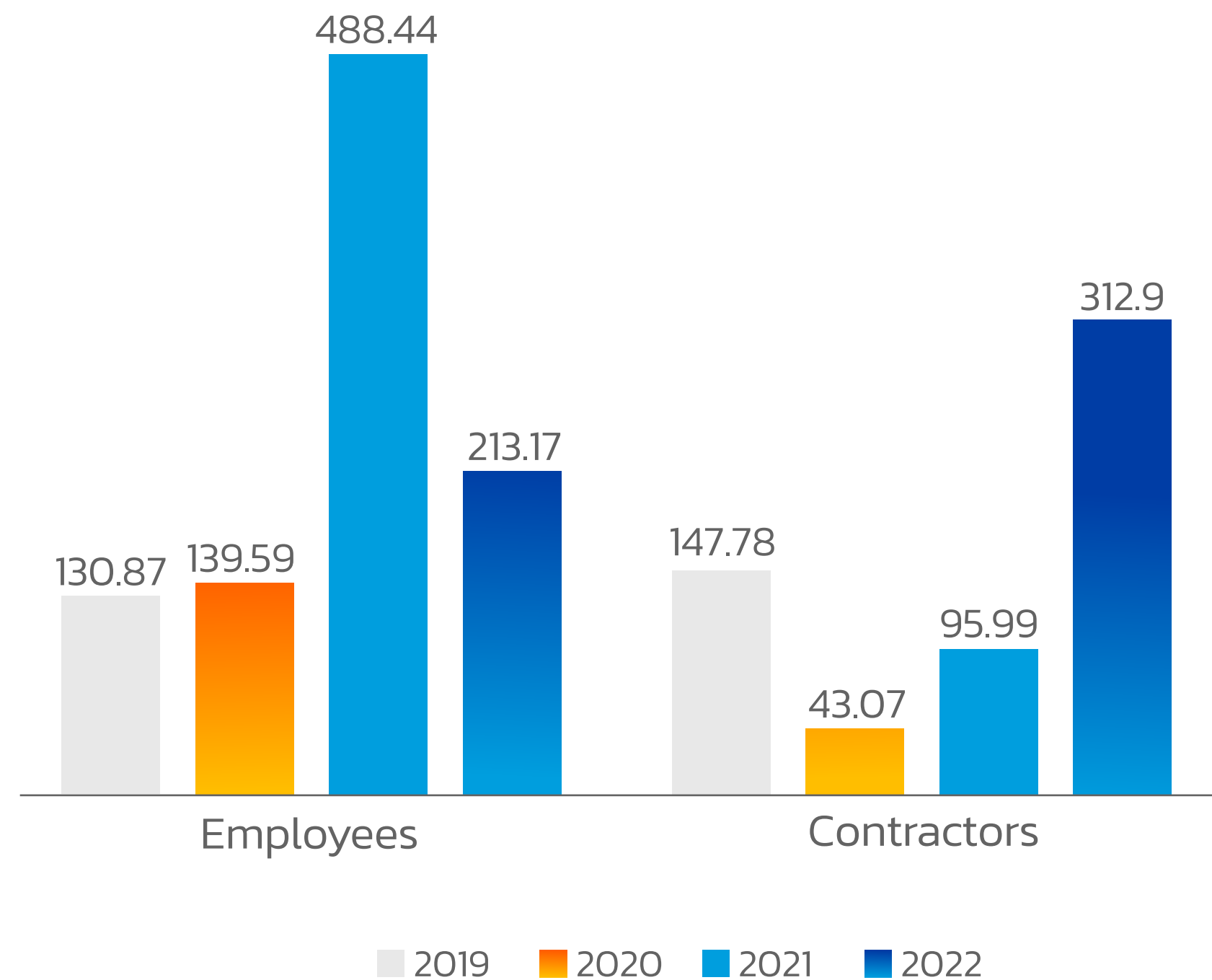
(GRI 403-9)



¹⁵ The accident frequency rate also corresponds to the Total Lost Time Injury Frequency Rate (LTIFR) for employees and contractors.

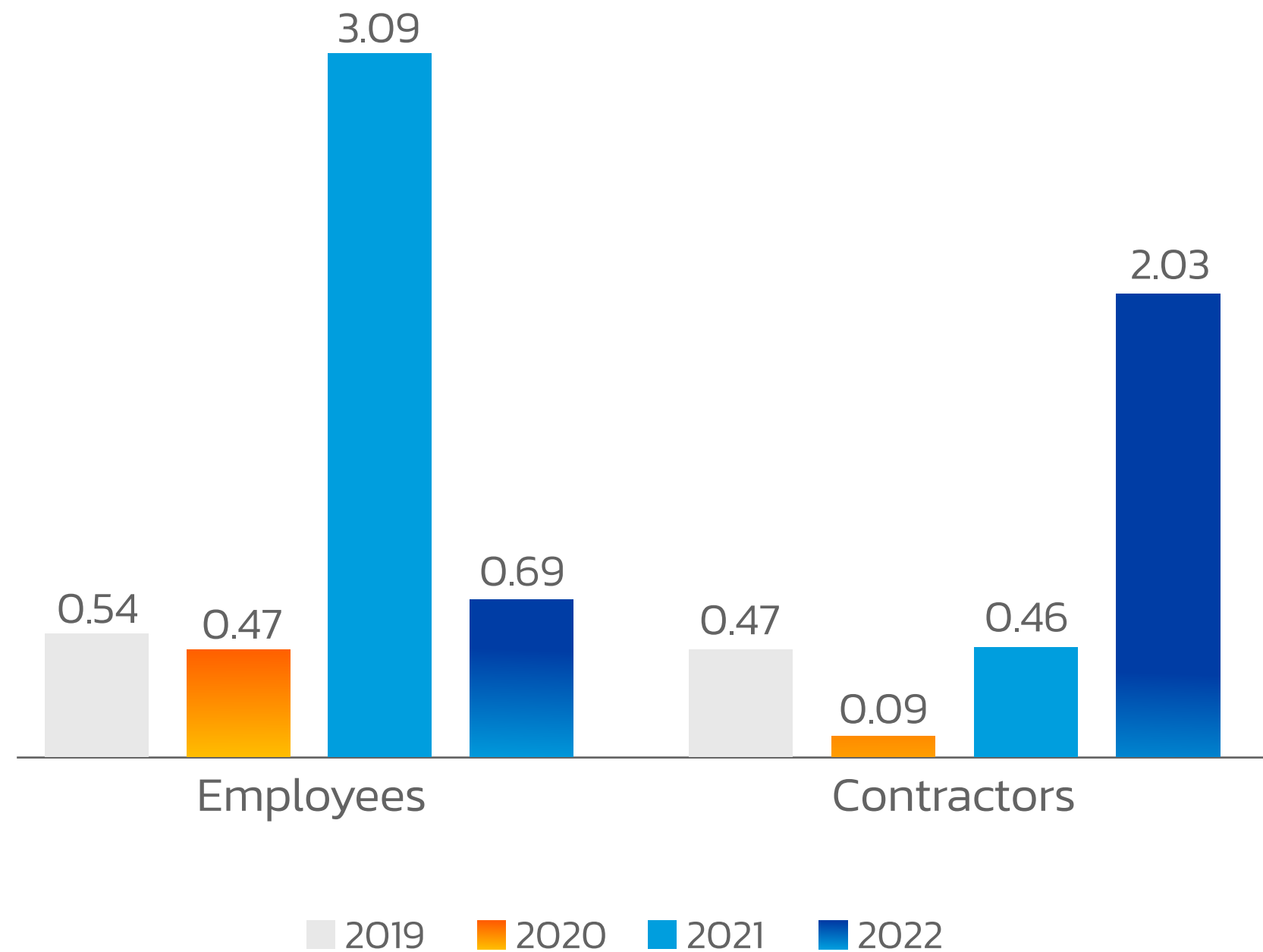
Employee and contractor severity rate

(GRI 403-9)



Employees and contractors' accident rate

(GRI 403-9)



An increase in the frequency rate is noted due to new processes with new personnel in the case of contractors. In the case of the CAASA payroll, the decrease is due to the fact that the previous year we had a fatal accident that raised the rate, the axes in which action is being taken are:

- Promotion of occupational health and safety management
- Strengthening the safety culture of the organization
- Strengthening process safety controls

Additional SSO Flags

(GRI 403-9)

	2022	
	EMPLOYEES	THIRD PARTIES
Number of recordable accidents	17	104
Number of days lost	329	2,265
HH worked x1000	1,543	7,239

Regarding the figures of contractors, 75% of accidents and incidents were generated by cuts, burns and entrapment, during manual and semi-manual activities. Due to this, the following prevention measures were taken: include critical third parties in management control panel reviews, continue to promote training on work procedures for all employees and third parties, strengthen the people-based safety program adding the "LIVING SAFE" approach and developing a predictive model of accidents.



Training and main prevention measures

(GRI 403-5, 403-7)

We care about maintaining participation and raising awareness regarding OHS, to achieve this we have a training and training program for employees. The purpose of this program is to provide the necessary skills to carry out activities safely and raise awareness among employees on the matter of SST.

We also train our contractors to transfer our standards and the way in which we carry out activities, thus reducing accidents and/or incidents related to contractors.

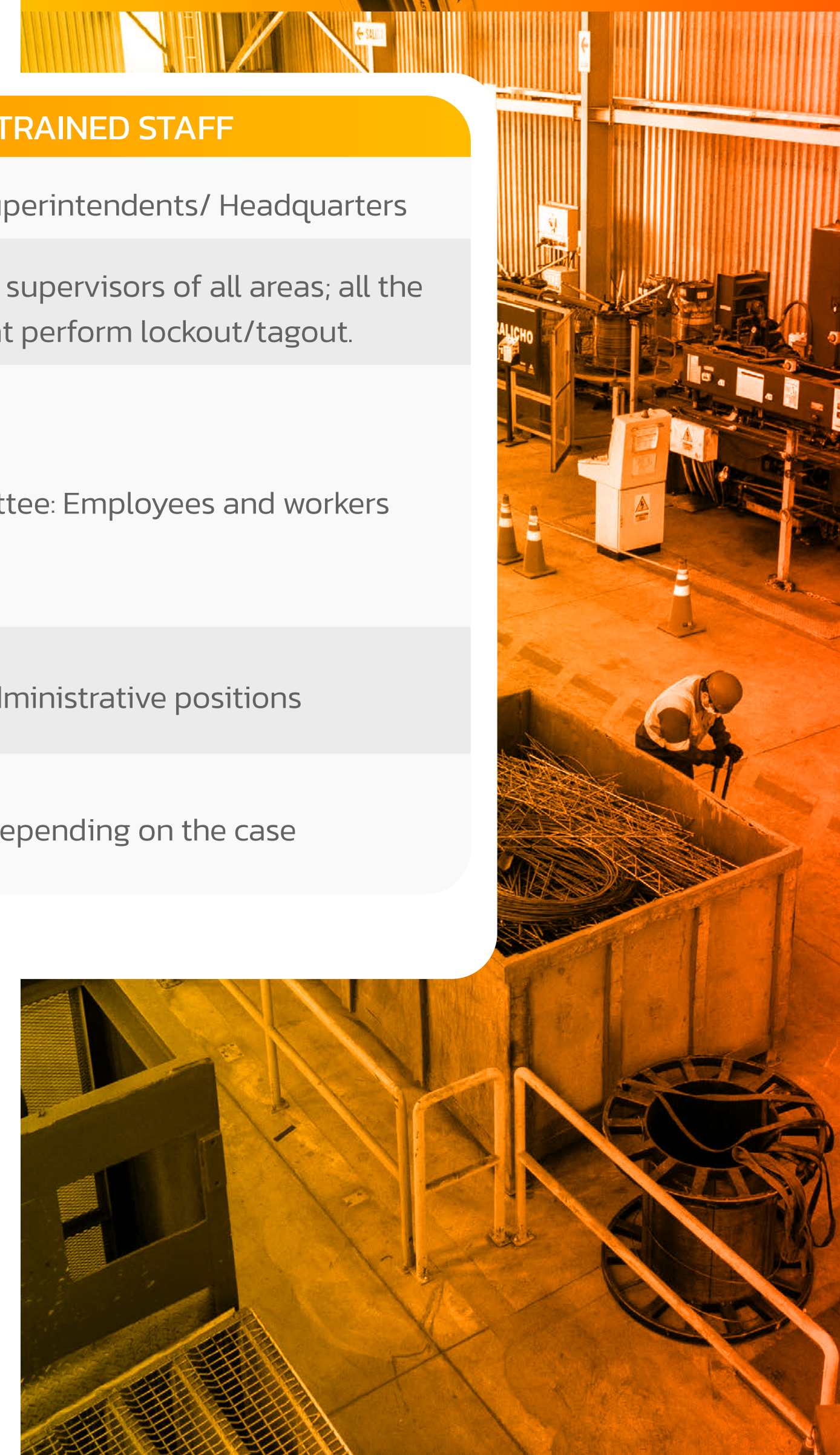
We periodically monitor and record the level of compliance with the OHS training program and the percentage of attendance of the target audience.

Likewise, there is a People-Based Safety Program (SBP), which aims to strengthen the safety culture in the organization, monitoring is carried out through the risky behavior index, safe behavior index and the percentage of compliance with SBP activities.

TOPICS	HOURS	TRAINED STAFF
People-Based Security Training	2	Managers/Superintendents/ Headquarters
Lockout and tagout of hazardous energy	4	Headquarters, supervisors of all areas; all the Posts that perform lockout/tagout.
Training for the OHS Committee: OHS Policy, ISO 45000 Standard, Functions and responsibilities, Accident and incident investigation, Leadership and communication in the risks prevention. Planning OSH strategy.	9	SST Committee: Employees and workers
Occupational risks in offices: psychosocial risks and stress management	1	All administrative positions
Ergonomics: Manual Handling of loads and postures	45 min	All: Depending on the case

During the year, we have provided training on the following general topics: safety in hot work, safety in warehouses, safety in electrical work, explosive materials, lockout and tagout of hazardous energy, safe operation of heavy equipment, safety in work at height, and use and handling of fire extinguishers. In addition, training has been given on specific topics such

as: defensive driving of trucks; material handling; dangerous goods, operation of front loader, skid steer loader and forklift; work in confined spaces; among others.

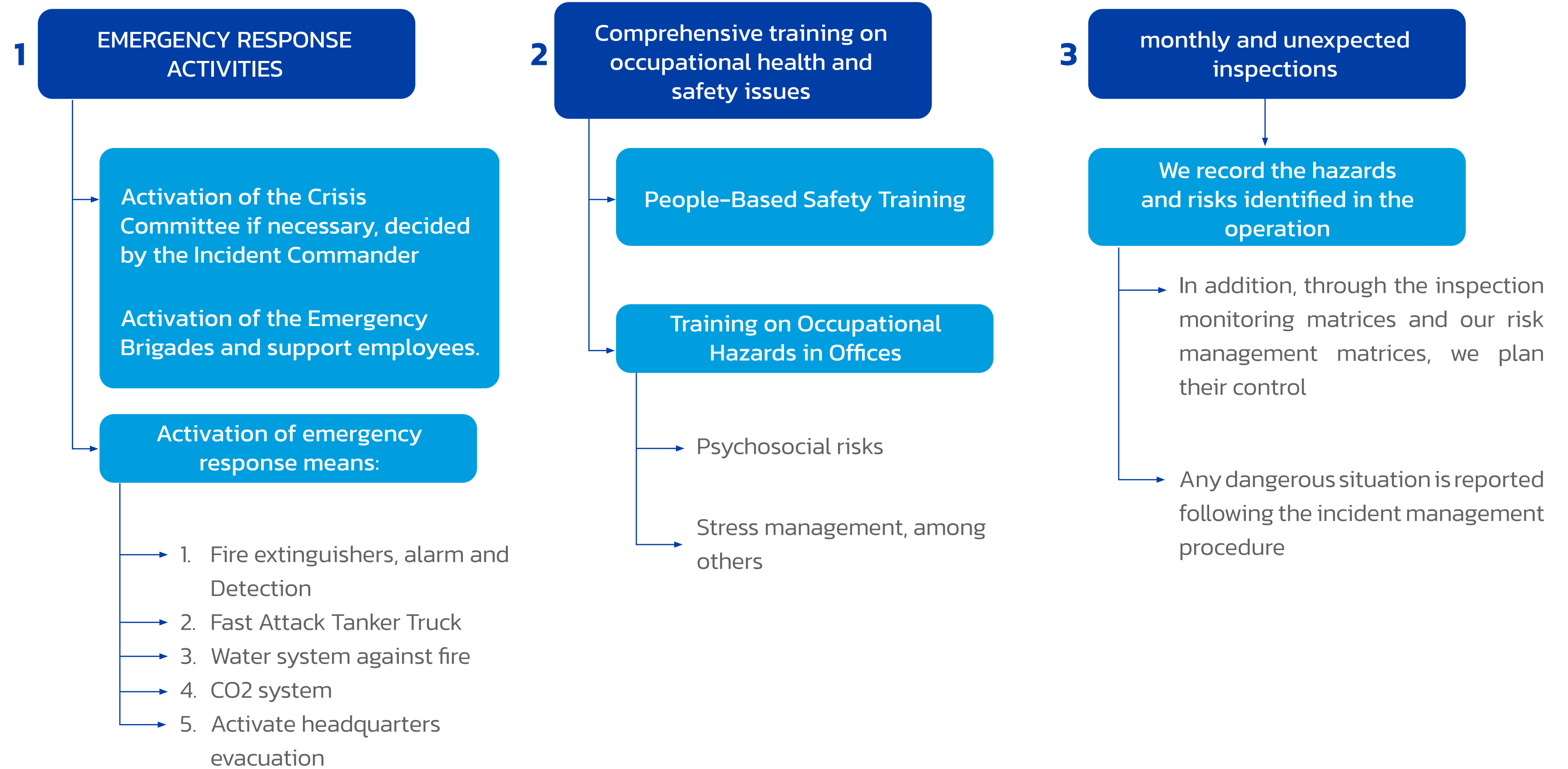


Integration of actions for risk prevention and response to emergency situations

(GRI 403-2, 403-7)

In our Occupational Health and Safety Policy, we apply the comprehensive management criteria that seeks to prepare for risk and emergency situations. We establish priorities and action plans to fulfill our commitments. In addition, we set quantitative objectives that allow the improvement of our SSO performance metrics.

All emergency situations caused by an accident at work will be attended according to our established protocols and guidelines that seek to safeguard and protect our employees.



Strategy against COVID-19

(GRI 403-3, 403-7)

In the context of COVID-19, to care for our staff, we implemented greater health services that were reduced as the health emergency was controlled. In Pisco, in addition to the CAASA Medical Surveillance service, we implemented a COVID-19 team: 1 nurse.

In Lima, we also implemented a COVID-19 team to attend to Callao, Lima and Lurigancho: 1 occupational doctor, 2 nurses. Likewise, in Arequipa we hired 1 nurse. At the Pisco plant, we implemented 61 disinfection and hand washing points. In addition, we disinfect accommodations at the CAASA camp on a weekly basis.

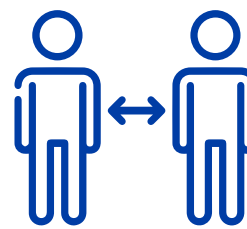
We maintain a prevention and monitoring strategy for confirmed cases and suspected cases. Also, with a focus on the COVID-19 guidelines issued by MINSA: Respiratory Protection, Social Distancing, Disinfection. During 2022 we carried out the following actions:



Dissemination of established controls



Inspections to verify compliance



Awareness campaigns and workshops (Respiratory Protection, Distancing, Disinfection)



Screening and screening for COVID-19



Establishment of epidemiological fences in Plant

3.3. Supplier management

(GRI 2-6)

➤ We contribute to the development of our suppliers

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 a solid production, generate savings and reduce costs.

Since 2021 we have a Code of Ethics for Suppliers and Contractors that seeks to strengthen our business relationships and achieve joint growth of our suppliers in an ethical and responsible manner. This code establishes the expected

ethical, social and environmental principles, as well as the labor and human rights practices to follow. In this regard, we expect our suppliers to carry out their activities following these guidelines that are at the forefront of international good practices.



2,038
suppliers



256.20
Millions of dollars in
purchases from national
suppliers



Development of our suppliers

We are committed to the sustainable development of our suppliers (SMEs-Mypes) and that they adopt ESG criteria as part of their daily management, we seek that our suppliers grow together with us. For this reason, our Supply Chain and Strategic Purchasing areas develop programs and initiatives that drive this growth.

- We have the Factoring program for suppliers that has grown exponentially in recent years.
- We are working on recognizing and rewarding suppliers of goods based on their annual evaluation.
- As part of the digitization process, we will implement the Wherex platform for supplier registration, which uses artificial intelligence. In it, it has been defined to include ESG criteria that allow already registered suppliers to be aligned, especially (SMEs and MYPES) to adopt the main criteria defined by the company (code of conduct, human rights, SSO, MA).

- In corporate purchases, we prioritize the purchase of products that are friendly to the environment.
- We train suppliers on the use of our portal, so that they can follow up on the status of their invoices sent to CAASA mail. Likewise, they can check the status of their purchase orders, if they have entered the warehouse or the approval of their entry sheets (HES).
- In addition, we conducted training for scrap suppliers that included:
 - Supplier portal functionalities – April 2022
 - Use of the SOCAM application – April 2022
 - Tax Consultations – June 2022
 - Scrap qualities – June 2022
 - My invoices consult – July 2022
 - Explosive materials – October and November 2022
- During 2022, we held two workshops in conjunction with the municipalities of Puno and San Martín on source segregation, aimed at recycler associations:
 - Puno: “Informative workshop on the recycling and commercialization chain of reusable solid waste.”
 - Tarapoto: “Informative Workshop on the recycling chain”.
- We have developed suppliers from the Ica area, from the Pisco area, with the aim of ensuring the availability of products for sale through adequate purchasing planning integrated with the areas and sustainable management of suppliers.

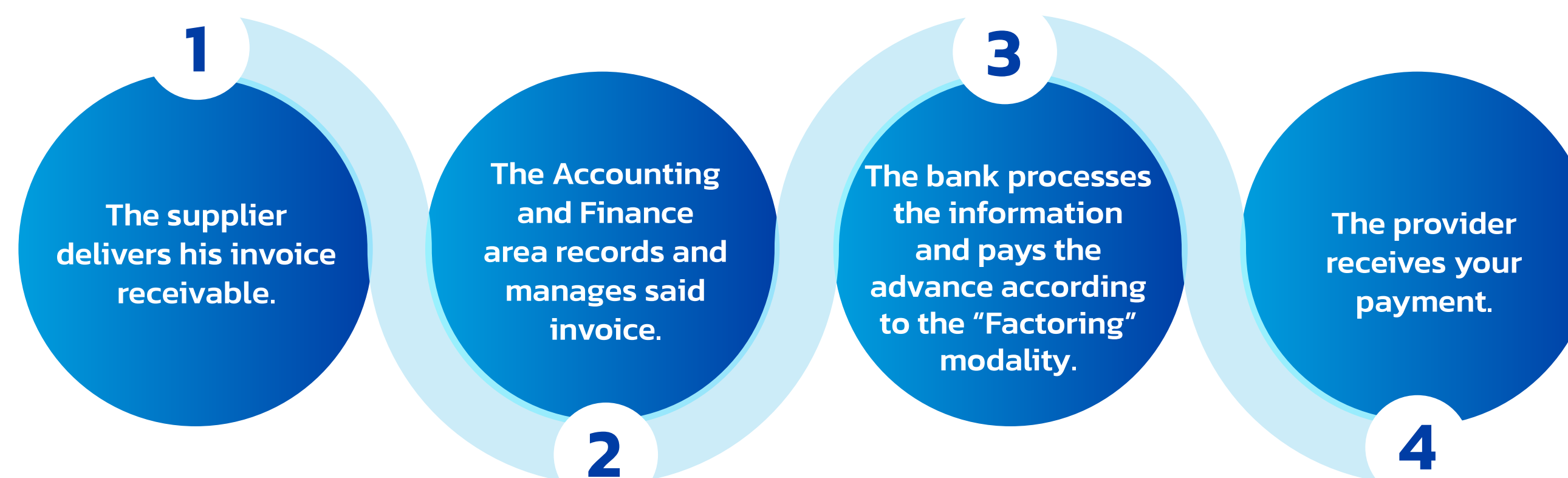


Factoring for suppliers

For the third year we developed this program in order to facilitate access to liquidity for our suppliers, in the short term and safely. Hand in hand with Aceros Arequipa, through a friendly and reliable process, our suppliers have access to better payment methods for their invoices. This program allows them not to see the working capital of their operations affected and thus they can continue to grow. Our main objectives are:

- Reduce the Factoring interest rate for our suppliers.
- Increase the number of providers in the program.
- Spread the benefits of our program.

Our process



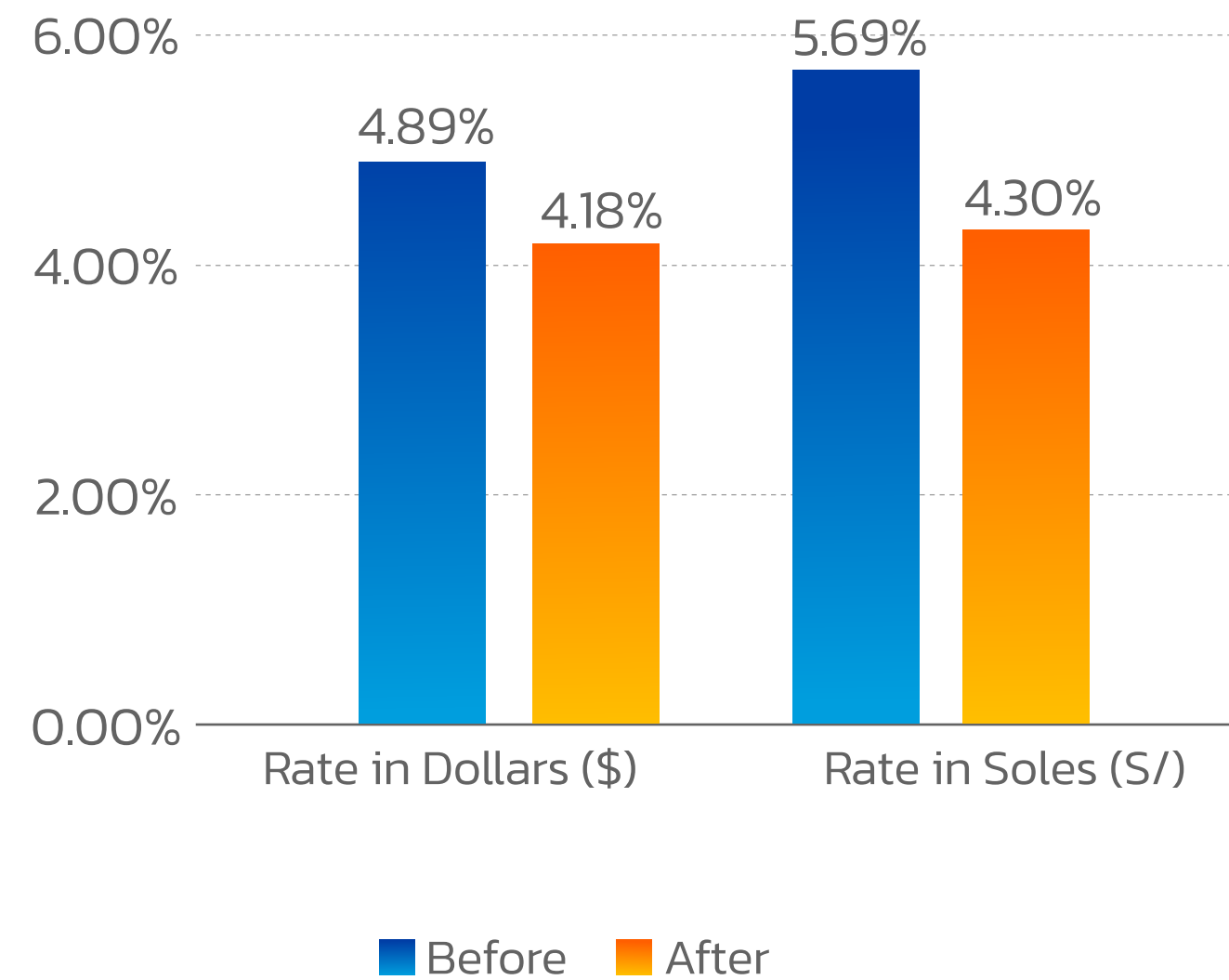
Benefits

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

2020	2021	2022
428 suppliers benefited	+555 benefited suppliers	630 benefited suppliers

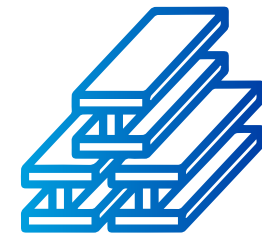


Factoring Fee Reduction



Supplier classification

CAASA supplier management is classified into two broad categories:



Strategic Purchases

Purchase of raw materials (ferrous scrap and pig iron), strategic supplies (limestone, lime and anthracite), finished and semi-finished products that are a direct part of the company's value chain.

Communication channels: Mailing, Ariba, Telephone.

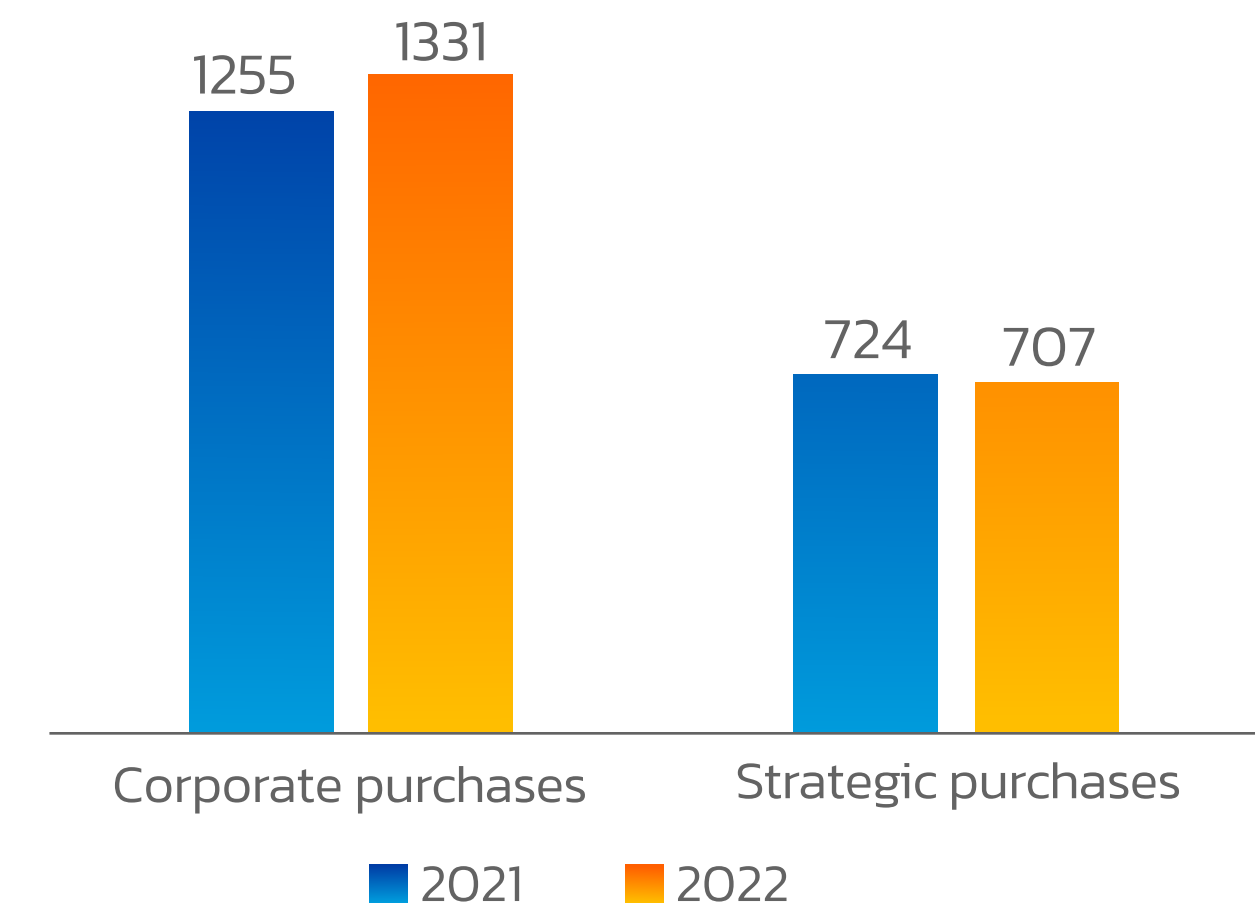


Corporate Purchases

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

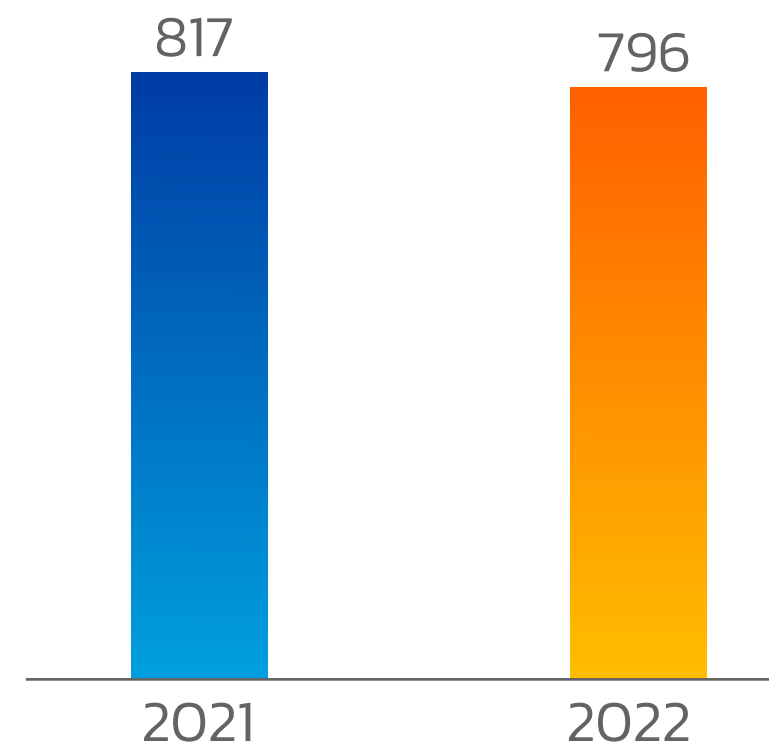
Communication channels: Mailing, Ariba, Telephone.

Number of suppliers by category



In addition, we have the definition of **critical suppliers** for those suppliers of goods or services whose failure to provide timely and quality supplies, could generate a high risk of cessation of production. (GRI 2-29)

Number of level 1 critical suppliers

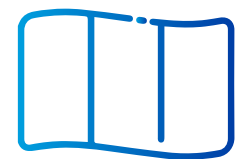


Likewise, we classify our suppliers considering their location.



International shopping

Purchases made from foreign suppliers.



National purchases

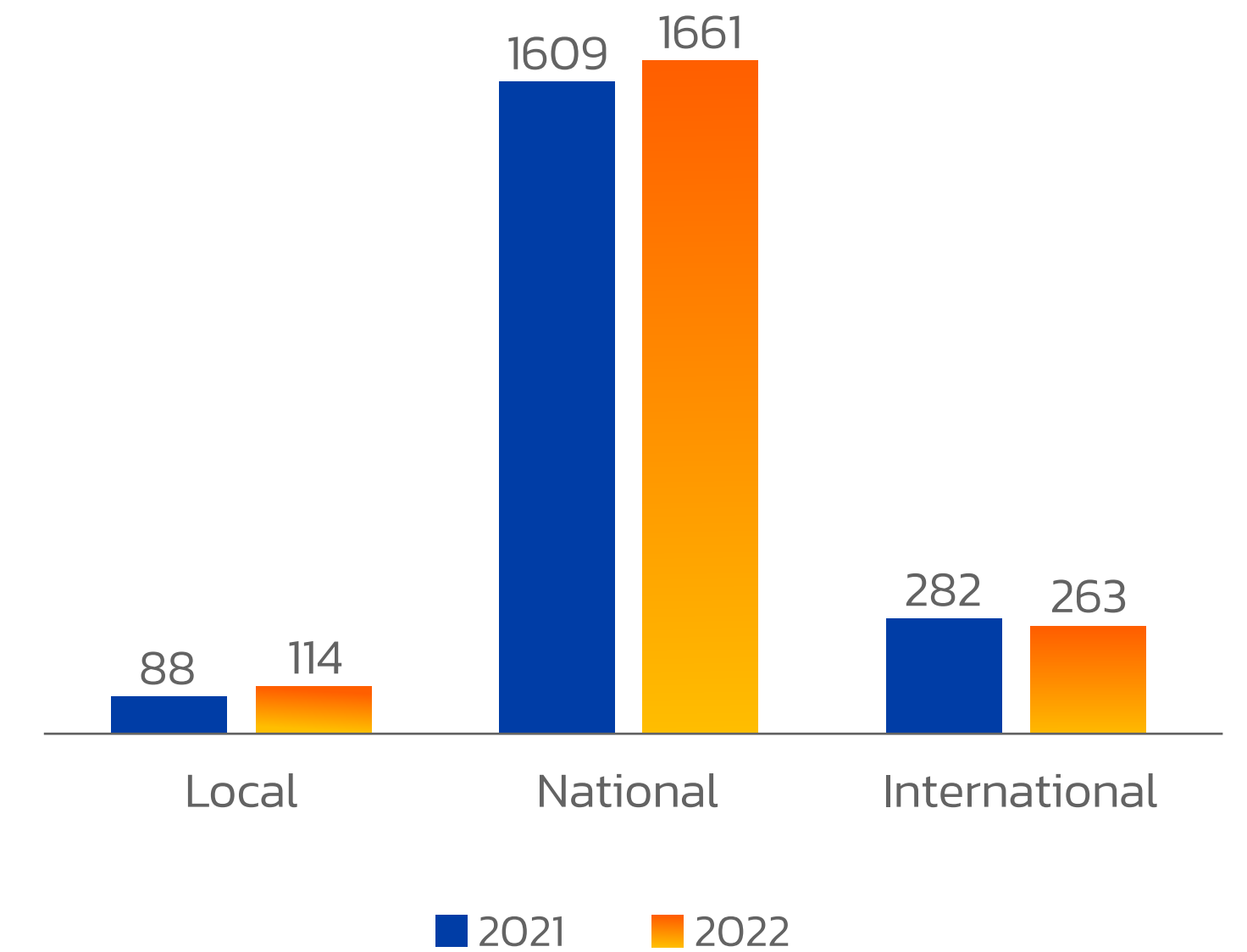
Purchases made from Peruvian suppliers, not including local purchases.



Local sourcing

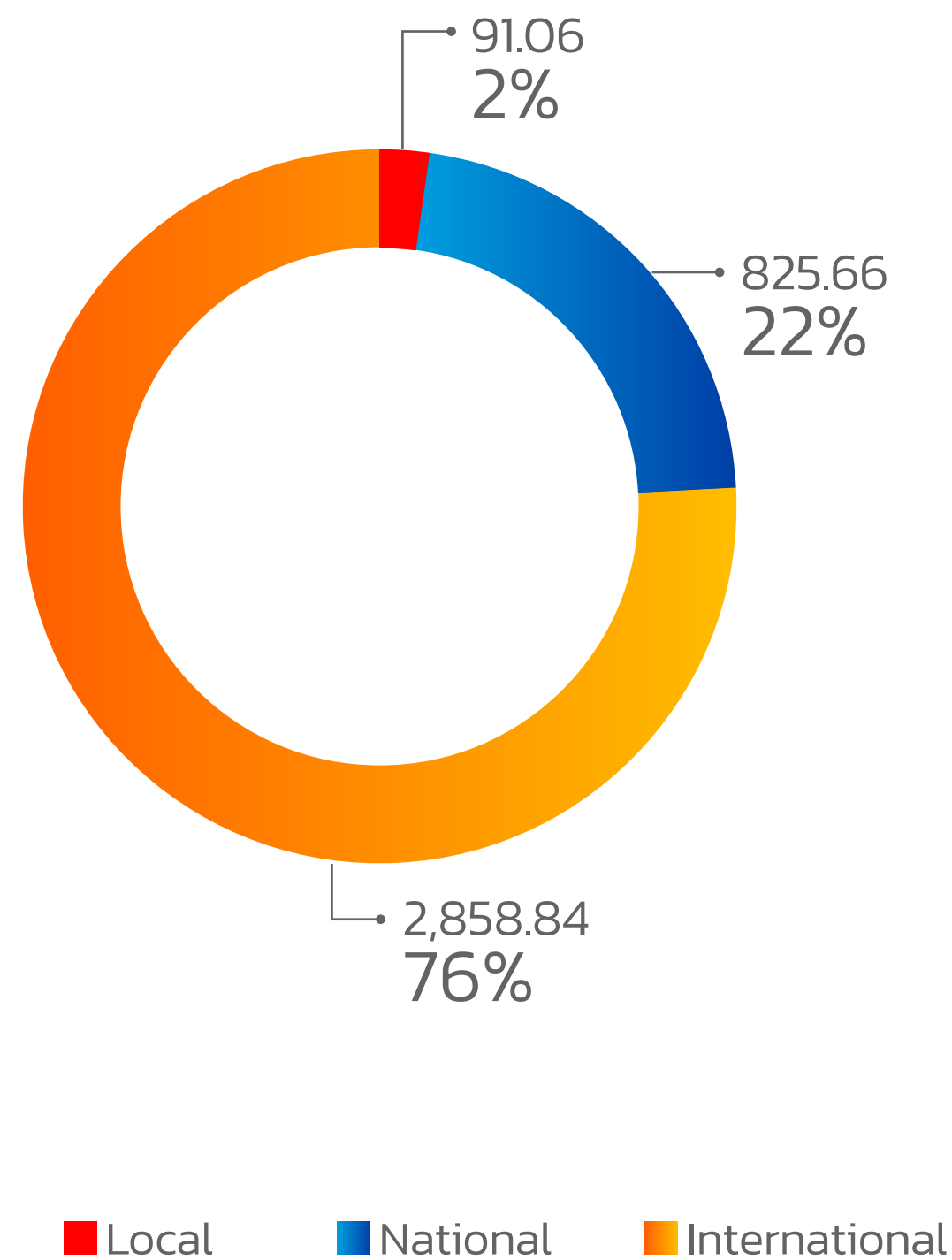
Purchases made from suppliers in Ica, the province where the Pisco plant is located.

Number of suppliers by location



We are committed to the generation of shared value and the revitalization of the local economy, which is why, at CAASA, we prioritize working with national and local suppliers. In 2022, purchases from local and national suppliers amounted to 91.06 and 825.66 million soles respectively, which represents 2.41% and 21.87% of total spending. It should be noted that the goal was established to achieve a 3.5% expense for local corporate purchases.

Number of purchases from suppliers by location in millions of soles



Supplier Evaluation

We demand that our suppliers who provide services and products in our operations comply with Occupational Health and Safety and Environmental standards in their activities. This requirement is based on our purchasing and service policy, corporate purchasing instructions, and on the rigorous evaluation of suppliers of strategic inputs.

The evaluation is carried out monthly and/or annually, where the business continuity risk and the environmental and social risks that may be detrimental to our operations are also evaluated. The weight of Environmental, Social and Governance criteria in the evaluations represents 13%.

Assessment – Strategic Purchasing

National suppliers of strategic purchases must comply with the requirements of the Code of Conduct, including the delivery of an affidavit stating that they have no links to illegal activities such as money laundering, financing of terrorism, drug trafficking, illegal mining, among others.

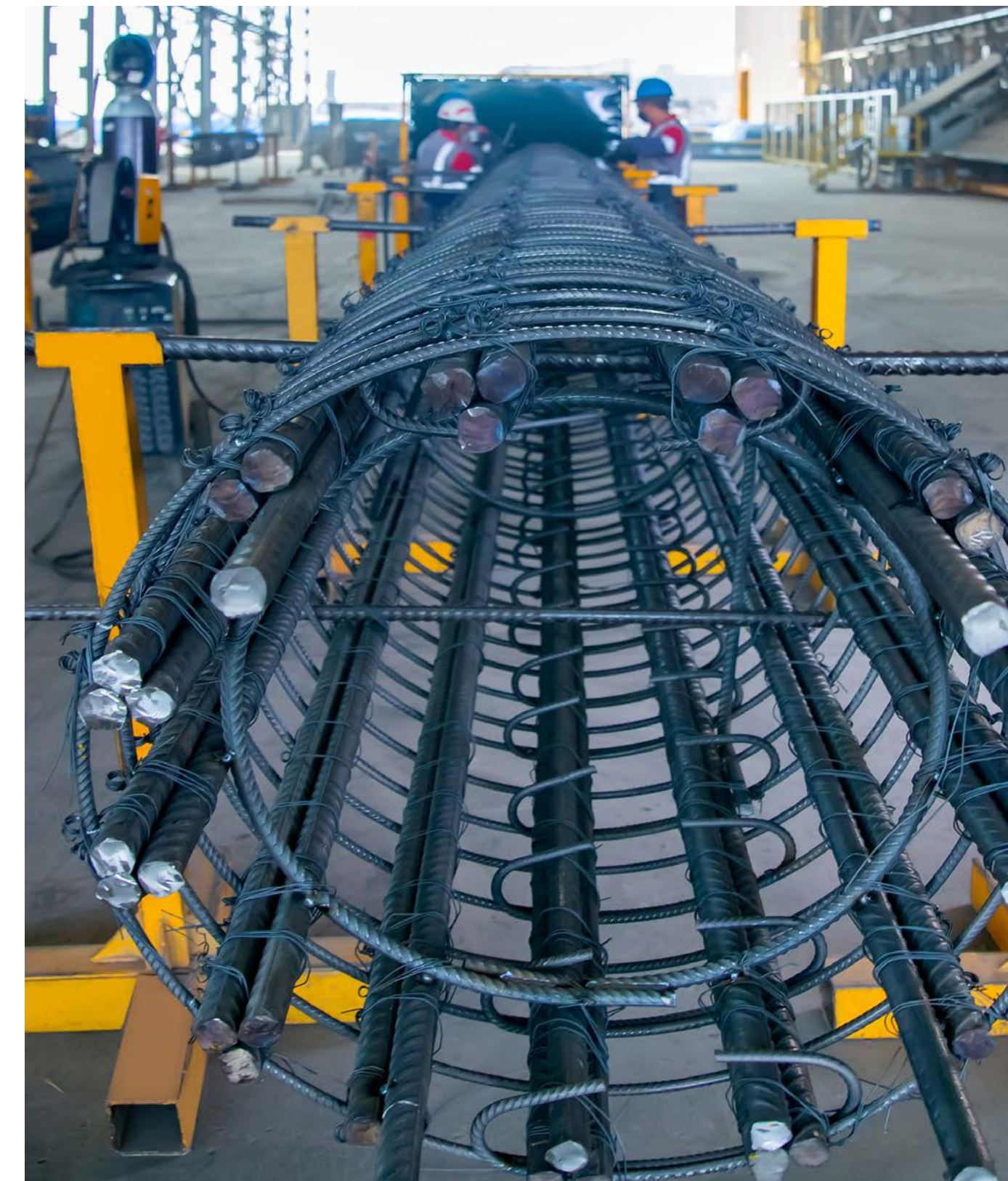
On the other hand, we evaluate the performance of suppliers of strategic inputs (anthracite, lime and limestone) on a monthly basis in terms of quality and delivery time. Likewise, we annually review whether there was any incident at CAASA's facilities related to safety and/or the environment. In 2022, 17 suppliers were evaluated in relation to environmental impacts.

Evaluation – Corporate purchases

We carry out a monthly evaluation of the performance of the material suppliers based on the quality and punctuality of delivery. For strategic service providers, we conduct an annual assessment, also assessing their business conditions, level of service, environmental impact, and security.

During 2022, we evaluated 33 suppliers, of which 17 correspond to strategic suppliers and 16 to corporate purchasing suppliers. In addition, we establish terms and conditions in purchase orders that require compliance with the Code of Ethics for suppliers and current legislation.

 **33**
Assessed providers





Communication channels

In order to maintain continuous communication with our suppliers, we establish the following channels.



It should be noted that in the year we measured the satisfaction index of national scrap suppliers, achieving

81%.

3.4. Commercial management

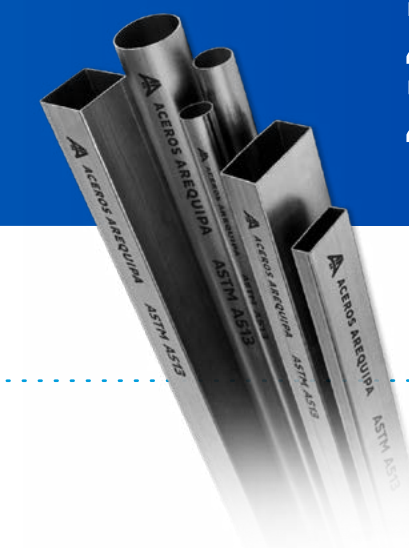
➤ We have a clear vocation for customer service

We are a leading steel company in the Peruvian market. Our clear vocation for customer service, quality philosophy and the continuous improvement of our processes allow us to satisfy the demanding demand of the national and international market, with a wide portfolio of products and services to serve the Construction, Industry and Mining sectors.

In this sense, we have identified our main impacts related to commercial management such as the level of customer satisfaction, sales and profitability, as well as impact on the company's reputation. To minimize them, we improve our communication channels and our level of customer service, developing solutions supported by innovation and technology to offer them new ways to satisfy their needs and thus reinforce brand loyalty and preference.

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





Our clients



MERCHANTS

Hardware stores, warehouses for construction materials, warehouses for metal mechanics and self-service stores. Merchants purchase our products for resale.



CONSTRUCTION

Infrastructure and building construction industry.



INDUSTRY

Companies from different economic sectors dedicated to the consumption and/or transformation of industrial products: profiles, plans, tubes, beams, etc.



MINING

Clients dedicated to the mining exploration and exploitation industry.

Communication channels

We have various channels to communicate with our customers and build strong relationships.

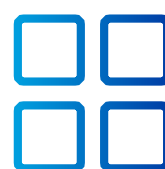


Email

postvent@caasa.com.pe



Telephone exchange



Trading systems

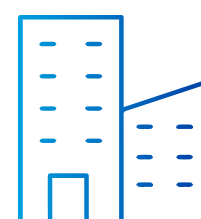


Trading systems

www.acerosarequipa.com



Social networks



Offices

In 2022, we have managed to address and/or resolve 99.53% of the complaints and claims made by customers.

Likewise, we have different commercial systems that allow us to manage the attention of our clients for the following uses:

- Order system.
- Current accounts and claims.
- dimensioned steel
- Order tracking.
- Chatbot.
- ACEROS PRO App: our new application that simplifies, digitizes and speeds up customer service and associated business processes:
 - Product information.
 - Order placement.

- Order tracking.
- Account status.
- Placement of claims.

This allows us to improve contact with our customers and ensure that our management metrics can be met, such as order response time, as well as claim management, from registration to attention.

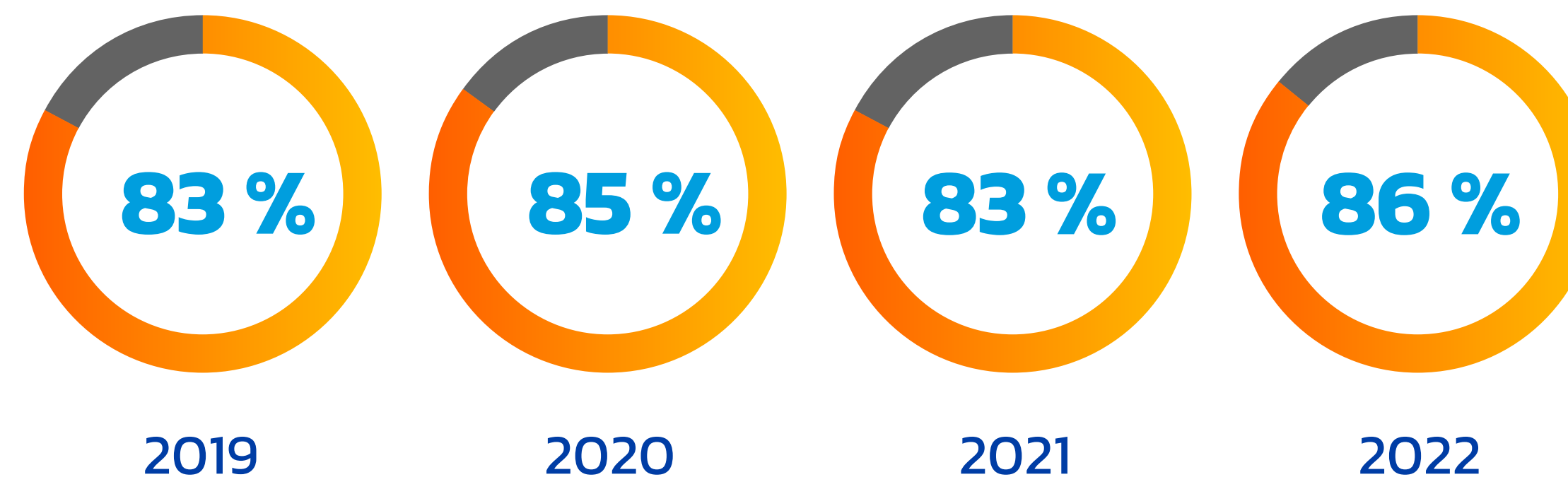




Customer satisfaction

Our goal is to constantly improve customer satisfaction and optimize our service, which includes storage, sale, delivery, credit management, collection, and after-sales service. Every year, we carry out a customer satisfaction survey, obtaining the following results in recent years:

Customer satisfaction level



*Percentage of satisfaction of all customers who answered the survey

This year we managed to improve the level of satisfaction of our customers, obtaining a high rating.

Training programs

Before the pandemic, Aceros Arequipa offered free face-to-face training for Master Builders and Metal Carpenters. In them we provide useful content for the construction of safe homes and metal carpentry projects. These trainings consist of a theoretical and practical part, and provide participants with a certificate of participation. In the second semester of 2022, face-to-face training resumed.

Due to the pandemic, we develop virtual training under the brand "Academy of Steel" through our Facebook, with specialized exhibitors. Upon completion, participants answer a short questionnaire and receive a certificate of participation. The call is made through our social networks and emails.

Additionally, this 2022 we have participated in the main fairs of the construction sector such as EXCON, Yo Constructor and Día del Constructor, in which we provide theoretical and practical talks.



Building safe

We promote the "Construyendo Seguro" web portal, through which we provide advice and content to our clients about the correct construction process for homes, as well as advice on metal carpentry. In addition, through the same portal we developed a series of virtual training aimed at the self-construction, metal carpentry and industrial construction sectors.

Generating added value

We seek operational excellence by providing personalized sales advice and customer service nationwide through various communication channels. Our goal is to ensure the growth of your business, offering products and services that meet your needs, such as ACEDIM, Steel Center and Geosupport.





3.5 Social management

(GRI 3-3)

➤ Focused on sharing value with our surrounding population

Our commitment to society goes beyond providing quality steel; We provide decent employment and boost the economy of the areas in which we operate. We maintain a solid and responsible relationship with the population around us, strengthened through dialogue and the execution of initiatives and social projects. It should be noted that, during 2022, we have not had any social conflict.

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

Mission

Guarantee and promote an ethical and Social Responsibility culture on our internal front as a way of contributing to the achievement of sustainability in the corporation, in addition to maintaining a harmonious relationship of respect and trust with our Stakeholders in our

Vision

To be a leader in the articulated management of Social Responsibility focused on the sustainability of the corporation, creating shared value with our stakeholders.

Our social management plan



1. Strengthen social responsibility in the organizational culture.
2. Strengthen relationships with our different interest groups and establish strategic alliances with the public and private sectors and non-governmental organizations.
3. Facilitate, from the social component, the execution of different business projects.
4. Strengthen communications with our stakeholders.
5. Keep our reports aligned with GRI standards, and thus be recognized as a socially responsible company
6. Promote social projects in favor of the population through the mechanism of works for taxes.
7. Maintain active corporate volunteering at our headquarters.



Policies that guide our management

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

Management with our surrounding population

Our participation with the surrounding population focuses on good relations. To maintain it, 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 efforts should be channeled in relationship and communication management.

During 2022 we conducted 39 interviews with different stakeholders: society, government, suppliers, customers, shareholders and employees. It should be noted that we periodically hold informative meetings with representatives of the surrounding areas.

We design and execute social projects aimed at contributing to improving the quality of life, through three lines of action:

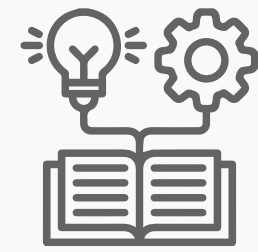





- Contribution to educational development
- Design and development of preventive health programs
- Environment

Our axes are found in the internal control board (balanced scorecard) where the initiatives and

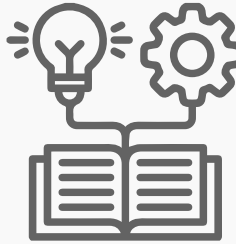

indicators that we have are detailed, in addition to being articulated with the initiatives of other areas aligned with corporate strategies.

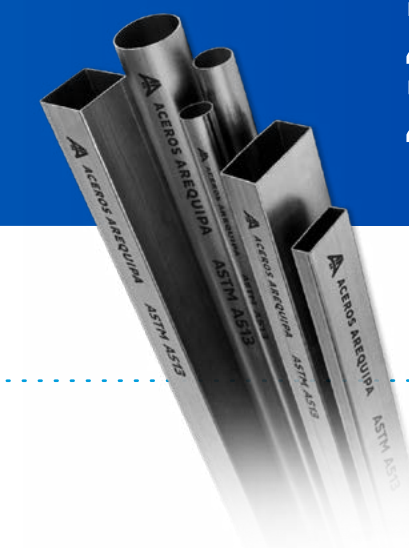
Main lines of action and programs



Through our 3 lines of action, we managed to ensure the fulfillment of our mission, have a positive impact on our area of influence and contribute to the SDGs:

AXES OF ACTION	DESCRIPTION	AIM	BUSINESS INDICATOR	SOCIAL/ ENVIRONMENTAL INDICATORS	SUSTAINABLE DEVELOPMENT GOAL (SDG)
 Educative development	We promote access to quality education.	Contribute through strategic alliances for residents and students to improve their access to educational quality.	Zero social conflicts	Number of comprehensive scholarships: university and technical	
 Prevention in health	We contribute to improving the quality of health of the residents of our area of influence.	Through strategic alliances with health governing bodies, we develop programs in favor of the population of our environment in a preventive way	Zero social conflicts	Number of districts served	
 Environment	We promote care for the environment.	Contribute through strategic alliances with local governments, governing bodies and the population of our environment, to create better awareness and care for the environment.	Zero social conflicts	Number of participating schools	



Below we present the most important initiatives for each axis carried out during 2022:


AXES OF ACTION	INITIATIVE	DESCRIPTION
 <p>Educative development</p> <div data-bbox="216 1285 593 1553" style="background-color: #c00000; color: white; padding: 10px; display: flex; align-items: center;"> 4 <div> <p>QUALITY EDUCATION</p>  </div> </div>	<p>UTEC Scholarship – Advancing Together</p>	<p>We award a full university scholarship to a high-achieving student with limited financial resources from our area of influence. In addition to two partial scholarships. The goal is to provide the opportunity for quality education. This scholarship has been awarded since 2022 with an annual investment of USD 19,387. We also focus on strengthening the soft skills of the student.</p>
	<p>Agreement with UGEL of Pisco</p>	<p>Corporación Aceros Arequipa entered into an institutional framework agreement with the Local Educational Management Unit (UGEL) to establish a strategic alliance in favor of the education of the student community in the province of Pisco. Through this agreement we carry out the Mathematics contest aimed at educational institutions in the province of Pisco.</p>
	<p>Alliance with SENATI</p>	<p>Through this alliance, we train teachers from two emblematic educational institutions in Pisco on proper management of Excel. In 2022, we trained an average of 60 teachers.</p>
	<p>Safe return to classes</p>	<p>In alliance, CAASA with Entrepreneurs for Education, carries out the safe return to class campaign, where it was possible to carry out a comprehensive cleaning of 5 educational institutions that have a total of 803 students.</p>



AXES OF ACTION	INITIATIVE	DESCRIPTION
 <p>Prevention in health</p> <div data-bbox="226 1108 603 1376" style="background-color: #2e8b57; color: white; padding: 10px; display: flex; align-items: center;"> 3 <div> <p>HEALTH & WELLNESS</p>  </div> </div>	<p>Santa Cruz de Paracas medical campaign</p>	<p>CAASA, in alliance with the NGO Vida Perú, carries out an annual preventive medical campaign for the inhabitants of the province of Pisco. It was held two days in March at IE Carlos Noriega Jiménez, in Pisco.</p> <p>812 patients were registered and 2,002 cares were obtained in the different medical specialties, as well as the delivery of free medicines.</p>
	<p>Donation of medicinal oxygen plant to the district of Lurín</p>	<p>In response to the COVID19 pandemic that hit our country, CAASA, in alliance with the District Municipality of Lurín and four other companies, donated a medical oxygen-generating plant. Commissioning began in 2022.</p> <p>The plant, which is under the administration of the District Municipality of Lurín, with the supervision of MINSA, will benefit the most vulnerable residents of various human settlements, populated centers and housing associations, who will be able to receive free medical oxygen.</p>



AXES OF ACTION	INITIATIVE	DESCRIPTION
 <p>Environment</p> <div data-bbox="236 1225 609 1497"> <p>13 CLIMATE ACTION</p>  </div>	<p>Program with the Local Water Authority (ALA) water care brigade program</p>	<p>Together with the ALA of Río Seco, we participated in the awareness and communication program (2012–2022), carrying out actions to promote a change of attitude among all the actors towards the efficient use of water resources.</p> <p>Actions done:</p> <ul style="list-style-type: none"> • Training of water care brigade members • beach cleaning • Drawing and painting contests • Awareness fairs for the good management of water resources • Participation in thematic tables <p>The program seeks to train students from educational institutions in the area as water care brigades, with the active participation of managers, teachers, administrative staff and parents. In this way, we sensitize the entire educational community through campaigns to disseminate banners and brochures on the responsible use and care of water. The project is included as a transversal theme in the educational curriculum of the participating schools: Institutional Educational Project (PEI), Diversified Curricular Project (PCD) and the Annual Work Plan (PAT). In addition, it is part of the CAASA social responsibility platform.</p> <ul style="list-style-type: none"> • On June 10, the population and artisanal fishermen were sensitized to not throwing plastic into the sea, in commemoration of “World Environment Day”. The boat that collected the greatest amount of plastic was rewarded. Participants: Municipality of Paracas, ANA, APROPISCO, MINSUR, Aceros Arequipa, Healthy Cities, Divers Association. • On June 6, a school parade was held with the aim of raising awareness in the Pisco community about the environment and water care. It had the participation of the Juan Pablo Fernandini Educational Institution.

AXES OF ACTION	INITIATIVE	DESCRIPTION
 <p>Environment</p> <div data-bbox="236 1225 609 1497"> <p>13 CLIMATE ACTION</p>  </div>	<p>Program I learn with CAASA</p>	<p>CAASA, committed to caring for the environment and within the framework of its environmental policy, developed the “I learn with CAASA” Program. The program was developed in person and we managed to train students in the following topics:</p> <ul style="list-style-type: none"> • Integral management of solid waste. • Implementation of the 5’S Methodology. • Water Saving and Care
	<p>Program for the improvement of the municipal nursery of the province of Pisco</p>	<p>This program in alliance with the Provincial Municipality of Pisco aims to promote sustainable socio-environmental development processes, in an innovative and committed way. The program includes the provision of forest and ornamental plants for the parks, gardens and green areas of the District of Pisco.</p>
	<p>Project Save the Hummingbirds</p>	<p>Carried out at the José de la Torre Ugarte school in Pisco (2018–2021), the general objective of the Project was to contribute to the conservation of five species of hummingbirds found in the Pisco area, implementing a garden with native plants in an area of 50 m2. In 2022, Communication and dissemination strategies of the project carried out were implemented, aimed at informing the project’s achievements to the different local and company-owned interest groups.</p>
	<p>Delivery of unconventional vehicles</p>	<p>Within the framework of the commitments assumed in the Clean Production Agreement voluntarily signed with the Ministry of the Environment and the Ministry of Production, we have delivered 4 non-conventional vehicles to the District Municipality of San Andrés, in order to contribute to the Clean Production Program. Segregation at the source of this municipality.</p>

In addition, our different areas carry out periodic activities to share value and well-being with our stakeholders:

Social welfare activities with our Pisco 2022 employees

- **FUN HOLIDAYS** Virtual classes were held by age groups. Aimed at 150 boys and girls and 50 wives and adolescents. Classes offered: crafts, dance, clown, mini chef, among others.
- **PLANT VISITS:**
 - A visit was planned in October 2022, so that the wives of our employees could get to know the Pisco plant, 40 people participated.
 - A visit was planned in October 2022, so that the children of workers can learn about the production processes of the Pisco Plant, with 40 participants.



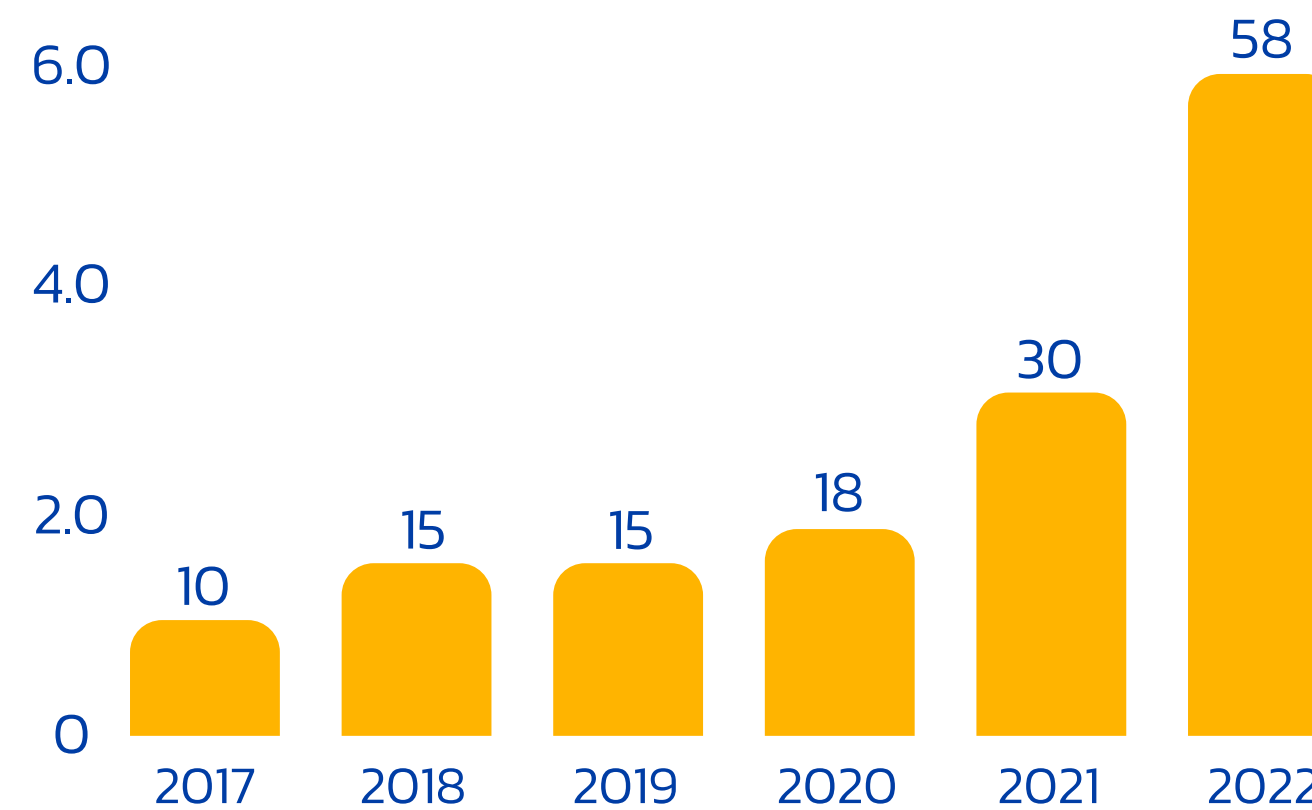
Corporate volunteering

At CAASA, we have a commitment to the social development of all Peruvians, especially our employees. We value the importance of volunteer actions for the benefit of our surrounding population.

This experience allows us to add value to the company, as well as to society, strengthening our organizational culture. Our Steel Volunteers program was born with the dream of involving our employees from management, making them part and co-creators of it.

Committee of Volunteer Leaders (CVL)

We have a volunteer committee, made up of 7 members, meets monthly and is in charge of planning, designing and executing volunteer actions. The committee also conducts outreach efforts to encourage the involvement of more employees. Since the creation of our program, in 2017, we have had a growing participation of volunteers.



Contribution through the years



+180

Volunteer man hours



949

Beneficiaries directly or indirectly



15

Volunteers who are constantly participating



3

Allied Institutions



Activities 2022

- We held the workshop for more than 70 patients from the Frieda Heller shelter of the Peruvian Cancer Foundation (FPC).
- Ponle corazón campaign in support of the Peruvian Cancer Foundation (FPC).
- Welcome and reconnection workshop with volunteers (21 participants).
- Fundraising campaign in support of the "Virgen de Guadalupe" shelter in the province of Pisco.

Social investment and donations

Social responsibility contributions in soles

	2019	2020	2021	2022
Cash contributions through bank transactions	58,145.50	567,546.50	403,685.00	389,051.00
Time: paid volunteering	10,342.00	11,000.00	18,244.63	2,840.14
Donations of products or services, projects or similar	284,476.06	227,354.50	1'058,231.00	106,412.82
Administration fees	92,783.76	110,954.00	144,320.00	297,041.00

Social responsibility contributions in soles

(GRI 415-1)

	2019	2020	2021	2022
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.	1'113,770.62	933,707.22	1'078,836.30	1'314,657.98

(GRI 2-28, 415-1)

INFORMATION BY ORGANIZATION

ORGANIZATION NAME'S	TYPE OF ORGANIZATION/BRIEF SUMMARY	DESCRIPTION OF THE RELATIONSHIP WITH THE ORGANIZATION	TOTAL AMOUNT PAID IN THE 2019 PERIOD	TOTAL AMOUNT PAID IN THE 2020 PERIOD	TOTAL AMOUNT PAID IN THE 2021 PERIOD	TOTAL AMOUNT PAID IN THE 2022 PERIOD
Peruvian Chamber of Construction (CAPECO)	Commercial associations / More than sixty years ago, on May 9, 1958, CAPECO was born with the purpose of grouping and representing all those who work in the construction activity in the country.	Subscription	102,443.34	27,881.40	32,806.42	90,688.00
National Industrial Work Training Service (SENATI)	Commercial associations / SENATI is an institution created by the National Society of Industries. The founding businessmen instituted a dynamic and flexible educational organization, directed and paid for by the productive sector, in order to respond pertinently and effectively to the demands for professional qualification of the working market.	Framework agreement	752,862.43	714,905.00	811,154.00	885,058.00
National Industrial Society (SNI)	Trade Associations / SIN is a non-profit institution that promotes the development of the manufacturing industry, promotes the market economy and contributes to the development of the country through sectoral technical proposals of an economic, labor and tax nature, among others.	Subscription	161,053.22	90,888.32	125,691.00	134,472.00

4

**Committed to the
environment**



4.1 Environmental Management

> We work with the highest standards of environmental management

For CAASA, environmental management is a fundamental pillar in the company's operations, we seek to strengthen a culture that contributes to the sustainable development of the country and achieves a balance by solving society's needs, responsibly consuming resources and generating profitability. Our management manages to demonstrate that the steel industry and related businesses can be developed in harmony with the environment.

We guide our actions by the environmental policy, approved by our Board of Directors, which records the commitments we assume as an organization regarding the environment, protection and conservation, waste reduction,

compliance with applicable regulations and promoting continuous improvement.

We maintain the continuous search for alternatives to take advantage of the 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. Likewise, we seek to transfer our standards to our contractors and suppliers.



S/ 4'486,563
**in capital investments in
environmental projects**



Since 2020 we have participated in the MINAM Peru **Carbon Footprint Program** with the 2019 inventory. In 2022 we were one of the 10 companies in the manufacturing sector that managed to obtain the second recognition star corresponding to the 2021 GHG inventory.



We are proud to comment that on December 28, 2022, the Ministry of the Environment awarded us the “**Perú Limpio**” seal in recognition of compliance with the Clean Production Agreement signed with the Ministry of the Environment and the Ministry of Production. This agreement had the following goals and actions that were 100% fulfilled:



Goal N°1: Recovery of Metallic Waste in the Production of Liquid Steel

Goal N°2: Use of Industrial By-products at HOME

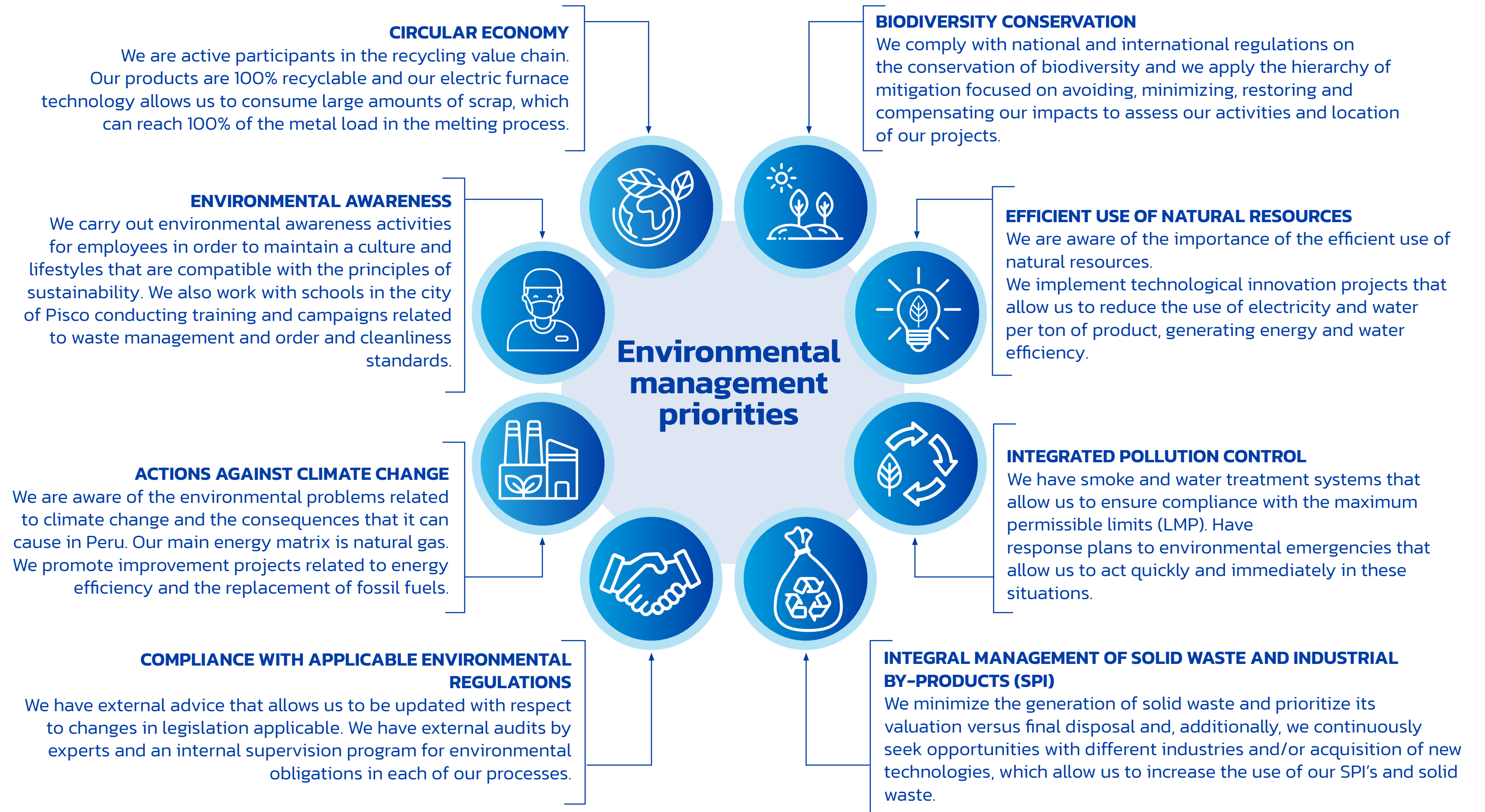
Goal N°3: Implement Actions to Increase the Valuation of Solid Waste

Goal N°4: Support in the Program of Segregation at the Source and Collection of Solid Waste to a Local Government

Environmental management priorities

(GRI 102-11)

For our management system and business actions related to the environment, we have established 8 important aspects to carry out our operations respecting and protecting the environment, as well as its components. These are based on a comprehensive approach to those environmental components that may be affected in our operations, the details of which are described below.



Strategic Environmental Compliance (CAE) Program

As part of the CAE Program, in 2022 we conducted the training virtually. The main objective of this program is to raise environmental awareness among our employees, third parties and contractors who work in our facilities. Each module of the CAE program has 3 stages: awareness, reinforcement and verification, which seek to internalize the knowledge of employees and reinforce their learning by putting it into

practice. During the period, we have addressed three issues: (1) Environmental Emergency Response Plan (PREA), (2) Corporate Carbon Footprint and (3) Comprehensive Solid Waste Management.

Throughout the entire project we have achieved the following:

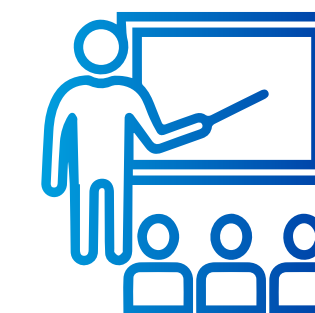
I learn with CAASA program

This program aims to promote environmental awareness in children and adolescents from educational institutions, which are in our area of influence, through training, workshops and / or campaigns. The educational institutions with which we worked in 2022 were:

- IE Republic of Argentina.
- IE Queen of Peace.
- IE Santa Maria Reyna.
- IE Renan Elias Olivera.
- IE Jorge Chavez Dartnell.

And the topics we addressed were: (1) Saving and water care, (2) 5'S Methodology and (3) Integral management of solid waste.

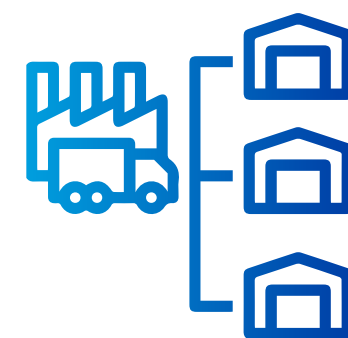
In this period, we have managed to promote environmental awareness to:



935
people
(between students and teachers)



874
employees
trained in the
CAE Program



360
third parties
trained in the CAE
Program



Fines or sanctions

(GRI 2-27)

During 2022, we received an environmental sanction for administrative responsibility. The alleged act was as follows: "The company submitted the Final Report on Environmental Emergencies of the event that occurred on October 27, 2019 at the Pisco Plant, within a period of ten (10) business days after the emergency occurred, despite the existence of a situation of potential environmental damage, in breach of what is established by current environmental regulations". The fine was 0.652 UIT (S/. 2,699.29), with a payment made on May 20, 2022.

Biodiversity

At CAASA we are committed to complying with legal requirements related to land management and the protection of biodiversity; We also assume the commitment not to operate in areas considered world heritage, nor in protected areas that are within categories I-IV of the International Union for Conservation of Nature (IUCN).

Our commitment to biodiversity is summarized in 6 points:

- 1 Evaluate the impact on biodiversity in our current and future areas of operation, as necessary according to their location. When areas with important biodiversity are identified at the global or national level, the mitigation hierarchy focused on avoiding, minimizing, restoring and compensating will be applied. For all current CAASA projects, measures will be implemented to minimize the impact on biodiversity.
- 2 Develop management plans to promote the importance of biodiversity. Prioritize the conservation of keystone species, species that have special conservation status, that historically inhabited the area, and with a history of traditional use and value to local communities.
- 3 Collaborate with interested parties to guarantee the long-term conservation of native species in the area of influence of our operations.
- 4 Identify and define action plans to avoid net losses of biodiversity in important habitats that are close to our operations.
- 5 Promote the collection, analysis and improvement of information and knowledge on biodiversity in collaboration with experts.
- 6 Acquire, develop and apply systems and technologies to reduce impacts on biodiversity.



Net improvement in biodiversity

We seek to generate positive impacts on our environment. To achieve this, we maintain a living fence (eucalyptus and aromo) that we have planted around the entire perimeter of the steel complex in Pisco, which serves as a habitat for more than 12 species of animals in the area (including birds and reptiles) and a resting space for migratory birds. In addition, certain species of flora have also been introduced naturally as a result of pollination. Although the plant is in an area considered desert, thanks to the living fence, we have managed to successfully introduce eucalyptus, aromos and, naturally, other species of flora.

Additionally, as part of our commitment to collaborate with interested parties to guarantee the conservation of native species, we are part of the Municipal Environmental Commission (CAM) of Pisco, participating in the technical team of wetlands and marginal strip, having as main achievement the approval of the Integrated Management Plan for the Coastal Marine Zone of Pisco by MINAM, this plan has been progressively implemented and its main objectives are: 1) Promote the conservation of ecosystems and their biodiversity (wetlands, islands, beaches) of the ZMC of Pisco, (2) Strengthen governance for the proper management of the ZMC, (3) Improve the final disposal of solid waste in the ZMC, (04) Increase and improve the coverage of wastewater

in the ZMC, (05) Improve the sanitary conditions of the DPAs of Lagunillas, Laguna Grande and San Andrés, (06) Strengthen local governments in the management of public and private investment projects on the subject environmental ethics, (07) Reduce the inadequate urban expansion and roads in the ZMC of Pisco and (08) Increase the awareness of the population in the care of the ecosystems of the ZMC of Pisco.



ACTIVITIES	PERIOD					
	2018	2019	2020	2021	2022	>2022
Additional planting of the perimeter fence in the former Fundo San Juan de Buenavista	X	X				
Irrigation and maintenance of the entire live fence, including the planting of the Ex-Fundo San Juan de Buenavista		X	X	X	X	X
Biological Monitoring of Wild Flora and Fauna		X	X	X	X	X
Preparation of the Biodiversity Conservation Manual in CAASA						X
Signage and Murals						X

4.2 Climate change strategy

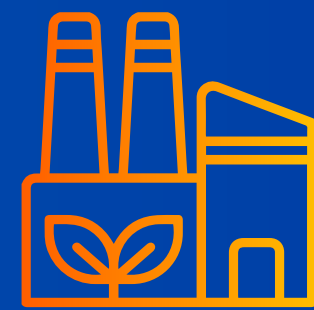
(GRI 3-3)

➤ We are focused on achieving carbon neutrality by 2050

Being aware of the characteristics of our industry, the vulnerability of the country and the consequences that can be generated due to climate change worldwide, we have developed activities and commitments that allow us to take action on this issue.

Among the main impacts identified in the company related to climate change, we highlight that the amount of CO₂e generated is directly related to production capacity, however, we can achieve the reduction of GHG in the environment by using cleaner technologies in the company.

- We are one of the steel companies with the lowest carbon footprint in the world. (<0.5tCO₂e/t liquid steel).
- We consume 100% renewable energy in our New Steel Plant.



Our main commitments are:



Main initiatives and results

Emissions

In the case of the carbon footprint, we take ISO 14064 as a reference, we identify the direct and indirect sources of each site, the emission factors together with the activity for each source, and we obtain the calculations in tCO₂e units. Our goal for 2022 was to reduce greenhouse gas (GHG) emissions by 5% from the baseline (2019).



Objective

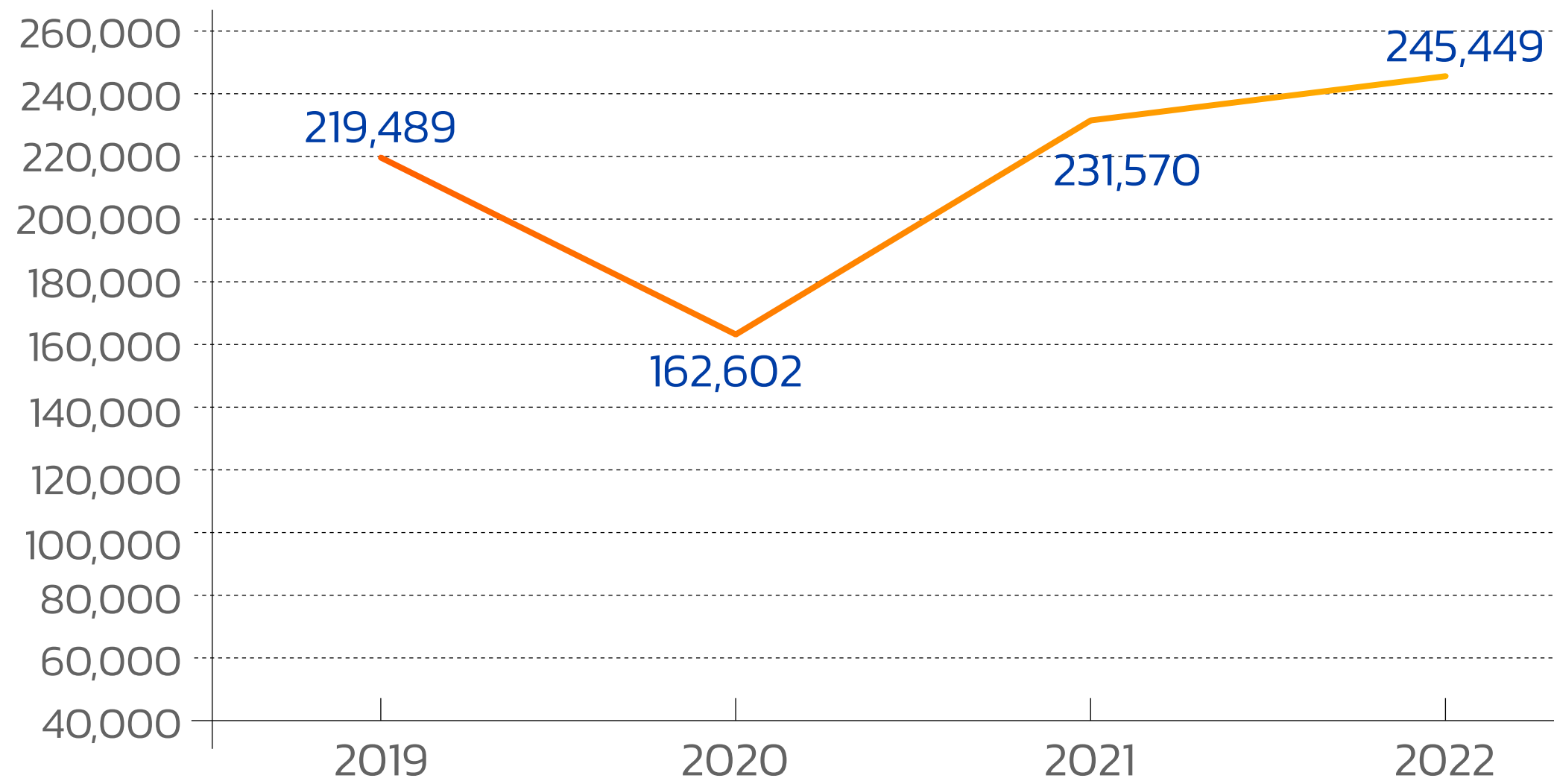
- Reduce 15% of corporate GHG emissions by 2030.
- Emissions: compliance with applicable legal requirements.



For 100% of our operations, we have the following GHG inventory results corresponding to scope 1 and 2:

Total direct GHG emissions (Scope 1) in metric tons of CO2e

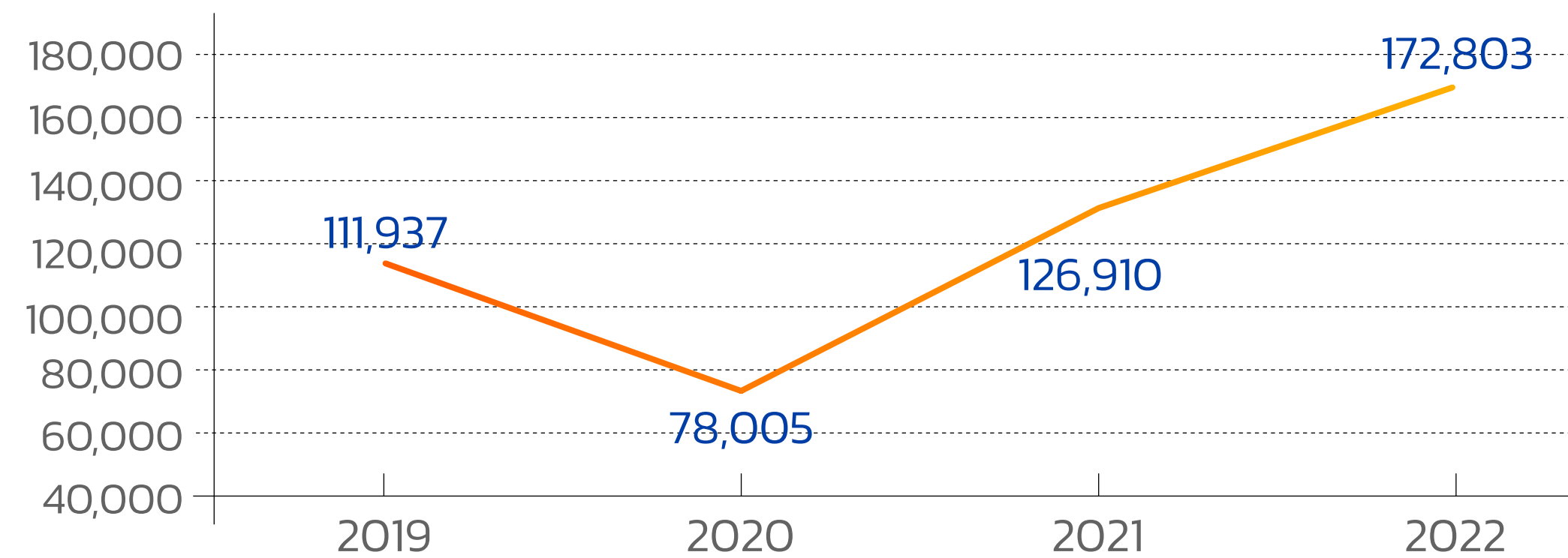
(GRI 305-1)



— Metric tons of CO2e

Total indirect GHG emissions (Scope 2) in metric tons of CO2e

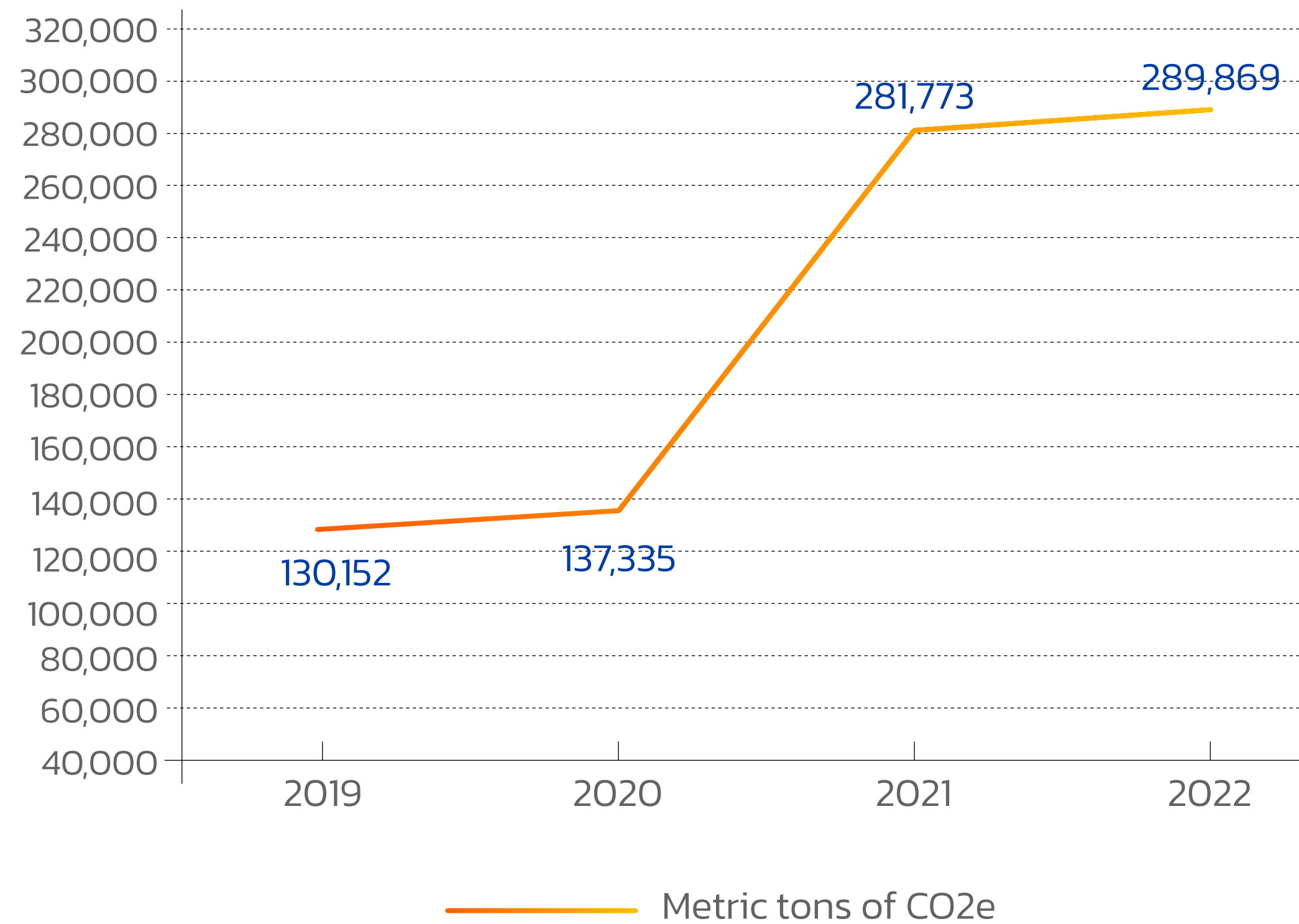
(GRI 305-2)



— Metric tons of CO2e

Total direct GHG emissions (Scope 3) in metric tons of CO₂e

(GRI 305-3)



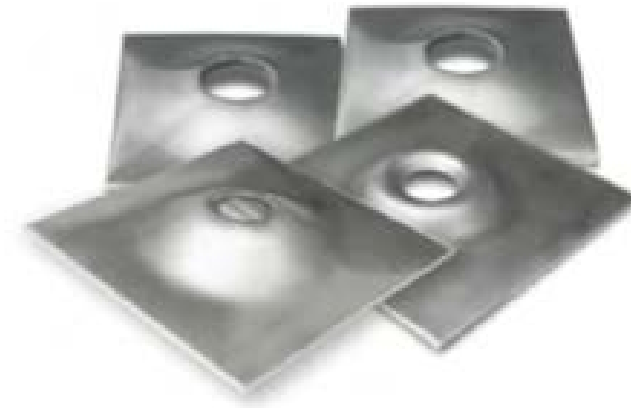
The efforts we make to achieve the emission reduction objective are also monitored by observing the emissions ratio, calculated using the Worldsteel Association methodology, as indicated below:

YEAR	EMISSIONS RATE (TCOE/T LIQUID STEEL)
2019	0.68
2020	0.63
2021	0.66
2022	0.47

Update of information, regarding Emissions

(GRI 2-4)

As part of our continuous improvement and considering the ISO 14064 criteria, we have recalculated our baseline and previous inventories (scope 1, 2 and 3), taking into account the same number of locations for the 4 years reported and the identification of new ones. sources of GHG emissions, due to new bibliographical sources.



Note 1: Our 2019 and 2020 inventories have been verified by Lloyd's Register on January 20 and June 2, 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 June 9, 2022 by the company SGS del Peru.

Note 2: For the 2021 and 2022 inventory, the reported values correspond to categories 1 and 2. Scope 3 contemplates the sum of categories 3 and 4 of the GHG inventory.

Note 3: We have made a recalculation of the base year considering the new version of the ISO 14064-1 standard and the scope of the inventory related to the number of locations. The data consolidation type is still Operational Control. The reported data was prepared with the calculation tool of the Ministry of the Environment - MINAM (Peru Carbon Footprint), as well as the source of the emission factors and the global warming potential (GWP) rates. The type of gases have been included in the calculation of category 1 (scope 1), category 2 (scope 2) and categories 3 and 4 (scope 3) emissions, being: CO₂, CH₄, N₂O and HFC, as appropriate.



Initiatives to reduce the carbon footprint

(GRI 305-5)

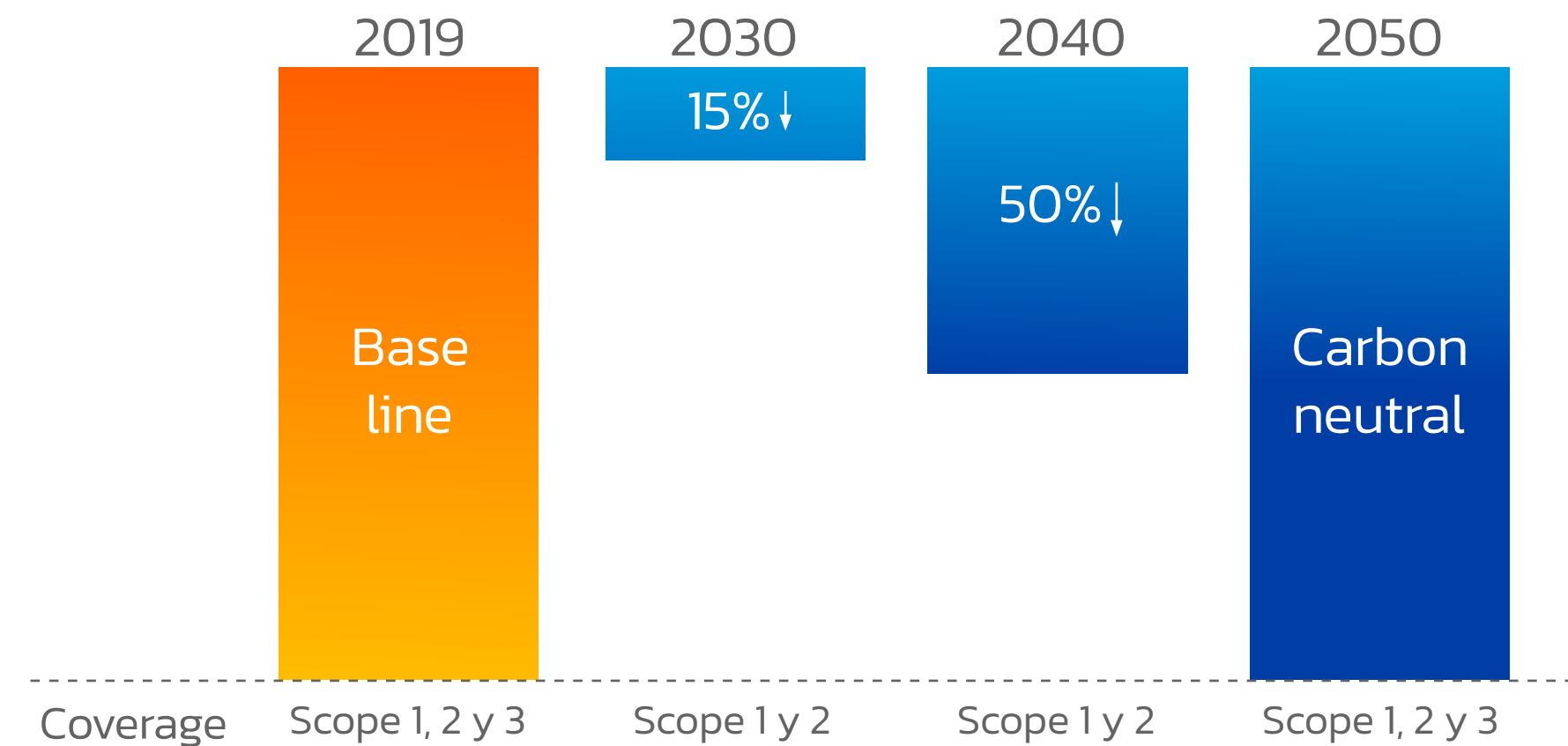
<p>We use natural gas replacing diesel oil and R500, since 2004.</p>	<p>In 2017 and 2018 we have implemented regulators in the taps from our finished product warehouses (Callao and Trapiche headquarters), offices and meeting rooms.</p>	<p>In 2020, 4 electric cranes were implemented to replace those that consumed diesel oil for handling scrap in the Stockyards. With an approximate reduction of 150 tCO₂e/year for each piece of equipment.</p>
<p>The electrical energy we consume is generated by the Mantaro hydroelectric and it is not self-generated by the burning of some fossil fuel.</p>	<p>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.</p>	<p>In 2022, Steel Mill #2, due to its state-of-the-art technology, has allowed us to go from an intensity of 415kWh/t to 375kWh/t of liquid steel.</p>
<p>We have a Solid Waste Minimization and Management Plan, under the focus of minimizing waste generation that go to final disposal.</p>	<p>Since 2015 we have LED lighting in the operational areas of the finished product warehouse at the Callao headquarters.</p>	<p>We have trained 31 internal auditors of energy management in order to implement an energy management system based on the ISO 50001 standard.</p>
<p>We take advantage of the waste generated such as wood to signal roads and we participate in the recycling programs of the NGOs Ciudad Saludable (in Pisco) and ANIQUEM (in Lima), we sell waste such as used oil, copper, stainless steel and unused wood.</p>	<p>We have trained 17 internal carbon footprint auditors in accordance with the ISO 140064-1 standard in order to ensure the quality of GHG inventories and implement reduction improvements.</p>	<p>Our administrative offices in Magdalena have LEED certification and all the taps have consumption regulators, as well as presence sensors for the lighting in the</p>

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, which is why we set out to achieve carbon neutrality by 2050, for which we implemented strategies and actions, among which have:



OBJECTIVES TO ACHIEVE CARBON NEUTRALITY



Other strategies:

- Implementation of improvement projects aimed at the **efficient use of natural gas** and technological renewal.
- Progressive change from synthetic fertilizers to **organic fertilizers**.
- **Renewal of fleet** that consumes diesel by GNV for the transport of finished product.
- **Total change of the third fleet** that transports the raw material and delivery.
- Preferences **in imports/exports with a lower carbon footprint**.
- **National and regional scrap yard strategy**.
- Evaluation of the **use of green H2 and REDD+ projects**.

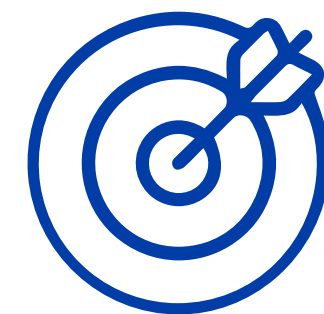
Air quality

(GRI 3-3, 305-7)

At CAASA we evaluate atmospheric emissions, air quality, noise levels, liquid effluents and non-ionizing radiation as described in our Environmental Monitoring Program. At the Pisco steel complex, the measurement of atmospheric emissions is carried out, since it is the only location where the furnaces for the production of steel are located. This is done through direct monitoring with a laboratory accredited with ISO 17025.

As part of our commitment and compliance with the environmental monitoring program, we measure air quality in each of our locations, according to each IGA approved by the competent authority ¹⁶.

Regarding air quality management, the impacts associated with the operations were identified, among which we have the possible alteration of the environment due to accumulated contamination of particulate matter and as a positive impact, the use of live fences in the plant that Helps sequester carbon from the environment. We maintain joint work with employees, authorities and the surrounding population. Our commitments are described in our environmental policy and the main indicators are shown below



Objectives

- NOX: < 138 t/year
- SOX: < 20 t/year
- Material Particulado: <54t/year

¹⁶ The sampling and analysis methodology, as well as the comparison of the results, are based on Supreme Decree No. 003-2017-MINAM, which describes the sampling methods and environmental quality standards (ECA) against to which the results are compared.



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

1

Live fence perimeter'

In the perimeter of the steel complex, we have a live fence made up of eucalyptus and aromo that measure more than 10 meters, this live fence serves as a barrier so that the suspended particles that are generated in a diffuse way do not leave the perimeter of the plant as well It serves as an acoustic barrier. There is a specialized maintenance area.

2

Use of ecoblocks

In 2022 we have implemented new rows of live fences that, together with the use of ecoblocks, have allowed us to reduce the speed of the wind and therefore the possibility of suspension of particulate matter. For this we have planted 1 km of eucalyptus and more than 0.42 km of eco-blocks for the storage of industrial by-products.



3

Improvement in Steel Mill #2

The new fume plant at Steel Mill #2 allows for greater treatment capacity, going from 780k Nm³/h to 1795k Nm³/h, complying with national and international regulations.

4

Energy Matrix

Our main energy matrix is natural gas, which replaces other fossil fuels that contain sulfur in their composition. With this we have substantially reduced the SO₂ emissions that could be generated in our kilns.

5

Irrigation of unpaved areas and road paving

We have a risk program for unpaved areas that uses treated water from the PTARDs, as well as maximum speed signs on the avenues of the steel complex.

In 2020, as part of the “New South Access” project, we have paved part of the main avenues with high vehicular traffic for finished product loading and scrap unloading trucks, reducing the emission of particulate matter.

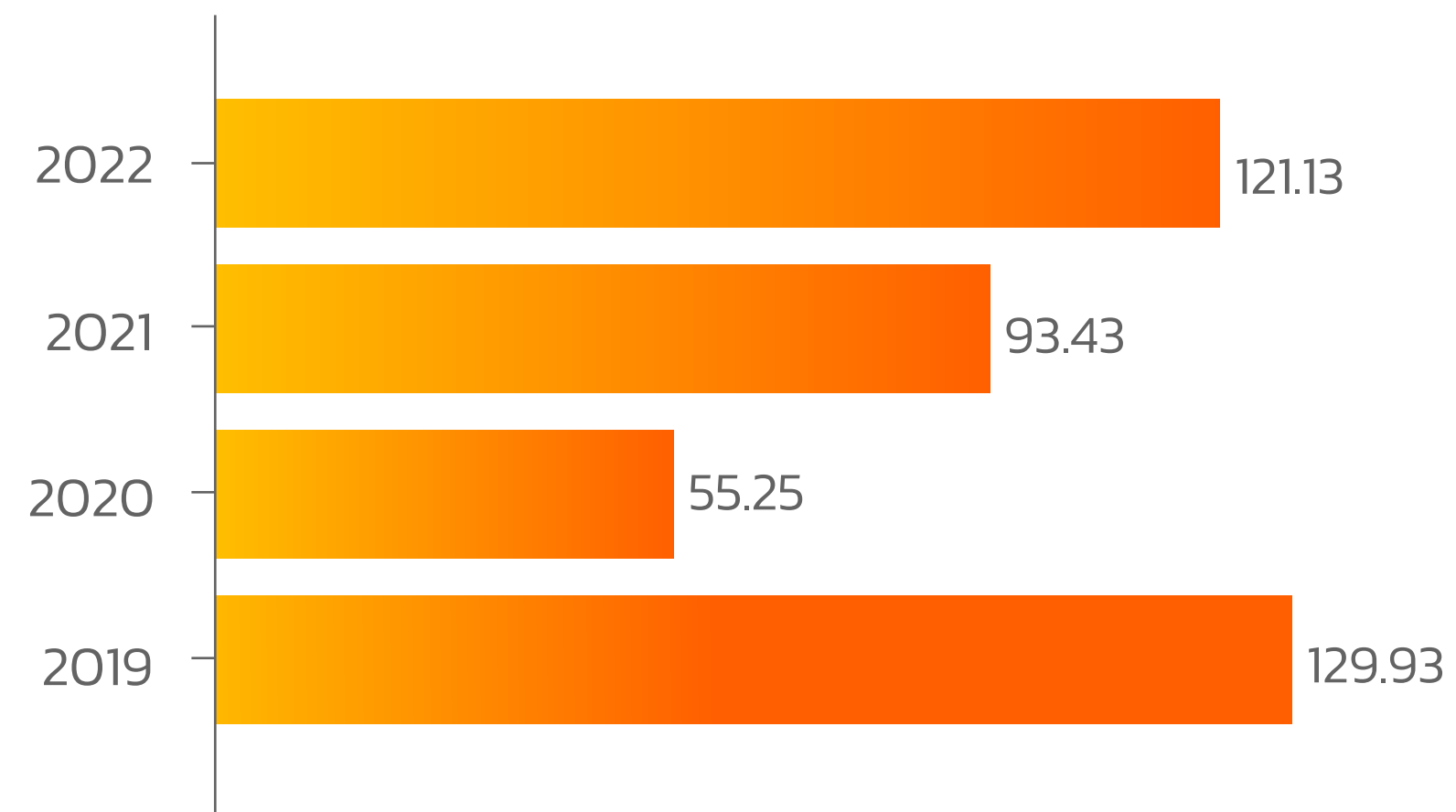
We have an investment plan to pave different roads and internal routes for a total of USD 500,000 per year.



Air Monitoring Results

(GRI 305-7)

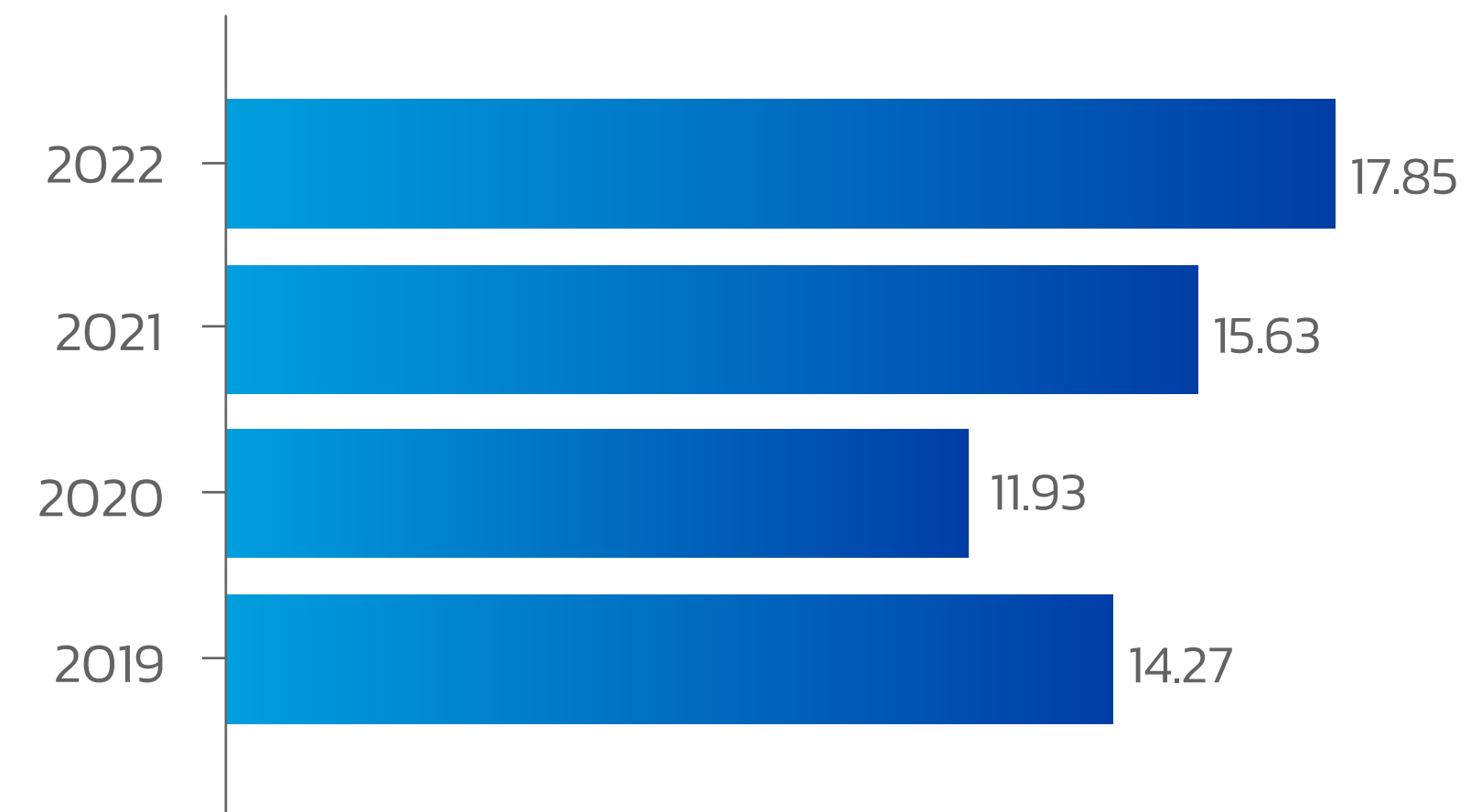
NOX EMISSIONS IN METRIC TONS



Note: For the year 2022, we had the goal of not exceeding 138 tons of NOx emissions.

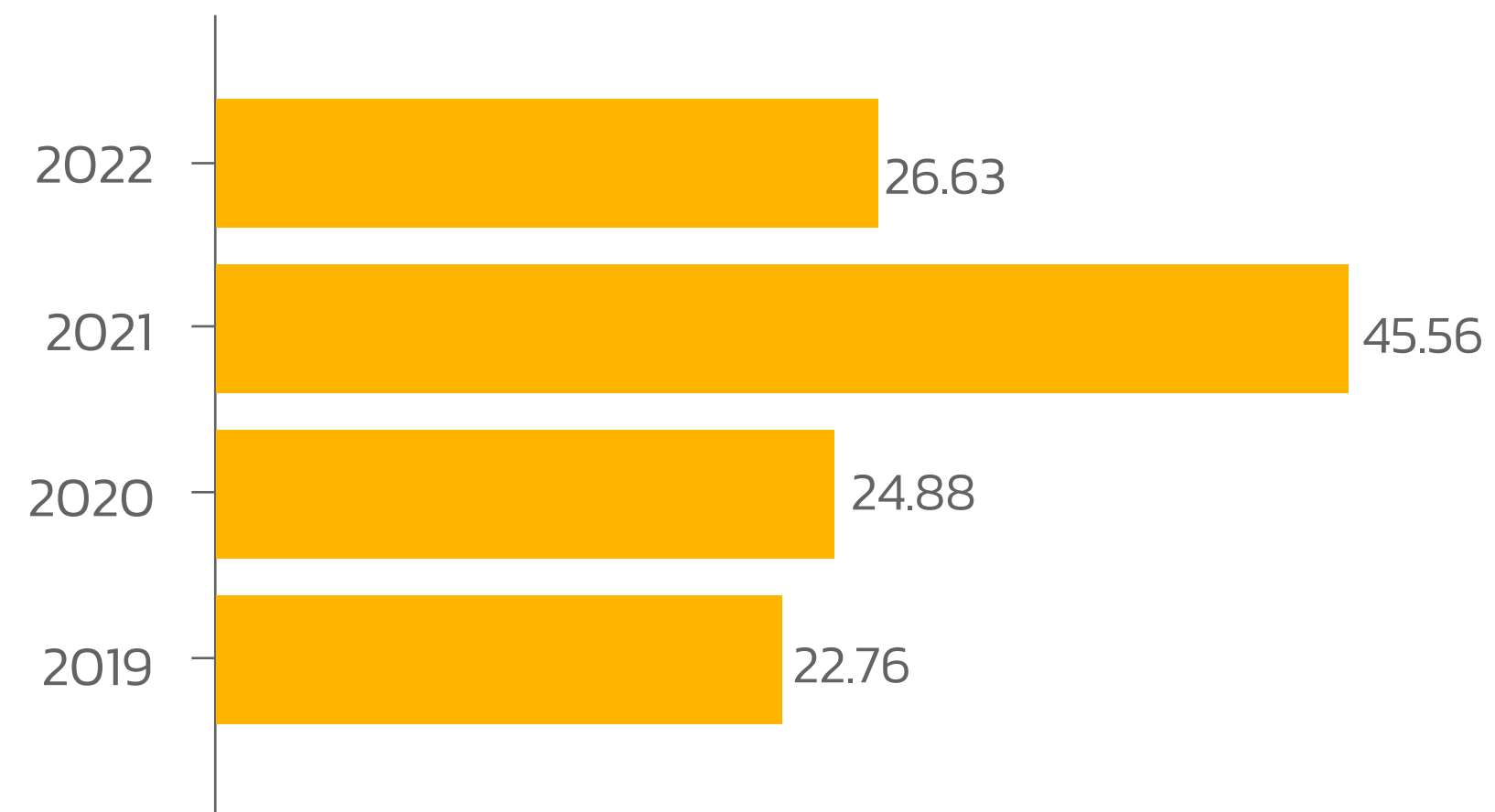
The increase is due to the fact that, in 2022, the new steel mill operated for 12 months. Unlike the year 2021, in which only 3 months were operated; the remaining 9 months were operated by Acería 1.

SOX EMISSIONS IN METRIC TONS



Note: For the year 2021, we had the goal of not exceeding 20 tons of Sox emissions.

DUST EMISSIONS IN METRIC TONS



Note: For the year 2022, we had the goal of not exceeding 54 tons of dust (or particulate matter) emissions. This decrease is due to the commissioning of the new smoke plant with a treatment capacity much greater than the previous one.



4.3 Circular economy and waste management

➤ We revalue solid waste and industrial by-products

Circular economy

Metal waste is one of the main raw materials in our company, which is why we have a circular economy approach. We take advantage of the industrial by-products that we generate and, through technology, we manage to use them as raw material in our process or for other industries, thus reducing the consumption of resources and virgin raw materials in production processes. Our goal for 2022 was to achieve 40% use of SPIs.

We use approximately 1 million 300 thousand tons of ferrous scrap annually in our production process. Being the main steel recycling company from the West Coast of the South Pacific to Central America.



Objective

Reach 60% de use of SPIs generated by 2030



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

- Steel Mill #2 (electric furnace) allows us to consume larger amounts of scrap that theoretically can represent 100% of the metal load. Due to the use of state-of-the-art technology, we have a better ratio in the consumption of electricity and water.
- Recovery of wooden stretchers.
- Implementation of the process for obtaining zinc oxide from steel dust.
- We continue with the manufacture of ecoblocks from ecogravilla.
- Char and dolochar concentrate to replace anthracite in the Steel Mill.
- Recovery of metallic iron from slag.
- Services related to the collection of national scrap (Disassembly of structure and components, flame cutting service, stowage service, transport service and container collection service).

- External use of Mill Scales through the commercialization of more than 150,000 tons between 2021 and 2022.
- Implementation of scrap yards (Oquendo, Cajamarquilla, Villa el Salvador, Arequipa and Trujillo).

In our production process, we generate Industrial By-Products (SPI) that can be reused in new processes. The main SPIs, due to the amount generated, are:

Human waste



A part of this SPI is recovered because its composition has a percentage of magnetic iron and is recirculated back to the steel mill. The non-magnetic part is called ecogravilla and is used to manufacture lego-type ecoblocks and road paving, among other products.

Steel Dust



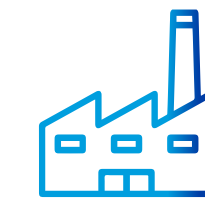
In 2021, after several investigations, we have managed to condition our rotary kiln and other components to recover zinc oxide from steel dust, in order to be commercialized.

Lamella



It is marketed with Peruvian companies and, during 2021, we have managed to close a sale of 150,000 tons to Malaysia to be used again in the steelmaking process.

Char-Dolochar



This SPI is generated by the Direct Reduction process, in the coal cleaning plant. Currently, we have large quantities of this material that is used in the steel mill instead of coal.

Industrial by-products

CIRCULAR ECONOMY	UNIT	2019	2020	2021	2022
SPI generated	metric tons	173,852.48	127,917.00	162,830.34	212,043.72
Leveraged SPIs	metric tons	49,076.00	124,828.39	252,434.34	58,715.63
Ecogravilla	metric tons	27,069.00	110,607.00	85,939.00	41,058.41
Limestone Fines	metric tons	1,550.00	984.00	1,210.00	307.88
Bag House RD Powder	metric tons	1,156.00	0.00	1,194.00	471.00
husk and flake	metric tons	118.00	54.00	147,634.37	166.29
Char concentrate used as a replacement for carbon in the steelmaking process	metric tons	5,164.00	2,482.00	225.97	4,212.50
Metallic iron recovered in the slag crushing process	metric tons	11,061.00	7,255.00	3,607.00	8,144.16
used refractory concrete	metric tons	0.00	372.39	9,626.00	0.00
CA briquettes processed from "non-metallic shredder" material	metric tons	3,087.00	3,074.00	2,322.00	0.00
steel nugget	metric tons	0.00	0.00	0.00	137.29
zinc smoke	metric tons	0.00	0.00	676.00	4,218.10

Circular economy projects implemented:

1

Recovery of metallic iron from slag for the recirculation of raw material in the Steel Mill

During the steel melting and refining process, a by-product called slag is generated, which still contains between 10 and 15% magnetic iron. Currently, between 10,000 and 11,000 tons of slag are generated, which enter the metallic iron recovery process for its physical separation through crushing by hammers and magnetic strips.

What is recovered returns to the Metal Yard for processing as raw material, replacing part of the national light-heavy scrap. The difference in the by-product is called ecogravilla. This is used as an alternative material to the quarry for the production of concrete and/or the creation of roads and accesses.

2

Harvesting of Char and Dolochar

The densimetric separation of partially burned coal, called Dolochar Mixture, is intended to increase the grade of coal in order to replace the anthracite used as an input in the steel plant.

In this way, we take advantage of the properties of an industrial by-product to replace an input, reducing costs and prioritizing its use over final disposal, in addition to reducing the impact generated by the extraction of mineral coal.

3

Use of ecogravilla in the manufacture of ecoblocks and other products

The project consists of manufacturing ecogravilla-based concrete, replacing 100% crushed stone and sand, and an optimal percentage of cement, in order to manufacture vertical and horizontal structural elements for use in the plant.

Currently, the blocks are used for ordering and optimizing the space of scrap heaps and in the fence of industrial by-products.

In addition to ecoblocks, we also develop bricks, paving stones, perimeter fences and road paving with this material.

4

Recovery of zinc oxide from steel dust

Dust from the Steel Mill is captured and directed to the Smoke Treatment Plant of the SSteel Mill where, through a bag filter, it is captured and evacuated to the truck hoppers, previously moistened in the form of pulp. Steel dusts have a zinc content of 15% on average. They have stored more than 140,000 tons. Since 2021, we have conditioned our rotary kiln and other components to obtain zinc oxide from steel dust through a pyrometallurgical calcination process.

Waste management

At CAASA we prioritize the recovery of waste generated in the steel production process, rather than its final disposal. We establish indicators and initiatives to achieve these objectives and goals regarding the use of solid waste (RR. SS.).

We work under an office waste minimization approach; therefore, we avoid the printing of documentation and the generation of paper waste, we keep all the documentation of the integrated management system in the Goldenbelt (virtually); Thus, we also manage other systems that allow the use of digital signatures for certain procedures. We keep track of the number of documents printed by users. We also implemented the use of biodegradable material in the dining room services to replace disposable material (glasses, containers, bags).

We look for, promote and carry out an adequate segregation, once the solid waste is generated, we have duly identified containers for the segregation of the waste taking into account its physical characteristics and then it is taken to the Central RR. SS Warehouse. Thanks to our Comprehensive Waste Management Program,

we currently do not generate significant environmental impacts. Our goal by 2022 was to reach 40% use of the waste generated.



We are maximizing efforts to certify ourselves as a “zero waste” company



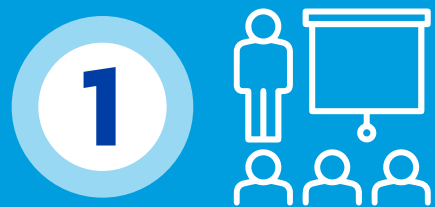
Objective

Reach 60% use of the waste generated by 2030.



Comprehensive Waste Management Program

After proper segregation, we reuse the waste and ensure its handling, following these guidelines:



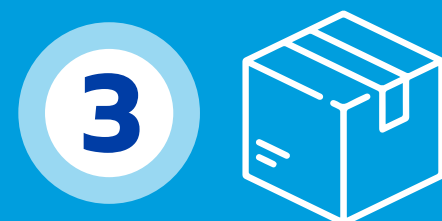
1 Segregation and storage at the source:

We have training and signage for the correct segregation of waste. We also have duly identified containers.



2 Internal collection:

In the steel complex, we have a company solid waste operator that is responsible for the collection of waste from storage at the source to the central waste warehouse solid.



3 Core storage:

We have a central solid waste warehouse with differentiated cells for each type of waste, in order to be able to Collect as much as possible and give it some type of conditioning prior to handling.



4 Use of sold waste:

Once the sold waste is segregated, it is managed as follows:

- Metallic waste is returned to the metal yard for processing at the steel mill, while copper and stainless-steel waste is admitted and stored under custody, with the purpose of being marketed.
- The used oil is marketed with an operating company in charge of its treatment and recovery.
- Paper, cardboard and plastic waste is donated to the recycling programs of the NGOs ANIQUEM and Ciudad Saludable with the intervention of an EO-RS and a formalized recyclers association, respectively.
- Disused wood residues are marketed with an EO-RS



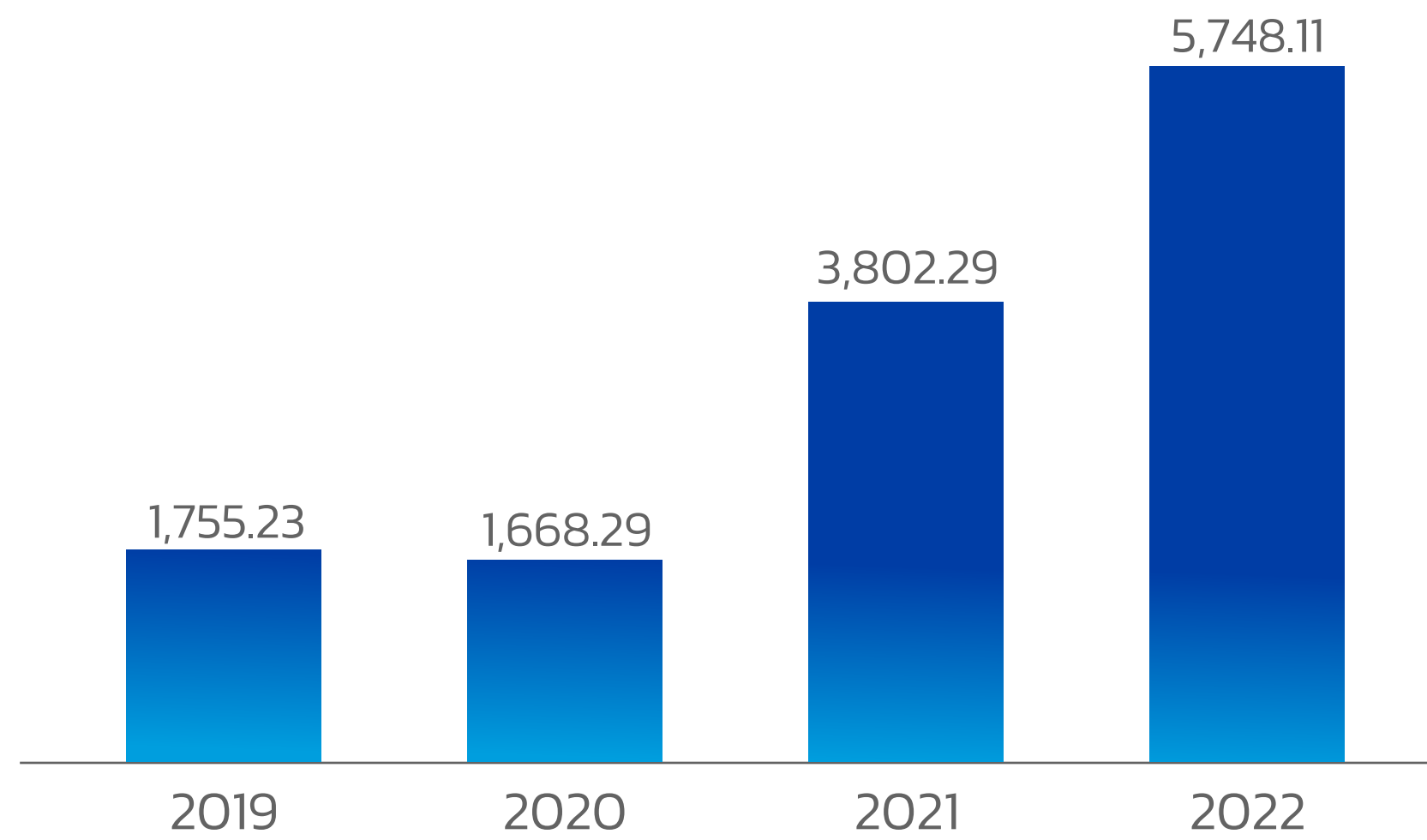
5 Final disposition:

The waste that cannot be used is transported by a solid waste operating company to a sanitary or security landfill depending on its danger.

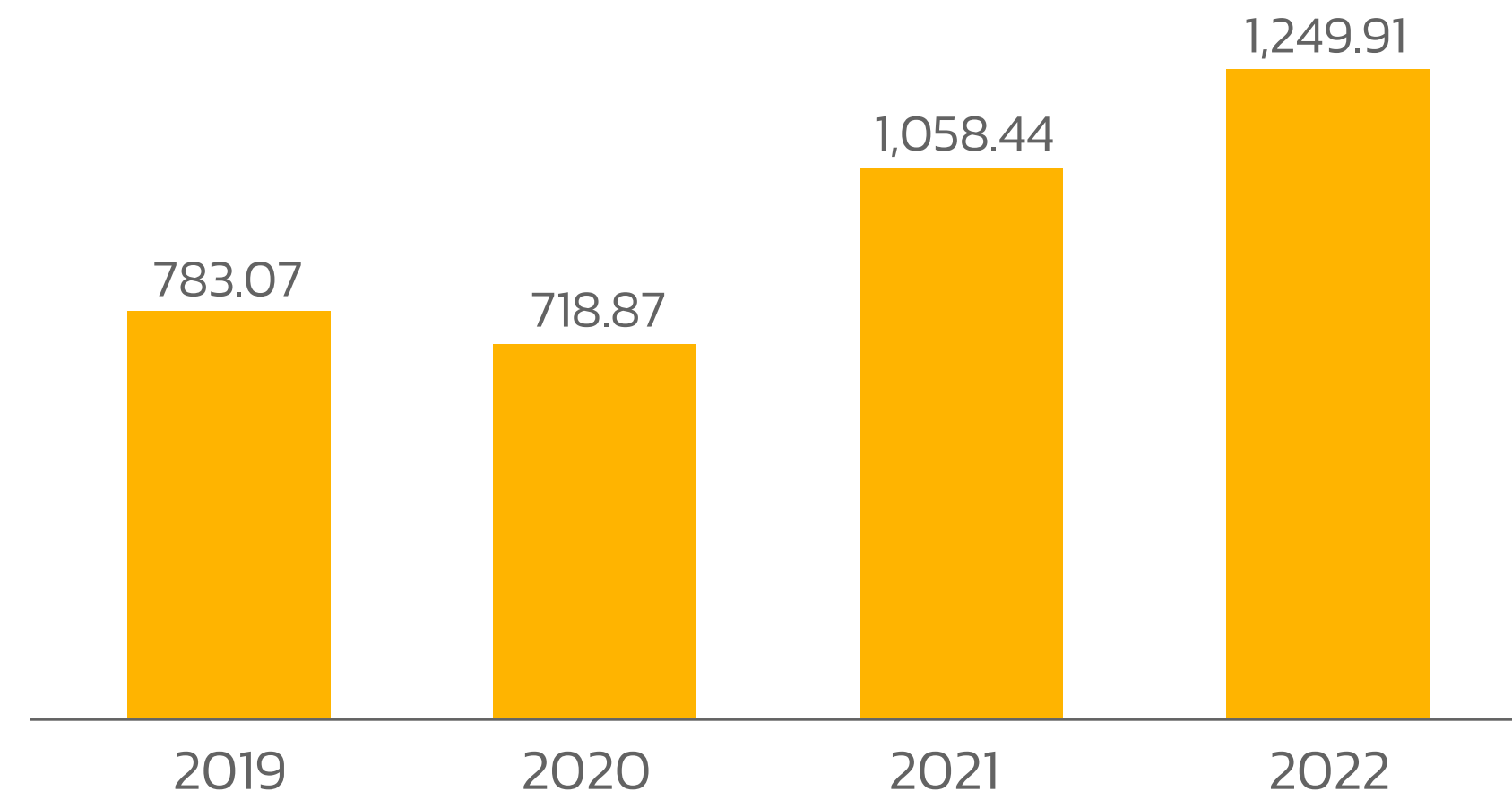


Leading indicators:

WASTE GENERATED IN METRIC TONS



WASTE SOLD/RECYCLED/USED IN METRIC TONS



Waste Generated in metric tons

EXERCISE	HAZARDOUS SOLID WASTE (TM)	NON-HAZARDOUS SOLID WASTE (TM)	TOTAL SOLID WASTE
2022	652.46	5,095.65	5,748.11

Waste Generated and Used in metric tons (MT)

	2019	2020	2021	2022
a) Total waste generated	1,755.23	1,668.29	3,802.83	5,748.11
b) Total waste sold/recycled/used	783.07	718.87	1,058.44	1,249.91
Total waste disposed (AB)	972.16	949.42	2,744.39	4,498.20*
Final waste disposal goal	-	910.00	2,019.00	2,965.00

*The increase in disposed waste was due to the fact that a large amount of unused wood accumulated for more than 10 years had to be disposed of at the Pisco headquarters. This evacuation was carried out between the months of February and May, as a precaution against any observation of possible fire risk that the Municipality of Paracas could identify.



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

	UNIT	2019	2020	2021	2022
Non-Hazardous Waste Generated	TM	1,409.12	1,377.56	2,930.34	5,095.65
Reused Non-Hazardous Waste (Not intended for disposal)	TM	661.55	664.65	1,674.75	4,022.78
Unexploited Non-Hazardous Waste (Destined for disposal)	TM	747.57	712.91	1,255.59	1,072.87

Hazardous Waste Generated and Used in metric tons (MT)

	UNIT	2019	2020	2021	2022
Hazardous Waste Generated	TM	346.11	290.73	872.49	652.46
Reused Hazardous Waste (Not intended for disposal)	TM	84.41	53.05	160.29	177.04
Unexploited Hazardous Waste (Destined for disposal)	TM	261.70	237.68	712.20	475.42



Waste by type in metric tons (MT)

NON-HAZARDOUS WASTE	UNIT	2019	2020	2021	2022
Non-Hazardous Waste Generated	TM	1,409.12	1,377.56	2,930.34	5,095.65
Reused Non-Hazardous Waste (Not intended for disposal)	TM	698.66	665.82	1,008.28	4,022.78
salvaged scrap	TM	19.99	8.22	39.08	2.36
Disused wood (includes disused stretcher)	TM	459.21	493.93	764.92	832.37
Residues of relevant value (Copper, bronze, etc.)	TM	27.80	26.47	74.42	0.00
Plastic	TM	7.42	4.05	0.93	2.32
Paper	TM	1.17	2.23	44.89	13.31
Cardboard	TM	27.32	20.07	58.88	35.78
Demolition debris	TM	0.00	0.00	0.00	120.81
Solids of the Treat. Liquid	TM	0.00	0.00	0.00	64.22
End-of-life tires	TM	5.75	4.85	25.16	1.70
Others	TM	150.00	106.00	0.00	0.00
Unexploited Non-Hazardous Waste (destined for disposal)	TM	710.46	711.74	1,922.06	1,072.87
General waste for final disposal	TM	710.46	711.74	1,922.28	1,072.87



DANGEROUS RESIDUES	UNIT	2019	2020	2021	2022
Hazardous Waste Generated	TM	346.11	290.73	872.49	652.46
Reused Hazardous Waste (Not intended for disposal)	TM	84.41	53.05	160.29	177.04
WEEE	TM	5.81	16.83	3.72	13.18
Contained oily waters	TM	0.00	0.00	106.41	76.09
Disused galley sheds	TM	4.76	8.52	0.00	2.48
Disused cylinders	TM	0.00	0.00	0.00	7.68
IBC vats	TM	0.00	0.00	0.00	10.46
Sawdust impregnated with mineral oil	TM	0.00	0.00	0.00	6.11
Residual oil	TM	73.84	27.70	50.16	61.04
Others	TM	0.00	0.00	0.00	0.00
Unexploited Hazardous Waste (Destined for disposal)	TM	261.70	237.68	712.20	475.42
Various contaminated	TM	197.00	153.03	490.39	334.40
Asbestos sheets	TM	0.00	0.00	0.00	0.00
Biomedical waste	TM	0.00	0.00	0.00	0.89
Contained Grease Trap Fluids	TM	64.70	44.00	44.62	23.83
Septic tank sludge	TM	0.00	19.23	52.41	0.00
Contained oily waters	TM	0.00	21.42	124.78	79.72
metallic sludge	TM	0.00	0.00	0.00	36.58



4.4 Business eco-efficiency

(GRI 3-3)

➤ We seek to generate efficiencies throughout the production chain

Energy Management

We focus our management on eco-efficiency, with this we are able to produce goods and services with a lower environmental impact.

At CAASA we remain at the forefront of technology and we invest in it, which allows us to have efficient energy consumption that positively impacts production costs with a reduction in consumption and the reduction of our carbon footprint. Our other offices have LED luminaires with photocells and our administrative office has presence sensors, allowing energy savings in lighting.

During 2022, we achieved a reduction in oil consumption between 2,500 to 3,000 gallons per month due to the use of electric cranes in the Pisco scrap yard. During 2022, electricity

consumption was 752 kWh/t at the Pisco headquarters and the energy consumption (electricity, gas, and oil) at the Pisco and Lima headquarters was 1,209.56 kWh/t. Our goal for 2022 was to reduce energy consumption to 650 kWh/t of finished product.



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



Objective

- Reduce energy consumption (electricity, gas and oil) to 892 kWh/t of finished product by 2030.
- Reduce electricity consumption to 620 kWh/t of finished product by 2030

(GRI 302-4)

Electricity consumption system of the project “Modernization of the Steel Mill”

Steel Mill #2 is the main consumer of electricity at the Pisco Plant. The current consumption of the electric furnace amounts to 411 kWh/t, being more efficient than the old electric furnace that stopped operating in March 2022. It is expected to reach 380 kWh/t with the optimization of the process.

Consumption of less polluting energy to replace other fossil fuels

We continue to purchase electric mobile cranes instead of cranes that use diesel fuel. The main application of these cranes is the handling and classification of scrap metal in the different yards of the Corporation. In 2022, 01 crane was acquired.

Luminaire standardization with energy efficiency

We implement lights with photocells that turn on according to the level of outdoor lighting.
We changed the sodium luminaire for an LED luminaire on the main avenue of the Pisco Plant.

In the execution of all the corporation’s operational and administrative projects, we consider the incorporation of efficient lighting practices (use of led lighting and timers). The timers are predetermined.



Leading indicators

(GRI 302-1, 302-4)

Energy consumption in MWh

	2019	2020	2021	2022
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
Non-renewable purchased electricity	0.00	0.00	38,236.99	138,629.26
Steam/heat/cooling and other purchased non-renewable energy	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
Total de energía no renovable (eléctrica y calor/enfriamiento) vendida	0.00	0.00	0.00	0.00
Total non-renewable energy consumption (A+B+CE)	506,324.24	372,283.06	619,893.24	769,896.89
Total non-renewable energy consumption goal	-	494,443.87	643,950.67	724,044.46

EXERCISE	TOTAL ENERGY CONSUMPTION (KWH)
2022	1'487,647,090.00



During 2022, energy consumption increased since the company began to manufacture a greater number of billets compared to 2021 (211 thousand tons more than in 2021).

Total costs of energy consumption in soles

2019	2020	2021	2022
140'911,727.83	91'437,062.18	165'146,933.23	216'179,748.40

Energy Intensity

(GRI 302-3)

EXERCISE	ORGANIZATION ENERGY INTENSITY RATIO
2022	1,209.56 Kwh/Tm



The specific parameter (denominator) to calculate the ratio.

Pisco:
 Rolling production 1 = 319,261 t
 Rolling production 2 = 814,351 t
Callao:
 Coil Cut (Callao sheets) = 11,121.04 TM
 Manufacture of Callao Tubes = 26,894.90 TM
 Manufacture of SPLITBOLT-PT Tubes = 1,065.23 TM
Comasa:
Cajamarquilla:
 Coil cut (Cajamarquilla sheets) = 7,476.76 TM
 Manufacture of tubes Cajamarquilla = 16,396.04 TM
Comfer:
 Wire Manufacturing Process = 25,017.52 TM
 Nail Manufacturing Process = 4,404.74 TM
 Rod Manufacturing Process = 51.71 TM
 Mesh Manufacturing Process Lima = 1,156.91 TM
 Lubricant Manufacturing Process = 38.64 TM
 Manufacture of Nails Plant 2 = 2,579.95 TM
TOTAL= 1,229,906.34 t

The types of energy included in the intensity ratio

- Electric power
- Natural gas
- Petroleum

Whether the ratio covers energy consumption within the organization

Within the organization (Peru)

Water Management

(GRI 303-1, 303-2)

At CAASA we are committed to the efficient use of water and the responsible consumption of resources aligned with the principles of circular economy. The main impact that we must manage is the accelerated depletion of water resources, which is why we seek to have an adequate management of domestic and industrial effluents and reinsertion in operations. Our strategy is based on optimizing water consumption through initiatives and projects to reuse, reduce and/or replace water.

We have mechanisms to ensure compliance with applicable national requirements. Our main milestone in 2022 has been to obtain a reduction in the water consumption ratio in the steel mill, from 0.64 to 0.45 m³/ton produced,

due to the implementation of a more efficient water plant that also has an aero-closed circuit chillers. Our goal for 2022 was to achieve a water consumption of 1.38m³/t of finished product. We have use and exploitation licenses issued by ANA. During the 2022 period, we did not receive fines or environmental sanctions associated with the management of water, effluents or potential spills.



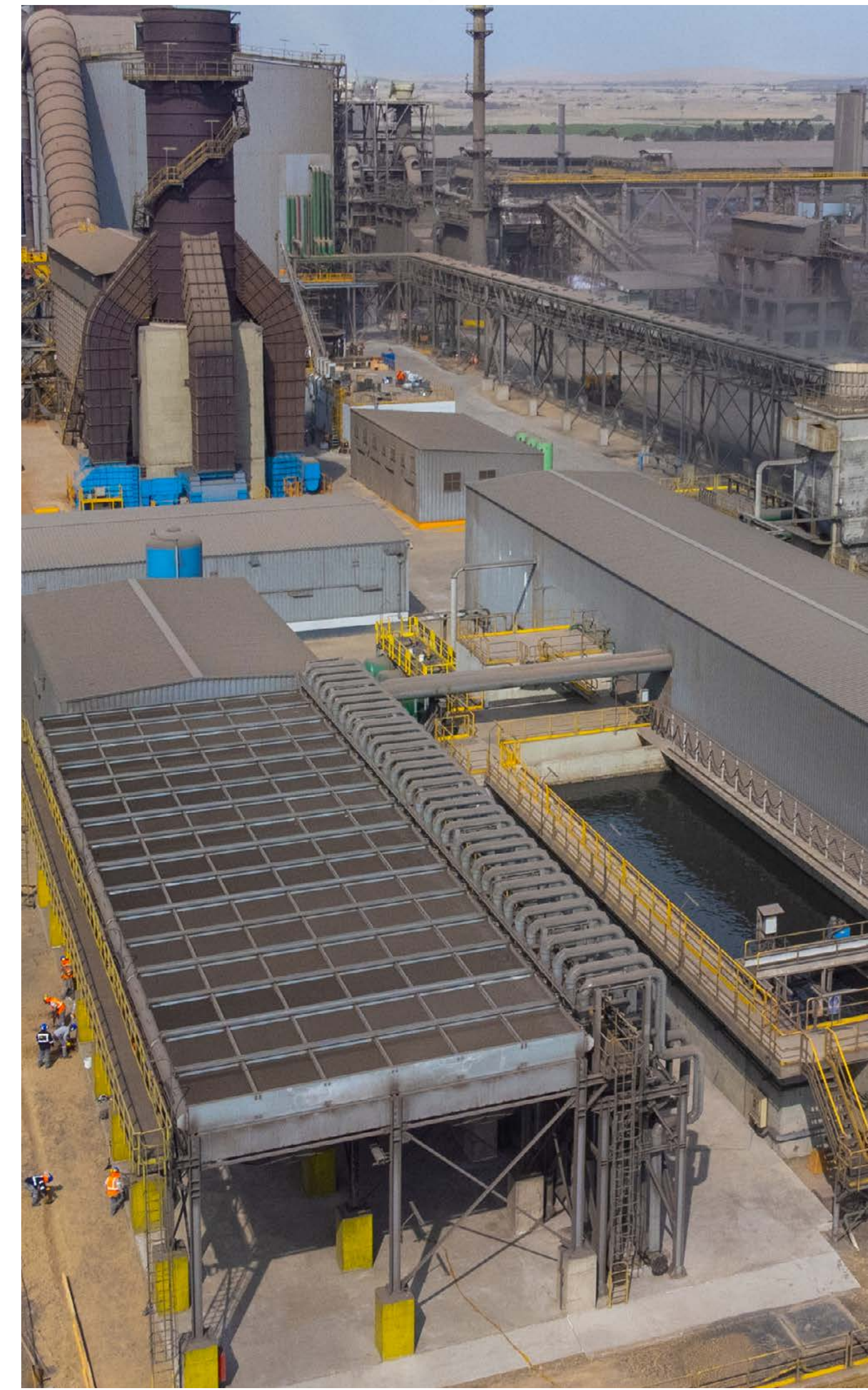
We reduce water consumption per ton of steel by 40% thanks to our dry coolers.

Our production plant in Pisco is located in an area of an overexploited aquifer. Committed to the efficient use of water, state-of-the-art technology has been used to care for water consumption. One strategy is the use of reverse osmosis plants in order to recirculate more water in the processes with proper management of the concentration cycles; In addition, domestic effluent treatment plants with MBBR technology have been used for adequate treatment and recovery of water in the irrigation of green areas. On the other hand, we use filters and separators in the production processes in order to recover more water and, in Steel Mill #2 We implemented a technological change in the cooling system for the electric furnaces and smoke plant. We purchased dry coolers that allow us to eliminate water losses through evaporation and save water for the process.



Objective

Reduce the water consumption ratio by 1% per year and reach 1.30 m³/t of finished product by 2030.



Dry cooler system in water plant

The equipment called dry coolers replace the traditional systems called cooling towers, these equipment within its operation generate evaporative losses of water to the environment that cannot be recovered. Dry coolers perform the same function, but do not generate evaporative losses, which contributes to reducing water consumption.

Reverse osmosis plants

Process implemented in order to recirculate more water in processes with adequate management of concentration cycles.

The production capacity of osmotic water was increased to meet the demand of the QTB process in rolling mill 2. During 2022, 211,796 m³ of osmotic water were produced in the implemented system. This is equivalent to a 22.8% increase in the production capacity of osmosis water. Had the initiative not been carried out, more water would have been used.

Water recovery system for washing gravel filters

The water recovery system for washing the gravel filters implemented in 2021 in Lamination plants N°. 1 and 2 and in Steel Mill #2 have advanced technology for separating suspended solids contained in the water, through controlled thickening, without the need to apply chemicals. This clarified water is recovered in a reservoir to be reused again as washing water, and so on in each washing cycle, which is why water is not lost at any time.

The system allows us to avoid the consumption of water in an area of water stress; with a total of 297,475.00 m³/year of water avoided estimated.

Mill 1: 87,600 m³

Mill 2: 91,250 m³

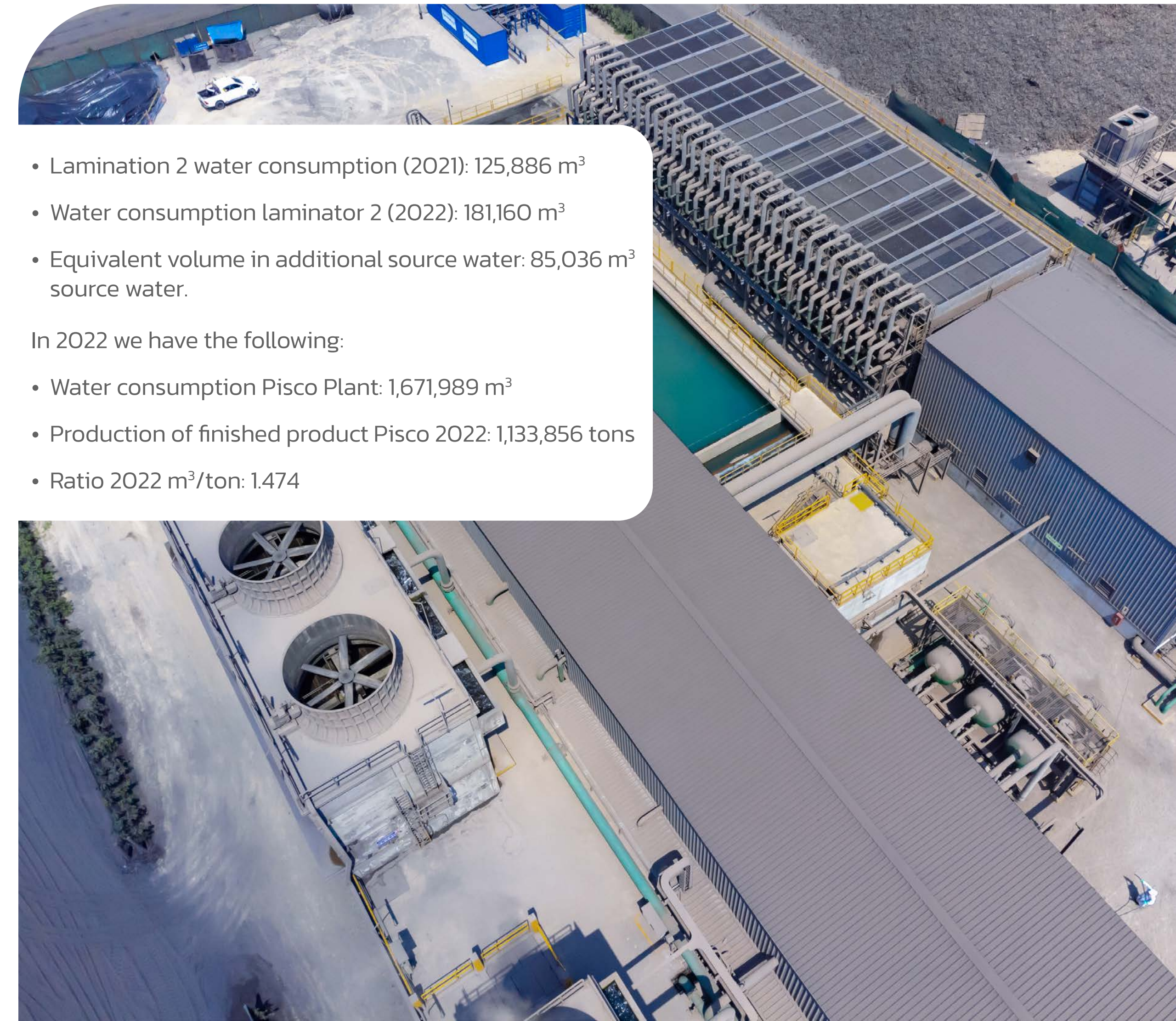
Steel mill #2: 118,625 m³



Leading indicators

Water consumption in millions of cubic meters

	2019	2020	2021	2022
Withdrawal: total municipal water supplies (or other utility sources)	0.000000	0.000000	0.000000	0.000000
Withdrawal: fresh surface water (lakes, rivers, etc.)	0.000000	0.000000	0.000000	0.000000
Withdrawal: fresh groundwater	1.390034	1.072467	1.5042470	1.671989
Discharge: water returned to the initial source of withdrawal in a quality similar to or better than the water withdrawn	0.000000	0.000000	0.000000	0.000000
Total consumption of fresh water used	1.390034	1.072467	1.5042470	1.671989
Total fresh water consumption goal		1.38	1.621789	1.618555



- Lamination 2 water consumption (2021): 125,886 m³
- Water consumption laminator 2 (2022): 181,160 m³
- Equivalent volume in additional source water: 85,036 m³ source water.

In 2022 we have the following:

- Water consumption Pisco Plant: 1,671,989 m³
- Production of finished product Pisco 2022: 1,133,856 tons
- Ratio 2022 m³/ton: 1.474

Reuse of treated domestic wastewater – Pisco Plant

We have two Domestic Waste Treatment Plants (PTARD) in strategic locations within the plant, with the objective of treating domestic wastewater, ensuring that this reuse is fully certified, sanitized, and with low environmental impact. These two plants work under the MBBR treatment system, processing 125 and 205 m³/day, respectively. Likewise, we comply with the Environmental Quality Standards (ECA) for water – category 3 (vegetable irrigation) and Maximum Permissible Limits (LMP) of the applicable environmental regulations.

During 2022, the water produced by the PTARDs was used to irrigate the perimeter live fence and unpaved areas of the steel complex. Reused industrial water is used in slag cooling processes where the water is vaporized, scrap washing, and dust control.

Reused water in millions of cubic meters

	UNIT	2019	2020	2021	2022
Reused treated domestic water	Million cubic meters	0.063332	0.047276	0.073615	0.12775
Reused industrial wastewater	Million cubic meters	0.339068	0.259800	0.371249	0.438279

Effluent quality control and spill prevention

(GRI 303-2)

With respect to liquid effluents from plants of domestic origin, there is a treatment system for domestic wastewater (PTARDs).

There are no discharges to the receiving body, since the effluents are treated and used to irrigate green areas, and with respect to the purge water from processes and reverse osmosis rejection water, a part is used to irrigate roads without paving and the rest is reused for hot slag cooling and pure water production through a second reverse osmosis step.

Even so, liquid effluents from domestic wastewater are monitored and compared with the LMPs proposed in the PAMA Update; In order for these measurements to be valid, we hire a laboratory accredited by INACAL and they are in charge of the sampling and analysis.

At CAAS A we are aware of the adverse effects that spills can cause to the environment, which is why we have an environmental emergency response plan, in which “spills” have been identified as an emergency, in this plan the activities to be carried out: before, during and

after the emergency. Thus, training and drills are also carried out in the event of an emergency and the use of the anti-spill kit, keeping personnel alert and with the appropriate tools in the event of an event.

5

Annexes



5.1 About this report

(GRI 2-1)

This integrated report has been prepared taking the GRI 2021 standards as a reference. The scope of the economic, social and environmental indicators presented corresponds to 100% of our production and includes our operations according to the following detail:

1. Lima: Magdalena (offices) and Huachipa-Cajamarquilla (tube production plant and scrap yard)
2. Callao: Enrique Meiggs (tube plant, coil cutting and straightening center, and distribution center), Avenida Argentina (Steel center, production of plates, nails and mesh - Comfer, distribution center) and Oquendo (supply center). scrap yard)
3. Pisco (Steel Complex)
4. Trujillo (distribution center, scrap yard)
5. Arequipa (distribution center)



5.2 General information

(GRI 2-1)

General data of the issuing entity

CORPORACION ACEROS AREQUIPA SA was incorporated by public deed issued on December 31, 1997 before Notary Public Carlos Gómez de la Torre R, by virtue of the merger between Aceros Arequipa SA and Aceros Calibrados SA, which were dissolved without being liquidated, to form the new company. For its part, Aceros Arequipa SA had been incorporated by public deed issued on May 13, 1964 before the Notary Public Ricardo Samanamud. The Company was registered in entry 01, item A of record 10456, now Electronic Record 11010518, of the Registry of Legal Entities of Arequipa.

In 2015, the Company approved a modification of the bylaws, modifying its registered office, being registered in the Electronic Record No. 70627037 of the Registry of Legal Entities of Callao. Subsequently, in 2019, the Company approved a new amendment to the bylaws, in order to change the registered office from Callao to Lima. Said change was registered in the

Electronic Record No. 15202705 of the Registry of Legal Entities of Lima. The term of duration is indefinite.

By virtue of the modification of the corporate purpose carried out in 2022, the main purpose of the Company is the steel industry, understood as the production of steel for the production and sale of billets, bars, profiles and wire rods, in different forms and qualities. Likewise, other activities of the corporate purpose are dedicated to the sale of products for construction and industry in general (mechanical metal, mining, fishing, agro-industry, etc.); as well as the import and export of inputs and raw materials, related to the aforementioned goods and products. It may also carry out mining claims and prospecting, prospecting, exploration, exploitation and other activities related to the mining activity.

The Company is also dedicated to the transfer under any modality of technology acquired or developed by the Company; the activity of Authorized Customs Warehouse, and

the performance of electrical transmission and generation activities. Additionally, the modification to the corporate purpose carried out in 2022 considers the storage of hydrocarbons and fuels for internal use and carrying out activities for the sale of solid waste, as well as agricultural activities in general.

The Company's main line of business corresponds to economic activity code No. 2410, according to the United Nations International Standard Industrial Classification.

Regarding the relationship with the State, it should be specified that the Company is not favored by special tax treatments, exemptions or other benefits.

The Company has, among its main locations, 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 Industrial Plant is located in the 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, Telf. (51) (1) 517-1800.
- Distribution center in Lurín: CA. S/N Almonte UC11258. Property 0057972 Zone A –Pampas de Lurín
- The Piura distribution center is located at: Carretera Piura Paita SN Lot A5 Coscomba Sector – Veintiséis de Octubre District
- The Huachipa scrap yard is located at: Plot No. 63 – Parcelación Cajamarquilla 1st Stage – Lurigancho District – Chosica
- The Oquendo scrap yard is located at: Crossing Calle B and Calle 10 – Victoria Urbanization

Third Party Operated:

- 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 scrap yard is located at the corner of Calle 3 and Avenida 2; Block: "B-1", Lot: "06, 07, 08, 09, 11, 12", Sub-Lot: "B", Urbanization: Industrial Park, District: La Esperanza, province of: Trujillo, department of: Freedom.



5.3 Additional information

Application of results for the year

After applying international financial reporting standards (IFRS), the audited result for the year 2022, in thousands of nuevos soles, was as follows:

Net Income for the Year	S/ 246,416
(-) Legal Reserve	S/ 0
Freely Available Utility	S/ 246,416

Pursuant to the General Corporations Law, a minimum of 10 percent of the distributable profit of each fiscal year is required to be transferred to a legal reserve until it equals 20 percent of the capital stock. The Company during 2018 covered the percentage required, so it is not appropriate to deduct it.

The Company's Capital Stock as of December 31, 2022 amounts to S/ 890'858,308, represented by 890'858,308 shares with a par value of S/ 1.00. As of that same date, the Investment

Shares account is S/ 182,407,512 represented by 182,407,512 shares of S/ 1.00 par value.

The Board of Directors proposes the delivery of a cash dividend of S/ 98'566,000.00, charged to accumulated results from previous years, an amount from which the cash dividend approved on July 22, 2022 corresponding to advance of dividends for the year 2022 and delivered on 16 August 2022 for an amount of US\$ 9,154,000.00 (equivalent to S/ 35'829,000.00), as well as the one approved on October 25, 2022 and delivered on 16 November 2022 for an amount of US\$ 9'511,000.00 (equivalent to S/ 38'074,000.00). The remaining amount of S/ 24'663,000.00, which will be paid in US\$ at the closing exchange rate of the day before the General Shareholders' Meeting, applies to both common shares and investment shares of free circulation totaling 1,073'265,820 shares, resulting in a dividend per share equivalent to S/ 0.022979, which, as mentioned above, will be paid in US\$. The Free Disposal profit will be channeled to the Accumulated Results account.

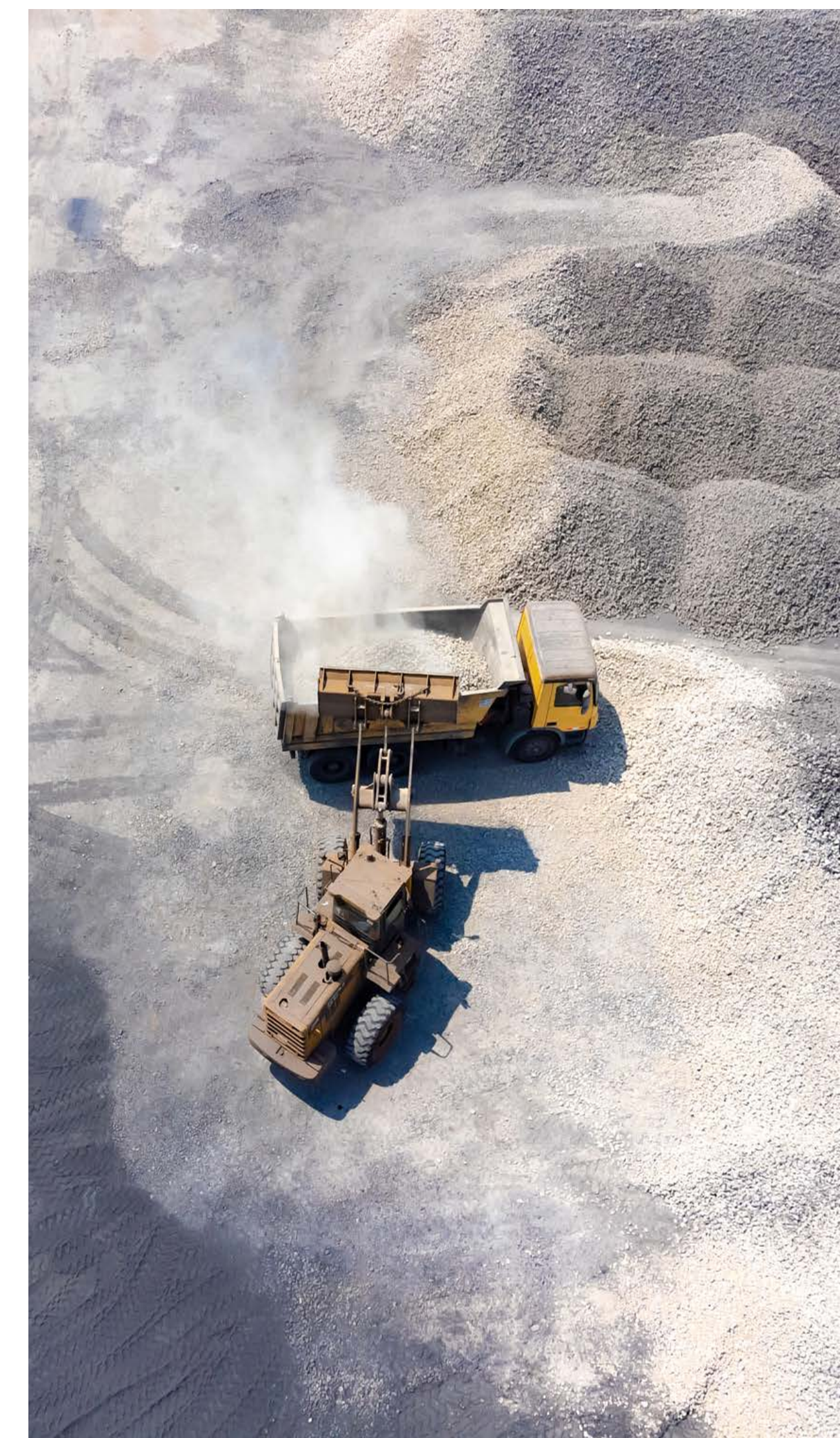
The proposed registration and delivery dates are as follows:

Registration date: 20.04.2023

Delivery date: 24.04.2023

With the approval of the proposed dividend, the Retained Earnings and Equity of the Company, in thousands of soles, would be as follows:

Social capital	S/ 890,858
Investment Shares	S/ 182,408
Legal reserve	S/ 178,449
Revaluation Surplus	S/ 202,950
Accumulated results	S/ 1,194,693
Total assets	S/ 2,649,358



Social capital

A	Capital Stock (*) fully subscribed and paid	S/ 890,858,308
B	Investment Shares	S/ 182,407,512
C	Number of common shares	890,858,308
D	Nominal value of the share	S/ 1.00
E	Shares held by national investors	77.87%
	Shares held by foreign investors	22.13%



Values

According to CONASEV CEO Resolution No. 061-98-EF/94.11, the common and investment shares of Corporación Aceros Arequipa SA were registered in the Public Registry of the Stock

Market as of 02.23.98, whose evolution during the year 2021, shown below:

A. Stock Price of Common Stock (S/ per share)

MONTH	OPENING	CLOSING	MAXIMUM	MINIMUM	AVERAGE
Jan-22	1.90	2.01	2.01	1.90	1.98
Feb-22	2.02	2.06	2.08	2.02	2.04
Mar-22	2.06	2.30	2.30	2.06	2.25
Apr-22	2.40	2.15	2.50	2.15	2.42
May-22	2.17	2.12	2.25	2.00	2.17
Jun-22	2.18	2.15	2.18	2.15	2.18
Jul-22	2.15	1.96	2.15	1.96	2.06
Aug-22	1.95	1.91	1.95	1.91	1.92
Sep-22	1.91	1.91	1.93	1.91	1.92
Oct-22	1.92	1.95	1.95	1.92	1.92
Nov-22	1.92	1.92	1.95	1.90	1.92
Dec-22	1.92	1.92	1.92	1.92	1.92

B. Stock price of investment shares (S/ per share)

MONTH	OPENING	CLOSING	MAXIMUM	MINIMUM	AVERAGE
Jan-22	1.73	1.86	2.00	1.71	1.86
Feb-22	1.82	1.88	1.89	1.79	1.84
Mar-22	1.82	1.84	1.89	1.80	1.85
Apr-22	1.85	1.53	2.07	1.40	1.77
May-22	1.51	1.42	1.60	1.35	1.43
Jun-22	1.49	1.31	1.50	1.30	1.41
Jul-22	1.31	1.40	1.60	1.28	1.38
Aug-22	1.43	1.40	1.52	1.37	1.43
Sep-22	1.37	1.40	1.46	1.31	1.37
Oct-22	1.38	1.46	1.52	1.32	1.41
Nov-22	1.45	1.40	1.50	1.35	1.42
Dec-22	1.44	1.40	1.45	1.31	1.39

C. Book Value of the share at the end of the Fiscal Year: S/ 2.49

Shareholders

	Participation	Origin
CILLONIZ CHAMPIN RENEE	15.94%	National
OLESA INVESTMENT CORP.	10.96%	Bahamas
CILLONIZ REY RICARDO	8.53%	National
CILLONIZ REY ANDREA	8.50%	National
SERVICIOS DE ASESORIA S.A.	5.47%	National
BAERTL MONTORI JOSE ANTONIO	5.22%	National
GREVIEW INVESMENT INC.	4.30%	Panama

Common actions

TENURE	NUMBER OF SHAREHOLDERS	PARTICIPATION PERCENTAGE
Less than al 1%	371	21.96
Between 1% - 5%	13	23.43
Between 5% -10%	4	27.72
Greater than 10%	2	26.89
Total	390	100.00

Investment shares

TENURE	NUMBER OF HOLDERS	PARTICIPATION PERCENTAGE
Less than 1%	2,844	58.65
Between 1% – 5%	15	28.15
Between 5% –10%	2	13.20
Greater than 10%	0	0.00
Total	2,861	100.00

5.4 Judicial, administrative or arbitration processes

Neither Corporación Aceros Arequipa SA nor the Company's management have participated as an aggrieved party, complainant or participant in any legal proceeding that has directly or indirectly affected Corporación Aceros Arequipa SA, its shareholders, directors or managers; or that significantly affect the normal development of its activities and businesses.

Currently, it is the opinion of Management and its legal advisors that the Company has sufficient arguments to obtain favorable results in all processes in force to date detailed in the notes to the financial statements or reported as important facts.

5.5 Audited Financial Statements

Changes in those responsible for preparing and reviewing financial information

In Corporación Aceros Arequipa there have been no changes in those responsible for the Preparation and Review of Financial Information,

that is, its main accounting or auditing official in the last two years.

A14

A13

Translation of a report and separate financial statements originally issued in Spanish - See note 36

Corporación Aceros Arequipa S.A.

Separate financial statements as of December 31, 2022 and 2021 together with the Independent Auditors' Report



Corporación Aceros Arequipa S.A.

Separate financial statements as of December 31, 2022 and 2021 together with the Independent Auditors' Report

Content

Independent Auditors' Report

Separate financial statements

Separate statement of financial position

Separate statement of comprehensive income

Separate statement of changes in equity

Separate statement of cash flows

Notes to the separate financial statements

Translation of a report originally issued in Spanish - See note 36

Report of Independent Auditors

To the Shareholders of Corporación Aceros Arequipa S.A

Opinion

We have audited the accompanying separate financial statements of Corporación Aceros Arequipa S.A, which comprise the separate statement of financial position as of December 31, 2022, and the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Corporación Aceros Arequipa S.A. as of December 31, 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) approved for its application in Peru by the Board of Deans of Peruvian Public Accounting Associations. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on separate information

The separate financial statements of Corporación Aceros Arequipa S.A. have been prepared in compliance with the legal requirements in force in Peru for the presentation of financial information, as indicated in note 1. These separate financial statements must be read together with the consolidated financial statements of Corporación Aceros Arequipa S.A. and Subsidiaries as of December 31, 2022, which are prepared and presented separately.

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Translation of a report originally issued in Spanish - See note 36

Report of Independent Auditors (continue)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Existence of inventory

Description of the matter The inventories of Corporación Aceros Arequipa S.A. amount to S/1,917 million, representing 30% of the Company's total assets. These inventories are made up mainly of finished products and merchandise sold by the Company, as well as raw materials, products in process and other materials that are necessary for the production and operations of the Company. Inventories are located mainly in its Pisco plant and in the distribution centers located in Lima, Arequipa, Trujillo and Piura.

To validate the existence of inventories, the Company plans and executes an annual inventory, which is carried out according to the schedule approved by Management. This procedure implies significant participation by the audit team, as well as the involvement of a specialist for the measurement of scrap, the main raw material. Based on this, we believe that the existence of inventories is a key audit matter.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and enhancing the controls of the Company's processes related to the completeness and existence of inventories. Our audit procedures included, among others:

- Define the participation strategy according to the locations and type of inventories that the Company maintains.
- Participate, through representative samples using statistical tools, on the days and sites established in our inventory strategy.



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Report of Independent Auditors (continue)

Existence of inventory

- Evaluate the integrity of the inventories counted on the days of our participation, through reconciliation with the accounting balances on the date of taking the inventories.
- Verify compliance with the procedures established by Management for counting.
- Review the tally sheets, as well as the differences identified, verifying their disposition or registration in the Company's books.
- Involve an external specialist to validate the methodology used by the Company to calculate the amount of scrap it had on inventory days.
- We carried out connection procedures on inventory balances, from the date of taking inventory until the end of the period.
- We reviewed the reports on the conclusions of the inventories.
- Review of the adequacy of the related disclosures in the financial statements.

Other matter

As explained in note 2.3, the separate financial statements as of December 31, 2021 and prior year were modified to give effect to the voluntary change in accounting policy for investment properties of the Company.

Other information included in the Company's 2022 Annual Report

Management is responsible for the other information. The other information comprises information included in the Annual Report, but it is not part of the separate financial statements or our Auditors' Report.

Our opinion does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Translation of a report originally issued in Spanish - See note 36

Report of Independent Auditors (continue)

Responsibilities of management and those charge with governance for the separate financial statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Translation of a report originally issued in Spanish - See note 36

Report of Independent Auditors (continue)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so, would reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Peru
February 23, 2023

Countersigned by:

Elizabeth Fontenla
Audit Partner In Charge
C.P.C.C. Register No. 25063

Tanaka, Valdivia & Asociados

Translation of separate financial statements originally issued in Spanish - See note 36

Corporación Aceros Arequipa S.A.

Separate statement of financial position

As of December 31, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000) (Modified, note 2.3)		Note	2022 S/(000)	2021 S/(000) (Modified, note 2.3)
Assets				Liabilities and equity net			
Current assets				Current liabilities			
Cash and cash equivalents	2.2(a) and 5(a)	602,883	605,992	Current portion of financial obligations	2.2 (c) and 17(a)	1,713,044	1,335,311
Trade accounts receivable, net	2.2(b) and 6(a)	483,061	582,509	Trade accounts payable	2.2(c) and 18(a)	520,040	541,080
Accounts receivable from related parties	2.2(b) and 7(b)	241,397	237,414	Accounts payable to related parties	2.2(c) and 7(b)	41,952	98,006
Other accounts receivable	2.2(b) and 8(a)	23,850	25,327	Other accounts payable	2.2(c) and 19.1(a)	164,645	142,655
Inventories, net	2.2(h) and 9(a)	1,917,060	1,763,921	Income tax payable	2.2(w) and 20(d)	-	27,783
Prepaid expenses	2.2(s) and 10(a)	10,387	7,749	Total current liabilities		<u>2,439,681</u>	<u>2,144,835</u>
Deferred income tax asset	2.2(w) and 20(d)	88,573	-				
Total current assets		<u>3,367,211</u>	<u>3,222,912</u>	Non-current liabilities			
				Long term of financial obligations	2.2(c) and 17(a)	987,518	959,945
Non-current assets				Other long-term liabilities	19.2(a) and 31(a.3)	59,319	114,288
Investments in subsidiaries and associates	2.2(i) and 11(a)	218,727	226,554	Deferred tax liability, net	2.2(w) and 20(a)	206,259	186,472
Other long-term accounts receivable, net	2.2(b) and 8(a)	11,650	15,897	Total non-current liabilities		<u>1,253,096</u>	<u>1,260,705</u>
Accounts receivable from related parties	2.2(b) and 7(b)	-	4,197	Total liabilities		<u>3,692,777</u>	<u>3,405,540</u>
Property, machinery and equipment, net	2.2(j) and 12(a)	2,653,111	2,424,293				
Right of use assets, net	2.2(m) and 13	50,434	12,278	Net equity	21		
Investment properties	2.2(k) and 14 (a)	22,556	22,554	Capital stock		890,858	890,858
Intangibles, net	2.2(l) and 15(a)	8,187	14,977	Investment shares		182,408	182,408
Other assets, net	2.2(m) and 16	34,922	35,270	Legal reserve		178,449	178,449
Total non-current assets		<u>2,999,587</u>	<u>2,756,020</u>	Revaluation surplus		202,950	215,392
				Retained earnings		1,219,356	1,106,285
Total assets		<u>6,366,798</u>	<u>5,978,932</u>	Total net equity		<u>2,674,021</u>	<u>2,573,392</u>
				Total liabilities and net equity		<u>6,366,798</u>	<u>5,978,932</u>

Translation of separate financial statements originally issued in Spanish
- See note 36

Corporación Aceros Arequipa S.A.

Separate statement of comprehensive income

For the years ended December 31, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000)
Net sales	2.2(t) and 22	5,211,387	4,996,071
Cost of sales	2.2(u) and 23	<u>(4,511,676)</u>	<u>(3,812,515)</u>
Gross profit		<u>699,711</u>	<u>1,183,556</u>
Operating income (expenses)			
Selling expenses	2.2(t) and 24(a)	(139,358)	(145,605)
Administrative expenses	2.2(t) and 25(a)	(107,442)	(166,862)
Other operating income	2.2(s) and 27(a)	72,364	140,501
Other operating expenses	2.2(t) and 27(a)	<u>(34,673)</u>	<u>(45,325)</u>
		<u>(209,109)</u>	<u>(217,291)</u>
Operating profit		490,602	966,265
Financial income	2.2(t) and 28	23,945	11,511
Financial costs	2.2(n) and 28	(131,237)	(22,036)
Exchange difference, net	2.2(g) and 32	(7,862)	(13,499)
Share in the results of subsidiaries and associates	2.2(i) and 11(i)	<u>(13,433)</u>	<u>34,893</u>
Profit before income tax		362,015	977,134
Income tax expense	2.2(v) and 20(b)	<u>(115,599)</u>	<u>(287,791)</u>
Net income		<u>246,416</u>	<u>689,343</u>
Other comprehensive income			
Effect of the revaluation surplus of land in subsidiaries, net of its tax effects	11(i)	<u>19,107</u>	<u>-</u>
Other comprehensive income net of income tax		<u>19,107</u>	<u>-</u>
Total comprehensive income for the year, net of income tax		<u>265,523</u>	<u>689,343</u>
Net income per basic and diluted share	2.2(x) and 30	<u>0.23</u>	<u>0.64</u>
Weighted average of outstanding shares (in thousands of units)	2.2(x) and 30	<u>1,078,359</u>	<u>1,078,359</u>

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

Translation of separate financial statements originally issued in Spanish - See note 36

Corporación Aceros Arequipa S.A.

Separate statement of changes in equity

For the years ended December 31, 2022 and 2021

	Capital stock S/(000)	Investment shares S/(000)	Legal reserve S/(000)	Revaluation surplus S/(000)	Retained earnings S/(000)	Total S/(000)
Balance as of January 1, 2021 (Reported)	890,858	182,408	178,293	216,027	727,319	2,194,905
Increase due to change in accounting policy, note 2.3	-	-	-	-	19,894	19,894
Balance as of January 1, 2021 (Modified)	890,858	182,408	178,293	216,027	747,213	2,214,799
Net income	-	-	-	-	689,343	689,343
Total comprehensive income of the year	-	-	-	-	689,343	689,343
Dividends distribution, note 21(e)	-	-	-	-	(330,271)	(330,271)
Adjustment of revaluation surplus	-	-	-	(635)	-	(635)
Transfer of expired dividends, note 21(d)	-	-	156	-	-	156
Balances as of December 31, 2021 (Modified)	890,858	182,408	178,449	215,392	1,106,285	2,573,392
Net income	-	-	-	-	246,416	246,416
Other comprehensive income	-	-	-	(12,442)	31,549	19,107
Total comprehensive income of the year	-	-	-	(12,442)	277,965	265,523
Dividends distribution, note 21(e)	-	-	-	-	(164,894)	(164,894)
Balances as of December 31, 2022	890,858	182,408	178,449	202,950	1,219,356	2,674,021

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

Translation of separate financial statements originally issued in Spanish
- See note 36

Corporación Aceros Arequipa S.A.

Separate statement of cash flows

For the years ended December 31, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000)
Operating activities			
Collections from sale of goods		5,251,732	4,501,098
Payment to suppliers of goods and services		(4,698,127)	(4,613,473)
Payment of remuneration and social benefits		(277,340)	(278,733)
Payment of income tax		(79,129)	(112,781)
Payment of other taxes		(48,339)	(105,254)
Other collections related to the activity		49,045	8,503
Net cash from (used in) operating activities		<u>197,842</u>	<u>(600,640)</u>
Investing activities			
Dividends collected	11(i) and 7(b)	23,378	87,791
Sale of property, plant and equipment	27	1,766	-
Interest received	28	23,945	11,511
Reimbursement received from loans for asset purchases	11(d)	-	88,572
Refund of capital contributions on investments	11(i) and 27(a)	41,330	163,762
Capital contributions in investments	11(i)	(45)	(66,929)
Loans for asset purchase	11(d)	-	(110,880)
Purchase of property, plant and equipment	12	(351,982)	(303,632)
Purchase of intangibles assets	15	(1,680)	(1,192)
Net cash flows used in investing activities		<u>(263,288)</u>	<u>(130,997)</u>
Financing activities			
Increase of financial obligations	17(j)	2,710,074	2,687,408
Payments of financial obligations	17(j)	(2,351,688)	(1,721,684)
Payments of interest	28	(131,236)	(22,036)
Dividends paid to shareholders	21(e)	(164,894)	(330,271)
Net cash flows from financing activities		<u>62,256</u>	<u>613,417</u>
Net decrease in cash and cash equivalents		(3,190)	(118,220)
Exchange difference for cash and cash equivalents		81	44,504
Cash and cash equivalents at beginning of year		605,992	679,708
Cash and cash equivalents at year-end	5(a)	<u>602,883</u>	<u>605,992</u>
Non-cash transactions			
Acquisition of assets under financial leases	17(j)	82,510	193,142

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

Translation of separate financial statements originally issued in Spanish - See note 36

Corporación Aceros Arequipa S.A.

Notes to the separate financial statements

As of December 31, 2022 and 2021

1. Identification and economic activity

(a) Identification-

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

(b) Economic activity-

The Company is engaged in the manufacture, for its sale in the country and abroad, of rebars, wire rod for construction, merchant bars and other products derived from steel. For this purpose, the Company has two melt shops (1 and 2) and two rolling lines located in the city of Pisco.

In a Board meeting dated November 25, 2016 the definitive suspension of production activities at the Arequipa plant was approved, see section 1(d) below, and with the purpose of improving the efficiency of its production processes, and facing competitors in the global environment, the Company's Management decided to concentrate total production at its Pisco plant, in which, in a Board meeting dated January 25, 2018, it was approved to build a new steel melt shop with a capacity of 1,250,000 MT/Year with a planned investment of approximately US\$180,000,000, which has been expanded to US\$ 243,000,000 and its started-up operations during the fourth quarter of 2021.

The Board of Directors, in a meeting held on January 27, 2022, agreed to approve the investment in a new rolling mill to be installed at the Pisco plant, with an estimated capacity of 300,000 MT/Year. The planned investment amounts to approximately US\$75,000,000 plus VAT, and its start-up is estimated during the second half of year 2024. According to the Company's Management, this investment will increase the local production capacity of construction bars and profiles, reducing the future need to import these products and thus be able to accompany the market growth.

(c) Approval of the separate financial statements -

The separate financial statements as of December 31, 2021 and for the year then ended were approved by the virtual General Shareholders' Meeting held on March 31, 2022. The accompanying separate financial statements as of December 31, 2022 were approved and authorized for its issuing by the Board of the Company on February 23, 2023 and are expected to be approved by the General Shareholders' Meeting during the first quarter of 2023

Likewise, the accompanying separate financial statements, which have been prepared in compliance with the legal requirements in force in Peru for the presentation of separate financial

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

information to the Superintendencia of Stock Market (SMV for its Spanish acronym), reflect the individual activity of the Company, without including the effects of the consolidation with those of its subsidiaries. These separate financial statements reflect the value of investments in subsidiaries and associates under the equity method of accounting, see note 2.1.2, and not on a consolidated basis; thus, they should be read together with the consolidated financial statements as of December 31, 2022 and 2021 of Corporacion Aceros Arequipa S.A.A. and Subsidiaries, which are presented separately within the term established by the regulator.

The consolidated financial statements as of December 31, 2022 and 2021, show the following balances for the most significant items:

	2022 S/(000)	2021 S/(000) (Modified)
Current assets	3,482,410	3,333,155
Total Assets	6,799,192	6,340,612
Current liabilities	2,625,222	2,256,245
Total liabilities	4,069,634	3,687,371
Equity	2,729,558	2,653,241
Total revenue from ordinary activities	5,342,681	5,186,266
Net income for the year	242,363	712,372

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

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

As of December 31, 2022 and 2021, the liquidation process is being carried out in accordance with the plan established by Management.

(e) Acquisition and liquidation of subsidiary Comfer S.A. -

On February 25, 2021, the Company signed a purchase agreement through which 96 percent of the total shares of Comfer S.A were acquired for a total amount of US\$16,800,000. In September 2021, the additional 4 percent was purchased, obtaining 100 percent of the share capital (total net paid for 100 percent amounted to S/66,929,000). The General Shareholders' Meeting of the subsidiary Comfer S.A. held on August 2, 2021, unanimously approved its dissolution and liquidation. The liquidation process encompasses various activities, which will be carried out in stages. Although said subsidiary will be extinguished once all the activities detailed in the

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Notes to separate financial statements (continued)

liquidation plan have been carried out, Management has considered that the investment held in the Company by said subsidiary should not be classified as a discontinued asset as required by the IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" since Management estimates that said liquidation will not have relevant effects on the Company and on the activities that are maintained as a Group.

As of December 31, 2022 and 2021, the liquidation process is being carried out in accordance with the plan established by Management.

(f) Purchase of scrap yards in the United States -

On July 12, 2021, the Company signed an agreement to purchase the assets of two scrap yards located in Florida, United States for a total amount of US\$28 million. The acquisition was made through two companies created in The United States, Aceros America Port Manatee LLC and Aceros America St. Pete LLC. In order to materialize the acquisition, the Company created Aceros America Corporation, owner of the two companies that acquired the assets in Florida.

(g) Purchase of shares of Transportes Barcino S.A. -

The Board meeting held on July 22, 2022 approved the acquisition of up to 25,421 common shares issued by Transportes Barcino S.A. equivalent to 0.08% of its capital. The objective was to obtain from Corporación Aceros Arequipa S.A the ownership of 100% of the common shares issued by Transportes Barcino S.A, considering that on said date Corporación Aceros Arequipa S.A.A. already owned 99.92% of said shares. It is worth noting that in order to define the purchase price of the shares, an independent third party was hired to carry out the valuation of the assets of Transportes Barcino S.A, determining the purchase price at S/1.72 for each share, therefore the disbursement for the transaction it was below S/45 thousand soles, reaching 99.99% capital.

2. Basis of preparation, consolidation and summary of significant accounting policies

2.1 Basis of preparation -

2.1.1 Declaration of compliance -

The information contained in these separate financial statements is the responsibility of the Company's Management, which expressly states that the attached separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB for its acronym in English) effective as of December 31, 2022 and 2021, respectively.

2.1.2 Measurement basis -

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

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

the separate financial statements in accordance with IFRS, these must be read together or with the consolidated financial statements of the Company and its Subsidiaries that are presented separately.

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

2.1.3 *Basis of preparation and presentation -*

Certain standards and modifications have come into effect for the annual periods that started as of January 1, 2022. The Company has not adopted any standard in advance, interpretation or modification issued, that is not yet effective.

The following modifications were effective as of January 1, 2022:

Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments replace a reference to an earlier version of the IASB Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the principle of recognition of business combinations in IFRS 3 to prevent the issuance of potential "Day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Liens, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a current obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for acquisition-date recognition.

In accordance with the transitional provisions, the Company applies the amendments prospectively, that is, business combinations that occur after the beginning of the annual reference period in which the amendments are first applied (the date of the initial application).

These amendments did not have a significant impact on the Company's separate financial statements.

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Notes to separate financial statements (continued)

Onerous contracts - Costs of fulfilling a contract - Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (ie costs that the Company cannot avoid because it has the contract) of fulfilling the obligations of the contract exceed the economic benefits expected to be received under the contract. The amendments specify that in assessing whether a contract is onerous or loss-making, an entity should include costs that are directly related to a contract to provide goods or services include both incremental costs (for example, labor and material costs). costs) as an allocation of costs directly related to contract activities (for example, depreciation of equipment used to fulfill the contract, as well as contract management and supervision costs). General and administrative costs are not directly related to a contract and are excluded unless they are explicitly attributable to the counterparty under the contract.

Amendments should be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). . Early application is permitted and must be disclosed.

These modifications did not have a significant impact on the Company's financial statements.

Property, Plant and Equipment: Collection before Intended Use - Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of items produced while bringing that asset to the location and condition necessary for it to operate in the manner intended by management. Instead, an entity recognizes the revenue from the sale of those items and the costs of producing those items in profit or loss.

The amendment will be effective for periods beginning on or after January 1, 2022. The amendment should be applied retrospectively only to items of property, plant, and equipment available for use on or after the beginning of the first period presented in the statements. financial statements in which the entity first applies the amendment.

These amendments did not have a significant impact on the Company's separate financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards - First-time adopter subsidiary

The amendment allows a subsidiary to elect to apply paragraph D16(a) of IFRS 1 to measure accrual. Translation differences using the amounts reported in the consolidated financial statements of the parent, based on the date of transition of the parent to IFRS, if no adjustments were made for the consolidation procedures and for the effects of the business combination in the that the parent company acquired the subsidiary.

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

This amendment also applies to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments did not have a significant impact on the Company's separate financial statements.

IFRS 9 Financial Instruments - Fees in the "10 percent" test for the derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when evaluating whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other.

These modifications did not have a significant impact on the Company's financial statements.

2.2 Summary of significant accounting policies -

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

(a) Cash and cash equivalents -

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

(b) Financial assets -

Recognition and initial measurement -

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

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

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

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

Subsequent measurement -

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

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

Financial assets at amortized cost (debt instruments) -

This category is the most relevant for the Company. The Company measures financial assets at amortized cost if the following conditions are met:

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

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

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

Financial assets at fair value with changes in other comprehensive income (debt instruments)-

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

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

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

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) -

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

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

The Company does not possess equity instruments.

Financial assets at fair value through profit or loss -

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

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

Derecognition -

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

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

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

Impairment of financial assets -

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

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to

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receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Financial liabilities

Initial recognition and measurement -

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

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

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

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

Subsequent measurement -

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

Financial liabilities at fair value through profit or loss -

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

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

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

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

Debts and loans that accrue interest -

After initial recognition, debts and loans that accrue interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in

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the statement of comprehensive income when the liabilities are written off, as well as through the process of accrued interest applying the effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization under the effective interest rate method is included as financial costs in the Statement of comprehensive income.

In general, this category applies to current and non-current debts and loans that accrue interest, see note 17.

Derecognition -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of comprehensive income.

(d) Offsetting of financial instruments -

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

(e) Derivatives and accounting hedges -

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

As of December 31, 2022 and 2021, the Company does not maintain transactions with derivative financial instruments for accounting hedges.

(f) Current and non-current classification -

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

- Expect to realize the asset or intends to sell it or consume it in its normal operating cycle.
- Maintains the asset primarily for trading purposes;

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- Expects to realize the asset within the following twelve months after the reporting period;
- Expects to realize the asset within twelve months - the asset is effective unless it is restricted and cannot be exchanged or used to cancel a liability for a minimum period of twelve months after the close of the reporting period following after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the entity:

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

All other liabilities are classified as non-current.

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

(g) Foreign currency transactions and balances -

(i) Functional currency and presentation currency -

The Company has defined the Sun as its functional and presentation currency.

(i) Transactions and balances in foreign currency -

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

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(h) Inventories -

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

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

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

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

(i) Investment on subsidiaries and associates -

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

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

In the case of investments in associates, the Company has not recognized a deferred income tax because it has the intention and the ability to maintain these investments in the long term. In this sense, the Company considers that the temporary difference will be reversed through dividends that will be received in the future, the same that are not subject to income tax payable by the Company. There is no legal or contractual obligation for the Company's Management to be forced to sell its investments in these associates (event that would cause the capital gain to be taxable based on current tax legislation).

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Notes to separate financial statements (continued)

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

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

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

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

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

Work in-progress correspond to installations under construction and are recorded at cost. This includes the construction cost as well as direct costs. Work in-progress do not depreciate until the relevant assets are finished and operative.

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

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

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

(k) Investment properties -

Investment properties are presented at their acquisition cost, in accordance with the provisions of IAS 40 "Investment Properties". Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. The investment properties are made up of the amount paid for the land, plus the costs incurred in their respective construction.

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

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

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

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(l) Intangibles -

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

(m) Concessions and exploration costs of mining projects -

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

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

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

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

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

(n) Borrowing costs -

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to be available for expected use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are accounted for as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred by the entity in connection with the conclusion of the respective loan agreements.

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(o) Leases -

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

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

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

Right of use assets -

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

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

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Lease liability -

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

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

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

Exceptions to recognition -

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

(p) Impairment of non-financial assets -

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

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

In determining fair value less cost to disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are compared with valuation multiples, share quotations for listed entities and

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other available indicators of fair value. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

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

(q) Provisions -

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that the provisions will be reimburse part or a whole, for example an insurance contract, the reimbursement is recognized as a contingent asset but only when it is virtually certain. The related expense with any provision is recognized in the consolidated statement of comprehensive income, net of all related reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the separate Statement of comprehensive income.

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

(r) Contingencies -

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

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(s) Prepaid expenses -

The criteria adopted for the registration of these items are:

- Insurance is recorded at the value of the premium paid to cover the different assets and is amortized using the straight-line method during the term of the policies.
- Advance payments for miscellaneous services are recorded as an asset and recognized as an expense when the service, such as advertising, is earned.

(t) Revenues from customer contracts -

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

- Sale of rebars, wire rod for construction, merchant bars and other products derived from steel -
Revenue from the sale of rebars, wire rod for construction, merchant bars and other products derived from steel are recognized at a point on time when control of the asset is transferred to the customer, which generally occurs in the delivery of said products.
- Performance obligation -
The Company has a single performance obligation for the sale of rebars, wire rod for construction, merchant bars and other products derived from steel; that occurs upon delivery of the goods.
- Return rights -
If a contract includes a variable amount, the Company estimates the amount of consideration to which it is entitled in exchange for transferring the goods or services to the customer. Variable consideration is estimated at the start of the contract and is restricted until it is highly probable that a significant reversal of income will not occur at the time the uncertainty associated with variable consideration disappears.

Sales contracts with customers contain a right of return, which gives rise to variable consideration. The Company uses the expected value method to estimate the goods that will not be returned because this method is the one that best predicts the variable consideration amount that the Company will receive. The requirements in IFRS 15 on the restriction of estimates by variable consideration also apply to determine the amount of variable consideration that can be included in the transaction price.

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- Interest income -

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

Effective interest rate method -

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

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

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

(u) Recognition of costs and expenses -

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

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

(v) Employee benefits -

- Vacations and legal bonuses -

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

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

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

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

(w) Taxes -

Current income tax -

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

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

Deferred income tax -

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

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- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the timing of the reversal of the temporary differences associated with investments in subsidiaries and associates, can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Value added tax -

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

- (i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

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

- (x) Earnings per share -

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

As of December 31, 2022, and 2021, the Company does not have financial instruments with dilutive effect, so the basic and diluted earnings per share are the same.

- (y) Segment information -

Management has organized the Company based on a single product, steel derivatives. The goods produced and marketed by the Company result from a single production process, share the same marketing channels, are destined substantially for the same geographic market and are subject to the same legislation. As of December 31, 2022, merchandise sales (22 percent of total sales) and exports (14 percent of sales) are not considered representative to designate them as separate operating segments and consequently such information is not required for a proper understanding of the Company's operations and performance. Likewise, the activities related to mining to date are exclusively restricted to the acquisition of permits and concessions and some initial exploration expenses of the projects.

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

- (z) Repurchase of capital stock (Treasury shares) -

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

- (z) Comparative financial statements -

Reclassifications have been made on the balances as of December 31, 2021 in order to make them comparative with the separate financial statements of the Company as of December 31, 2022:

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Notes to separate financial statements (continued)

S/(000)

Separate statement of financial position -

Reclassification of the item "Right-of-use and others" to the item "Other accounts receivable"	6,952
From the caption "Investments in subsidiaries and associates" to the caption "Other accounts payable"	9,603

In Management's opinion, such reclassifications have been made for a better presentation and have not had a significant effect on the Company's separate financial statements.

2.3 Change in account policy

During 2022, Management elected to change the method of accounting for investment property, as allowed by IAS 40 "Investment Properties". Until December 31, 2021, the Company measured its investment property at cost. However, after an evaluation carried out by the Company's Management, it was adopted to modify said policy to measure them at their fair value.

Management considers that the Company's investment properties are held to generate surplus over time. In order to reflect the higher value as a result of the recognition of the fair value of its investment properties in its separate financial statements, Management decided to modify its accounting policy, which is permitted by IAS 40 "Investment Properties". The purpose of this change is to recognize the appreciation in value that its investment properties have experienced in recent years.

In accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" this change in accounting policy has been applied retrospectively, affecting the balances as of January 1, 2021. As of December 31, 2021, these values were not updated because there was no significant change in the determined fair value of their investment property.

The impacts on the separate statement of financial position as a result of this change are detailed below:

	Balance reported as of January 1, 2021 S/(000)	Effect of change in account policy S/(000)	Ref.	Modified balance as of January 1, 2021 S/(000)
Investment property	10,597	11,957	(i)	22,554
Investment in subsidiaries	355,817	11,464	(ii)	367,281
Total impact on assets		<u>23,421</u>		

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	Balance reported as of January 1, 2021 S/(000)	Effect of change in account policy S/(000)	Ref.	Modified balance as of January 1, 2021 S/(000)
Deferred income tax liability	96,285	3,527	(iii)	99,812
Accumulated results	727,319	19,894		747,213
Total impact on liabilities and equity		<u>23,421</u>		

(i) Corresponds to the higher value recognized as a result of the measurement at fair value of the Investment Property maintained by the Company, see note 14. The fair value has been determined through an appraisal carried out by an independent appraiser.

(ii) Corresponds to the recognition through the equity participation method of the greater value as a result of the measurement at fair value of the investment properties of its subsidiaries Comercial del Acero S.A.C - In liquidation and Transportes Barcino S.A.

(iii) Corresponds to the effect of the deferred income tax as a result of the change described in sections (i) and (ii).

This policy change has not had an impact on the separate statement of cash flows.

3. Significant accounting judgments, estimates and assumptions -

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

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

- Estimation of expected credit loss - note 2.2(b)
- Estimaton in the cubage process to determine raw material - note 2.2(h)
- Estimated useful life of assets, for depreciation and amortization purposes - note 2.2 (j) and (l)
- Estimate for devaluation and obsolescence of inventories - note 2.2(h)
- Impairment of non-financial assets - note 2.2(p)
- Provisions and contingencies - note 2.2(r)
- Income tax - note 2.2(w)
- Estimate of the rate used to determine right-of-use assets - note 2.2(m)

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

4. Standards and interpretations issued but not effective

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current -

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8 -

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

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Notes to separate financial statements (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 -

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 -

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Management of the Company have evaluated the impact of the amendments and they have not found significant impact on the separate financial statements.

5. Cash and cash equivalents

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

	2022 S/(000)	2021 S/(000)
Cash and fixed funds	21	12
Current accounts (b)	45,613	163,433
Savings accounts (b)	363	288
Time deposits (c)	556,886	442,259
	<u>602,883</u>	<u>605,992</u>

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- (b) Current and savings accounts are denominated in U.S. dollars and Soles, are deposited in local and foreign financial entities, and are free available. Savings accounts bear interest at market rates.
- (c) As of December 31, 2022, they corresponded to time deposits in local financial entities, were denominated in US dollars for US\$137,838,000, equivalent to approximately S/524,886,000, and time deposits in local currency for S/32,000,000 (US\$111,260,000, equivalent to S/442,259,000 as of December 31, 2021), with current maturities of less than 90 days, accrue interest at effective annual rates between 3.86 and 7.47 percent, which are recognized in the caption "Financial income" of the separate statement of comprehensive income, see note 28, for S/11,587,000 for the year ended December 31, 2022 (S/2,238,000 for the year ended December 31, 2021).

6. Trade accounts receivable, net

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

	2022 S/(000)	2021 S/(000)
Invoices (b)	524,296	625,044
Contract asset (c)	13,349	3,629
Notes receivable (d)	5,162	6,492
	<u>542,807</u>	<u>635,165</u>
Less -		
Expected credit loss (f)	<u>(59,746)</u>	<u>(52,656)</u>
	<u>483,061</u>	<u>582,509</u>

- (b) Corresponds mainly to accounts receivable arising from sales of merchandise and finished goods made to local and foreign entities, they have current maturities and are denominated mainly in US dollars. As of December 31, 2022, these accounts are guaranteed with bank guarantee letters for an approximate amount of S/1,920,000 and US\$26,571,000 (S/73,383,000 as of December 31, 2021).
- (c) Corresponds mainly to rights to receive a consideration in exchange for the delivery of goods that the Company is going to make to the customer over a determined term.
- (d) Notes receivable have current maturities and bear interest at market rates of 8.73 percent.

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Notes to separate financial statements (continued)

(e) As of December 31, 2022, and 2021, the aging of the trade accounts receivable is as follows:

	<u>As of December 31, 2022</u>		
	Trade accounts receivable S/(000)	Expected credit loss S/(000)	Total S/(000)
Not past due	371,541	-	371,541
Past due:			
Between 1 and 30 days	85,566	-	85,566
Between 31 and 180 days	20,579	-	20,579
Over 180 days	5,375	59,746	65,121
Total	<u>483,061</u>	<u>59,746</u>	<u>542,807</u>

	<u>As of December 31, 2021</u>		
	Trade accounts receivable S/(000)	Expected credit loss S/(000)	Total S/(000)
Not past due	509,680	-	509,680
Past due:			
Between 1 and 30 days	57,931	-	57,931
Between 31 and 180 days	14,748	-	14,748
Over 180 days	150	52,656	52,806
Total	<u>582,509</u>	<u>52,656</u>	<u>635,165</u>

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

	2022 S/(000)	2021 S/(000)
Initial balance	52,656	24,013
Additions, note 24(a)	12,276	28,649
Recoveries, note 27(a)	(1,254)	(2,444)
Write-offs	(1,785)	(1,329)
Exchange difference	(2,147)	3,767
Final balance	<u>59,746</u>	<u>52,656</u>

In Management's opinion, the estimation for expected credit loss as of December 31, 2022 and 2021 adequately covers the credit risk of this item at that time, also, include all the effects of the pandemic over its customers and cover properly the credit risk.

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Notes to separate financial statements (continued)

7. Transactions with related parties

(a) As of December 31, 2022 and 2021, the Company has mainly carried out the following transactions with related entities:

	Type	2022 S/(000)	2021 S/(000)
Sale of rebars, wire rod and others, note 22			
Tradi S.A.	Related	174,139	176,329
Aceros América S.R.L.	Subsidiary	398,420	269,263
Aceros América S.A.S.	Subsidiary	160,049	97,235
Transportes Barcino S.A.	Subsidiary	179	18
Comfer S.A - In Liquidation	Subsidiary	-	11,216
Comercial del Acero S.A - In Liquidation	Subsidiary	(157)	(203)
		<u>732,630</u>	<u>553,858</u>
Acquisition of goods and services -			
Aceros América Port Manatee LLC	Subsidiary	(178,487)	-
Aceros América S.R.L.	Subsidiary	(79,366)	(70,933)
Aceros América S.P.A.	Subsidiary	(59,171)	(10,913)
Comercial del Acero S.A.C - In liquidation	Subsidiary	(42,943)	(142,316)
Transportes Barcino S.A.	Subsidiary	(40,694)	(29,905)
Comfer S.A - In Liquidation	Subsidiary	(12,439)	(36,183)
Tecnología y Soluciones Constructivas S.A.C.	Subsidiary	(9,842)	(9,151)
Tradi S.A. (c)	Related	(2,148)	(3,569)
Aceros América S.A.S.	Subsidiary	(12)	-
		<u>(425,102)</u>	<u>(302,970)</u>

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- (b) As a result of these and other transactions, the balance of accounts receivable and payable to related parties is presented below for the years then ended December 31, 2022 and 2021:

	Type	2022 S/(000)	2021 S/(000)
Trade accounts receivable -			
Aceros América S.A.S.	Subsidiary	76,605	66,778
Aceros America S.R.L.	Subsidiary	57,608	49,639
Tradi S.A. (c)	Related	31,307	39,483
		<u>165,520</u>	<u>155,900</u>
Other accounts receivable			
Aceros América S.P.A. (d)	Subsidiary	27,448	42,217
Aceros América S.A.S (e)	Subsidiary	21,996	4,929
Aceros América Corporation (f)	Subsidiary	21,676	22,308
Tecnología y Soluciones Constructivas S.A. (g)	Subsidiary	2,579	3,538
Corporación Aceros Arequipa de Iquitos S.A.C.	Subsidiary	807	1,119
Aceros América Port Manatee LLC	Subsidiary	617	-
Aceros América AA S.A.S (h)	Subsidiary	605	-
Transporte Barcino S.A.	Subsidiary	81	687
Aceros América S.R.L.	Subsidiary	50	29
Aceros América St Pete LLC	Subsidiary	17	-
Comfer S.A - In liquidation	Subsidiary	1	187
Comercial del Acero S.A.C - In liquidation	Subsidiary	-	6,500
Compañía Eléctrica El Platanal S.A. (i)	Associate	-	4,197
		<u>75,877</u>	<u>85,711</u>
Total		<u>241,397</u>	<u>241,611</u>
By maturity -			
Current		241,397	237,414
Non-current (e)		-	4,197
		<u>-</u>	<u>4,197</u>
Total		<u>241,397</u>	<u>241,611</u>

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	Type	2022 S/(000)	2021 S/(000)
Trade accounts payable			
Transportes Barcino S.A.	Subsidiary	6,603	1,245
Comercial del Acero S.A.C - In liquidation	Subsidiary	1,698	10,042
Tecnología y Soluciones Constructivas S.A.C.	Subsidiary	995	249
Comfer S.A - In liquidation	Subsidiary	896	4,189
Aceros América S.R.L.	Subsidiary	415	199
Aceros América S.P.A.	Related	366	-
Tradi S.A. (c)	Subsidiary	12	895
Aceros América S.A.S.	Subsidiary	11	-
		<u>10,996</u>	<u>16,819</u>
Other account payable			
Remuneration to the Board of Directors and management		29,208	79,206
Dividends payable		<u>1,748</u>	<u>1,981</u>
		<u>30,956</u>	<u>81,187</u>
Total		<u>41,952</u>	<u>98,006</u>

As of December 31, 2022, and 2021, accounts receivable and trade payable and non-commercial payable to related parties do not bear interest and do not have specific guarantees.

In Management's opinion, as of December 31, 2022 and 2021, there is no recovery risk for these accounts at such dates; thus, it is not necessary to register any estimation for expected credit loss.

- (c) The entity Tradi S.A. meets the requirements of accounting standards to be considered related party to the Company due to the relationship of its shareholders. However, the Company has no direct interest in the equity of this company, or any interference in the administration of its operations. Consequently, in Management's opinion, the Company and this entity are not part of an economic group.
- (d) Corresponds to loans granted to finance working capital for CLP5,727,600,000 of Chilean pesos, equivalent to S/26,748,000, which accrue interest at an average interest annual rate that fluctuates between 5.63% and 6.07%, these loans have not a specific maturity, however, the Company's Management estimates that they will be canceled in the short term, likewise, no specific guarantees have been established for these loans.

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Notes to separate financial statements (continued)

- (e) Corresponds mainly to two loans granted to finance working capital granted in October and December, 2022 for US\$866,000, equivalent to S/3,297,000 and US\$4,906,000, equivalent to S/18,682,000, which accrue interest at an average interest annual rate of 11.59%, these loans have not a specific maturity, however, the Company's Management estimates that they will be canceled in the short term, likewise, no specific guarantees have been established for these loans.
- (f) Corresponds to a loan granted in July, 2022 to finance working capital for S/5,600,000, equivalent to S/21,325,000, which accrue interest at an average interest annual rate of 2.39%, this loan has not had a specific maturity, however, the Company's Management estimates that they will be canceled in the short term, likewise, no specific guarantees have been established for this loan.
- (g) Corresponds to loans granted to finance working capital for S/2,496,000, which accrue interest at an average interest annual rate that fluctuates between 4.19% and 6.04%, these loans have not a specific maturity, however, the Company's Management estimates that they will be canceled in the short term, likewise, no specific guarantees have been established for these loans.
- (h) Corresponds mainly to loans granted during 2022 to finance working capital for US\$111,000, equivalent to S/423,000, which accrue interest at an average interest annual rate that fluctuates between 4.48% and 6.23%, these loans does not have a specific maturity, however, the Company's Management estimates that they will be canceled in the short term, likewise, no specific guarantees have been established for these loans.
- (i) Account receivable from Compañía Comercial Eléctrica El Platanal S.A. corresponded to dividends receivable of the year 2017, which were canceled during the first quarter of 2022.
- (j) In Management's opinion, the Company develops its operations with related parties under the same conditions of a third party, therefore, there are no differences in price policies or in the tax settlement base; in relation to the forms of payment, they do not differ with policies granted to third parties.
- (k) Below is the detail of the remuneration of the Company's key personnel (including the income tax assumed by the Company) for the years ended December 31, 2022 and 2021:

	2022 S/(000)	2021 S/(000)
Disbursements for:		
Remuneration of key management personnel and directors	<u>33,201</u>	<u>75,295</u>

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Notes to separate financial statements (continued)

8. Other accounts receivable

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

	2022 S/(000)	2021 S/(000)
Value added tax credit (b)	16,832	21,558
Payments to Paracas Municipality account (c)	10,978	-
Escrow account (d) and note 19.2(a)	8,895	8,743
Tax claims for income tax (e)	7,896	7,896
Claims to third parties	4,451	2,718
Interest receivable	2,062	241
Loans receivable from personnel	1,956	294
Judicial withholding (f)	-	4,400
Others	3,202	3,022
	<u>56,272</u>	<u>48,872</u>
Less -		
Allowance for doubtful accounts (g)	<u>(20,772)</u>	<u>(7,648)</u>
	<u>35,500</u>	<u>41,224</u>
By maturity -		
Current	23,850	25,327
Non-current (b)	<u>11,650</u>	<u>15,897</u>
	<u>35,500</u>	<u>41,224</u>

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

(c) As of December 31, 2022, it mainly comprises the payments made to the Municipality of Paracas for property tax on its land located in the city of Pisco, which are in claim with said Municipality. In Management and its legal advisors' opinion, as of December 31, 2022, there is a risk of uncollectibility of these disbursements; thus, a provision for impairment has been recognized for the entire balance.

(d) Corresponds to the guaranty accounts that the Company maintains for the acquisition of two of its subsidiaries carried out in 2018 and 2021.

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- (e) As of December 31, 2022, and 2021, corresponds claims to the Tax Administration. In Management and its legal advisors' opinion, there is a risk of uncollectibility for some disbursements, for which the Company has recognized an impairment provision for S/5,141,000.
- (f) During 2019, through a resolution of the Judiciary, the Company was subject to a judicial withholding of one of its current accounts for S/4,400,000, as a consequence of the breach of the contract for non-payment of goods purchased from a supplier. The Company initiated a claim process which was resolved during the second quarter of this year, recognizing the payment of the goods acquired as part of the related project.
- (g) The movement of the estimate of impairment due to expected los was as follows:

	2022 S/(000)	2021 S/(000)
Opening balance	7,648	1,212
Additions, note 27	10,978	6,436
Reclassifications, note 19(c)	2,146	-
Closing balance	<u>20,772</u>	<u>7,648</u>

In Management's opinion, as of December 31, 2022 and 2021, there is no uncollectibility risk in this item, so it is not necessary to establish an additional provision for impairment.

9. Inventories, net

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

	2022 S/(000)	2021 S/(000)
Merchandise	612,717	435,961
Finished products	319,125	221,923
Products in process	372,534	141,590
Raw materials	158,728	258,354
Auxiliary materials, supplies and spare parts	228,699	191,210
Inventories in transit (b)	234,046	519,578
	<u>1,925,849</u>	<u>1,768,616</u>
Less -		
Allowance for obsolescence (c)	(8,789)	(4,695)
	<u>1,917,060</u>	<u>1,763,921</u>

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Notes to separate financial statements (continued)

- (b) As of December 31, 2022, and 2021, corresponds a raw material, merchandise and other materials imported by the Company, which it estimates will be received mainly during the first quarter of 2023 and 2022, respectively.
- (c) The movement of the allowance for impairment and obsolescence of inventories for the years ended December 31, 2022 and 2021 was as follows:

	2022 S/(000)	2021 S/(000)
Opening balance	4,695	1,687
Additions, note 23	10,944	7,666
Write-offs	(6,850)	(4,658)
Closing balance	<u>8,789</u>	<u>4,695</u>

As of December 31, 2022, the Company's Management carried out an evaluation mainly of its spare parts and supplies in relation to deteriorated and/or slow-moving items. As a result of said evaluation, an obsolescence provision of approximately S/10,944,000 (S/7,666,000 as of December 31, 2021) was recorded.

In Management's opinion, the inventories's impairment estimate as of December 31, 2022 and 2021 covers adequately the risk of impairment at those dates, so it is not necessary to record any additional provision.

10. Prepaid expenses

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

	2022 S/(000)	2021 S/(000)
Comissions, licenses paid in advance and others (b)	6,173	3,391
Subsidies receivable from EsSalud	3,345	2,775
Insurance (c)	244	1,264
Others	625	319
Total	<u>10,387</u>	<u>7,749</u>

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

- (b) As of December 31, 2022, it corresponds mainly to structuring commissions for a medium-term loan with Banco de Crédito for an amount of S/2,231,000 and license renewals for various software used by the Company in the development of its operations for an amount of S/1,250,000, which will accrue in the following year.
- (c) As of December 31, 2022, and 2021, correspond mainly to multi-risk coverage, general liability, and civil insurance, among others. These insurances are renewed annually and expire mainly in December 2022 and 2021, respectively.

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Notes to separate financial statements (continued)

11. Investments in subsidiaries and associates

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

Company	Operation	Country	Equity share (%)		Investment cost	Total equity		Equity value		
			2022	2021	2022 S/(000)	2022 S/(000)	2021 S/(000)	2022 S/(000)	2021 S/(000)	January 1, 2021 S/(000) (Modified, note 2.3)
Investment in subsidiaries										
Transportes Barcino S.A. (b)	Transport services	Peru	99.99	99.99	16,961	46,888	45,509	72,676	69,278	57,166
Comfer S.A - En liquidación (c)	Sale of steel products	Peru	100.00	100.00	66,929	32,787	41,860	22,064	15,119	-
Entity dedicated finance subsidiaries located in the										
Aceros American Corporation (d)	U.S.	USA	100.00	100.00	-	13,337	2,831	13,337	2,831	-
Aceros América S.R.L.	Purchase of raw material / Sale of steel products	Bolivia	99.00	99.00	580	11,818	17,196	12,065	17,194	2,362
Tecnología y Soluciones Constructivas S.A.C. (e)	Design service	Peru	99.90	99.90	4,274	3,080	2,744	3,080	2,744	2,429
Acero Instalado S.A.C.	Engineering services, construction and others	Peru	99.90	99.90	1	1	1	1	1	1
Comercial del Acero S.A.C - En liquidación (f)	Selling steel products	Peru	99.99	99.99	103,204	19,944	50,381	-	-	180,442
Aceros América S.A.S.	Selling steel products	Colombia	100.00	100.00	34	(21,915)	(2,775)	-	-	-
Aceros América S.P.A.	Purchase and seeling of scrap	Chile	100.00	100.00	5	(1,826)	(3,980)	-	-	(677)
Aceros América AA S.A.S.	Selling steel products	Ecuador	100.00	100.00	3	(340)	-	-	-	-
Corporación Aceros Arequipa de Iquitos S.A.C.	Selling steel products	Peru	99.90	99.90	3	(425)	(170)	-	-	(173)
								<u>123,223</u>	<u>107,167</u>	<u>253,014</u>
Investment in associates										
Compañía Eléctrica El Platanal S.A. (g)	Energy generation	Peru	10.00	10.00	63,125	860,137		86,014	82,703	77,112
Inmobiliaria Comercial de Acero Cajamarquilla S.A.C. (h)	Real estate	Peru	33.65	33.65	1,073	24,143		8,124	8,149	8,131
Inmobiliaria Comercial de Acero Argentina S.A.C. (h)	Real estate	Peru	33.65	33.65	3,746	4,060		1,366	28,535	29,024
								<u>95,504</u>	<u>119,387</u>	<u>114,267</u>
								<u>218,727</u>	<u>226,554</u>	<u>367,281</u>

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

- (b) Transportes Barcino S.A is a subsidiary that provides transportation services mainly to the Company. The equity value includes approximately S/25,796,000 of higher value of lands due to revaluation surplus.
- (c) On February 25, 2021, the Company acquired 96 percent of the shares representing the capital stock of Comfer S.A for a total amount of US\$16,800,000. Likewise, in September 2021, the Company acquired an additional 4 percent, obtaining 100 percent of the capital stock of said subsidiary. Likewise, on August 2, 2021, the General Shareholders' Meeting of Comfer S.A approved its liquidation, see note 1(e)
- (d) In July 2021, the Company incorporated Aceros América Corporation, a holding company located in Delaware, United States. On July 12, 2021, through the financing granted by the Company, two scrap yards located in Florida belonging to the entities Port Manatee Scrap Metal and Saint Pete Scrap Metal LLC were acquired for a total amount of US\$28,000,000, in which which businesses of buying and selling scrap were developed. This acquisition represents, since its incorporation, the strategic expansion designed by the Company.
- (e) Tecnología y Soluciones Constructivas S.A.C. is a subsidiary who's the economic purpose is providing differentiated services and steel solutions to construction sector inside and outside the country.
- (f) On January 4, 2021, the General Shareholders' Meeting of Comercial del Acero S.A approved the liquidation of this Company, see note 1(d).
- (g) The Company, in association with the non-related Peruvian company UNACEM (merger of the companies Cementos Lima S.A. and Cemento Andino S.A.), participates in 100 percent of Compañía Eléctrica El Platanal S.A. - CELEPSA, through a 10 and 90 percent share, respectively. CELEPSA develops and operates the G-1 El Platanal Electric Generation concession through a 220 MW hydroelectric plant, using the waters of the Cañete river.

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

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Notes to separate financial statements (continued)

(h) The General Shareholders' Meeting of Comercial del Acero S.A. held on December 7, 2017 approved the spin-off of two equity blocks that were transferred to the companies Inmobiliaria Comercial de Acero Argentina S.A.C. and Inmobiliaria Comercial de Acero Cajamarquilla S.A.C., The economic purpose of carrying out the spin-off process was to develop a real estate housing complex with commercial development and sales areas. As of December 31, 2022, one of the properties was sold and the other is leased to Corporación Aceros Arequipa.

(i) Following of the movement of the item for the years ended December 31, 2022 and 2021:

	2022 S/(000)	2021 S/(000) (Modified, note 2.3)
Opening balance	226,554	367,281
Participation in results of subsidiaries and associates	(13,433)	34,893
Participation in equity movements of subsidiaries (*)	19,107	(636)
Dividends received from subsidiaries and associates	(19,181)	(87,791)
Refund of capital from subsidiary Comfer	(10,512)	(42,530)
Purchase of shares of Transportes Barcino S.A.	41	-
Capital contribution in y Aceros America AA	3	-
Refund of capital of subsidiary COMASA	-	(121,232)
Acquisiton of subsidiary Comfer	-	66,929
Reclassification of investments in subsidiaries with equity losses, see note 19.1(a)	16,148	9,603
Others	-	37
	<u>218,727</u>	<u>226,554</u>
Closing balance	<u>218,727</u>	<u>226,554</u>

(*) Corresponds to the recognition through the equity method of the revaluation surplus of its subsidiaries.

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Notes to separate financial statements (continued)

(j) The most relevant information of the subsidiary and associates as of December 31, 2022 and 2021, is as follows:

	Comercial del Acero S.A.C In liquidation		Trasportes Barcino S.A.		Aceros América S.R.L.		Corporación Aceros Arequipa de Iquitos S.A.C. (Unaudited)		Tecnología y Soluciones Constructivas S.A.C.	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Current asset	6,707	49,089	16,134	12,398	107,819	110,165	805	951	2,705	2,953
Non-current asset	16,103	24,296	67,681	42,243	104,669	48,658	-	-	5,787	6,701
Current liability	2,867	23,627	12,131	6,079	139,357	126,413	1,230	1,118	4,423	5,320
Non-current liability	-	-	24,797	3,053	61,313	15,214	-	-	989	1,590
Equity	19,943	49,758	46,887	45,509	11,818	17,196	(425)	(167)	3,080	2,744
Revenues	36,404	154,255	38,042	29,905	540,304	482,968	-	-	11,351	10,589
Net income (loss)	961	3,178	1,285	805	(4,878)	12,968	-	-	343	414
	Comfer S.A. In liquidation		Aceros América S.A.S		Compañía Eléctrica El Platanal S.A. (Unaudited)		Inmobiliaria Comercial del Acero Argentina S.A.C. (Unaudited)		Inmobiliaria Comercial del Acero Cajamarquilla S.A.C. (Unaudited)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Current asset	1,692	18,581	77,135	67,440	162,393	238,751	11,447	3,496	2,307	1,874
Non-current asset	41,961	43,317	33,745	4,337	1,067,516	1,003,471	-	104,037	25,728	26,151
Current liability	3,360	12,340	110,747	75,757	111,070	250,315	7,388	1,088	454	369
Non-current liability	7,506	7,698	22,048	-	258,702	165,219	-	21,646	3,438	3,438
Equity	32,787	41,860	(21,915)	(3,980)	860,137	826,688	4,059	84,799	24,143	24,218
Revenues	8,503	132,710	177,366	66,475	405,834	314,693	329	4,524	2,284	1,598
Net income (loss)	1,436	14,441	(20,378)	(4,082)	52,924	54,416	(30,671)	2,421	1,043	794
	Aceros América AA S.A.S		Aceros America S.P.A		Aceros America Corporation (Unaudited)		Aceros America Port Manatee		Aceros America St Pete	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Current asset	152	-	71,048	40,833	22,643	22,745	32,282	44,282	2,650	2,630
Non-current asset	198	-	2,881	4,625	1	-	92,572	99,930	7,381	7,784
Current liability	263	-	75,379	47,439	22,580	22,661	28,360	38,042	2,102	1,863
Non-current liability	427	-	376	274	-	-	92,509	103,979	6,990	7,996
Equity	(340)	-	(1,826)	(2,255)	64	84	3,985	2,191	939	555
Revenues	-	-	59,864	10,913	-	-	206,783	54,023	20,608	9,502
Net income (loss)	(353)	-	211	(1,718)	85	-	1,735	2,197	378	560

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Notes to separate financial statements (continued)

12. Property, machinery and equipment, net

(a) Following the movement of property, plant and equipment and its corresponding accumulated depreciations:

	Lands S/(000)	Buildings and other constructions S/(000)	Machinery and equipment S/(000)	Equipment Various S/(000)	Transport units S/(000)	Furniture and Fixtures S/(000)	Work in progress S/(000)	Total S/(000)
Cost								
Balance as of January 1, 2021	426,675	448,299	1,291,881	57,600	4,636	12,540	834,180	3,075,811
Additions (b)	13,388	233,350	161,917	(21,070)	448	16	62,642	450,692
Sales and withdrawals, note 27	-	(79)	(8,383)	(264)	(351)	(8)	(7,159)	(16,244)
Transfers	-	236,880	533,448	2,960	-	66	(773,354)	-
Balance as of December 31, 2021	440,063	918,450	1,978,864	39,226	4,733	12,614	116,309	3,510,259
Additions (b)	380	65,382	144,412	2,318	236	36	170,575	383,339
Sales and withdrawals, note 27	-	-	(43,990)	(680)	(718)	(159)	(4,728)	(50,275)
Reclassifications	-	-	-	-	-	(3,905)	3,905	-
Transfers	-	161,584	(124,999)	834	-	-	(37,419)	-
Reclassifications to intangibles	-	-	-	-	-	-	18	18
Balance as of December 31, 2022	440,443	1,145,416	1,954,286	41,698	4,251	8,585	248,660	3,843,339
Accumulated depreciation								
Balance as of January 1, 2021	-	135,455	810,051	25,995	3,839	6,653	-	981,993
Additions (e)	-	18,534	76,132	2,053	538	401	-	97,658
Sales and withdrawals, note 27	-	(33)	(6,674)	(227)	(351)	(8)	-	(7,293)
Balance as of December 31, 2021	-	153,956	879,509	27,821	4,026	7,046	-	1,072,358
Additions (e)	-	41,604	101,711	2,437	399	356	-	146,507
Sales and withdrawals, note 27	-	-	(35,763)	(678)	(718)	(158)	-	(37,317)
Balance as of December 31, 2022	-	195,560	945,457	29,580	3,707	7,244	-	1,181,548
Impairment								
Balance as of January 1, 2021	-	-	16,383	-	-	-	-	16,383
Withdrawals, note 27	-	-	(2,774)	-	-	-	-	(2,774)
Balance as of December 31, 2021	-	-	13,609	-	-	-	-	13,609
Withdrawals, note 27	-	-	(4,927)	-	-	-	-	(4,927)
Balance as of December 31, 2022	-	-	8,682	-	-	-	-	8,682
Net value as of December 31, 2022	440,443	949,856	1,000,147	12,118	544	1,342	248,660	2,653,111
Net value as of December 31, 2021	440,063	764,494	1,085,746	11,405	707	5,568	116,309	2,424,293

(b) Additions for the year 2022 correspond mainly to work in-progress related to projects for the construction and implementation of the New Steel Plant in Pisco for S/65,261,000, see note 1(b), rolling mill N° 3 for S /46,359,000; tube plant for S/17,513,000, Lurin distribution center for S/63,560,000, among other projects being carried out at the Pisco plant for S/192,132,000. The construction and implementation of the New Steel Plant was financed through a financial lease operation maintained with Banco de Crédito del Perú S.A. for approximately US\$243 million, see note 17(b).

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Notes to separate financial statements (continued)

Additions for the year 2021 correspond mainly to work in-progress related to the building and implementation of the New Steel Plant in Pisco, see note 1(b), and other projects develop in the plant of Pisco for approximately S/318,086,000, the new rolling mill for approximately S/51,576,000, among other projects. The construction and implementation of the new Steel Mill Plant have been financed through a finance lease operation maintained with Banco de Crédito del Perú S.A. for approximately US\$243,000,000 million, see note 17(b). As part of this financing operation, the Company has capitalized interests for S/47,877,000.

- (c) The property, machinery and equipment item include assets acquired through finance lease contracts. As of December 31, 2022, and 2021, the cost and the corresponding accumulated depreciation of these assets are made up as follows:

	December 31, 2022			December 31, 2021		
	Cost S/(000)	Accumulated depreciation S/(000)	Cost net S/(000)	Cost S/(000)	Accumulated depreciation S/(000)	Cost net S/(000)
Buildings	647,815	(65,226)	582,589	471,566	(41,175)	430,391
Machinery and equipment	508,590	(137,440)	371,150	653,545	(109,249)	544,296
Transport units	998	(998)	-	998	(798)	200
Work in progress	-	-	-	12,798	-	12,798
	<u>1,157,403</u>	<u>(203,664)</u>	<u>953,739</u>	<u>1,138,907</u>	<u>(151,222)</u>	<u>987,685</u>

- (d) As of December 31, 2022, and 2021, the Company maintains recorded in the item "Land" a higher value for approximately S/291,700,000 and S/291,404,000, respectively. This higher value is presented net of its deferred tax in the item "Revaluation surplus" in the separate statement of changes in net equity.
- (e) As of December 31, 2022 and 2021, the historical cost of land measured at revalued values amounts to S/148,733,000 and S/148,659,000, respectively.
- (f) The depreciation expense has been recorded in the following items of the separate statement of comprehensive income:

	2022 S/(000)	2021 S/(000)
Cost of sale, note 23	138,120	90,363
Selling expenses, note 24(a)	7,032	6,249
Administrative expenses, note 25(a)	1,355	1,046
	<u>146,507</u>	<u>97,658</u>

- (g) In July 2010, a Guarantee Trust Fund was established, made up of machinery and property from the Pisco Plant, in support of loans granted by Banco de Crédito del Perú S.A. As of December 31, 2022, and 2021, the Company maintains in this Trust Fund assets for an approximate value of S/1,016,239, see note 17(f)
- (h) The Company maintains current insurance on its main assets in accordance with the policies established by Management.
- (i) As of December 31, 2022, and 2021, based on the projections made by Management on the results expected for the coming years, there are no indicators that the recoverable value of property, machinery and equipment is less than its book value. Therefore, it is not necessary to record any provision for impairment of these assets at the date of the separate statement of financial position.

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Notes to the separate financial statements (continued)

13. Right-of-use assets and others, net

(a) Following the composition and movement of the item:

	Buildings S/(000)	Machinery and equipment S/(000)	Vehicles S/(000)	Other equipments S/(000)	Total S/(000)
Cost -					
Balance as of January 1, 2021	17,943	-	-	2,832	20,775
Additions	2,354	-	469	1,053	3,876
Withdrawals	(1,331)	-	-	-	(1,331)
Balance as of December 31, 2021	<u>18,966</u>	<u>-</u>	<u>469</u>	<u>3,885</u>	<u>23,320</u>
Additions	11,594	35,868	65	505	48,032
Withdrawals	(1,863)	-	-	-	(1,863)
Balance as of December 31, 2022	<u>28,697</u>	<u>35,868</u>	<u>534</u>	<u>4,390</u>	<u>69,489</u>
Accumulated amortization -					
Balance as of January 1, 2021	5,685	-	-	1,888	7,573
Additions (d)	2,894	-	-	944	3,838
Withdrawals	(369)	-	-	-	(369)
Balance as of December 31, 2021	<u>8,210</u>	<u>-</u>	<u>-</u>	<u>2,832</u>	<u>11,042</u>
Additions (d)	7,426	-	194	1,053	8,673
Withdrawals	(660)	-	-	-	(660)
Balance as of December 31, 2022	<u>14,976</u>	<u>-</u>	<u>194</u>	<u>3,885</u>	<u>19,055</u>
Net book value -					
Balance as of December 31, 2021	<u>10,756</u>	<u>-</u>	<u>469</u>	<u>1,053</u>	<u>12,278</u>
Balance as of December 31, 2022	<u>13,721</u>	<u>35,868</u>	<u>340</u>	<u>505</u>	<u>50,434</u>

(b) Corresponds mainly to the contracts that the Company maintains for the various rental of different properties and equipment, which have maturities that fluctuate between 51 and 60 months, this recognition has been made in accordance with the policy described in 2.2(o). The value of the right-of-use assets was determined based on the future flows of the payment schedule using a discount rate of 5.75 percent.

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Notes to the separate financial statements (continued)

- (c) The depreciation expense has been recorded in the following items of the separate statement of comprehensive income:

	2022 S/(000)	2021 S/(000)
Cost of sales, note 23	494	1,491
Selling expenses, note 24(a)	5,140	166
Administrative expenses, note 25(a)	3,039	2,181
	<u>8,673</u>	<u>3,838</u>

- (d) The carrying amounts of the lease liabilities (included in financial obligations, see note 17) and the movements during the period are detailed below:

	2022 S/(000)	2021 S/(000)
Initial balance	15,784	15,452
Additions of lease liabilities	48,032	2,241
Financial interest expenses	(905)	(675)
Lease payments	(9,759)	(1,234)
	<u>53,152</u>	<u>15,784</u>
Classification -		
Current	16,685	3,904
Non-current	36,467	11,880
	<u>53,152</u>	<u>15,784</u>

- (e) The analysis of the maturities of the lease liabilities and the amounts recognized in results are presented below:

	Less than 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	Total S/(000)
As of December 31, 2022				
Lease liabilities	<u>469</u>	<u>16,216</u>	<u>36,467</u>	<u>53,152</u>
As of December 31, 2021				
Lease liabilities	<u>123</u>	<u>3,781</u>	<u>11,880</u>	<u>15,784</u>

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Notes to the separate financial statements (continued)

(f) Commitments -

The Company has not entered into other types of commitments related to leases. The Company also has certain equipment and machinery leases with terms of leases of 12 months or less and low cost office equipment leases. The Company applies the "short-term lease" recognition exemptions term" and "lease of low value assets" for these leases.

14. Investment properties

(a) Following the composition and movement of the item:

	2022 S/(000)	2021 S/(000)	January 1, 2021 S/(000) (Modified, note 2.3)
Initial balance	22,554	22,554	22,554
Others	<u>2</u>	<u>-</u>	<u>-</u>
Ending balance	<u>22,556</u>	<u>22,554</u>	<u>22,554</u>

As of December 31, 2022, and 2021, it corresponds to the property located in Arequipa and is intended for the generation of surplus value. This property is free of encumbrances.

The Company maintains insurance on its investment property in accordance with the policies established by Management; in this sense, as of December 31, 2022 and 2021, it has contracted corporate insurance policies for property damage and loss and, in the opinion of Management, said policies cover the entirety of the Company's assets as of those dates.

(b) As of December 31, 2022, the fair value of this property amounts approximately to S/22,556,000, equivalent to US\$5,923,000 (S/10,597,000 equivalent to US\$2,666,000 as of December 31, 2021), which has been determined based on appraisals made by independent appraisers, which have been valued according to the location, size and zoning of the property.

The following table presents the sensitivity of fair values to changes in the market price per square meter of the investment property:

Sensitivity analysis	Change of sq.m	2022 S/(000)	2021 S/(000)
	price %		
Decrease -			
Soles	5	(1,128)	(530)
Soles	10	(2,256)	(1,060)
Increase -			
Soles	5	1,128	530
Soles	10	2,256	1,060

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

15. Intangibles, net

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

	Sistema SAP (b) S/(000)	Others (b) S/(000)	Total S/(000)
Cost			
Balance as of January 1, 2021	79,956	22,590	102,546
Additions (b)	-	1,192	1,192
Sales and withdrawals	-	(1,251)	(1,251)
	<u>79,956</u>	<u>22,531</u>	<u>102,487</u>
Saldo al 31 de diciembre 2021	79,956	22,531	102,487
Additions (b)	1,105	575	1,680
Transfers to Property, plant and equipment, net	-	(18)	(18)
	<u>81,061</u>	<u>23,088</u>	<u>104,149</u>
Balance as of December 31, 2022	81,061	23,088	104,149
Accumulated amortization			
Balance as of January 1, 2021	58,324	20,585	78,909
Additions (c)	8,214	387	8,601
	<u>66,538</u>	<u>20,972</u>	<u>87,510</u>
Balance as of December 31, 2021	66,538	20,972	87,510
Additions (c)	8,066	386	8,452
	<u>74,604</u>	<u>21,358</u>	<u>95,962</u>
Balance as of December 31, 2022	74,604	21,358	95,962
Net value as of December 31, 2022	<u>6,457</u>	<u>1,730</u>	<u>8,187</u>
Net value as of December 31, 2021	<u>13,418</u>	<u>1,559</u>	<u>14,977</u>

- (b) As of December 31, 2022, and 2021, the additions correspond to the implementation, development, and commissioning of the integrated computer system "SAP R4 Hanna", as well as disbursements made to make improvements to its computer systems necessary for the development of its operations.

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Notes to the separate financial statements (continued)

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

	2022 S/(000)	2021 S/(000)
Cost of sales, note 23	4,298	4,642
Selling expenses, note 24(a)	2,549	2,234
Administrative expenses, note 25(a)	1,605	1,725
	<u>8,452</u>	<u>8,601</u>

16. Other assets, net

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

	2022 S/(000)	2021 S/(000)
Cost		
Initial balance	37,902	37,890
Additions	35	12
Final balance	<u>37,937</u>	<u>37,902</u>
Accumulated amortization		
Initial balance	2,632	2,249
Additions	383	383
Final balance	<u>3,015</u>	<u>2,632</u>
Net book value	<u>34,922</u>	<u>35,270</u>

- (b) As of December 31, 2022, and 2021, mainly comprises the acquisition cost of concessions and mining claims in different locations in Peru, acquired in previous years for an approximate value of S/37,937,000, net of accumulated amortization of approximately S/3,015,000 and S/2,632,000, respectively. The amortization of concessions and mining claims is calculated on a straight-line basis, based on the useful lives defined by Management, between 12 and 46 years. The amortization expense for the year has been recorded under "Other operating expenses" in the separate statement of comprehensive income, see note 27.
- (c) Management carried out various studies and evaluated the probability of future recovery of its investment in these concessions and estimated that there are no impairment indicators as of those dates.

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Notes to separate financial statements (continued)

17. Financial obligations

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

	Current		Non-current		Total (d)	
	2022 S/(000)	2021 S/(000)	2022 S/(000)	2021 S/(000)	2022 S/(000)	2021 S/(000)
Finance leases (b)	69,385	55,027	696,877	747,117	766,262	802,144
Operating leases (c)	16,685	3,904	36,467	11,880	53,152	15,784
Notes (d)	1,533,040	1,244,146	-	-	1,533,040	1,244,146
Loans (e)	93,934	32,234	254,174	200,948	348,108	233,182
	<u>1,713,044</u>	<u>1,335,311</u>	<u>987,518</u>	<u>959,945</u>	<u>2,700,562</u>	<u>2,295,256</u>

(b) As of December 31, 2022 and 2021, finance leases are comprised as follows:

Type of obligation	Guarantee	Annual interest rate (%)	Maturity	Currency	Original amount (000)	2022 S/(000)	2021 S/(000)
Finance leases							
Banco de Crédito del Perú S.A. (i)	Fixes assets acquired	5.23	2025 - 2028	US\$	137,507	497,474	529,365
Banco de Crédito del Perú S.A. (i)	Fixes assets acquired	6.50	2025 - 2028	S/	311,147	268,538	271,126
Banco Internacional del Perú S.A.A. - Interbank (ii)	Fixes assets acquired	3.90	2023	US\$	419	250	1,367
Renting S.A.C. (iii)	Fixes assets acquired	1.25	2022	US\$	307	-	286
						<u>766,262</u>	<u>802,144</u>

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

- (i) On September 14, 2018, two financial leases contracts were signed for the construction of a new steel plant in Pisco with Banco de Crédito del Perú for a total amount of US\$180 million, divided into 2 contracts of US\$101.7 million to civil works and US\$78.3 million for machinery and equipment, with financing annually effective rates of 5.36 and 6.57 percent, payable in 10 years for civil works and 7 years for machinery considering a 6-year grace period for civil works and 3 years for machinery from the date of signature. Also, both contracts are bi-currency (Soles / Dollars). In 2019, the financed amount was increased at US\$207.5 million and better interest rate conditions were obtained, 5.23 and 6.50 percent. Currently the corresponding addenda are in the process of being drawn up. The finance lease mentioned in the present note are attached to the Framework Agreement of Creditors to guarantee the full and timely payment of the obligation, see note 12(b).
- (ii) In June 2017, a financial lease agreement was signed for US\$1.2 million for the acquisition of machinery, payable in 48 monthly installments at an effective rate of 3.90 percent per year.
- (iii) In November 2017, the Company signed a service provision contract with the supplier Renting S.A.C to be used only for the development of its corporate operations. The contract has a duration of 60 months, the cost of the vehicles being approximately US\$307,000.

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Notes to separate financial statements (continued)

(c) As of December 31, 2022 and 2021, operating leases are comprised as follow:

Type of obligation	Guarantee	Annual interest rate (%)	Maturity	Currency	2022 S/(000)	2021 S/(000)
Operating leases						
Lease for right-of-use assets	Without specific guarantees	5.75	2023	S/	<u>53,152</u>	<u>15,784</u>

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

(d) As of December 31, 2022 and 2021, the notes have a current maturity and are renewable upon maturity. The book value of the promissory notes is substantially like their fair values since the impact of the discount is not significant. The promissory notes are used for working capital, and the Company's Management expects to pay them off when due and they are comprised as follows:

Financial entity	Maturity	Interest annual rate (%)	Currency	Original amonut (000)	2022 S/(000)	2021 S/(000)
BBVA Banco Continental S.A.	Between January and May 2023	Between 5.44 and 8.03	S/	221,900	221,900	68,400
BBVA Banco Continental S.A.	April 2023	Between 2.73 and 3.61	US\$	37,000	141,340	279,860
ICBC Perú Bank	-	2.39	S/	-	-	43,000
ICBC Perú Bank	July 2023	5.36	US\$	10,000	38,200	-
Banco Internacional del Perú S.A.A.	Between January and May 2023	Between 6.72 and 7.98	S/	155,300	155,300	151,350
Banco Internacional del Perú S.A.A.	Between January and June 2023	Between 2.87 and 4.30	US\$	25,000	95,500	20,390
Banco de Crédito del Perú S.A.	Between April and July 2023	Between 5.83 and 7.92	S/	490,700	490,700	278,300
Banco de Crédito del Perú S.A.	July 2023	4.15	US\$	10,000	38,200	211,894
Scotiabank Perú S.A.A.	Between March and August 2023	Between 6.44 and 8.57	S/	199,100	199,100	95,000
Scotiabank Perú S.A.A.	-	1.30	US\$	-	-	95,952
Banco Itau BBA SA - Nassau Bra	Between January and February 2023	Between 2.65 and 3.15	US\$	40,000	152,800	-
					<u>1,533,040</u>	<u>1,244,146</u>

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Notes to separate financial statements (continued)

(e) As of December 31, 2022 and 2021, the loans are comprised as follows:

Type of obligation	Guarantee	Annual interest rate (%)	Maturity	Currency	Original amount (000)	2022 S/(000)	2021 S/(000)
Banco de Crédito del Perú (e.1)	With specific guarantees	Libor + 3.65	2022	US\$	25,000	-	33,935
Banco de Crédito del Perú (e.2)	With specific guarantees	3.65	2023	US\$	18,720	71,148	74,295
Banco de Crédito del Perú (e.3)	With specific guarantees	4.65	2023	S/	15,972	15,972	15,972
Banco Internacional del Peru S.A. (e.4)	With specific guarantees	6.75	2029	S/	41,100	36,837	40,182
Banco Santander Perú S.A. (e.4)	With specific guarantees	6.75	2029	S/	41,100	37,832	40,916
Banco Internacional del Peru S.A (e.4)	With specific guarantees	6.75	2029	S/	27,400	25,466	27,881
Banco Internacional del Peru S.A. (e.5)	With specific guarantees	7.15	2031	US\$	17,000	64,940	-
Banco de Crédito del Perú S.A. (e.6)	With specific guarantees	10.04	2031	S/		95,913	-
Banks overdrafts						-	1
						<u>348,108</u>	<u>233,182</u>

(e.1) On November 20, 2014, the Company signed with Banco de Crédito del Perú S.A. a loan agreement for US\$78 million. The operation was structured in two tranches, Tranche I for up to US\$53 million at an interest rate of 5.80 percent and Tranche II for up to US\$25 million at a variable interest rate Libor (1 month) + 3.65 percent. The terms of payment are 96 monthly installments from the disbursement date, including a 12-month grace period and up-to-date amortizations. The Framework Creditors Agreement is the contract that regulates the guarantees granted by the Pisco Plant, with respect to the companies that provide financing to the Company. This contract provides the guidelines for the award of said guarantees and each company that finances the Company and receives assets collateral from the Pisco plant, will become part of this contract.

(e.2) On January 18, 2016, an addendum was signed with Banco de Crédito del Perú S.A. to modify the long-term loan contract (Tranche I), in which it was agreed to convert part of the balance of the loan initially granted in foreign currency to a loan in soles. In that sense, US\$25 million from Tranche I was converted to S/85.7 million at an interest rate of 9.05 percent. In October 2018, an addendum was signed to the contract by which the rate was changed from 9.05 percent to 5.98 percent and whose maturity is in 2022. The balance of the long-term loan (Tranche I) amounting to US\$27.7 million, kept the terms, the rate and the currency agreed in the initial contracts constant. In October 2020, a Medium Term Loan Agreement was signed with Banco de Crédito del Peru S.A. whose use of funds was the prepayment of the aforementioned financing, which at the date of the disbursement had an outstanding balance of US\$18.7 million; this new Financing matures in 2023 and has a rate of 3.65 percent.

(e.3) On February 27, 2017, the Company celebrated with Banco de Crédito del Perú S.A. a loan contract for S/33.5 million. The payment terms of said loan are 84 installments at an interest rate of 6.67 percent per year. In October 2020 said financing was prepaid with the loan granted by Banco de Crédito del Perú S.A., as of the disbursement date, the outstanding balance amounted to S/ 15.9 million, this new financing matures in 2022 and has a rate of 4.65 percent.

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

(e.5) On December 22, 2022, a Medium-Term Loan Agreement (9 years) was signed with Banco Internacional del Perú S.A.A - Interbank, with a 3-year grace and availability period, for a value of up to US\$75,000,000 and the disbursement of US\$17,000,000 has been signed and started at an annual rate of 7.15 percent.

(e.6) On December 22, 2022, a Medium-Term Loan Agreement (9 years) was signed with Banco de Crédito del Peru S.A., with a grace period and availability of 2 years, for a value of up to S/343,200,000 and the disbursement of S/95,913,000 at an annual rate of 10.04 percent.

(f) In guarantee of the loans detailed in paragraph (e) above, the Company entered into a guarantee trust agreement where the Company acts as the settlor, Banco de Crédito del Perú S.A. as representative of the trustees and as trustee La Fiduciaria SA, by virtue of which the Company transferred to the trustee the fiduciary domain over the Pisco production plant (excluding assets committed to other financial entities) and the insurance policies that correspond to said goods, see note 12 (g). Pursuant to what is indicated in the previous paragraph, a Trust Property is established irrevocably, if the guaranteed obligations remain in force, for which the Company in its capacity as trustor and in accordance with the provisions of article N ° 241 of the Banking Law, transfers in trust domain to La Fiduciaria SA, the Trust assets that constitute the Trust assets. The purpose of this contract is for the Trust Property to serve entirely as a guarantee of the total payment of the guaranteed obligations, mentioned in sections above.

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Notes to separate financial statements (continued)

- (g) As of December 31, 2022, and 2021, the amortization schedule of the financial obligations, net of future interest, is as follows (pre-payments paid in Banco de Crédito del Perú are considered short-term because of the financing of the leasing of the New Steel Plant):

	2022 S/(000)	2021 S/(000)
2022	-	1,335,311
2023	1,713,044	110,885
2024 onwards	<u>987,518</u>	<u>849,060</u>
	<u>2,700,562</u>	<u>2,295,256</u>

- (h) The minimum future payments for the financial leases, as of December 31, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	Minimum payments S/(000)	Present value of lease payments S/(000)	Minimum payments S/(000)	Present value of lease payments S/(000)
Within a year	86,121	86,070	58,981	58,931
More than one year	<u>740,915</u>	<u>733,344</u>	<u>766,646</u>	<u>758,998</u>
Total I payments to be made	827,036	819,414	825,627	817,929
Less interest payable	<u>(7,622)</u>	-	<u>(7,698)</u>	-
Total	<u>819,414</u>	<u>819,414</u>	<u>817,929</u>	<u>817,929</u>

- (i) The interest generated as of December 31, 2022 and 2021 by the financial obligations, amount approximately to S/84,8060,000 and S/19,830,000, respectively, and are presented in the item "Financial expenses" of the separate statement of comprehensive income, see note 28.

As of December 31, 2022, and 2021, accrued interest pending payment of financial obligations amounts to S/51,841,000 and S/3,439,000, respectively, see note 19.1(a).

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Notes to separate financial statements (continued)

(j) As of December 31, 2022 and 2021, the movement of financial obligations is as follows:

	2022 S/(000)	2021 S/(000)
Initial balance as of January 1	2,295,256	1,160,226
Acquisition of machinery and equipment through finance lease agreements	34,478	189,266
Acquisition of machinery and equipment through operating lease agreements	48,032	3,876
Promissory notes obtained	2,710,074	2,683,532
Amortization of financial obligations	(2,351,688)	(1,721,684)
Exchange difference	<u>(35,590)</u>	<u>(19,960)</u>
Final balance as of December 31	<u>2,700,562</u>	<u>2,295,256</u>

(k) As part of the financial loans and leases maintained with Banco de Crédito del Perú, the Company has undertaken to comply with certain financial ratios as of December 31, 2022 and 2021 such as:

- Financial leverage ratio, not greater than 1.6
- Debt service coverage ratio, not less than 1.2
- Debt coverage ratio, not greater than 3.5
- Interest coverage ratio, not less than 4.5
- Liquidity ratio, not less than 1

The Company has been complied with the financial ratios required as of December 31, 2022 and 2021. The finance of financial leases mentioned in item (e) are adhered to the Creditor's Framework Contract to support the full and timely payment of the obligation.

18. Trade accounts payable

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

	2022 S/(000)	2021 S/(000)
Domestic invoices (b)	388,689	389,960
Foreing invoices (c)	102,906	128,491
Customer advances (d)	<u>28,445</u>	<u>22,629</u>
Total	<u>520,040</u>	<u>541,080</u>

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

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Notes to separate financial statements (continued)

- (c) Foreign invoices to be paid are directly financed from third parties, bear interest at annual rate of 1.25 percent and have current maturity.
- (d) Corresponds to advances made by clients, which will be applied against shipments made in the following periods.

19. Other accounts payable

19.1 Other accounts payable

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

	2022 S/(000)	2021 S/(000)
Interest payable, see note 17(i)	51,841	3,439
Workers profit sharing	35,556	75,742
Share on subsidiaries' equity, note 11(i) and (b)	25,751	9,603
Miscellaneous provisions	18,915	20,692
Vacations	17,371	16,842
Personnel provisions	5,377	8,377
Taxes and withholdings	5,140	5,121
Private pension fund	1,435	1,386
Severance indemnities	1,432	1,372
Others	1,827	81
	<u>164,645</u>	<u>142,655</u>

- (b) Corresponds to the equity participation maintained by investments in subsidiaries that present losses and is made up of the following subsidiaries:

	2022 S/(000)	2021 S/(000)
Aceros America S.A.S	21,915	2,775
Aceros America S.P.A	1,826	3,980
Comercial del Acero S.A.C - In liquidation	1,245	2,678
Aceros America AA S.A.S	340	-
Corporación Aceros Arequipa de Iquitos S.A.C	425	170
	<u>25,751</u>	<u>9,603</u>

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Notes to separate financial statements (continued)

- (c) The composition and movement of sundry and labor provisions for the years 2022 and 2021 are presented below:

	Initial balance S/(000)	Additions S/(000)	Usage S/(000)	Ending balance S/(000)
As of December 31, 2022				
Tax contingencies (d)	6,832	-	(1,407)	5,425
Labor contingencies, note 27 and (d)	8,010	2,246	-	10,256
Labor provisions	8,377	7,282	(10,282)	5,377
Other provisions	5,850	-	(2,616)	3,234
Total	29,069	9,528	(14,305)	24,292
As of December 31, 2021				
Tax contingencies (d)	1,327	5,505	-	6,832
Labor contingencies, note 27 and (d)	919	7,091	-	8,010
Labor provisions	4,518	9,100	(5,241)	8,377
Other provisions	12,314	-	(6,464)	5,850
Total	19,078	21,696	(11,705)	29,069

- (d) These provisions are related to the current litigation that the Company maintains related mainly to tax and labor nature. In accordance with the evaluation carried out by Management and its legal advisors, they consider that the recorded amount of the provisions is sufficient to cover such contingencies as of December 31, 2022 and 2021.
- (e) The concepts that comprise this item have current maturity, do not generate interest and no specific guarantees have been granted for them.

19.2 Other long-term accounts payable

- (a) A continuación se presenta la composición del rubro:

	2022 S/(000)	2021 S/(000)
Guarantee provisions and others, note 8(d)	8,895	8,742
Gas supplier provision, note 31	50,424	105,546
	<u>59,319</u>	<u>114,288</u>

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Notes to separate financial statements (continued)

20. Deferred income tax liability, net

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

	As of January 1, 2021 S/(000)	Income (expense) S/(000)	As of December 31, 2021 S/(000)	Income (expense) S/(000)	As of December 31, 2022 S/(000)
Deferred assets					
Lease liabilities	-	-	-	15,680	15,680
Estimate of expected credit losses	2,325	5,769	8,094	278	8,372
Estimated impairment of inventories	618	2,535	3,153	2,772	5,925
Vacations accrued and unpaid	3,484	1,484	4,968	156	5,124
Provisions for labor and tax contingencies	258	4,120	4,378	248	4,626
Provision for debit balances with supplier	80,507	(75,798)	4,709	(4,147)	562
Miscellaneous and other minor provisions	5,250	1,670	6,920	(2,504)	4,416
	<u>92,442</u>	<u>(60,220)</u>	<u>32,222</u>	<u>12,483</u>	<u>44,705</u>
Deferred liabilities					
Land revaluation surplus and fair value of investment property	(93,655)	-	(93,655)	(1)	(93,656)
Difference in depreciation rates for financial lease operations	(93,748)	(10,591)	(104,339)	(5,753)	(110,092)
Right-of-use assets	-	-	-	(14,878)	(14,878)
Higher value of property, machinery and equipment	(1,285)	(15,761)	(17,046)	(11,544)	(28,590)
Exploration and evaluation expenses	(3,566)	(88)	(3,654)	(94)	(3,748)
	<u>(192,254)</u>	<u>(26,440)</u>	<u>(218,694)</u>	<u>(32,270)</u>	<u>(250,964)</u>
Deferred tax liability, net	<u>(99,812)</u>	<u>(86,660)</u>	<u>(186,472)</u>	<u>(19,787)</u>	<u>(206,259)</u>

(b) The income tax expense shown in the separate statement of comprehensive income comprises of:

	2022 S/(000)	2021 S/(000)
Current	(95,812)	(201,131)
Deferred	<u>(19,787)</u>	<u>(86,660)</u>
	<u>(115,599)</u>	<u>(287,791)</u>

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Notes to separate financial statements (continued)

- (c) The reconciliation between the effective income tax rate and the legal tax rate for the years 2022 and 2021 is as follows

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	S/(000)	%	S/(000)	%
Profit before income tax	<u>362,015</u>	<u>100</u>	<u>977,134</u>	<u>100.00</u>
Theoretical tax expense	(106,794)	(29.50)	(288,255)	(29.50)
Net tax impact of non - deductible or non- taxable items	<u>(8,805)</u>	<u>(2.43)</u>	<u>464</u>	<u>0.05</u>
Income tax	<u>(115,599)</u>	<u>(31.93)</u>	<u>(287,791)</u>	<u>(29.45)</u>

- (d) As of December 31, 2022, and 2021, the Company has generated an income tax of S/95,813,000 and S/201,131,000, respectively, which have been offset with advance payments maintained to date, generating a net asset of S/88,573,000 and S/27,783,000, respectively.

21. Net equity

- (a) Capital stock -

As of December 31, 2022, and 2021 the capital stock is represented by 890,858,308 common shares fully subscribed and paid, whose nominal value is S/1.00 per share.

As of December 31, 2022, and 2021, the market price of the common share was S/1.92 and S/1.90 and its trading frequency was 15.00 and 45.45 percent, in relation to the total trading operations performed oinn the Lima's stock market, respectively.

As of December 31, 2022, and 2021, the Company's corporate shareholding structure is as follows:

Percentage of individual capital shareholding	As of December 31, 2022	
	Number of Shareholders	Total shareholding percentage
Greater than 10 percent	2	26.89
Between 5.01 and 10 percent	4	27.72
Between 1.01 and 5 percent	12	23.43
Less than 1 percent	<u>371</u>	<u>21.96</u>
	<u>390</u>	<u>100.00</u>

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Percentage of individual capital shareholding	As of December 31, 2021	
	Number of Shareholders	Total shareholding percentage
Greater than 10 percent	2	26.89
Between 5.01 and 10 percent	4	27.51
Between 1.01 and 5 percent	12	22.10
Less than 1 percent	386	23.50
	<u>404</u>	<u>100.00</u>

(b) Investment shares -

As of December 31, 2022, and 2021, the balance of this account is made as follows:

	2022 S/(000)	2021 S/(000)
Investment shares	182,408	182,408
Treasury shares (c)	-	-
	<u>182,408</u>	<u>182,408</u>

As of December 31, 2022, and 2021, the investment shares are represented by 182,407,512 shares, whose nominal value is S/1.00 per share. The price for each investment share amounted to S/1.40 and S/1.72 at those dates, and its trading frequency has been 60.00 and 95.45 percent, in relation to the total number of negotiations in the Lima Stock Exchange, respectively.

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

(c) Revaluation surplus -

As of December 31, 2022, and 2021, this item includes the revaluation surplus related to the land held by the Company. The Company calculates the fair value of its land every five years.

(d) Legal reserve -

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

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Notes to separate financial statements (continued)

During 2021, and in accordance with the provisions of the General Corporations Law, the Company paid the legal reserve of those dividends pending payment that are older than three years. The amount recorded by the Company for this concept amounts approximately to S/156,000.

(e) Dividends distribution -

The distribution of dividends made by the Company in 2022 and 2021 is detailed below:

Approved by	Approval date	Amount approved and distributed 2022 S/(000)
General Shareholders' Meeting (i)	March 31, 2022	90,991
Board of Directors (ii)	July 22, 2022	35,829
Board of Directors (iii)	October 25, 2022	<u>38,074</u>
		<u>164,893</u>

- (i) The General Shareholders' Meeting held on March 31, 2022 approved cash dividends of S/275,737,000 with a charge to retained earnings of previous years, an amount that will be deducted by: the cash dividend of S/111,000,000 approved on May 14, 2021 corresponding to dividends in advance from 2021 and paid on June 3, 2021, as well as the cash dividend of US\$18,000,000 equivalent to S/73,746,000 approved on September 6, 2021 and paid on September 24, 2021.
- (ii) The Board Meeting held on July 22, 2022 approved a cash dividend of US\$9,154,000 equivalent to S/35,829,000, charged to accumulated results of previous periods. The dividend applies to both the 890,858,308 common shares and 182,407,512 investment shares, in accordance with the General Corporations Law, resulting in a dividend per share of US\$0.008529.
- (iii) The Board Meeting held on October 25, 2022 approved a cash dividend of US\$9,511,000 equivalent to S/38,074,000 charged to accumulated results from previous years. The dividend applies to both the 890,858,308 common shares and 182,407,512 investment shares, in accordance with the General Corporations Law, resulting in a dividend per share of US\$0.008862.

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Approved by	Approval date	Amount approved and distributed 2021 S/(000)
General Shareholders' Meeting (i)	March 26, 2021	34,536
General Shareholders' Meeting (ii)	May 14, 2021	111,000
Board of Directors (iii)	June 24, 2021	110,990
General Shareholders' Meeting (iv)	September 6, 2021	<u>73,746</u>
		<u>330,271</u>

- (i) The General Shareholders' Meeting held on March 26, 2021 approved cash dividends of S/73,632,000 with a charge to retained earnings of previous years, an amount that will be deducted by: cash dividend approved on October 22, 2020 for S/14,942,000, as well as that approved on November 26, 2020 for S/24,154,000. The remaining balance amounts to S/34,536,000 (S/0.032178 per share) and was paid in April 2021.
- (ii) The General Shareholders' Meeting held on May 14, 2021 approved the dividend distribution of S/111,000,000 charged to accumulated results and as an advance of the dividends corresponding to 2021. The dividend applies both to common and investment shares, resulting in a dividend per share of S/0.103423.
- (iii) The Board meeting held on June 24, 2021, unanimously agreed to distribute cash profits for US\$27,880,000, equivalent to S/110,990,280, charged to accumulated results from previous years. This agreement was adopted within the framework of the powers delegated to the Board by the General Shareholders' Meeting at its meeting on May 14, 2021. The dividend applies to both common and investment shares. This results in a dividend per share of US\$0.025977.
- (iv) The General Shareholders' Meeting held on September 6, 2021 approved cash dividends distribution amounting to US\$18,000,000, equivalent to S/73,746,000 charged to accumulated results from previous years. The dividend applies to both common and investment shares, resulting in a dividend per share of US\$0.016771.

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Notes to separate financial statements (continued)

22. Net sales

The composition of the item is presented below:

	2022 S/(000)	2021 S/(000)
Local sales to third parties	4,292,564	4,184,969
Foreign sales to third parties	186,193	257,244
Sales to related parties, note 7(a)	732,630	553,858
	<u>5,211,387</u>	<u>4,996,071</u>

	Local sales to third parties S/(000)	Foreign sales to third parties S/(000)	Sales to related parties S/(000)	Total S/(000)
2022				
Types of goods or services -				
Income from sale of goods	4,279,330	139,661	732,630	5,151,621
Freight and other income	13,234	46,532	-	59,766
Total	<u>4,292,564</u>	<u>186,193</u>	<u>732,630</u>	<u>5,211,387</u>

Schedule of transfer of goods or services -				
Goods or services from the prior period carried over to the current period	29,920	-	-	29,920
Goods or services transferred in the period	4,262,644	186,193	732,630	5,181,467
Total	<u>4,292,564</u>	<u>186,193</u>	<u>732,630</u>	<u>5,211,387</u>

	Local sales to third parties S/(000)	Foreign sales to third parties S/(000)	Sales to related parties S/(000)	Total S/(000)
2022				
Types of goods or services -				
Income from sale of goods	4,174,097	212,545	553,858	4,940,500
Freight and other income	10,872	44,699	-	55,571
Total	<u>4,184,969</u>	<u>257,244</u>	<u>553,858</u>	<u>4,996,071</u>

Schedule of transfer of goods or services -				
Goods or services from the prior period carried over to the current period	22,124	-	-	22,124
Goods or services transferred in the period	4,162,845	257,244	553,858	4,973,947
Total	<u>4,184,969</u>	<u>257,244</u>	<u>553,858</u>	<u>4,996,071</u>

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Notes to separate financial statements (continued)

23. Cost of sales

The composition of the item is presented below:

	2022 S/(000)	2021 S/(000)
Beginning balance of products in process, note 9(a)	141,590	112,232
Beginning balance of finished products, note 9(a)	221,924	70,001
Beginning balance of merchandise, note 9(a)	435,960	53,329
Beginning balance of auxiliary materials, supplies and spare parts, note 9(a)	191,210	85,720
Beginning balance of raw material, note 9(a)	258,354	86,054
Personnel expenses, note 26(b)	129,536	157,492
Purchases of merchandise	1,225,199	1,292,950
Purchases of raw materials	2,373,765	2,095,294
Purchases of supplies	558,950	447,208
Manufacturing expenses	363,827	412,493
Depreciation of the year, note 12 (f) and 13(c)	138,614	91,854
Freight cost	149,308	144,618
Amortization of the year, note 15(c)	4,298	4,642
Final balance of products in process, note 9(a)	(372,534)	(141,590)
Final balance of finished products, note 9(a)	(319,125)	(221,924)
Final balance of merchandise, note 9(a)	(612,717)	(435,960)
Final balance of auxiliary materials, supplies and spare parts, note 9(a)	(228,699)	(191,210)
Final balance of raw material, note 9 (a)	(158,728)	(258,354)
Estimation for obsolescence of inventories, note 9 (c)	10,944	7,666
	<u>4,511,676</u>	<u>3,812,515</u>

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Notes to separate financial statements (continued)

24. Selling expenses

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

	2022 S/(000)	2021 S/(000)
Services provided by third parties (b)	74,116	70,105
Personnel expenses, note 26(b)	29,655	31,892
Estimation of expected credit loss, note 6(f)	12,276	28,649
Depreciation of the year, note 12(f) and 13(c)	12,172	6,415
Other management charges	7,396	5,150
Amortization of the year, note 15(c)	2,549	2,234
Taxes	1,194	1,134
Retirement of fixed assets	-	26
	<u>139,358</u>	<u>145,605</u>

(b) For 2022 and 2021, it corresponds mainly to rental services for commercial premises, advertising service, marketing services, outsourcing service for sales personnel, among others.

25. Administrative expenses

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

	2022 S/(000)	2021 S/(000)
Personnel expenses, note 26(b)	73,078	127,815
Services provided by third parties (b)	24,204	28,829
Depreciation of the year, note 12(f) and 13(c)	4,394	3,227
Amortization of the year, note 15(c)	1,605	1,725
Other management charges	2,932	3,835
Taxes	1,229	1,222
Retirement of fixed assets	-	209
	<u>107,442</u>	<u>166,862</u>

(b) As of December 31, 2022, and 2021, it corresponds mainly to services for legal advice, surveillance service, software support service, maintenance service, among others

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Notes to separate financial statements (continued)

26. Personnel expenses

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

	2022 S/(000)	2021 S/(000)
Remuneration to personnel	131,086	178,114
Workers profit sharing	36,547	76,178
Employee bonuses	18,348	17,437
Vacations	17,098	17,160
Contributions	14,901	13,283
Social benefits of workers	10,269	9,619
Others	4,020	5,408
	<u>232,269</u>	<u>317,199</u>

(b) Below is the distribution of personnel expenses:

	2022 S/(000)	2021 S/(000)
Cost of sales, note 23	129,536	157,492
Selling expenses, note 24(a)	29,655	31,892
Administrative expenses, note 25(a)	73,078	127,815
	<u>232,269</u>	<u>317,199</u>

27. Other income and operating expenses

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

	2022 S/(000)	2021 S/(000)
Other income -		
Dividends received (b)	30,818	-
Income from a supplier claim (c)	11,107	-
Sale of obsolete materials	9,778	20,379
Reimbursement for import expenses	5,963	1,843
Sale of fixed assets	1,766	-
Recovery of accounts receivable, note 6(f)	1,254	2,444
BackOffice services to subsidiaries	1,284	874
Litigation with Contugas	-	92,490
Other minor	10,394	22,471
	<u>72,364</u>	<u>140,501</u>

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Notes to separate financial statements (continued)

	2022 S/(000)	2021 S/(000)
Other expenses-		
Provisions for contingencies, note 8(g) and 19(c)	(13,224)	
Cost of disposal and withdrawals of machinery and equipment (d)	(8,031)	(6,177)
Cost for sale of obsolete materials	(5,236)	(15,888)
Personnel incentives (e)	(3,245)	(4,200)
Other minor	<u>(4,937)</u>	<u>(19,060)</u>
	<u>(34,673)</u>	<u>(45,325)</u>
(b)	Corresponds to the dividends received from its subsidiary Comercial del Acero S.A.C - In Liquidation, in accordance with the liquidation plan of this subsidiary, this entity has been distributing dividends from the results obtained in previous periods.	
(c)	Corresponds to the credit notes issued by ElectroPeru, the Company's electricity supplier for billings in excess of previous periods, which were in dispute. In the 2022 period, it was resolved in favor of the Company.	
(d)	Corresponds to the casualties of damaged and obsolete machinery and equipment located in the production headquarters.	
(e)	Corresponds to dirbursements related to the dismissal of workers.	

28. Income and financial expenses

The composition of these items is presented below:

	2022 S/(000)	2021 S/(000)
Financial income -		
Interest on time deposits, note 5(c)	11,587	2,238
Interest on invoices receivable	11,246	8,812
Other interest	<u>1,112</u>	<u>461</u>
	<u>23,945</u>	<u>11,511</u>
Financial expenses -		
Interest on financial obligations, note 17(d) and (e)	(84,806)	(19,830)
Interest on finance leases	(45,172)	(714)
Interest on lease liabilities, note 17(c)	(905)	(584)
Other minor	<u>(354)</u>	<u>(908)</u>
	<u>(131,237)</u>	<u>(22,036)</u>

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Notes to separate financial statements (continued)

29. Tax situation

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

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

- (b) The Company is subject to Peruvian tax law. As of December 31, 2022, and 2021, the income tax rate is 29.5 percent of the taxable profit after deducting employee profit sharing that is calculated at a rate of 10 percent on taxable income.

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

- (c) The Tax Authority has the power to review and, if applicable, correct the income tax calculated by the Company in the four years following the year of the filing of the tax return. The sworn declarations of the income tax of the years 2018 to 2022 of the Company are pending inspection by the Tax Authority. Due to the possible interpretations that the Tax Authority may give to the current legal regulations, it is not possible to determine, to date, whether the revisions that are carried out will result in liabilities for the Company, so any higher tax or surcharge that could result from eventual tax reviews would be applied to the results of the year in which it is determined. However, in the opinion of the Company's Management and its legal advisors, any eventual additional tax settlement would not be significant for the separate financial statements as of December 31, 2022, and 2021.

- (d) For purposes of determining income tax, transfer prices of transactions between related companies and companies' resident in tax-haven countries must be supported with documentation and information regarding the valuation methods and criteria used to determine them. Based on the analysis of the Company's operations and in the opinion of the Management and its legal advisors, the application of these legal provisions will not generate any significant contingencies as of December 31, 2022 and 2021.

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

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

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- (f) In July 2018, Law 30823 was published by the Peruvian Congress, which delegated to the Government the faculty to legislate various issues, including tax and financial matters. In this sense, the main tax regulations issued were the following:
- (i) Beginning January 1, 2019, the treatment applicable to royalties and remuneration for services rendered by non-domiciled persons was modified, eliminating the obligation to pay the amount equivalent to the withholding due to the accounting record of the cost or expense. Now the income tax is withheld at the payment or accreditation of the compensation (Legislative Decree N°1369).
 - (ii) Established rules governing the obligation of legal individuals and (or) legal entities to report the identification of their final beneficiaries (Legislative Decree N° 1372). These rules are applicable to legal individuals' resident in the country, pursuant to article 7 of the Income Tax Law, and to legal entities in the country. The obligation is applicable for non-resident legal entities and legal entities constituted abroad while: a) have a branch, agency or another permanent establishment in the country; b) the individual (natural or legal entity) who manage the autonomous patrimony or foreign investment funds, or the natural or legal individual who has the quality of guard or administrator, resides in the country; and, c) any part of a consortium resident in the country. This obligation must be accomplished through the presentation of an affidavit to the Tax Authority, using digital form N°3800, which had maturity on November 2019 for Main Taxpayer according to SUNAT (Resolution No. 185-2019-SUNAT).
 - (iii) The Tax Code was modified to provide greater guarantees to taxpayers in the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation (Legislative Decree No. 1422).

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

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

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

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

- (iv) Modifications to Income Tax Law were included, effective as of January 1, 2019, to improve the tax treatment applicable to (Legislative Decree N°1424):
- Income obtained by indirect disposal of shares or stakes representing the capital of legal individuals' resident in the country. The most relevant changes are the inclusion of a new case of indirect disposal, which is set when the total amount of the shares of the resident individual whose indirect disposal is made is equal to or greater than 40,000 UIT.
 - Permanent establishments entities of any nature incorporated abroad. For this purpose, new cases of permanent establishment have been included, among them, when services are granted in the country, related to the same project, service or for a related one, for a period that in total exceeds 183 calendar days within any twelve-month period.
 - The law of credits against Income Tax for taxes paid abroad, to incorporate indirect credit (corporate tax paid by subsidiaries abroad) as an applicable credit against Income Tax of resident individuals, to avoid double economic taxation.
 - The deduction of interest expenses for determination of the Corporate Income Tax. For this purpose, limits were established both for loans with related parties, and for loans with third parties contracted as of September 14, 2018 based on equity and EBITDA.
- (v) Regulations have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018 there was no normative definition of this concept, so in many cases the accounting standards were used for its interpretation. In general terms, with the new criterion, in purpose of determine income tax, Companies have to evaluate whether the material facts for the generation of the income or expense agreed by the parties have occurred, which are not subject to a suspensive condition, in which case the recognition will be given when it is fulfilled and the established collection or payment opportunity will not be taken into account.

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30. Earnings per basic and diluted share

Below is the calculation of the weighted average of shares and of the earnings per basic and diluted share:

	Issued shares					Effective days until the end of the year		Weighted average of shares		
	Common	Investment	Treasury		Total	Common	Investment	Common	Investment	Total
			Common	Investment						
Balance as of January 1, 2021	890,858,308	182,407,512	-	-	1,073,265,820			890,858,308	187,501,132	1,078,359,440
Reduction of treasury investment shares	-	-	-	-	-			-	-	-
Balance as of December 31, 2021	890,858,308	182,407,512	-	-	1,073,265,820	365	365	890,858,308	187,501,132	1,078,359,440
Balance as of December 31, 2022	890,858,308	182,407,512	-	-	1,073,265,820	365	365	890,858,308	187,501,132	1,078,359,440

The calculation of earnings per share as of December 31, 2022 and 2021, is presented below:

	December 31, 2022			December 31, 2021		
	Earnings (numerator) S/(000)	Shares (denominator) (000)	Earnings per share S/	Earnings (numerator) S/(000)	Shares (denominator) (000)	Earnings per share S/
Earnings per basic and diluted common and investment shares.	246,416	1,078,359	0.229	689,343	1,078,359	0.639

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Notes to separate financial statements (continued)

31. Contingencies and guarantees granted

(a) Contingencies -

(a.1) As of December 31, 2022 and 2021, the Company maintains the following contingent tax processes:

- Various labor processes related to its operations concerning to lawsuits for the payment of profits and reimbursement of social benefits.
- The Company has filed a claim against the file related to the Value Added Tax of 1998, the file is assigned to Room 4 of the Tax Court, pending resolution. As of December 31, 2022 it amounts approximately to S/2.9 million.
- As a result of the Tax Authority review of 2004, 2005, 2006 and 2009, the Company received Determination and Fine Resolutions for the Income Tax and Value Added Tax, contesting a total amount of approximately S/28.7 million. As of December 31, 2022, the resources presented by the Company are pending resolution by the Tax Court.
- Regarding 2006, the Company received Determination and Fine Resolutions for Income Tax and Value Added Tax. On April 25, 2022, the Company received the Administration Resolution that resolved the Claim file and on May 13, 2022, the Company filed an appeal against the Administration Resolution. As of December 31, 2022, the debt associated with the process amounts to S/.2 million. Likewise, the Company has alleged prescription referring to the power of the Tax Administration to determine the tax obligation and impose sanctions in relation to Income Tax for the year 2006 and Value Added Tax. In April 2022, the Tax Court declared the prescription for determining fines and a contentious tax lawsuit has been filed in the confirmed end.
- On December 29, 2011, the Company received Determination and Fine Resolutions for the Income Tax and Value Added Tax of the years 2007 to 2009, totaling S/21.7 million, debt that was offset by the Tax Authority with the balance in favor of the 2009 Income Tax, this refund was requested by the Company. The Company has filed a partial claim against the resolutions for an approximate amount of S/8.8 million, an amount which has also been requested to be returned. The process is pending resolution by the Tax Authority. In this regard, during 2021, the Company's Management recorded an estimate for impairment for approximately S/5,141,000 under the heading "Other accounts receivable", see note 8(e)

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- On June 27, 2017, the Company filed an appeal against the denial relapsed in the claim that was formulated against the Determination Resolution for the 2011 income tax. The updated debt to December 31, 2022 amounts approximately to S/3.8 million.

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

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

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

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

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

- (a.3.) In February 2017, the natural gas supplier in Ica, Contugas S.A.C. maintained an undue billing related to the services provided in the framework of the "Agreement to Distribute and Provide Natural Gas", signed on December 21, 2011, the Company filed a claim with the OSINERGMIN (the energy and gas regulator), in order for this institution to declare that Contugas had to fulfill with billing the Company for natural gas distribution, transport and supply services, based on the quantities actually consumed, in accordance with the provisions of the billing procedure for the concession of the "Distribution of Natural Gas System through Pipeline Network" in the department of Ica, and considering an Average

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Transport Cost (CMT for its Spanish acronym) that does not include inefficiencies and cost overruns assumed by Contugas as a consequence of contracts entered into with third parties. Likewise, it was also requested that Contugas be ordered to re-invoice the services according to the billing procedure indicated above.

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

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

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

Likewise, on May 10, 2018, the Company was informed that the Ad Hoc Collegiate Body of the "Organismo Supervisor de la Inversión en Energía y Minería - OSINERGMIN" declared founded, in all its extremes, the Company's claim against Contugas, ending the first administrative instance as established in article 45 of the Single Ordered Text of the OSINERGMIN Regulation for the Resolution of Controversies approved by Resolution No. 223-2013-OS / CD.

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

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

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

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

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

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

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

Finally, on July 30, 2021, the negotiations are completed and both parties reach an agreement for direct treatment through which the Company would receive approximately US\$27 million in credit notes, reducing the payment obligation that was in claim, in addition to the Subscription of an addendum to the Natural Gas Distribution and Supply Contract and payment to Contugas of US\$26.4 million at the time of signing and 3 annual payments of US\$13.2 million, as well as a reduction in the monthly gas consumption rate.

(b) Guarantees granted -

As of December 31, 2022, the Company had an exposure greater than 10 percent of the company's equity with Banco de Credito del Peru, Interbank and BBVA, such exposure includes promissory notes, financial leases, medium-term financing, and letters of credit. for an aggregate amount of S/1,477 million, S/378 million and S/363 million, an amount that represented 55.8, 18.4 and 16.4 percent of equity, respectively. Likewise, as of December 31, 2021, Banco de Credito del Peru and BBVA had an exposure greater than 10% of the company's equity, with an aggregate amount of S/1,501 million and S/ 401 million, respectively, which represented 58.8% and 15.7% of equity, respectively.

Likewise, the Company incorporated a Trust comprised of machinery and properties of the Pisco Plant, in endorsement of loans granted by Banco de Crédito del Perú S.A, Banco Santander Perú and Banco Internacional del Perú S.A.A - Interbank; the realizable value of the assets in said trust amounts to US\$201 million, which represents 29% of the company's equity.

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

32. Financial risk management, objectives and policies

Financial instrument category -

The Company's financial assets and liabilities are made up of:

	2022 S/(000)	2021 S/(000)
Financial assets -		
Loans and trade accounts receivable:		
Cash and cash equivalents	602,883	605,992
Trade accounts receivable, net	497,370	582,509
Other accounts receivable, net	23,850	25,327
Accounts receivable from related parties	241,397	237,414
	<u>1,365,500</u>	<u>1,451,242</u>
Total	1,365,500	1,451,242
Financial liabilities -		
At amortized cost		
Other financial liabilities	1,713,044	1,335,311
Trade accounts payable	520,040	541,080
Other accounts payable	238,273	251,964
Accounts payable to related parties	41,953	98,006
	<u>2,513,310</u>	<u>2,226,361</u>
Total	2,513,310	2,226,361

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

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

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

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

Credit risk -

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

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

Credit risk related to bank deposits: the credit risks of bank balances are managed by Company's Management in accordance with the Company's policies. Investments of cash surpluses are made with first class financial entities. The maximum exposure to credit risk As of December 31, 2022 and 2021, is the book value of the cash balances shown in note 5.

Consequently, in the opinion of the Company's Management, the Company does not have any concentration that represents a significant credit risk as of December 31, 2022 and 2021.

Market risk -

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

Sensitivity analysis in the following sections refer to positions as of December 31, 2022 and 2021. They are also since the net amount of debt, the relation of fixed interest rates, and the position in instruments in foreign currency they remain constant.

It has been assumed that the sensitivities in the separate statement of comprehensive income are the effect of the assumed changes in the respective market risk. This is based on financial assets and liabilities held As of December 31, 2022 and 2021.

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

(i) Exchange rate risk -

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

The Company's activities, mainly its indebtedness, expose it to the risk of fluctuations in the exchange rates of the US dollar with respect to the Sol. The Company also presents operations with an exchange rate in euros, however, as of December 31, 2022 these amounts are not significant, not having an impact on the Company's statements of comprehensive income.

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

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

As of December 31, 2022, weighted average free market exchange rates for transactions in US dollars were S/3.808 for US\$1 for the purchase and S/3.820 for US\$1 for sale, respectively (S/3.975 per US\$1 for the purchase and S/3.998 for US\$1 for sale as of December 31, 2021, respectively).

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

As of December 31, 2022, and 2021, the Company does not have derivative financial instruments and has the following assets and liabilities in thousands of US dollars:

	2022 US\$(000)	2021 US\$(000)
Assets		
Cash and cash equivalents	144,658	148,276
Trade accounts receivable, net	128,355	154,973
Accounts receivable from related parties	62,460	57,813
	<u>335,473</u>	<u>361,062</u>
Liabilities		
Trade accounts payable	(74,065)	(97,163)
Financial obligations, current and non-current	(304,030)	(316,371)
	<u>(378,095)</u>	<u>(413,534)</u>
Net liability position	<u>(42,622)</u>	<u>(52,472)</u>

For the year ended December 31, 2022, the Company has recorded a net loss from exchange differences for approximately S/7,862,000 (net loss of approximately S/13,499,000 for the year ended December 31, 2021), which are presented in the separate statement of comprehensive results.

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

The following table shows the sensitivity analysis of US dollars (the only currency other than the functional currency in the Company has significant exposure as of December 31, 2022 and 2021), in its monetary assets and liabilities and its estimated cash flows. The analysis determines the effect of a reasonably possible variation in the exchange rate of the US dollar, the other constant variables in the separate statement of comprehensive income before income tax. A negative amount shows a net potential reduction in the separate statement of comprehensive income, while a positive amount reflects a net potential increase.

Sensitivity analysis	Changes in exchange rate %	Impact on profit before income tax	
		2022 S/(000)	2021 S/(000)
Depreciation -			
Dollars	5	8,342	10,904
Dollars	10	16,684	21,809
Appreciation -			
Dollars	5	(8,342)	(10,904)
Dollars	10	(16,684)	(21,809)

(ii) Interest rate risk -

As of December 31, 2022, and 2021, the Company maintains financial instruments that accrue fixed and variable interest rates, in top local banks. The Company's operating cash flows are substantially independent of changes in market interest rates, therefore, in Management's opinion, the Company does not have significant exposure to interest rate risks.

Interest rate sensitivity -

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

	Increase / decrease in basic points	Effect on profit or loss before income tax S/(000)
2022		
Soles	+/- 50	3,714
	+/- 100	7,428
2021		
Soles	+/- 50	2,476
	+/- 100	4,952

Translation of separate financial statements originally issued in Spanish
 - Note 36

Notes to separate financial statements (continued)

(iii) Price risk -

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

The following table shows the sensitivity in the Company's results as of December 31, 2022 and 2021, if the internal price had increased / decreased 5 percent and the other variables had remained constant.

	Increase / decrease percentage	Effect in income before income tax S/(000)
2022	+5%	183,701
	-5%	(183,701)
2021	+5%	176,112
	-5%	(176,112)

(iv) Liquidity risk -

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

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

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

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

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

The following table shows the maturity of the Company's future payments based on the contractual obligations:

	Less than 3 months S/(000)	3 to 12 months S/(000)	From 1 to 5 years S/(000)	Total S/(000)
As of December 31, 2022				
Financial obligations:				
Amortization of capital	153,666	1,559,378	987,517	2,700,562
Interest payment outflow	22,135	180,812	186,065	389,012
Trade accounts payable (*)	491,595	-	-	491,595
Accounts payable to related parties	41,952	-	-	41,952
Other accounts payable (*)	133,754	50,424	-	184,178
Total	843,102	1,790,614	1,173,582	3,807,299
	Less than 3 months S/(000)	3 to 12 months S/(000)	From 1 to 5 years S/(000)	Total S/(000)
As of December 31, 2021				
Financial obligations:				
Amortization of capital	130,603	1,204,709	959,944	2,295,256
Interest payment outflow	11,112	96,284	99,756	207,152
Trade accounts payable (*)	518,451	-	-	518,451
Accounts payable to related parties	98,006	-	-	98,006
Other accounts payable (*)	133,052	-	-	133,052
Total	891,224	1,300,993	1,059,700	3,251,917

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

Capital management -

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

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

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

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

	2022 S/(000)	2021 S/(000)
Financial obligations	2,700,562	2,295,256
Trade accounts payable, payables to related parties and other accounts payable	785,956	923,812
Less -		
Cash and cash equivalents	<u>(602,883)</u>	<u>(605,992)</u>
Net debt (a)	2,883,635	2,613,076
Net equity	<u>2,674,021</u>	<u>2,573,392</u>
Total capital and net debt (b)	5,557,656	5,186,468
Leverage ratio (a/b)	52%	50%

During the years ended December 31, 2022 and 2021, there were no changes in the objectives, policies, or processes related to capital management.

33. Fair value of financial instruments

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

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

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

- Cash and cash equivalents do not represent a significant credit or interest rate risk. Therefore, it has been assumed that their book values approach their fair value.
- Accounts receivable, because they are net of their provision for bad debt and, mainly, they have maturities of less than one year, Management has considered that their fair value is not significantly different from their book value.
- In the case of financial obligations, given that these liabilities are subject to fixed and variable interest rates, Management estimates that their accounting balance is close to their fair value.

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

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

Based on the criteria described above, Management estimates that there are no material differences between the book value and the fair value of the Company's financial instruments as of December 31, 2022 and 2021.

34. Information by operating segments

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

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

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

For the years ended December 31, 2022 and 2021, sales by type of product, which do not constitute an operating segment were the following:

	2022 S/(000)	2021 S/(000)
Rebars and wire rod	3,640,227	3,398,404
Merchant bars	414,861	384,360
Plate, coils and others	1,156,299	1,213,307
	<u>5,211,387</u>	<u>4,996,071</u>

Translation of separate financial statements originally issued in Spanish - Note 36

Notes to separate financial statements (continued)

Likewise, sales take place in the following locations:

	2022 S/(000)	2021 S/(000)
Peru	4,466,724	4,368,227
Bolivia	464,640	370,651
Colombia	185,311	159,879
Chile	26,902	47,701
United States	-	120
Other countries	67,810	49,493
	<u>5,211,387</u>	<u>4,996,071</u>

Sales carried out in other countries are under the export modality and therefore, no non-current assets are related to that geographical location.

Sales to the main distributors are not concentrated because they individually represent less than 10.00 percent of the total sales of the Company.

35. Subsequent events

Between January 1, 2023 and the date of issuance of these separate financial statements, no significant subsequent events of a financial-accounting nature have occurred that may affect the interpretation of these separate financial statements.

36. Explanation added for the English translation

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

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5.6 Report on Compliance with the Code of Good Corporate Governance

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

Company name:

CORPORACIÓN ACEROS AREQUIPA S.A

FISCAL YEAR:

2022

WEB SITE:

<https://www.acerosarequipa.com/>

Company name or business name of the auditing : (1)

RPJ

C10003

(1) This is only applicable in case the information contained in this report has been reviewed by a specialized company (such as an auditing firm or consulting company).

SECTION A: Cover Letter

In order to maintain and strengthen the internal control system of the company and guide the ethical behavior of our employees towards the achievement of business objectives, the Audit and Risk Committee of the Board of Directors promotes, with Senior Management and Management, the definition, implementation, updating and compliance with management guidelines included in the Corporate Policies and Codes; these guidelines define criteria and establish a framework for action that guides the business management of all employees in ethical and specific aspects of operations; and, once approved by the Board of Directors, they become guidelines for behavior and mandatory compliance.

In addition to the Corporate Policies and Codes, the new guidelines were incorporated to deal with the pandemic, such as behavioral and sanitary biosafety protocols of mandatory compliance, which had the main objective is to monitor the health of collaborators, suppliers and customers, and as a consequence of their families.

The Board of Directors, Senior Management and the Company's Managements are aware that the guidelines that regulate Good Corporate Governance are fundamental for the achievement of the proposed business objectives, as well as for the creation of value for our stakeholders.

During 2022, the Board of Directors approved the review of the following Corporate Policies: a) Corporate Inventory Policy; b) Corporate Occupational Health and Safety Policy; c) Corporate Environmental Policy and c) Corporate Tax Management Policy.

Committed to the fight against bribery, fraud and corruption, the Company's Board of Directors and Senior Management have implemented the Prevention Model, thus establishing an assumption of exemption from administrative responsibility of the Company in the event of commission of the related crimes according to Law. The Audit and Risk Committee of the Board of Directors reviews and supervises the work plan of the Prevention Manager, informing the Board of the relevant matters. The Company's Code against Acts of Fraud and Corruption defines the policies and guidelines against acts of fraud and corruption, money laundering and terrorist financing.

It should be noted that the Company and its subsidiaries govern their actions within an Ethical Culture based on values, in the Code of Ethics and in the Code Against Acts of Fraud and Corruption. The Company has an Aceros Arequipa Ethical Line. Through this means of communication, employees, customers and suppliers can anonymously and confidentially report irregularities or situations that go against the values and Code of Ethics of Aceros Arequipa and subsidiary companies, which may arise in different business processes.

Likewise, during the year 2022, important work has been done by the Audit and Risk Committee in:

- Guarantee the independence of the external auditor of the financial statements of the Company and its subsidiaries and the review of these before being presented to the Board of Directors and the Mandatory Annual Shareholders' Meeting for final approval.
- Monitor the independence of the Internal Audit Function and the Non-Conflict of Interest in its functions
- Evaluate the results of internal and external audits carried out in the company and all subsidiaries
- Monitor the Function of the Prevention Manager and his work plan.
- Monitor the Comprehensive Risk Management of the company.



- Monitor the ethics complaints received by the ethics hotline and ensure that the necessary corrective measures have been implemented in such cases so that similar situations do not recur in the company.

It is worth mentioning that the Company, in its capacity as employer, is responsible for fully, timely and adequately complying with all its labor obligations, as well as for achieving efficient and safe management of the Company's workforce, guaranteeing care for life, health and well-being of our collaborators, in addition to promoting the maximization of productivity in the organization.

Fully committed to ensuring equity and competitiveness in human management in the Company, in 2022 the Appointments, Remuneration and Human Resources Committee was responsible for reviewing and approving the results of compliance with management objectives corresponding to the year 2021; carry out the validation of the assignment of management objectives for the year 2022; monitor the evolution of Headcount, Labor Cost and Productivity indicators, review the progress of the Collective Bargaining process, Salary Increases, Labor Trials, COVID-19 cases; in addition to evaluating the evolution of the Long-Term Managerial Bonus Scheme for the retention of executives in critical positions for the Company.

It should be noted that, in 2022, the Company obtained high scores in the corporate sustainability assessment carried out by S&P Global CSA and was recognized as a member of the Dow Jones Sustainability Indices -DJSI; It was also recognized in the S&P/BVL Peru General sustainability index for our compliance in the social, environmental and good corporate governance areas.

Likewise, for the fourth consecutive year we obtained the Socially Responsible Company distinction and were recognized at the Most Admired Companies (EMA) event in the manufacturing sector in the southern macro-region.

Finally, we were recognized in the Merco Empresa, Merco Talento and ESG responsibility rankings, of companies with the best corporate reputation, for attracting and retaining the best talent and being positively perceived by society, respectively.

Lima. Av. Antonio Miró Quesada N° 425, Piso 17, Magdalena del Mar, Lima 17 - Perú.

Arequipa. Variante de Uchumayo Km. 5.5, Cerro Colorado, Arequipa.

Pisco. Carretera Panamericana Sur Km. 241, Paracas. Pisco - Ica.

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**LA SEGURIDAD
DE UN FIERRAZO**

SECTION B:

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

PILLAR I - Right of Shareholders

PRINCIPLE 1: TREATMENT PARITY

Question I.1

	Yes	No	Explanation:
<i>Does the company recognize in its actions equal treatment for shareholders of the same class and who maintain the same conditions (*)?</i>	X		

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

Question I.2

	Yes	No	Explanation:
<i>Does the company promote the existence of only voting shares?</i>	X		

a. About the capital of the company, specify:

Capital subscribed at the end of the fiscal year	Capital paid-up at the end of the fiscal year	Total number of shares representing the capital
S/890,858,308	S/890,858,308	890,858,308

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

Type	Number of Shares	Nominal Value	Political Rights (*)	Economic Rights (*)

(*) In this field, the specific rights of the class must be indicated, such as participation and voting in the Shareholders Meeting, subscription of shares, treatment in corporate reorganizations, transfer of rights, among others

Question I.3

	Yes	No	Explanation:
<i>If the company has investment shares, does the company promote a policy of redemption or voluntary exchange of investment shares for common shares?</i>		X	THE COMPANY CONTINUALLY EVALUATES THESE OPTIONS, AT THIS TIME, WE DO NOT HAVE SUCH A POLICY. THE COMPANY IS GOING THROUGH AN INVESTMENT PERIOD AND A REDEMPTION WOULD REQUIRE ADDITIONAL FUNDS.

PRINCIPLE 2: SHARE OWNERSHIP

Question I.4

	Yes	No	Explanation:
<i>a. Does the company expressly establish in its corporate documents the form of representation of shares and who keeps registration in the stock record?</i>	X		THE FORM OF REPRESENTATION OF THE SHARES IS INDICATED IN THE BYLAWS, WHICH ARE AVAILABLE ON THE COMPANY'S WEBSITE. THE PERSON IN CHARGE OF THE REGISTER IS THE SECURITIES DEPARTMENT, AS DEFINED IN THE JOB PROFILE (AN INTERNAL DOCUMENT) OF THE FINANCE DEPARTMENT.
<i>b. Is the stock record permanently updated?</i>	X		

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

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

PRINCIPLE 3: NON-DILUTION IN EQUITY INTEREST

Question I.5

	Yes	No	Explanation:
1. Does the company have a policy where the proposals of the Board of Directors referring to corporate operations that may affect the right of non-dilution of the shareholders (i.e., mergers, spin-offs, capital increases, among others) are previously explained by said body in a detailed report with the independent opinion of an external advisor of recognized professional trustworthiness appointed by the Board of Directors?	X		WITHIN THE BOARD OF DIRECTOR'S REGULATIONS, AND TO DATE, THERE HAVE BEEN NO CORPORATE OPERATIONS MENTIONED IN THE QUESTION.
2. Does the company have a policy of making these reports available to shareholders?	X		THE BOARD OF DIRECTOR'S REGULATIONS

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

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

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

PRINCIPLE 4: INFORMATION AND COMMUNICATION TO SHAREHOLDERS

Question I.6

	Yes	No	Explanation:
<i>Does the company determine the responsible parties and means for shareholders to receive and/or request truthful, sufficient, and timely information?</i>	X		YES. THE COMPANY HAS A SHAREHOLDER SERVICE AREA, WHICH HAS THE FOLLOWING E-MAIL: accionistas@aasa.com.pe. THE COMPANY USES: WEBSITE FOR INVESTORS WHERE RELEVANT INFORMATION IS GIVEN (https://investors.acerosarequipa.com). ALSO IN THE QUARTERLY RESULTS (TELEPHONE AND/OR WEBSITE), MAILING LIST, ETC.

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

Media	RECEIVE INFORMATION	REQUEST INFORMATION
In the company's offices	X	X
E-mail address	X	X
Telephone	X	X
Corporate website	X	X
Post	X	X
Informational meetings (in-person or virtual)	X	X
Social media		
Other / Detail	IMPORTANT FACTS	

b. Does the company have and comply with a formally established maximum period to respond to information requests submitted by shareholders?

Yes No

If your answer is affirmative, please specify said period:

Maximum Period (in business days)	3
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Question I.7

	Yes	No	Explanation:
<i>Do shareholders have mechanisms to express their opinion on the management of the company?</i>	X		SHAREHOLDERS CAN EXPRESS THEIR OPINION AT THE SHAREHOLDERS' MEETING, THROUGH THE COMPANY'S COMMUNICATIONS CHANNELS, AND DURING QUARTERLY RESULTS CONFERENCE CALL PRESENTATIONS.

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

Media	They express their opinion
In the company's offices	X
E-mail address	X
Telephone	X
Corporate website	X

Post	X
Informational meetings (in-person or virtual)	X
Social media	
Other / Detail	

PRINCIPLE 5: DIVIDENDS OF THE COMPANY

Question I.8

	Yes	No	Explanation:
1. Is compliance with the dividend policy subject to scheduled evaluations?	X		
2. Is the dividend policy disclosed to shareholders?	X		

a. If your answer to question I.8, item 2 is affirmative, please specify the means by which the company made its dividend policy available to shareholders.

Media	Dividend policy provision
In the company's offices	
E-mail address	
Telephone	X
Corporate website	X
Post	
Informational meetings (in-person or virtual)	
Social media	
Other / Detail	

b. Has the company complied with its dividend policy in the reported period?

Yes No

If your answer is negative, please indicate the reasons why the company did not comply with its dividend policy during the reporting period.

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

Date of approval	28/03/2016
Dividend policy (criteria for distribution of profits)	https://investors.acerosarequipa.com/servicios-al-inversionista#dividendos

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

Per share	Dividends per share			
	Reporting fiscal year		Fiscal year prior to the reporting fiscal	
	In cash	In shares	In cash	In shares
Class	0.153638		0.307726	
Class				
Investment Share				

PRINCIPLE 6: CHANGE OF CONTROL OR TAKEOVER

Question I.9

	Yes	No	Explanation:
<i>Does the company have policies or agreements not to adopt antiabsorption mechanisms?</i>		X	THE COMPANY DOES NOT HAVE THE CITED POLICIES AND THERE HAVE BEEN NO CASES IN THE PAST.

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

	Yes	No
Requirement of a minimum number of shares to be a Director		X
Minimum number of years as Director to be appointed as Chairman of the Board of Directors		X
Indemnity agreements for executives/officials as a result of changes following a takeover and/or corporate reorganization.		X
Others of a similar nature/ Detail (for example: establishment of supermajorities to approve mergers, stock option plans for employees, among others)		

PRINCIPLE 7: ARBITRATION FOR THE SETTLEMENT OF DISPUTES

Question I.10

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

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

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

PILLAR II - Stakeholders' Meeting

PRINCIPLE 8: FUNCTION AND COMPETENCE

Question II.1

	Yes	No	Explanation:
<i>Is the approval of the remuneration policy of the Board of Directors an exclusive and nondelegable function of the Shareholders' Meeting?</i>	X		IT IS CONSIDERED IN THE BYLAWS OF THE COMPANY, WHICH IS APPROVED BY THE SHAREHOLDERS' MEETING.

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

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

PRINCIPLE 9: REGULATIONS OF THE SHAREHOLDERS' MEETING

Question II.2

	Yes	No	Explanation:
Does the company have a Regulation for the Shareholders' Meeting, which is binding in nature and does non-compliance entail liability?	X		

a. Please indicate whether the following procedures are covered in the Regulations of the Shareholder's Meeting, or alternatively, indicate in which document such procedure is covered, if applicable:

	Yes	No	Name of document
Call to the shareholders' meeting	X		BYLAWS AND REGULATIONS OF THE SHAREHOLDERS' MEETING
Call to non-presential shareholders' meeting in accordance with the Bylaws or regulations that allow such a form of shareholders' meeting.	X		NOT IN THE REGULATIONS OF THE SHAREHOLDERS' MEETING, BUT IN THE BYLAWS
Incorporate agenda topics by shareholders	X		REGULATIONS OF THE SHAREHOLDERS' MEETING
Delivery of additional information to shareholders for the Shareholders' Meetings	X		BYLAWS AND REGULATIONS OF THE SHAREHOLDERS' MEETING
Development of the Shareholders' Meetings	X		REGULATIONS OF THE SHAREHOLDERS' MEETING
Appointment of members of the Board of Directors	X		BYLAWS AND REGULATIONS OF THE BOARD OF DIRECTORS
Representation of shareholders in the Shareholders' Meetings	X		BYLAWS AND REGULATIONS OF THE SHAREHOLDERS' MEETING
Participation of shareholders in the Shareholders' Meetings	X		BYLAWS AND REGULATIONS OF THE SHAREHOLDERS' MEETING
Remote voting by electronic or postal means	X		NOT IN THE REGULATIONS OF THE SHAREHOLDERS' MEETING, BUT IN THE BYLAWS AND INFORMATIONAL DOCUMENT (ANNEX TO CALL FOR SHAREHOLDERS MEETING)
Other relevant matters in the Shareholders' Meetings Regulations/ Detail			

b. Indicate whether the procedure that regulates the conduct of the shareholder meeting establishes mechanisms for shareholders to express themselves on the following matters:

	Yes	No
1. On the management of the company and the company's economic results	X	
2. On a new proposal for a resolution regarding one or more items on the agenda	X	

PRINCIPLE 10: MECHANISMS OF CALL TO MEETINGS

Question II.3

	Yes	No	Explanation:
<i>In addition to the mechanisms of call to meetings established by law, does the company have other call meeting mechanisms that allow to establish contact with shareholders, particularly with those who do not participate in the control or management of the company?</i>	X		

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

Call date of Meeting"	Date of Shareholders' Meeting	Type of shareholder meeting (*)	Type of Shareholder's Meeting		Universal Shareholders' Meeting		Quorum % for convening	N° of participant Shareholders	Percentage (%) of total voting shares		
			Special	General	Yes	No			Through Powers of Attorney	Direct Exercise (*)	Did not Exercise Right to vote
24/02/2022	31/03/2022	Non-presential		X			95	26	71	24	
25/08/2022	31/08/2022	Non-presential		X			79	14	87	3	

(*) Specify whether the shareholder meeting was in-person or non-presential/virtual

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

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

Media	Dissemination of call notices
In the company's offices	
E-mail address	X
Telephone	X
Corporate website	X
Post	
Informational meetings (in-person or virtual)	
Social media	
Other / Detail	

c. In the call to meeting made by the company during the fiscal year:

	Yes	No
Was the location of the information referring to the agenda topics to be discussed at the Shareholders' Meetings specified?	X	
Was the location of the information regarding proposals for resolutions to be adopted (motions) at the Shareholder Meetings specified?		X
Were the following topics included in the agenda: "other subjects", "various topics" or similar?		X
Was the location where the proxy letter template for the Shareholder Meeting was available specified?	X	

Question II.4

	Yes	No	Explanation:

<p><i>Does the company provide all the information related to the topics of the agenda of the Shareholders' Meeting and the proposals of resolutions to be adopted (motions) to the shareholders?</i></p>		X	<p>THE SHAREHOLDERS WERE PROVIDED WITH ALL THE INFORMATION REGARDING THE FINANCIAL STATEMENTS, ANNUAL REPORT, AUDITORS, AMONG OTHERS. HOWEVER, THERE WERE POINTS THAT WERE PRESENTED DIRECTLY AT THE SHAREHOLDERS MEETING</p>
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a. If your answer is affirmative, please specify the means of dissemination of the documentation supporting the agenda items and motions of the Shareholders Meeting held during the fiscal year:

Media	Supports agenda items and motions.
In the company's offices	
E-mail address	X
Telephone	
Corporate website	X
Post	
Informational meetings (in-person or virtual)	
Social media	
Other / Detail	

b. Indicate which documents supported the motions that were disclosed for the holding of the shareholders' meeting during the fiscal year (you may select more than one option):

Resume of the candidates for director.	
Proposed text for modification of articles in the Bylaws and the reason for the change.	
Proposed text for modification of articles in the JGA Regulations and the reason for the change.	
Proposed text for modification of the Dividend Policy and the reason for the change.	
Proposed application of profits.	X
Proposal of services and trajectory of the external audit firm of the Company.	
Others relevant (details) :	<p>Consolidated and Separate Financial Statements, Integrated Annual Report, Report on compliance with the code of good corporate governance and additional information about the Shareholders' Meeting.</p>

PRINCIPLE 11: AGENDA ITEMS PROPOSALS

Question II.5

	Yes	No	Explanation:
<i>Does the Regulations of the General Shareholders' Meeting include mechanisms that allow shareholders to exercise the right to make proposals for agenda topics to be discussed at the Shareholders' Meeting and the procedures for accepting or rejecting such proposals?</i>	X		

a. Provide the following information related to the procedure for submitting proposals for items to be discussed at the Shareholders' Meeting:

Minimum percentage of share capital that shareholders must represent in order to submit proposals.	Maximum period (in business days) prior to the Shareholders' Meeting for submitting proposal of agenda item.	Maximum period (in business days) for the company to respond (approve or deny) the proposal submitted.	Method by which the company responds (approves or denies) the proposal submitted.
10%			

b. Indicate the number of proposals submitted by the Shareholders during the fiscal year to be included as agenda topics to be discussed in the Shareholder's Meeting and how these topics were solved.

Number of proposals		
Received	Accepted	Denied
0	0	0

c. If requests for agenda topics to be discussed at the Shareholders' Meeting were rejected during the fiscal year, indicate whether the company communicated the grounds for rejection to the requesting shareholders.

- In all requests
- In some requests
- In none of the requests

PRINCIPLE 12: VOTING PROCEDURES

Question II.6

	Yes	No	Explanation:
Does the company have mechanisms that allow remote voting to shareholders through safe, electronic or postal means that guarantee the person voting is the correct shareholder?		X	DURING FISCAL YEAR 2022, THE GENERAL SHAREHOLDERS' MEETING WAS HELD VIRTUALLY THROUGH ZOOM AND EMISORES PLATFORM. USING THE ZOOM PLATFORM TOOLS, VOTES WERE RECORDED FOR EACH AGENDA ITEM. IN ADDITION, SEVERAL PROCEDURES WERE CARRIED OUT TO AUTHENTICATE THE SHAREHOLDERS, WHICH ARE DETAILED IN THE INFORMATIVE DOCUMENT ATTACHED TO THE CALL TO MEETING.

a. If so, indicate the mechanisms or means that the company has to exercise remote voting.

Vote by electronic means	X	Vote by postal means	
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b. If remote voting was used during the fiscal year, provide the following information:

Date of the Shareholders' Meeting	% Remote voting				% Remote voting / Total
	E-mail	Corporate website	Post	Other	
31/03/2022				100	100
31/08/2022				100	100

Question II.7

	Yes	No	Explanation:
Does the company have corporate documents that clearly specify that shareholders can vote separately on matters that are materially independent, so that they can exercise their voting preferences separately?	X		

Indicate whether the company has corporate documents that clearly specify that shareholders can vote separately for:

	Yes	No
Appointment or ratification of Directors by individual vote by each of them.		X
The amendment to the Bylaws, for each article or group of articles that are substantially independent.		X
Other/ Detail		

Question II.8

	Yes	No	Explanation:
Does the company allow those who act on behalf of several shareholders to vote different for each shareholder, so that they comply with the instructions of each represented party?	X		

PRINCIPLE 13: PROXY VOTE

Question II.9

	Yes	No	Explanation:
<i>Does the company's Bylaws allow its shareholders to delegate their vote in favor of any person?</i>	X		

If the answer is no, indicate if your Bylaws restrict the right of representation in favor of any of the following persons:

	Yes	No
Another shareholder		
A Director		
A Manager		

Question II.10

	Yes	No	Explanation:
<i>a. Does the company have procedures detailing the conditions, means and formalities to be complied with in situations of proxy vote?</i>	X		IT IS REGULATED IN THE COMPANY'S BYLAWS, IN ACCORDANCE WITH ARTICLE 37.
<i>b. Does the company provide shareholders with a model letter of representation, including data of the representatives, the matters for which the shareholder delegates its vote, and if so, the direction of its vote for each of the proposals?</i>	X		IT IS ANNEXED IN THE CALL TO THE SHAREHOLDERS' MEETING

a. In case your answer is positive to question II.10 number 2, please indicate the means by which the company made available the mentioned proxy letter model in the shareholders' meeting held during the fiscal year:

Media	Provision of model letter
In the company's offices	
E-mail address	X
Telephone	X
Corporate website	
Post	
Informational meetings (in-person or virtual)	
Social media	REGULATIONS OF THE SHAREHOLDERS' MEETING

b. Indicate the minimum content and formalities required for a shareholder to be represented at a shareholders' meeting:

Minimum content (For example representative's information, voting direction for each of the agenda items, or others).	REPRESENTATIVE'S INFORMATION, DETAILS OF THE CONVOCATION, AND VOTING INTENTION FOR EACH ITEM ON THE AGENDA.
Formality (indicate if the company requires a non-notarized letter, notarized letter, title deed or other).	SIMPLE LETTER.

Advance (number of days prior to the Shareholders' Meeting with which the power of attorney must be submitted).	24 HOURS.
Cost (indicate if there is a required payment for proxy votes and if applicable its cost)	NO COST.

Question II.11

	Yes	No	Explanation:
<i>a. Does the company have a policy of establishing limitations on the percentage of proxy votes in favor of the members of the Board of Directors or Senior Management?</i>		X	THERE ARE NO LIMITATIONS (IT IS NOT REGULATED) BECAUSE IT IS CONSIDERED A RIGHT OF THE SHAREHOLDER TO FREELY CHOOSE TO WHOM TO DELEGATE HIS OR HER VOTES
<i>b. In the case of proxy voting in favor of members of the Board of Directors or Senior Management, does the company have a policy that the shareholders who delegate their votes clearly establish their direction?</i>	X		

PRINCIPLE 14: FOLLOW UP OF AGREEMENTS OF THE SHAREHOLDERS' MEETING

Question II.12

	Yes	No	Explanation:
1. Does the company monitor the resolutions adopted by the Shareholders' Meetings?	X		IT IS REGULATED IN ACCORDANCE WITH ARTICLE 23 IN REGULATIONS OF THE SHAREHOLDERS' MEETING.
2. Regarding these agreements, does the senior management of the company issue periodic reports to the Board of Directors and make them available to shareholders?	X		THE COMPANY REGULARLY SUBMITS REPORTS TO THE BOARD OF DIRECTORS AND, WHEN NECESSARY COMMUNICATES THEM TO THE SHAREHOLDERS.

a. If so, indicate the area and/or person in charge of following up on the resolutions adopted by the Shareholders' Meeting. If a person is in charge, include additionally his/her position and work area.

Area in charge	GENERAL MANAGEMENT
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Person in charge		
Full name	Position	Area
TULIO ALEJANDRO SILGADO CONSIGLIERI	CEO	GENERAL MANAGEMENT

b. If your answer is affirmative to question II.12 number 2, please indicate the means by which the company makes these reports available to shareholders:

Media	Make available
In the company's offices	
E-mail address	
Corporate website	
Post	
Informational meetings (in-person or virtual)	X
Social media	
Other / Detail	IMPORTANT FACT: MODIFICATION OF THE CORPORATE PURPOSE, APPOINTMENT OF EXTERNAL AUDITORS.

PILLAR III - Board of Directors and Senior Management

PRINCIPLE 15: ESTABLISHMENT OF THE BOARD OF DIRECTORS

Question III.1

	Yes	No	Explanation:
<i>Has the society established and implemented a selection and retention criteria so that its Board of Directors is composed of individuals with different specialties and competencies, with prestige, ethics, economic independence, sufficient availability, and other relevant qualities for society, in order to have a plurality of perspectives and opinions?</i>	X		

a. Provide the following information corresponding to the members of the company's Board of Directors during the fiscal year.

Full Name	Nationality	Gender (M/F)	Year of birth	Professional Training	Date		Shares (***)		
					Start (*)	End (**)	N° of shares	Shares (%)	Other positions / Boards (****)
DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)									
RICARDO CILLONIZ CHAMPIN	Peruvian	M	1949	He is a Civil Engineer and holds a Master's degree in Business Administration from Michigan State University.	13/03/1998				He is also Director of Rimac Seguros y Reaseguros and Compañía Eléctrica el Platano S.A. (Celepsa), companies that are not part of the Economic Group.
JOSE ANTONIO BAERTL MONTORI	Peruvian	M	1941	He is Bachelor In Agricultural Sciences	13/03/1998	26/04/2022	46,496,576	5.22	
ANDREAS VON WEDEMEYER KNIGGE	Peruvian	M	1954	He is a business administrator, who earned a Dipl.-Kfm. degree in Business Administration from the University of Hamburg, Germany, as well as a Master Brewer degree from the Ulmer Fachschule für Bierbrauer und Mälzer in Ulm, Germany. He has also studied in the Program for Management Development at the Graduate School of Business, Harvard University, USA, and completed the Programa de Alta Dirección (PAD) at the University of Piura.	24/03/2010				In addition, he is the chairman of Corporación Cervesur S.A.A. and the companies that make up the Cervesur Corporation (Alprosa, Creditex, Futuro Inmobiliario Camacho S.A., Futuro Invest S.A., Proagro, Servicios Aereos AQP S.A., Servicios de Asesoría, Texgroup, Transaltisa), as well as the Chairman of the Board of Directors of Ferreycorp S.A.A., Ferreyros S.A., Euro motors, Altos Andes, Euro Camiones, Euroinmuebles, International Camiones del Perú S.A., Inversiones Sabancaya S.A.C. y Renting. He is also Director of CFI Holdings S.A., Sociedad Nacional de Industrias y COMEX Perú, companies that are not part of the Economic Group.
RENEE CILLONIZ DE BUSTAMANTE	Peruvian	F	1976	She has studies in commerce, with over 17 years of experience in the market of steel products.	22/07/2005		141,971,334	15.94	She is also Director at Tradi S.A., a company that is not part of the Economic Group.
PABLO PESCHIERA ALFARO	Peruvian	M	1960	He has a B.S. in Mechanical Engineering from the University of California, Berkeley, and an MBA from Stanford University. He works as a consultant and director of companies, as well as an entrepreneur and investor.	28/02/2008				He is also Director of Tradi S.A., Agroindustrias del Pacifico S.A., Define Consultoria S.A., Define Servicios S.A.C., Define Holding S.A.C., San Felipe S.A., Ubicua Offices Perú S.A., Inmobiliaria Los Granados S.A., companies that are not part of the Economic Group. He is also Director of Inmobiliaria Comercial del Acero Argentina S.A. e Inmobiliaria Comercial del Acero Cajamarquilla S.A., companies that are part of the Economic Group.
PEDRO BLAY HIDALGO	Peruvian	M	1971	He is an Industrial Engineer from Pontifical Catholic University of Peru, with an MBA from Cornell University and a Master's degree in International Business from Thunderbird School of Global Management.	28/03/2016				He is also Director at Inmobiliaria Comercial del Acero Arequipa S.A. and Inmobiliaria Comercial del Acero Cajamarquilla S.A., companies that are part of the Economic Group.
RICARDO BUSTAMANTE CILLONIZ	Peruvian	M	1969	He is an Agronomist by profession. He studied at California Polytechnic State University and completed the PAD program at the University of Piura.	22/12/2011				He is also Director at Fundo San Fernando S.A., Agrícola la Joya SAC and Rethink Peru S.A.C., companies that are not part of the Economic Group.

FERNANDO CARBAJAL FERRAND	Peruvian	M	1947	He is a business administrator by profession, with additional education in Marketing from Kellogg, Six Sigma accreditation, and completion of the Corporate Governance Program at PAD.	13/03/1998				In addition, he is the chairman of Plásticos Nacionales S.A. y Negocios Mancoche S.A, companies that are not part of the Economic Group.
ENRIQUE OLAZABAL BRACESCO	Peruvian	M	1943	Professionally trained lawyer from the Pontifical Catholic University of Peru. Has experience in the field of legal counseling for nationally and internationally renowned companies.	13/03/1998				
JORDAN ALDO PONCE GAMBIRAZIO	Peruvian	M	1971	Lawyer from the Pontifical Catholic University of Peru.	26/04/2022				In addition, he is Vice President of the Board of Directors of the Asociación Automotriz del Perú, and serves as Director of San Bartolomé S.A., Minera Colquisiri S.A., Freno S.A., Vari S.A.C., Agrícola Chapi S.A.C., and Sum Vehículos S.A., companies that are not part of the same economic group.
JORGE GUILLERMO VON WEDEMEYER KNIGGE	Peruvian	M	1951	Business administrator, graduated from the University of Hamburg, Germany.	26/04/2022				He is also Director of Lima Airport Partners, de Euromotors S.A., International Camiones del Perú S.A., Euro Camiones S.A., Euroinmuebles S.A.C. y Altos Andes S.A.C.; and the various companies that make up the Cervesur Corporation S.A.A.: Creditex SAA; Transaltisa SA; Alimentos Procesados SA (Alprosa); Procesos Agroindustriales SA (Proagro), companies that are not part of the Economic Group.
INDEPENDENT DIRECTORS									
MANUEL MONTORI BURBANK	Peruvian - American	M	1964	Lawyer graduated from the University of Lima and MBA from Harvard Business School.	23/03/2017				In addition, he is Vice President of the Board of Directors of Altozano Desarrollo y Construcción, a company that is not part of the same economic group.
DIEGO URQUIAGA HEINEBERG	Peruvian	M	1969	Zootechnician and Business Administrator, Bachelor of Animal Science and Master's degree in Business Management.	27/11/2003	26/04/2022			
GISELLE FERRAND RUBINI	Peruvian	F	1967	Graduated with honors in Business Administration from the University of the Pacific, receiving the "Robert Maes" and "Maes Heller" awards.	25/04/2019				

(*) Corresponds to the first appointment in the reporting company.

(**) Complete only if the person has left the position of Director during the fiscal year

(***) Mandatory only for Directors with an equity interest equal to or higher than 5% of the shares of the reporting company.

(****) Detail whether the Director holds any other executive positions outside of the company and/or simultaneously serves on other boards of directors, specifying the number and whether they are part of the economic group of the reporting company. To this end, the definition of economic group contained in the Regulation of Indirect Ownership, Linkage, and Economic Groups must be considered.

Additionally, please indicate the following:

% Of total shares held by directors	19.28
-------------------------------------	-------

	Number of women	Total Directors	% of women on the Board
Presence of women on the Board	2	12	16.67%

b. Indicate if there are any specific requirements to be appointed Chairman of the Board of Directors in addition to those required to be appointed Director.

Yes No

If yes, indicate such requirements.

--

c. Does the Chairman of the Board of Directors have a casting vote?

Yes No

Question III.2

	Yes	No	Explanation:
<i>Does the company avoid the appointment of Alternate Directors, especially for quorum reasons?</i>	X		

If there are Alternate Directors, specify the following:

Full Name	Nationality	Gender (M/F)	Year of birth	Professional Training	Date		Shares (***)		Other positions / Boards (****)
					Start (*)	End (**)	N° of shares	Shares (%)	

(*) Corresponds to the first appointment as Alternate Director in the reporting company

(**) Complete only if the person has left the position of Alternate Director during the fiscal year.

(***) Mandatory applicable only for Directors with a stake in the company's share capital equal to or greater than 4%.

(****) Specify whether the Director holds other executive positions outside the company and/or participates simultaneously on other Boards, indicating the number and whether these are part of the economic group of the reporting company. For this purpose, the definition of economic group contained in the Regulation on Indirect Ownership, Linkage and Economic Groups must be considered.

PRINCIPLE 16: FUNCTIONS OF THE BOARD OF DIRECTORS

Question III.3

	Yes	No	Explanation:
<i>Does the Board of Directors have the function of: 1. Approving and directing the corporate strategy of the company.</i>	X		
<i>2. To set objectives, goals and action plans including annual budgets and business plans.</i>	X		
<i>3. To control and supervise the management and be in charge of the governance and administration of the company.</i>	X		
<i>4. To supervise good corporate governance practices and establish the necessary policies and measures to ensure its best application.</i>	X		
<i>5. Approve procedures or policies to prevent, detect, manage, disclose, and sanction conflicts of interest.</i>	X		
<i>6. Approve and monitor the design and implementation of the compensation and incentive system, ensuring alignment with the company's corporate strategy, policies, and financial soundness.</i>	X		

a. Detail what other relevant powers fall on the Board of Directors of the company.

MONITOR THE WHOLE COMPANY'S BUSINESSES; EVALUATE, APPROVE, DEFINE AND DIRECT THE STRATEGIC PLAN; ANALYZE AND MONITOR THE MARKET SITUATION; ESTABLISH THE INFORMATION POLICY BOTH INSIDE AND OUTSIDE THE COMPANY IN ORDER TO ENSURE TRANSPARENCY AND TIMELINESS WITH RESPECT TO THE INFORMATION PROVIDED TO THE MARKET WHILE SAFEGUARDING CONFIDENTIALITY WITH RESPECT TO THE COMPANY'S STRATEGIC OR SENSITIVE DATA OR INFORMATION; ENSURE COMPLIANCE WITH THE COMPANY'S CODE OF ETHICS AND APPROVE ITS CHANGES OR MODIFICATIONS, ETC.

b. Does the Board of Directors delegate any of its functions?

Yes No

If applicable, indicate the main functions of the Board of Directors that have been delegated, the body exercising them by delegation, and the name of the document where such delegation is found:

Functions	Body/Department to whom functions have been delegated	Name of the Document

PRINCIPLE 17: DUTIES AND RIGHTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Question III.4

	Yes	No	Explanation:
Do the members of the Board of Directors have the right to?: 1. Ask the Board of Directors for expert counseling or support.	X		
2. Participate in induction programs regarding their powers and responsibilities and to be informed in a timely manner about the organizational structure of the company.	X		
3. Receive training on topics of interest to perform their functions.	X		
4. Receive remuneration for the work carried out, which combines recognition of professional experience and commitment to the company with a rationality criteria.	X		THE DIRECTORS EARN A REMUNERATION FOR THE WORK DONE. ACCORDING TO THE BY-LAWS OF THE COMPANY, THE REMUNERATION OF THE BOARD OF DIRECTORS IS SIX (6) PERCENT OF THE NET INCOME BEFORE TAXES AND AFTER DEDUCTION OF THE LEGAL RESERVE IN ACCORDANCE WITH THE LAW, IF APPLICABLE. AND MAY VARY ACCORDING TO THE ATTENDANCE AT EACH BOARD MEETING.

a. Specify whether Board members have a duty to promptly inform the company's Board of Directors of the following cases:

	Yes	No
Ownership or ownership of securities or rights over securities issued by the company	X	
Execution of transactions with securities or rights over securities issued by the company	X	
Ongoing negotiations regarding securities or rights over securities issued by the company	X	
Participation in other Boards of Directors	X	

b. If specialized advisors were hired during the fiscal year, indicate whether the list of specialized advisors of the Board of Directors who provided services during the fiscal year for the decision-making of the company was communicated to the shareholders.

Yes No

If applicable, please specify if any of the specialized advisors had any link with any shareholder that holds more than 4% of the share capital, member of the Board of Directors and/or Senior Management. (*).

Yes No

(*) For the purposes of relationship, the relationship criteria contained in the Regulations on Indirect Ownership, Relationship and Economic Groups will be applied

c. If so, state whether any of the specialized advisors had any connection with any member of the Board of Directors and/or Senior Management (*).

Yes No

d. Does the company have a Board remuneration policy approved by the Shareholders' Meeting?

Yes No

e. Indicate the percentage represented by the total amount of remuneration and annual bonuses of Directors in relation to gross income, according to the financial statements of the company.

Remuneration	(%) Gross Revenues	Bonuses	(%) Gross Revenues
Directors (excluding Independent Directors)	0.35	Shares	
Independent Directors	0.07	Options	
		Cash	
		Other (detail)	

f. Specify the compensation scheme for the members of the Board of Directors applicable in the fiscal year:

Compensation scheme	Fixed	
	Variable	X
	Mixed (fixed + variable)	

g. Please specify the criteria used by the Company to determine the remuneration scheme for Board members:

Fixed scheme	By Board of Directors meeting	
	By Committee meeting	
	Per month	
	Per year	
	Other (specify)	

Variable scheme	Based on financial results of the fiscal year	X
	Based on achievement of objectives	
	Other (please specify)	PER BOARD MEETING ATTENDANCE

PRINCIPLE 18: REGULATIONS OF THE BOARD OF DIRECTORS

Question III.5

	Yes	No	Explanation:
<i>Does the Regulation of the Board of Directors has a binding obligation and in which non-compliance entails a liability?</i>	X		

Indicate if the Regulations of the Board of Directors contains:

	Yes	No
Policies and procedures for its operation	X	
Organizational structure of the Board of Directors	X	
Functions and responsibilities of the Chairman of the Board of Directors	X	
Functions and responsibilities of the Board of Directors members	X	
Procedures for the identification, evaluation and nomination of candidates for the Board of Directors, who are proposed to the Shareholders' Meeting	X	
Procedures for vacancy, resignation and succession of Directors	X	
Policies and procedures to prevent, detect, manage, and disclose conflicts of interest of the Board members.	X	
Criteria used for the evaluation of the Board of Directors and its members.	X	
Other / Detail		

PRINCIPLE 19: INDEPENDENT DIRECTORS

Question III.6

	Yes	No	Explanation:
<i>Is the Board of Directors composed of at least one-third of Independent Directors?</i>		X	WE HAVE 2 OUT OF 12 DIRECTORS.

In addition to those established in the “Guidelines for the Classification of Independent Directors,” the Company has set forth the following criteria for classifying its directors as independent:

NONE ADDITIONAL.

Question III.7

	Yes	No	Explanation:
<i>1. Does the Board of Directors state that the candidate it proposes is independent on the basis of its inquiries and the candidate’s statement?</i>	X		
<i>2. Do the candidates for Independent Directors state that they are independent before the company, its shareholders and directors?</i>	X		

Please indicate whether, at least once a year, the Board of Directors verifies that the Independent Directors meet the prerequisites and conditions to be classified as such.

Yes No

PRINCIPLE 20: EFFICIENCY OF THE BOARD OF DIRECTORS

Question III.8

	Yes	No	Explanation:
Does the Board of Directors have a work plan that contributes to the efficiency of its functions?	X		

Question III.9

	Yes	No	Explanation:
Does the company provide its Directors with the necessary channels and procedures to enable them to participate effectively in the Board meetings, including in remote mode?	X		

a. Indicate the following in relation to the meetings of the Board of Directors held during the fiscal year:

Number of meetings held	13
Number of sessions in which the convocation deadlines were not met.	0
Number of sessions in which internal decrees or procedures for providing information to the Directors were not complied with.	0
Number of meetings in which a call to meeting has not been used ^(*)	0
Number of meetings not attended by the Chairman of the Board of Directors	0
Number of sessions in which one or more independent Directors did not attend.	0
Number of meetings in which one or more Directors were represented by Alternate Directors	0
Number of Regular Directors who were represented at least once	0

(*) In this field, the number of meetings held under the last paragraph of Article 167 of the General Law of Companies must be reported.

b. Provide the following information regarding the attendance of the Directors at the Board meetings during the fiscal year.

Full name	Number of sessions called	Number of sessions attended	Number of universal sessions attended
RICARDO CILLONIZ CHAMPIN	13	13	0
FERNANDO CARBAJAL FERRAND	13	13	0
PEDRO BLAY HIDALGO	13	13	0
JOSE ANTONIO BAERTL MONTORI	3	3	0
RICARDO BUSTAMANTE CILLONIZ	13	13	0
RENEE CILLONIZ CHAMPIN	13	13	0
ENRIQUE OLAZABAL BRACESCO	13	13	0
PABLO PESCHIERA ALFARO	13	13	0
DIEGO URQUIAGA HEINEBERG	3	3	0
GISELLE FERRAND RUBINI	13	13	0
ANDREAS VON WEDEMEYER KNIGGE	13	13	0
MANUEL MONTORI BURBANK	13	13	0
JORDAN ALDO PONCE GAMBIRAZIO	10	10	0
JORGE VON WEDEMEYER KNIGGE	10	10	0

c. Indicate the average time between call for Board meetings and Board meetings were made during the year:

3 calendar days	From 4 to 6 calendar days	More than 6 calendar days
		X

d. Indicate the average time prior to the Board meetings in the year under review, in which all information related to the matters to be discussed at those meetings was made available to the Directors.

Less than 3 business days	From 3 to 5 business days	More than 5 business days
	X	

Question III.10

	Yes	No	Explanation:
1. Does the Board of Directors objectively evaluate its performance as a collegial body at least once a year?	X		
2. Does the Board of Directors objectively evaluate the performance of its members at least once a year?		X	ONLY EVALUATED AS A COLLEGIAL BODY
b. Does the self-evaluation methodology alternate with the evaluation carried out by external advisors?	X		ESTABLISHED IN THE BOARD OF DIRECTORS' REGULATIONS APPROVED IN NOVEMBER 2020.

a. Indicate whether any performance evaluations of the Board of Directors have been conducted during the fiscal year.

	Yes	No
As collegiate body	X	
To its members		X

If the answer to the previous question in any of the fields is yes, indicate the following information for each evaluation:

Evaluation	Self-Evaluation			External Evaluation			
	Date	Disclosure of results (Yes/No)	Disclosed to (*)	Date	Entity in charge	Disclosure of results (Yes/No)	Disclosed to (*)
SELF-EVALUATION	23/02/2023	NO	BOARD OF DIRECTORS				

(*) Indicate whether the evaluation results were disseminated to shareholders, Board of Directors, another body or stakeholder group.

PRINCIPLE 21: SPECIAL COMMITTEES

Question III.11

	Yes	No	Explanation:
1. Does the Board of Directors of the company constitutes special committees focused on the analysis of those aspects most relevant to the company's performance?	X		
2. Does the Board of Directors approve the regulations that govern each of the special committees that it constitutes?	X		
3. Are the special committees chaired by Independent Directors?		X	WE HAVE TWO INDEPENDENT DIRECTORS, BUT CURRENTLY NEITHER OF THEM CHAIRS THE COMMITTEES.
4. Does the special committees have an allocated budget?		X	NO, BECAUSE THEY DO NOT REQUIRE RECURRENT FUNDS. IN THE CASE THE COMMITTEES REQUIRE A BUDGET, THE COMMITTEE WILL REQUEST A SPECIFIC APPROVAL TO THE APPROPRIATE CORPORATE AUTHORITY.

Question III.12

	Yes	No	Explanation:
Does the company have an Appointments and Remuneration Committee responsible for nominating candidates to the Board of Directors, who are proposed to the Shareholders' Meeting by the Board of Directors, and this committee is also responsible for approving the remuneration and incentives framework of Senior Management?	X		

Question III.13

	Yes	No	Explanation:
Does the company have an Audit Committee that supervises the effectiveness and suitability of the company's internal and external control system, the work of the audit company or the independent auditor, as well as compliance with the rules of legal and professional independence?	X		

a. Indicate whether the company also has the following Special Committees:

	Yes	No
Risk Committee	X	
Corporate Governance Committee		X

b. If the company has Special Committees, indicate the following information for each committee:

COMMITTEE 1	
Name of Committee:	AUDIT AND RISK COMMITTEE
Date of creation:	11/09/2012

Main duties:	<p>Internal Audit and Risk Management</p> <ol style="list-style-type: none"> Promote the creation of the Internal Audit and Risk Control area and approve its bylaws. Hire and, if necessary, separate the Internal Audit Manager, reporting to the Board of Directors. Supervise and assess the work of the Internal Audit area and approve its budget. Assess the effectiveness and efficiency of the internal control system of the company, including information technology. Implement an accessible ethical hotline. Authorize investigations on matters within its scope of responsibility. Supervise the implementation of the recommendations of the Internal Audit. Participate in the analysis and definition of the integrated risk management model. Evaluate and approve contingency plans for the most relevant risks. Review reports from the risk management and fraud and corruption prevention responsible.
	<p>External Audit</p> <ol style="list-style-type: none"> Propose the external auditor to the Board of Directors. Review and approve the external auditor's work plan. Review and confirm the independence of the external auditor, obtain its statements regarding the relationship between auditor and company and non-audit services. Assess the work of the external auditor appointed by the Board of Directors and hired by the company. Review progress reports from the external auditor. Review the results of the audit of financial statements with management and the external auditor and approve the final report of the latter for submission to the Board of Directors and the Shareholders' Meeting.

Committee members (*) Full Name	Date		Position within the Committee	Position within the Company
	Start (**)	End (***)		
ANDREAS VON WEDEMEYER KNIGGE	11/09/2012		CHAIRMAN	DIRECTOR
PABLO PESCHIERA ALFARO	11/09/2012			DIRECTOR
DIEGO URQUIAGA HEINEBERG	11/09/2012	31/03/2022		
RICARDO BUSTAMANTE CILLONIZ	28/04/2016			DIRECTOR
PEDRO BLAY HIDALGO	26/04/2022			DIRECTOR
% Directores Independientes respecto del total del Comité				0
Number of meetings held during the fiscal year:				5
It has delegated powers in accordance with Article 174 of the General Law of Companies:			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The committee or its chairman participates in the Shareholders' Meeting			Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

(*) Information will be provided regarding the persons who are or were members of the Committee during the reporting fiscal year.

(**) Corresponds to the first appointment as a member of the Committee in the reporting company.

(***) Complete only if the person has ceased to be part of the Committee during the fiscal year.

COMMITTEE 2				
Name of Committee:	APPOINTMENTS, REMUNERATION AND HUMAN RESOURCES COMMITTEE			
Date of creation:	23/07/2013			
Main duties:	Guarantee that human management at the executive level of CAASA is framed within the corporate guidelines and modern practices of Human Development. Furthermore, maintain an equitable and competitive compensation system that allows the fulfillment of the mission and strategic objectives of the organization.			
Committee members (*) Full Name	Date		Position within the Committee	Position within the Company
	Start (**)	End (***)		
ANDREAS VON WEDEMEYER KNIGGE	11/09/2012		CHAIRMAN	DIRECTOR
PABLO PESCHIERA ALFARO	11/09/2012			DIRECTOR
DIEGO URQUIAGA HEINEBERG	11/09/2012	31/03/2022		DIRECTOR
RICARDO BUSTAMANTE CILLONIZ	28/04/2016			DIRECTOR
PEDRO BLAY HIDALGO	26/04/2022			DIRECTOR
% Directores Independientes respecto del total del Comité				25
Number of meetings held during the fiscal year:				4
It has delegated powers in accordance with Article 174 of the General Law of Companies:			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The committee or its chairman participates in the Shareholders' Meeting			Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

(*) Information will be provided regarding the persons who are or were members of the Committee during the reporting fiscal year.

(**) Corresponds to the first appointment as a member of the Committee in the reporting company.

(***) Complete only if the person has ceased to be part of the Committee during the fiscal year.

COMMITTEE 3	
Name of Committee:	
Date of creation:	
Main duties:	

Committee members (*) Full Name	Date		Position within the Committee	Position within the Company
	Start (**)	End (***)		
% of Independent Directors with respect to the total of the Committee				
Number of meetings held during the fiscal year:				
It has delegated powers in accordance with Article 174 of the General Law of Companies:			Sí <input type="checkbox"/>	No <input type="checkbox"/>
The committee or its chairman participates in the Shareholders' Meeting			Sí <input type="checkbox"/>	No <input type="checkbox"/>

(*) Information will be provided regarding the persons who are or were members of the Committee during the reporting fiscal year.

(**) Corresponds to the first appointment as a member of the Committee in the reporting company.

(***) Complete only if the person has ceased to be part of the Committee during the fiscal year.

PRINCIPLE 22: CODE OF ETHICS AND CONFLICTS OF INTEREST

Question III.14

	Yes	No	Explanation:
Does the company take measures to prevent, detect, manage and disclose conflicts of interest that may arise?	X		

(*) For the purposes of this report, it is considered that a director, manager, official and/or collaborator of the company has a conflict of interest in any situation, particular or general, temporary or permanent, current or likely, in which they have an interest, particular or general, that is or may be in conflict with the social interest.

Indicate, if applicable, which area and/or person is responsible for monitoring and controlling possible conflicts of interest. If a person is in charge, include additionally his/her position and work area.

Area in charge	ETHICS COMMITTEE (COLLABORATORS AND SENIOR MANAGEMENT)
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Person in charge		
Full name	Position	Area
FERNANDO BUSTAMANTE CILLONIZ (chairman)	MANAGER	STRATEGIC MANAGEMENT CONTROL
JUAN MANUEL OTOYA WHERREMS	MANAGER	HUMAN RESOURCES MANAGEMENT
RICARDO GUZMAN VALENZUELA	MANAGER	ADMINISTRATION & FINANCE
HUMBERTO BARRAGAN HERRERA (secretary)	MANAGER	INTERNAL AUDIT

Question III.15 / Compliance

	Yes	No	Explanation:
1. Does the company have a Code of Ethics (*), compliance with which is required of its Directors, managers, officials and other collaborators (**) of the company, which includes ethical and professional responsibility criteria, including the handling of potential cases of conflicts of interest?	X		
2. Do the Board of Directors or General Management approve training programs for compliance with the Code of Ethics?	X		
3. Does the Board of Directors evaluate the effectiveness of training programs for compliance with the code of ethics?		X	IT IS PLANNED TO EVALUATE THE EFFECTIVENESS OF THE TRAINING PROGRAMS IN 2023, WHICH WILL BE PRESENTED TO THE AUDIT AND RISK COMMITTEE AND LATER TO THE FULL BOARD OF DIRECTORS. TO DATE, WE HAVE ONLY VERIFIED THAT THE TRAININGS ARE BEING CONDUCTED, WHILE EVALUATING THEIR EFFECTIVENESS BASED ON SPECIFIC PROCEDURES FOR THIS PURPOSE IS STILL PENDING.

(*) The Code of Ethics may be part of the Internal Standards of Conduct.

(**) The term collaborators embraces all persons who have certain type of labor relationship with the company, regardless of the labor regime or modality.

If the company has a Code of Ethics, indicate the following:

a. It is available to:

	Yes	No
Shareholders	X	
Other persons to whom it applies	X	
The general public	X	

b. Indicate the means by which the company makes the Code of Ethics available:

Media	Made available
In the company's offices	X
E-mail address	
Corporate website	X
Post	
Informational meetings (in-person or virtual)	X
Social media	
Other / Detail	

c. Indicate the area and/or person responsible for monitoring and complying with the Code of Ethics. If a person is in charge, include additionally his/her position, work area, and to whom he/her reports.

Area in charge	GENERAL MANAGEMENT THROUGH THE ETHICS COMMITTEE		
Person in charge			
Full name	Position	Area	Reports to
FERNANDO BUSTAMANTE CILLONIZ (chairman)	MANAGER	STRATEGIC MANAGEMENT CONTROL	GENERAL MANAGER
JUAN MANUEL OTOYA WHERREMS	MANAGER	HUMAN RESOURCES MANAGEMENT	GENERAL MANAGER
RICARDO GUZMAN VALENZUELA	MANAGER	ADMINISTRATION & FINANCE	GENERAL MANAGER
HUMBERTO BARRAGAN HERRERA (secretary)	MANAGER	INTERNAL AUDIT	AUDIT AND RISK COMMITTEE

d. Is there a record of cases of breaches of the Code?

Yes No

e. Indicate the number of complaints filed, investigations initiated, and investigations completed during the fiscal year regarding noncompliance with the provisions established in said Code:

Number of complaints filed	14
Number of investigations initiated	8
Number of investigations concluded	5
Number of breaches	12

Question III.16

	Yes	No	Explanation:
1. Does the company have mechanisms for reporting any illegal or unethical behavior, guaranteeing the confidentiality of the complaint?	X		THE COMPANY HAS A WHISTLEBLOWING CHANNEL MANAGED BY A SPECIALIZED AND INDEPENDENT FIRM.
2. Are complaints presented directly to the Audit Committee when those complaints are related to accounting aspects or when the General Management or the Financial Management are involved?	X		A COMMUNICATION PROTOCOL HAS BEEN DEFINED TO REPORT COMPLAINTS RECEIVED THROUGH THE ETHICAL HOTLINE, WHICH GUARANTEES THE CONFIDENTIALITY OF THE COMPLAINT AND WITHOUT INCURRING IN A CONFLICT OF INTEREST.

Question III.17

	Yes	No	Explanation:

1. Is the Board of Directors responsible for monitoring and controlling possible conflicts of interest that may arise in the Board of Directors?	X		
2. If the company is not a financial institution, does it have an established policy indicating that Board members are prohibited from receiving loans from the company or any company in their economic group, unless they have prior authorization from the Board?	X		
3. If the company is not a financial institution, does it have an established policy indicating that members of Senior Management are prohibited from receiving loans from the company or any company in their economic group, unless they have prior authorization from the Director?	X		

a. Indicate the following information on members of Senior Management who are shareholders in a percentage equal to or higher than 5% of the company.

Full name	Position	Number of shares	% of total shares
RICARDO CILLONIZ REY	PROJECT MANAGER, MINING AND SOCIAL RESPONSIBILITY	76,017,839	8.53

% of total shares held by Senior Management	8.68
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b. Indicate whether any of the members of the Board of Directors or Senior Management of the company are spouses, relatives in the first or second degree by consanguinity, or relatives in the first degree by affinity:

Full Name	Relationship with:			Full name of shareholder / Director / Manager	Type of relationship (**)	Additional Information (***)
	Shareholder (*)	Director	Senior Management			
RICARDO CILLONIZ CHAMPIN	X	X		RENEE CILLONIZ DE BUSTAMANTE	2ND DEGREE BY CONSANGUINITY	15.94%
RENEE CILLONIZ DE BUSTAMANTE		X		RICARDO BUSTAMANTE CILLONIZ	1ST DEGREE BY CONSANGUINITY	
RICARDO BUSTAMANTE CILLONIZ			X	FERNANDO BUSTAMANTE CILLONIZ (1)	2ND DEGREE BY CONSANGUINITY	(1) STRATEGIC MANAGEMENT CONTROL MANAGER
RICARDO CILLONIZ CHAMPIN	X		X	RICARDO CILLONIZ REY (2)	1ST DEGREE BY CONSANGUINITY	8.53% (2) PROJECT MANAGER, MINING AND SOCIAL RESPONSIBILITY
RICARDO CILLONIZ CHAMPIN		X		RICARDO BUSTAMANTE CILLONIZ	3RD DEGREE BY CONSANGUINITY	

(*) Shareholders holding 4% or more of the capital stock

(**) For the purposes of the relationship, the relationship criteria contained in the Regulations on Indirect Ownership, Relationship and Economic Groups will be applied.

(***) In the event that there is a relationship with a shareholder, include its shareholding. In the event that the relationship is with a member of the senior management, include his/her position.

c. In the event that any member of the Board of Directors occupies or has occupied during the period covered by this report any managerial position in the company, indicate the following information:

Full Name	Managerial position currently held or previously held:	Date in managerial position	
		Start (*)	End (**)
RICARDO CILLONIZ CHAMPIN	CHAIRMAN	01/01/2007	

(*) Corresponds to the first appointment in the reporting company in the managerial position.

(**) Complete only in the event that the person left the managerial position during the fiscal year.

d. In the event that any member of the Board of Directors or Senior Management of the company has maintained during the fiscal year any commercial or contractual relationship with the company that has been important due to its amount or subject matter, indicate the following information.

Full name	Type of relationship	Brief description

PRINCIPLE 23: RELATED PARTY OPERATIONS

Question III.18

	Yes	No	Explanation:
1. Does the Board of Directors have policies and procedures for the valuation, approval and disclosure of certain operations between the company and related parties, as well as for knowing the commercial or personal, direct or indirect relationships that the Directors maintain among them, with the company, with their suppliers or customers, and other stakeholders?	X		
2. In the case of operations of special relevance or complexity, is the intervention of independent external advisors considered for evaluation?	X		

a. If you comply with subparagraph a) of question III.19, indicate the area(s) of the company in charge of dealing with related party operations in the following aspects:

Aspects	Area in charge
Assessment	AUDIT COMMITTEE
Approval	BOARD OF DIRECTORS
Disclosure	ADMINISTRATION AND FINANCE MANAGEMENT

b. Indicate the procedures for approving related party operations:

The procedures are established in Section 8: Framework of Conduct contained in the Corporate Policy for Transactions among Related Parties

c. Give details of any operations carried out between the company and its related parties during the fiscal year that were significant in terms of their amount or subject matter.

Name or corporate name of the related party	Nature of the relationship (*)	Type of operation	Amount (\$/)
Tradi S.A.	Related	Sale of rebar, wire rod, and other products	174,139,000
Aceros América S.R.L.	Subsidiary	Sale of rebar, wire rod, and other products	398,420,000
Aceros America S.A.S	Subsidiary	Sale of rebar, wire rod, and other products	160,049,000
Comfer S.A. en Liquidación	Subsidiary	Sale of rebar, wire rod, and other products	0
Aceros América S.R.L.	Subsidiary	Purchase of scrap metal	78,894,000
Transportes Barcino S.A.	Subsidiary	Transportation services	37,975,000
Comercial del Acero S.A.C en Liquidación	Subsidiary	Purchase of merchant bars, plates, and other products	36,266,000
Comfer S.A. en Liquidación	Subsidiary	Purchase of merchant bars, plates, and other products	8,492,000
Aceros América SpA	Subsidiary	Purchase of scrap metal	59,864,000
Tradi S.A.	Related	Purchase of supplies	2,148,000

Port Manatee	Subsidiary	Purchase of scrap metal	180,638,000
Tecnología y Soluciones Constructivas S.A.	Subsidiary	Design services	9,811,000

(*) The relationship shall be determined using the Provisions established for the application of Section 51, Point c) of the Stock Market Act, approved by Resolution 029-2018-SMV/01, as substituted.

d. Specify whether the company sets limits for carrying out operations with related parties:

Yes

No

PRINCIPLE 24: FUNCTIONS OF SENIOR MANAGEMENT

Question III.19 / Compliance

	Yes	No	Explanation:
a. Does the company have a clear policy of mark off functions among the management or governance of the Board of Directors, the regular management of the Senior Management and the leadership of the CEO?	X		
b. Do the tasks of the CEO and Chairman of the Board of Directors are performed by different persons?	X		
c. Does Senior Management have sufficient autonomy to carry out the assigned functions, within the framework of policies and guidelines defined by the Board of Directors, and under their control?	X		
d. Is the CEO responsible for complying with and enforcing the policy of providing information to the Board of Directors and its Directors?	X		
e. Does the Board of Directors annually assess the performance of the CEO based on well-defined standards?	X		
f. Does the remuneration of the Senior Management have a fixed and a variable component, which takes into consideration the results of the company, based on prudent and responsible assumption of risks, and compliance with the goals set forth in the respective plans?	X		

a. Indicate the following information regarding the remuneration received by the CEO and senior management (including bonuses).

POSITION	REMUNERATION (*)	
	FIXED	VARIABLE
CEO	0.04	0.02
SENIOR MANAGEMENT	0.17	0.05

(*) Indicate the percentage represented by the total amount of the annual remuneration of the members of Senior Management, with respect to the level of gross income, according to the financial statements of the company. financieros de la sociedad.

b. In the event that the company pays bonuses or indemnities other than those determined by legal mandate, to Senior Management, indicate the form(s) in which these are paid.

	CEO	MANAGERS
Delivery of shares		
Delivery of options		
Delivery of money	X	X
Other / Detail		

c. If there is a variable component in the remuneration, specify which are the main aspects taken into account for its determination.

EBITDA, INVENTORY COVERAGE RATIOS, ROA, ETC

d. Does the company have a long-term incentive plan in place for the management team?

Yes No

e. Indicate whether the Board of Directors assessed the performance of the CEO during the fiscal year.

Yes No

PILLAR IV - Risk and Compliance

PRINCIPLE 25: RISK MANAGEMENT SYSTEM ENVIRONMENT

Question IV.1

	Yes	No	Explanation:
1. Has the Board of Directors approved a comprehensive risk management policy that includes procedures and responsibilities tailored to the company's size and complexity, promoting a risk management culture within the company from the Board and Senior Management down to individual employees?	X		
2. Does the comprehensive risk management policy cover all the companies that are part of the group and allow an overview of critical risks?	X		

a. If your answer to question IV.1, item 1 is affirmative, please indicate which of the following mechanisms the Board of Directors uses to promote the risk management culture (you may select more than one option):

The appointment of a risk management officer at the highest level.	X
A delegation of authority policy based on risks.	
Training and awareness on key responsibilities and risks.	X
Supervision of exposure to risks at the highest level.	X
Approval of an annual risk management work plan.	X
Other (Detail)	

Does the Company have a risk delegation policy that establishes the risk limits that may be managed by each level of the Company?

Yes

No

Question IV.2

	Yes	No	Explanation:
1. Does the CEO manage the risks to which the company is exposed and communicate those risks to the Board of Directors?	X		
2. Is the CEO responsible for the risk management system, in case there is no Risk Committee or Risk Management?	X		THERE IS AN AUDIT AND RISK COMMITTEE THAT REPORTS TO THE BOARD OF DIRECTORS. THE RESPONSIBLE FOR RISKS REPORTS ON THE INTEGRAL RISK MANAGEMENT TO THIS COMMITTEE.

a. Provide the following information regarding the integrated risk management system:

	Yes	No
Does Senior Management maintain a risk management process that includes identification, measurement, management, control, and monitoring?	X	

Does Senior Management inform the Board of Directors of risk exposure through an Audit or Risk Committee?	X	
---	---	--

Does the company have a Risk Manager?

Yes No

If yes, please provide the following information:

Full name	Date of exercise of the position		Reports to
	Start (*)	End (**)	
FERNANDO BUSTAMANTE CILLONIZ	26/01/2017		CEO

(*) Corresponds to the first appointment in the reporting company.

(**) Complete only in the event that the person has ceased to hold the position during the fiscal year.

Question IV.3

	Yes	No	Explanation:
Does the company have an internal and external control system, the effectiveness and suitability of which is supervised by the Board of Directors of the company?	X		

a. If your answer to the previous question is affirmative, indicate whether such a system is integrated with a reporting line for complaints and a process to resolve them.

Sí No

b. ¿Does the company have an implemented and functioning prevention model, in accordance with the provisions of Law No. 30424, Law that regulates the administrative responsibility of legal entities, or the regulation that modifies or replaces it?

Sí No

If your answer is affirmative, indicate which of the following elements your prevention model considers:

Identification, evaluation, and mitigation of risks	<input checked="" type="checkbox"/>
Prevention Officer	<input checked="" type="checkbox"/>
Implementation of reporting procedures	<input checked="" type="checkbox"/>
Periodic dissemination and training of the model	<input checked="" type="checkbox"/>
Continuous evaluation and monitoring of the model	<input checked="" type="checkbox"/>

If the company has certifications related to risk management systems, *compliance* management, or anti-bribery management systems, please indicate which ones.

IN PROCESS OF ISO 37000 CERTIFICATION.

PRINCIPLE 26: INTERNAL AUDIT

Question IV.4

	Yes	No	Explanation:
1. Does the internal auditor carry out audit work exclusively, does he/she have autonomy, experience and specialization in the matters under evaluation, and independence for monitoring and assessing the effectiveness of the risk management system?	X		
2. Are the duties of the internal auditor the permanent assessment of the validity and reliability of all the financial information generated or registered by the company, as well as the verification of the effectiveness of regulatory compliance?	X		
3. Does the internal auditor report directly to the Audit Committee on its plans, budget, activities, progress, results obtained and actions taken?	X		

a. Indicate whether the company has an independent area in charge of internal audit.

Yes No

If the answer to the previous question is yes, within the organizational structure of the company indicate, hierarchically, who is responsible for the audit.

It depends on:

b. If the company belongs to an economic group, please indicate whether the company has a Corporate Internal Audit Manager.

Yes No

If your answer is affirmative, please indicate what are the main responsibilities of the Corporate Internal Audit Manager and whether they perform any other duties unrelated to internal audit.

<p>a) Prepares and executes the Annual Audit Plan based on the identification and analysis of risks, previously approved by the ARC.</p> <p>b) Regularly reports the execution status of the audit plan to the ARC.</p> <p>c) Provides advice on Internal Control, Risks and Corporate Governance to the company's Management and to the ARC.</p> <p>d) Timely issues internal audit reports with results of control evaluation.</p> <p>e) Regularly monitors action plans arising from internal and external audit observations and recommendations.</p> <p>f) Supports the Chairman of the ARC in the organization of the agendas of the audit committee, acting as Technical Secretary of the Committee.</p> <p>g) Supports the ARC in the Selection, Contracting, Supervision and Evaluation of the work of the external auditor of the Financial statements of the company.</p> <p>h) Collaborates in the investigation of ethical complaints filed through the Complaints Channel of the company</p>
--

Question IV.5

	Yes	No	Explanation:
Does the appointment and resignation of the Internal Auditor decision correspond to the Board of Directors, after the proposal of the Audit Committee?	X		

PRINCIPLE 27: EXTERNAL AUDITORS

Question IV.6

	Yes	No	Explanation:
<i>Does the Shareholders' Meeting, at the proposal of the Board of Directors, appoint the audit company or the independent auditor, who maintain a clear independence from the company?</i>	X		UNLESS EXPRESSLY DELEGATED BY THE BOARD OF DIRECTORS.

a. Should your response to the previous question be affirmative, does the Board of Directors or the Audit Committee verify that the auditing firm or independent auditor maintain a clear independence from the company?

Yes No

If your answer is affirmative, please specify the mechanisms that the company used to validate independence (you may select more than one):

<i>The company requires a sworn statement from the auditing firm or independent auditor declaring their independence from the company.</i>	X
<i>The company conducts its own validation of potential conflicts of interest of the auditing firm or independent auditor.</i>	X

b. Does the external auditing firm or independent auditor report directly to the Board of Directors or the Audit Committee?

Yes No

c. Does the company have a policy approved by the Board of Directors or the Audit Committee for the appointment of the External Auditor?

	Yes	No
<i>Board of Directors</i>		
<i>Audit Committee</i>	X	

If yes, describe the procedure for hiring the audit company responsible for auditing the annual financial statements (including identification of the body of the company responsible for selecting the audit company).

POLICY FOR THE CONTRACTING AND SUPERVISE THE WORK OF THE EXTERNAL AUDITOR OF FINANCIAL STATEMENTS , was reviewed and approved by the Audit and Risk Committee in March 2014. The Policy considers the following activities: 1. Preparation of the terms and conditions of the service to be contracted. 2. Evaluation of the offers considering legal, technical and economic aspects of the bidders. 3. The Audit and Risk Committee selects the best offer, which includes value-added services and suggests its hiring to the Board of Directors and the Shareholders' Meeting.

d. In the event that the audit company has provided services other than the audit of accounts, indicate whether such hiring was reported to the Shareholders' Meeting, including the percentage of invoicing that such services represent over the total invoicing of the audit company to the company.

Yes No

e. Are individuals or entities related to the external audit firm or independent external auditor providing services to the company, other than the audit of financial statements?

Yes No

If the answer to the previous question is yes, indicate the following information regarding the additional services provided by persons or entities related to the audit company in the reporting year.

Corporate name or business name	Additional Services	% of remuneration (*)
ERNST & YOUNG LAW S.C.R.L.	LEGAL ADVISORY	11.4

ERNST & YOUNG ASESORES S.C.R.L.	TAX ADVISORY	46.2
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(*) Invoicing of additional services over invoicing of audit services

f. Please indicate whether the external auditing firm or the independent external auditor has used different teams, in the event that they have provided additional services beyond the audit of the accounts.

Yes

No

Question IV.7

	Yes	No	Explanation:
1. Does the company have a policy of renewing its independent auditor or audit firm?	X		
2. If this policy establishes longer periods for renewal of the audit company, does the audit firm's team rotate at least every five (5) years?	X		

Indicate the following information in relation to the audit companies that have provided audit services to the Company in the last five (5) years.

Period	Business name of the audit company	Service (*)	Aproximate duration of the audit work (in work days)	Remuneration (**)	% of revenues of the audit company
2022	TANAKA, VALDIVIA Y ASOCIADOS, S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	AUDITORIA EXTERNA A EE.FF.	75	100	0.37
2021	TANAKA, VALDIVIA Y ASOCIADOS, S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	AUDITORIA EXTERNA A EE.FF.	75	100	0.31
2019	PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	AUDITORIA EXTERNA A EE.FF.	75	87	0.31
2018	PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	AUDITORIA EXTERNA A EE.FF.	75	100	0.23
2017	PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	AUDITORIA EXTERNA A EE.FF.	75	87	0.17

(*) Include all types of services, such as financial information reports, accounting expert evidence, operational audits, system audits, tax audits or other services.

(**) Of the total amount paid to the audit company for all items, indicate the percentage that corresponds to remuneration for financial audit services.

(***) Data obtained from the auditing company.

Question IV.8

	Yes	No	Explanation:
In the case of economic groups, is the external auditor the same for the whole group, including off-shore subsidiaries?	X		EXCEPT: INMOBILIARIA COMERCIAL DEL ACERO ARGENTINA SAC, INMOBILIARIA COMERCIAL DEL ACERO CAJAMARQUILLA SAC, CORP. ACEROS AREQUIPA DE IQUITOS SAC, ACEROS AMERICA SAS, ACERO INSTALADO S.A, ACEROS AMERICA SPA, ACEROS AMERICA AA S.A.S, Y ACEROS AMERICA S.R.L

Indicate whether the audit company contracted to audit the financial statements of the company for the fiscal year subject matter of this report also audited the financial statements for the same fiscal year for other companies in its economic group.

Yes

No

If your previous answer is yes, indicate the following:

Corporate name or business name of the company(ies) of the economic group
TRANSPORTES BARCINO S.A.
COMERCIAL DEL ACERO S.A.C. EN LIQUIDACIÓN
TECNOLOGÍA Y SOLUCIONES CONSTRUCTIVAS S.A.C.
COMFER S.A. EN LIQUIDACIÓN
ACEROS AMERICA PORT MANATEE LLC
ACEROS AMERICA SANT PETE LLC
ACEROS AMERICA CORP.

PILLAR V - Transparency of Information

PRINCIPLE 28: INFORMATION POLICY

Question V.1

	Yes	No	Explanation:
Does the company have an information policy for shareholders, investors, other stakeholders and the market in general, with which it defines in a formal, orderly and comprehensive manner the guidelines, standards and criteria that will be applied to the management, collection, elaboration, classification, organization and/or distribution of the information generated or received by the company?	X		

a. If so, indicate whether, in accordance with its information policy, the company disseminates the following:

	Yes	No	Means of dissemination
Bylaws	X		Investor Relations Website
Company objectives	X		Corporate website
Curriculum vitae (CV) of senior management members	X		Investor Relations Website
Board regulations	X		Investor Relations Website
Board committee regulations	X		Charter of the audit and risk committee on the investor relations website
Contact information for the investor relations office or the person in charge of these functions	X		Investor Relations Website
Shareholders' meeting regulations	X		Investor Relations Website
Code of Ethics	X		Investor Relations Website
Comprehensive risk management policy		X	Intranet
Dividend policy	X		Investor Relations Website
Other / Detail			

Question V.2

	Yes	No	Explanation:
Does the company have an investor relations office?	X		THE SECURITIES AREA, WHICH REPORTS TO THE CFO, PERFORMS THIS FUNCTION. CONTACT MAIL: accionistas@aasa.com.pe

a. If you have an investor relations office, please indicate who is responsible.

Responsible for the Investor Relations Office	DEPUTY MANAGER OF CORPORATE FINANCE AND INVESTOR RELATIONS
---	--

b. If you do not have an investor relations office, indicate the unit (department/area) or person in charge of receiving and processing requests for information from shareholders of the company and the general public. If a person, include additionally his/her position and work area.

Area in charge	
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Person in charge			
Full name	Position	Area	Report to

PRINCIPLE 29: FINANCIAL STATEMENTS AND ANNUAL REPORT

a. Does the External Auditors' Report on the Financial Statements for the period contain qualifications and the measurement of these?

Yes

No

b. In case there are qualifications in the report by the external auditor, have such qualifications been explained and/or justified to the shareholders?

Yes

No

PRINCIPLE 30: INFORMATION ON SHAREHOLDING STRUCTURE AND RESOLUTIONS

Question V.3

	Yes	No	Explanation:
<i>Does the company disclose the ownership structure, considering the different classes of shares and, if applicable, the joint equity interest of a particular economic group?</i>	X		LIMITED TO DISCLOSURE OF OWNERSHIP

Indicate the composition of the shareholding structure of the company at the fiscal year end.

Holding of voting shares	Number of holders (at the fiscal year end)	% of shares
Less than 1%	371	21.96
Between 1% and 5%	13	23.43
Between 5% and 10%	4	27.72
More than 10%	2	26.89
Total	390	100.00

Holding of non-voting shares (if applicable)	Number of holders (at the fiscal year end)	% of shares
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

Holding of investment shares (if applicable)	Number of holders (at the fiscal year end)	% of shares
Less than 1%	2,844	58.65
Between 1% and 5%	15	28.15
Between 5% and 10%	2	13.20
More than 10%	0	0
Total	2,861	100.00

Percentage of treasury shares over capital stock:

0

Question V.4

	Yes	No	Explanation:
<i>Are there any agreements or pacts among shareholders?</i>		X	

If your answer is affirmative, please indicate the subject matter of each of the current agreements or pacts among shareholders.

Election of Board Members	
Exercise of voting rights in Shareholders Meeting	
Restriction on the free transfer of shares	
Changes in the company's internal or statutory rules	
Other /Detail	

PRINCIPLE 31: CORPORATE GOVERNANCE REPORT

Question V.5

	Yes	No	Explanation:
Does the company disclose the standards adopted in corporate governance matters in an annual report, different from the current report, the content of which is the responsibility of the Board of Directors, following a report from the Audit Committee, the Corporate Governance Committee or an external consultant, if applicable?		X	FOR THE TIME BEING, THE COMPANY DOES NOT HAVE A REPORT ON GOOD CORPORATE GOVERNANCE INDEPENDENT OF THIS REPORT.

a. If your answer has been affirmative, please provide the following information:

Document Title	Approval Date	Web Link:

b. Specify the instances that review said report prior to its submission to the Board:

General Management	
Internal Audit	
Audit Committee	
Corporate Governance Committee	
External specialized advisor	
ESG specialized area	
Other / Detail:	

c. Does the company have mechanisms for the internal and external dissemination of corporate governance practices?

	Yes	No
Internal dissemination	X	
External dissemination	X	

If the previous answer was affirmative, mark the mechanisms used, as appropriate:

	Internal dissemination	External dissemination
Specific section of the website	X	X
Email		
Physical publication and distribution		
Participation in specialized institutional events, forums or circles		
Other / Detail:		

SECTION C:
Contents of documents of the company

Indicate in which of the following document(s) of the company, the following matters are regulated:

		Principle	Bylaws	Internal Regulations (*)	Manual	Other	No regulated	Not Applicable	Name of document (**)
1	Policy for the redemption or exchange of non-voting shares	1					X		
2	Method of registering the rights of ownership of shares and responsible for registration	2	X			X			THE REGISTRATION IS IN THE BYLAWS, AND THE RESPONSIBLE PERSON IS IN THE JOB PROFILE.
3	Procedures for the selection of an external advisor to issue an independent opinion on the proposals of the Board of Directors of corporate operations that may affect the right of non-dilution of the shareholders	3		X					
4	Procedure for receiving and responding to requests for information and shareholders' opinions	4				X			CORPORATE INFORMATION POLICY (PAGES 6 TO 9)
5	Dividend policy	5				X			RESOLUTION OF SHAREHOLDERS' MEETING (03/23/2016)
6	Policies or resolutions not to adopt anti-absorption mechanisms	6					X		
7	Arbitration agreement	7	X						TITLE SEVEN, ART. 74
8	Policy for the selection of Directors of the company	8		X					
9	Policy for evaluating the remuneration of the company's Directors	8	X						ART. 49 ESTABLISHES THE WAY DIRECTORS' FEES ARE DETERMINED.
10	Mechanisms for making available to shareholders information on topics contained in the agenda of the Shareholders' Meeting and proposals for resolutions	10	X						AND IN THE RULES OF THE SHAREHOLDERS MEETING
11	Additional means to those established by Law, used by the company to convene a Shareholders' Meeting.	10		X					RULES OF THE GENERAL SHAREHOLDERS MEETING
12	Additional mechanisms for shareholders to make proposals for agenda topics to be discussed at the Shareholders' Meeting	11		X					REGULATIONS OF THE SHAREHOLDERS' MEETING
13	Procedures for accepting or rejecting shareholders' proposals of agenda topics to be discussed at the Shareholders' Meeting	11		X					REGULATIONS OF THE SHAREHOLDERS' MEETING
14	Mechanisms that allow remote participation of shareholders	12	X						BYLAWS OF THE COMPANY, ART. 25°
15	Procedures for emitting differentiated votes by shareholders	12		X					REGULATIONS OF THE SHAREHOLDERS' MEETING, ART. 20°
16	Procedures to be followed in proxy voting	13	X						
17	Requirements and formalities for a shareholder to be represented at a shareholders' meeting.	13	X						BYLAWS OF THE COMPANY, ARTICLE 37
18	Procedures for the proxy vote in favor of the Board members or of the Senior Management	13		X					REGULATION OF THE GENERAL SHAREHOLDERS MEETING, ARTICLE 15
19	Procedure for following up on the resolutions of the Shareholders' Meeting.	14				X			IT IS REGULATED IN ACCORDANCE WITH ARTICLE 23 IN REGULATIONS OF THE SHAREHOLDERS' MEETING. HOWEVER, WE DO NOT HAVE SPECIFIC PROCEDURES.
20	Minimum and maximum number of Directors that make up the company's Board of Directors	15	X						

21	The duties, rights and functions of the company's Directors	15	X	X					
22	Duties, rights and functions of the company's Directors.	17	X	X					BY THE COMPANY BYLAWS AND THE BOARD OF DIRECTORS REGULATIONS.
23	Board of Directors' Remuneration Policy.	17	X						BYLAWS OF THE COMPANY, ARTICLE 49
24	Policy for hiring advisory services for the Directors	17		X					REGULATIONS OF THE BOARD OF DIRECTORS
25	Induction policy for new Directors	17		X					REGULATIONS OF THE BOARD OF DIRECTORS
26	Special requirements to be an Independent Director of the company	19		X					REGULATIONS OF THE BOARD OF DIRECTORS
27	Mecanismos that allow for making complaints related to any illegal or unethical behavior.	22				X			CODE OF ETHICS
28	Policy defining the procedure for the assessment, approval and disclosure of related party operations	23				X			CORPORATE POLICY ON TRANSACTIONS BETWEEN RELATED PARTIES.
29	Responsibilities and functions of the Chairman of the Board of Directors, Chief Executive Officer, and other senior managers	24	X	X					
30	Criteria for the assessment of Senior Management performance	24				X			APPROVED MINUTES OF GUIDELINES OF THE NOMINATIONS, REMUNERATIONS, AND HR COMMITTEE OF CAASA
31	Policy to set and evaluate the remunerations of Senior Management	24				X			"APPROVED MINUTES OF GUIDELINES OF THE NOMINATION, REMUNERATION AND HR COMMITTEE OF CAASA" AND "COMPENSATION POLICY OF CAASA"
32	Comprehensive risk management policy	25				X			INTERNAL CONTROL POLICY AND COMPREHENSIVE RISK MANAGEMENT
33	Responsibilities of the person in charge of Internal Audit	26				X			BYLAWS OF THE INTERNAL AUDIT ACTIVITY
34	Policy for the appointment of the External Auditor, term of the contract and criteria for renewal	27				X			EXTERNAL AUDITOR CONTRACTING POLICY
35	Policy for disclosure and communication of information to investors	28				X			CORPORATE INFORMATION POLICY

(*) Includes Regulations of the Shareholders' Meeting, Regulations of the Board of Directors or others issued by the Company

(**) Indicate the denomination of the document, except in the case of the Bylaws of the Company



PERÚ

Ministerio
de Economía y Finanzas

SMV
Superintendencia del Mercado
de Valores

DECENIO DE LA IGUALDAD DE OPORTUNIDADES PARA MUJERES Y HOMBRES

SECTION D:

Other Information of Interest ¹

We have nothing further to add.

¹ Includes other information of interest not addressed in previous sections that may provide investors and other stakeholders with a better picture of other good corporate governance practices implemented by the Company, as well as practices tied to corporate social responsibility, institutional investor relations, etc.

The Company may also indicate whether it has voluntarily adhered to further international, sectorial, or other codes of ethical principles or good practices, indicating the code and the date of adhesion.



5.7 Corporate Sustainability Report Sections A and B

CORPORATE SUSTAINABILITY REPORT (10180)

Name:

Corporación Aceros Arequipa

Fiscal year:

2022

Website:

<https://www.acerosarequipa.com/>

Name or trade name
of the Reviewing Company: ¹

RPJ

¹ It is only applicable in the event that the information contained in this report has been reviewed by a specialized company (for example: audit company or consulting company).

I. ENVIRONMENT AND CLIMATE CHANGE

Environmental Policy:

Question 1	Yes	No	Explanation:
<i>Does the company have an environmental policy or a management system that includes environmental commitments?</i>	X		The company has a Corporate Environmental Policy and an Environmental Management System certified under ISO 14001:2015, whose objective is to promote and maintain an environmental culture that contributes to sustainable development, ensuring the prevention, control and mitigation of environmental impacts in all company operations.

a. If the answer to question 1 is affirmative, indicate the name of the document in which the policy or management system adopted by the company is evidenced, date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Corporate Environmental Policy	23/06/2020	2020

b. If the answer to question 1 is yes, please specify:

	Yes	No	Explanation:
<i>Has said environmental policy or management system been approved by the Board of Directors?</i>	X		Approved on 30/06/2020.
<i>Does that environmental policy or management system contemplate risk management, identification and measurement of the environmental impacts of its operations related to climate change (*)?</i>	X		Guideline 5.6 Actions against Climate Change.
<i>Does the company have an annual report in which the results of its environmental policy are evaluated, and has it been brought to the attention of the Directors' Board?</i>		X	During 2022, compliance with the objectives related to the Environment wa reviewed within the organization's strategic cycle.

(*) Society is expected to consider, in management related to climate change, the "physical" aspects (floods, landslides, droughts, desertification, etc.) and/or the aspects of "transition" to a new low-carbon economy (use of new technologies, decarbonization of investment portfolios, etc.).

Question 2	Yes	No	Explanation:
<i>Has the company, during the year, been the subject of any investigation, community complaint, public controversy or has any corrective measure, precautionary measure, fine or other sanction been imposed that involves the violation of environmental regulations by it? (*)</i>	X		We received a fine for administrative responsibility from the OEFA. The alleged act was as follows: "The administered presented the Final Report on Environmental Emergencies of the event that occurred on October 27, 2019 at the Pisco Plant, outside the period of ten (10) business days after the emergency occurred, despite the existence of a situation of potential environmental damage, in breach of what is established by current environmental regulations." For this, the fine was 0.652 UIT (which is equivalent to S/ 2699.29), with a payment made on May 20, 2022.

(*) At this point, society is expected to consider those investigations, community complaints, public disputes or corrective measures, precautionary measures, fines or other sanction, which are linked to impacts of a material nature. According to the definition of the Global Reporting Initiative, material is understood as those aspects that reflect significant economic, environmental and social impacts of the organization or substantially influence the assessments and decisions of the interest groups.

a. If the answer to question 2 is affirmative, indicate the type of investigation, community complaint, public controversy, corrective measure, precautionary measure, fine or other sanction, which involves the violation of environmental regulations to which you have been subjected to the company during the year; as well as the state or situation of the same at the end of the fiscal year:

Investigation, community complaint, public controversy corrective action, injunction, fine or other sanction	Status or situation
Liability with administrative sanction	Executed.

b. Specify whether the company maintains any current investigation, community complaint, public controversy, corrective measure, precautionary measure, fine or other sanction involving a breach of environmental regulations initiated in previous years; as well as the status or situation of the same at the end of the fiscal year:

Investigation, community complaint, public controversy corrective action, injunction, fine or other sanction	status or situation
Sanctioning administrative procedure	In August 2021 a regular supervision was carried out by the OEFA, and in January 2022 the Supervision Directorate recommended to the Directorate of Inspection and Application of Incentives - DFAI, to initiate an Administrative Sanctioning Proceedings (PAS), to date the authority has not notified CAASA of the opening of the PAS.

Emissions of greenhouse gases (GHG):

Question 3

	Yes	No	Explanation:
Does the company measure its GHG emissions (*)?	X		The Baseline is the 2019 GHG measurement.

(*) **Greenhouse Gases (GHG):** Gases that are part of the atmosphere, of natural or human origin, that trap the sun's energy in the atmosphere, causing it to heat up (Law No. 30754, Framework Law on Climate Change, or regulation that the replace or modify).

a. If the answer to question 3 is affirmative, please specify:

Document name	Required information
If the company has a certification, report or report from a third party that shows the measurement of total GHG emissions (*), indicate its name, date of issue and if it is valid at the end of the fiscal year.	Yes. We have a 2019 report developed by ALWA and verified by Lloyd's Register. For the 2020 inventory we developed it ourselves and it was also verified by Lloyd's Register. For the 2021 inventory it was also developed by us, but this time it was verified by Lloyd's Register. The 2022 inventory is being developed and is also planned to be verified by a third party expert.
If the company has a platform, tool or standard developed internally for the measurement of total GHG emissions (*), indicate its name, its implementation date and, if applicable, its last update.	No, we follow ISO 14064-1 and use the MINAM's Carbon Footprint Peru spreadsheet.

(*) The total GHG emissions generated by a company is called the corporate carbon footprint.

b. If the answer to question 3 is affirmative, indicate the following information corresponding to the last three (3) years:

Fiscal Year	Total GHG Emissions (TM CO2e)		
	Scope 1 (*)	Scope 2 (**)	Scope 3 (***)
2022	245,449.00	172,803.00	289,869.00
2021	231,570.00	126,910.00	281,773.00
2020	162,602.00	78,005.00	137,335.00

(*) **Scope 1:** GHG emissions that are directly generated by the company. For example, emissions from combustion in boilers, ovens, vehicles, etc.

(**) **Scope 2:** GHG emissions generated indirectly by the use of energy by the company.

(***) **Scope 3:** Scope 3: All other GHG emissions generated indirectly by the company. For example: air travel, land travel, paper consumption, transfer of collaborators, etc.

Question 4

Yes	No	Explanation:
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<i>Does the society have objectives or goals to reduce GHG emissions?</i>	X	During 2022, goals have been established for 2030 to reduce our GHG emissions in our functional environmental plan.
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a. If the answer to question 4 is affirmative, indicate the name of the document in which the GHG emission reduction objectives or goals by the company are based, the date of approval of the objectives or goals and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Balanced scorecard	01/01/2021	2020

b. If the answer to question 4 is affirmative, please specify:

	Yes	No	Explanation:
<i>Have these reduction objectives or goals been approved by the Board of Directors?</i>	X		Our environmental policy guidelines are approved by the board of directors. It is worth mentioning that the company has a strategic cycle in which the functional plans of each area approved and it is also approved by the general management.

Water:

Question 5

	Yes	No	Explanation:
Does the company measure its water consumption (in m3) in all its activities?	X		

If the answer to question 5 is affirmative, indicate the following information corresponding to the last three (3) years

Fiscal Year	Total Water Consumption (m ³)
2022	1,671,989.00
2021	1,504,247.00
2020	1,072,467.00

Question 6

	Yes	No	Explanation:
Does society measure its water footprint (*)?		X	The company is in an evaluation process to calculate the Water Footprint; scheduled for the following periods.

(* **Water footprint:** indicator that defines the total volume of water used and impacts caused by the production of goods and services. Considers direct and indirect water consumption throughout the production process, including its different stages in the supply chain ("Norm that Promotes the Measurement and Voluntary Reduction of the Water Footprint and Shared Value in Hydrographic Basins" - Headquarters Resolution No. 023-2020-ANA, or regulation that replaces or modifies it).

If the answer to question 6 is affirmative, please specify:

Water footprint measure	Required information
If the company has a certification, report or a third party report that shows the measurement of its water footprint, indicate its name, date of issue and if it is valid at the end of the fiscal year.	
If the company has a platform, tool or standard developed internally for measuring its water footprint, indicate its name, its implementation date and, if applicable, its last update.	

Question 7

Yes	No	Explanation:
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<i>Does society have objectives or goals to reduce its water consumption?</i>	X	We have established goals to reduce our water consumption by 2030, to 1.30 m3/ton of finished product.
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a. If the answer to question 7 is affirmative, indicate the name of the document in which the adopted objectives or goals for the reduction of water consumption of the company are evidenced, date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Balanced scorecard	01/01/2021	2017

b. If the answer to question 7 is affirmative, please specify:

	Yes	No	Explanation:
<i>Have these reduction objectives or goals been approved by the Board of Directors?</i>	X		Our environmental policy guidelines are approved by the board of directors. It is worth mentioning that the company has a strategic cycle in which the functional plans of each area are approved and approved by the general

Question 8

	Yes	No	Explanation:
<i>Does the company control the quality of its effluents (*)?</i>	X		On a quarterly basis, quality monitoring of effluents from the Pisco Plant is carried out. This monitoring is carried out by a Laboratory accredited by INACAL (SGS of Peru).

(*) **Effluent:** Direct discharge of wastewater into the environment, whose concentration of polluting substances must contemplate the Maximum Permissible Limits (LMP) regulated by Peruvian legislation. Wastewater is considered to be those whose characteristics have been modified by anthropogenic activities, require prior treatment and can be discharged into a natural body of water or reused. (Glossary of Terms for Peruvian Environmental Management, General Directorate of Environmental Management Policies, Standards and Instruments, 2012, Ministry of the Environment – MINAM).

If the answer to question 8 is affirmative, indicate the name of the document that evidences the control of the effluents:

Document name
Environmental Monitoring Report on the Update of the Environmental Management Plan (EMP) of the Environmental Adjustment and Management Program (PAMA), (performed on a quarterly basis).

Energy:

Question 9	Yes	No	Explanation:
Does the company measure its energy consumption (in kWh)?	X		

If the answer to question 9 is affirmative, indicate the following information corresponding to the last three (3) fiscal years:

Fiscal Year	Total Energy Consumption (kWh)
2022	1,487,647,090.00
2021	1,306,348,440.00
2020	865,622,574.05

Question 10	Yes	No	Explanation:
Does the society have objectives or goals to reduce its energy consumption?	X		

a. If the answer to question 10 is affirmative, indicate the name of the document in which the reduction objectives adopted by the company are evidenced, the date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Balanced scorecard - specific energy consumption	01/01/2020	2011

b. If the answer to question 10 is affirmative, please specify:

	Yes	No	Explanation:
Have these reduction objectives or goals been approved by the Board of Directors?	X		Our environmental policy guidelines are approved by the board of directors. It is worth mentioning that the company has a strategic cycle in which the functional plans of each area are approved and approved by the general management.

Solid waste:

Question 11	Yes	No	Explanation:
Does the company measure the solid waste it generates (in tons)?	X		The waste generated is weighed in the CAASA Balance; as well as upon arrival at the landfill.

If the answer to question 11 is affirmative, indicate the following information corresponding to the last three Fiscal years:

Fiscal years	Hazardous solid waste (TM) (*)	Non-hazardous solid waste (TM) (**)	Total solid waste TM
2022	646.35	5,095.65	5,742.00
2021	872.49	2,930.34	3,802.83
2020	285.53	1,276.77	1,562.29

(*) **Hazardous solid waste:** Hazardous solid waste is considered to be contemplated in Annex III of the Regulation of Legislative Decree No. 1278, Legislative Decree that approves the Law of Comprehensive Management of Solid Waste, approved by Supreme Decree No. 014-2017-MINAM, or regulation that replaces or modify it.

(**) **Non-hazardous solid waste:** Non-hazardous solid waste is considered to be that contemplated in Annex V of the Regulation of Legislative Decree No. 1278, Legislative Decree that approves the Law of Integral Management of Solid Waste, approved by Supreme Decree No. 014-2017-MINAM, or regulation that the replace or modifies it.

Question 12	Yes	No	Explanation:
Does the company have objectives or goals to manage (reduce, recycle or reuse) its solid waste?	X		

a. If the answer to question 12 is affirmative, indicate the name of the document in which the solid waste management objectives adopted by the company are evidenced, the date of approval and the year since which it has been applied.

Document name	Approval date	Year from which it has been applied
Balanced scorecard	01/01/2022	2017

b. If the answer to question 12 is affirmative, please specify:

	Yes	No	Explanation:
Have these reduction targets been approved by the Board?	X		Our environmental policy guidelines are approved by the board of directors. It is worth mentioning that the company has a strategic cycle in which the functional plans of each area are approved and also approved by the general management.

II. SOCIAL

Stakeholders:

Question 13	Yes	No	Explanation:
<i>Has the company identified the risks and opportunities in relation to its stakeholders (such as employees, suppliers, shareholders, investors, authorities, customers, community, among others)?</i>	X		Aceros Arequipa has an Internal Control and Risk Management Policy, as well as a Comprehensive Risk and Opportunity Management Methodology These include as a pillar the identification of risks and opportunities carried out under the framework of the processes and all the stakeholders that participate in each one.

a. If the answer to question 13 is affirmative, please indicate:

	Yes	No	Explanation:
<i>Do you have an action plan to manage risks and opportunities in relation to your stakeholders?</i>	X		This is included in the Comprehensive Risk and Opportunity Management Methodology, where opportunities related to both risk mitigation and improving the management of the process itself are identified and managed. In this way, each process has a risk and opportunity matrix that is updated annually by the process owners.
<i>Does the company have a report in which the results of its action plan are evaluated and has this been made known to the Board of Directors?</i>	X		The progress of the development of Comprehensive Management of Risks and Opportunities is presented at least once a year to the Audit and Risk Committee. The Committee was elected by the Board of Directors and part of its management is the monitoring of risk management, it is conformed of Directors of CAASA.
<i>Do you publicly report your action plan and progress in relation to your stakeholders?</i>	X		A summary of the company's most relevant strategic risks is publicly presented. The Managements are responsible for the timely implementation of actions to mitigate strategic risks, these are supervised by Senior Management and the Audit and Risk Committee.

b. If the answer to question 13 is affirmative, indicate the name of the document that evidences the company's action plan in relation to its stakeholders:

Document name
Integrated Risk and Opportunity Management Matrices (GIRO)

Question 14	Yes	No	Explanation:
<i>During the year, has the company had any controversy or material conflict (*), with any of its interest groups, including the social conflicts contained in the Report on Social Conflicts of the Ombudsman's Office (**) and the Willaqniki Report on social conflicts issued by the Presidency of the Council of Ministers (***)?</i>		X	Good relationship with our stakeholders. Social programs in three vectors: Education, Health Prevention and Environment. 0 social conflicts.

(*) According to the definition of the Global Reporting Initiative, material is understood as those aspects that reflect significant economic, environmental and social impacts of the organization or substantially influence the assessments and stakeholders decisions.

(**) A "social conflict" must be understood as "a complex process in which sectors of society, the State and companies perceive that their objectives, interests, values or needs are contradictory and that contradiction can lead to violence." Source: Office of the Prevention of Social Conflicts and Governance of the Ombudsman of Peru. Social Conflict Report No. 186 (August-2019), Lima, 2019, p. 3.

(***) "Social conflict" is defined as the "dynamic process in which two or more social actors perceive that their interests are generally opposed by the exercise of a fundamental right or by access to goods and services, adopting actions that may constitute a risk or a threat to governance and/or public order. As a social process, it can escalate towards scenarios of violence between the parties involved, meriting the coordinated intervention of the State, civil society and the productive sectors. Social conflicts are dealt with when the demands that generate them are within the Government policies and its guidelines." Source: Secretariat of Social Management and Dialogue of the Presidency of the Council of Ministers. ABC of the Secretariat of Social Management and Dialogue. Lima, 2018, p.3.

If the answer to question 14 is affirmative, indicate the controversy or material conflict with any of your stakeholders; the state or situation of the same and the year of initiation of said controversy or conflict:

Controversy or conflict	status or situation	Initial year

Question 15

Question 15	Yes	No	Explanation:
<i>Does the company include environmental, social and corporate governance (ESG) aspects in its purchase criteria and/or selection of suppliers of goods and/or services?</i>	X		

If the answer to question 15 is affirmative, indicate the name of the document that evidences the inclusion of ESG aspects in the criteria for the purchase and/or selection of suppliers of goods and/or services:

Document name
Instruction: Selection and Evaluation of suppliers

Labor rights:

Question 16	Yes	No	Explanation:
Does the company have a labor policy?	X		

a. If the answer to question 16 is affirmative, please specify:

	Yes	No	Explanation:
Has that labor policy been approved by the Board of Directors?	X		
Does the company have a report in which the results of its labor policy are evaluated and has this been made known to the Board of Directors?	X		

b. If the answer to question 16 is affirmative, indicate whether that labor policy includes and/or promotes, as appropriate, the following topics; as well as specify the name of the document that evidences its adoption, date of approval and the year from which it has been applied:

	Yes	No	Document name	Approval date	Year from which it has been applied
a. Equality and non-discrimination.	X		Code of ethics	25/06/2015	2015
b. Diversity.	X		Corporate Human Rights and Diversity Policy	07/08/2020	2020
c. Prevention of sexual harassment (*).	X		Policy for the Prevention, Investigation and Punishment of Sexual Harassment	30/03/2020	2020
d. Prevention of crimes of harassment and sexual harassment (**).	X		Code of ethics	25/06/2015	2015
e. Freedom of affiliation and collective bargaining.	X		Code of ethics	25/06/2015	2015
f. Eradication of forced labor.	X		Corporate Human Rights and Diversity Policy	07/08/2020	2020
g. Eradication of child labor.	X		Corporate Human Rights and Diversity Policy	07/08/2020	2020

(*) Take into consideration the scope of Law No. 27942.

(**) Take into consideration the scope of articles 151-A and 176-B of the Penal Code, respectively.

c. Indicate the number of men and women within the organization and the percentage they represent of the total number of employees.

Employees	Number	Percentage of total employees
Women	101.00	0.095
Men	960.00	0.905

Total	1,061.00	1.00
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Question 17	Yes	No	Explanation:
<i>During the year, has the company been the subject of an investigation or has any corrective measure, precautionary measure, fine or other sanction related to non-compliance with labor standards, health and safety, forced labor or child labor been imposed on it?</i>	X		Social and labor standards and occupational health and safety.

a. If the answer to question 17 is affirmative, indicate the type of investigation, corrective measure, precautionary measure, fine or other sanction, to which the company has been subject during the year related to non-compliance with labor standards, health and security, forced labor or child labor; as well as the state or situation of the same at the end of the fiscal year:

Investigation, corrective action, injunction, fine or other sanction	Status or situation
OI 508-2022-SUNAFIL/SINI (Occupational Safety and Health)	Investigation, infractions of irremediable facts; does not initiate sanctioning process.

b. Specify whether the company maintains current investigations, corrective measures, precautionary measures, fines or other sanctions from previous years related to non-compliance with labor standards, health and safety, forced labor or child labor; as well as the status or situation of the same at the end of the fiscal year:

Investigation, corrective action, injunction, fine or other sanction	Status or situation
OI 1221-2022-SUNAFIL IRE ICA (socio-labor norm)	Investigation, infractions of irremediable facts; does not initiate sanctioning process.

Question 18	Yes	No	Explanation:
<i>Does the company carry out an annual evaluation of its compliance or observance of the regulations referring to Health and Safety at Work?</i>		X	As a requirement of the integrated management system, a legal audit is carried out every two years in terms of occupational health and safety. The deviations that are found are treated through the organization's Non-Conformities application. As a legal requirement, every two years the audit of the OHS management system is carried out under Law No. 29783 with a specialist accredited by SUNAFIL (it has been done out in 2016 and 2018; the one for 2020 is being managed despite having an extension)

Question 19	Yes	No	Explanation:
<i>Does the company keep a labor accident register?</i>	X		

If the answer to question 19 is affirmative, indicate the following information corresponding to occupational accidents (*) of direct (**) and contracted (***) employees of the company in the last three (3) fiscal years:

Indicator	Fiscal year	(Fiscal year - 1)	(Fiscal year - 2)
Fiscal Year	2022	2021	2020
N° of direct employees	1,061.00	1,060.00	1,031.00
Total hours worked by all direct employees during the fiscal year	1,543,394.00	1,422,907.00	1,483,000.00
N° of minor accidents (Direct Employees)	12.00	9.00	15.00
N° of disabling accidents (Direct Employees)	5.00	8.00	5.00
N° of fatal accidents (Direct Employees)	0.00	1.00	0.00

Indicator	Fiscal year	(Fiscal year - 1)	(Fiscal year - 2)
Fiscal Year	2022	2021	2020
N° of contracted employees	2,368.00	1,923.00	1,405.00
Total hours worked by all contracted employees during the fiscal year	7,238,833.00	6,084,005.00	3,274,000.00
N° of minor accidents (contracted Employees)	57.00	16.00	76.00
N° of disabling accidents (contracted Employees)	47.00	29.00	7.00
N° of fatal accidents (contracted Employees)	1.00	0.00	0.00

(*) **Minor Accident:** Incident in which the injury, as a result of the medical evaluation, generates a short break in the injured party with a maximum return to normal work the following day.

Disabling Accident: Incident whose injury, as a result of the medical evaluation, gives rise to rest, excused absence from work and treatment.

Mortal accident: Incident whose injuries cause the death of the worker.

Source: Glossary of Terms of the Regulations of Law No. 29783 - Law on Safety and Health at Work, Supreme Decree No. 005-2012-TR or regulation that replaces or modifies it.

(**) Direct employees are considered to be all those who are directly linked to the company through any contractual modality.

(***) Contracted employees are considered to be all those who carry out outsourced activities.

Question 20	Yes	No	Explanation:
Does the society measure its workplace environment?	X		The measurement is performed every two years, the next one is in 2023.

a. If the answer to question 20 is affirmative, please indicate:

Yes	No	Explanation:

Does the company have objectives or goals to improve its workplace environment?	X		The corporation and each management have improvement or maintenance goals regarding their climate results from the last survey. These goals are part of the objectives of every front-line manager.
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b. If you have indicated that you have objectives or goals to improve your workplace environment, indicate the name of the document in which said objectives are evidenced, the date of approval and the fiscal year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Balanced scorecard System (BALSC) (Collects the objectives, indicators, goals and initiatives)	22/01/2021	2017

Question 21

	Yes	No	Explanation:
Does the company have a talent management policy for its employees?	X		

a. If the answer to question 21 is affirmative, indicate the name of the document that supports the talent management policy for your employees:

Document name
Human Resources Corporate Policy

b. If the answer to question 21 is affirmative, please specify:

	Yes	No	Explanation:
Has this talent management policy been approved by the Board of Directors?	X		

Question 22

	Yes	No	Explanation:
Does the company have procedures to identify and punish sexual harassment and workplace hostility? (*)	X		

(*) Take into consideration the scope that Law No. 27942 gives to sexual harassment and Supreme Decree No. 003-97-TR to workplace hostility or rule that replaces or modifies it.

If the answer to question 22 is affirmative, indicate the name of the company document that supports the procedures to prevent sexual harassment and workplace hostility:

Document name
Policy for the Prevention, Investigation and punishment for sexual harassment, which is implemented through the Sexual Harassment Intervention Committee. Regarding labor hostility (harassment), we proceed in accordance with the provisions of the Law (DS 003-97-TR).

Human Rights:

Question 23

	Yes	No	Explanation:
<i>Does the company have an internal and external management policy or system that includes a complaints/reporting channel to deal with impacts on human rights?</i>	X		
<i>Does the company record and respond, within a given period, to the results of the investigations derived from the complaints/accusations referred to in the preceding question?</i>	X		

a. If the answer to question 23 is affirmative, indicate the name of the document that evidences the internal and external management policy or system adopted by the company, date of issue and the year since it has been implemented:

Document name	Date of emission	Implementation year
Corporate Human Rights and Diversity Policy	07/08/2020	2020

b. If the answer to question 23 is affirmative, please indicate:

	Yes	No	Explanation:
<i>Does the company have a report evaluating the results of its internal and external management policy or system to remedy impacts on human rights?</i>	X		
<i>Does the company have a training plan on human rights issues that includes the entire organization?</i>	X		Annual occupational health and safety program, code of conduct and anti-corruption training program, specific human rights training for critical positions, among others.

III. COMPLEMENT INFORMATION

Question 24	Yes	No	Explanation
Does the company have an international certification in Corporate Sustainability?	X		

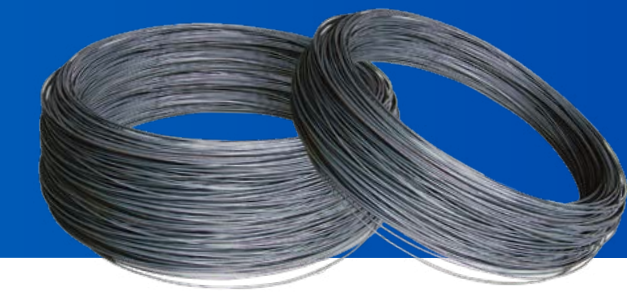
If the answer to question 24 is affirmative, indicate the certification that the company has and indicate the web link where it can be validated.

International Certification	Web link
Inclusion in the Dow Jones Sustainability Index. MILA Pacific Alliance and the award of the Top 5% of the industry at a global level.	https://www.spglobal.com/esg/scores/results?cid=4449626 https://www.spglobal.com/esg/csa/yearbook/2023/ranking/

Question 25	Yes	No	Explanation
Does the company have a Corporate Sustainability Report other than this report?	X		Since 2021 we have published an Integrated Annual Report that includes our ESG indicators according to GRI, SMV and DJSI.

If the answer to question 25 is affirmative, indicate its name and the web link through which the latest available report can be accessed:

Report name	Web link
Annual Integrated Report	https://investors.acerosarequipa.com/informacion-financiera#memorialIntegrada



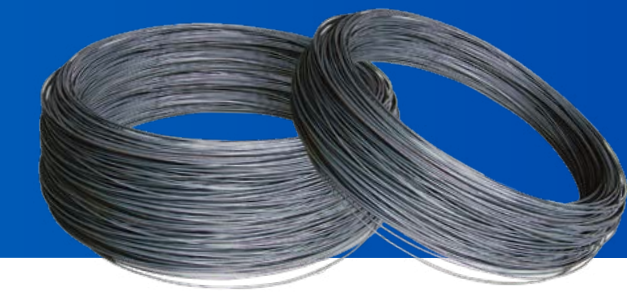
5.8 Materiality process and material issues

(GRI 3-1)

This 2022 we updated the materiality process in accordance with the GRI 2021 methodology . Below we describe the process, which included identifying positive and negative impacts on our value chain.

PROCESS	THREAD	DETAIL
Identify and assess impacts	1. Understand the context of the organization	<p>Composed by the analysis of macroenvironment and microenvironment. It sought to identify the issues of importance for the industry at a local and global level in terms of sustainability, as well as the context of the organization:</p> <p>Macro-environment analysis: Relevant ESG issues were identified based on:</p> <ul style="list-style-type: none"> • Sustainability standards: 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 (SDG), sectoral indicators for socially responsible companies (ESR) and the principles of the Global Compact. • Benchmarking of material topics: sustainability priorities and best practices in the industry, such as: Hyundai Steel, POSCO, Tata Steel, China Steel, SSAB, Fortescue , among others. <p>Microenvironment analysis: Allows the identification of issues that are prioritized in the internal management of the organization.</p> <ul style="list-style-type: none"> • Documents reviewed: Internal policies, 2020 materiality report, among others.. <p>Context of the organization: Allows identify issues that are relevant to the direct environment of the company.</p> <ul style="list-style-type: none"> • The website, organization values, mission, vision, investor portal, news, strategic pillars, integrated report 2021, sustainability strategy, among others, were reviewed.

PROCESS	THREAD	DETAIL
<p>Identify and assess impacts</p>	<p>2. Identify actual and potential impacts</p>	<p>From the preliminary analysis, a list of 18 ESG topics was generated and positive and negative impacts were identified. An internal and external collection of information was carried out to review, expand and assess the identified impacts:</p> <p>Internal relevance:</p> <ul style="list-style-type: none"> • Interview with the CEO • Leaders Panel (Heads and Assistant Managers) • Workshop with managers <p>External relevance:</p> <ul style="list-style-type: none"> • Collection of perceptions of interest groups: • 37 interviews: representatives of the IG society, state suppliers, clients, employees and shareholders. • 1 online survey of 106 employees.
	<p>3. Assess the significance of the impacts</p>	<p>The identified impacts were evaluated according to the GRI methodology. Impactos negativos:</p> <p>Negative impacts:</p> <ul style="list-style-type: none"> • Probability*Severity • Considering Severity under 3 parameters: Scale/impact, scope and irremediability <p>Positive Impacts:</p> <ul style="list-style-type: none"> • Probability*Severity • Considering Severity under 2 parameters: Scale/impact, scope
<p>Determine material topics</p>	<p>1. Determine and validate material issues with the organization's leaders</p>	<p>The impacts on environmental, social and governance issues were grouped, obtaining two prioritized lists of issues: based on their positive impacts and based on their negative impacts.</p> <ul style="list-style-type: none"> • Both lists were weighted. • Final list of 10 topics was obtained

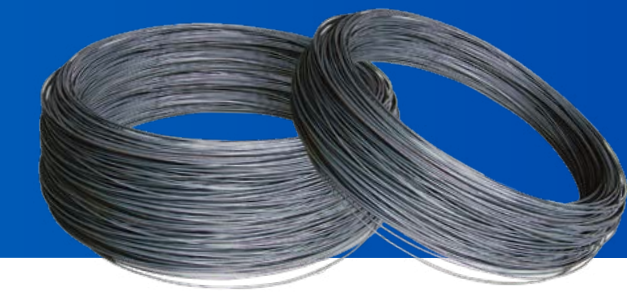


5.9 List of material topics

(GRI 3-1, 3-2, 3-3, 2-25)

THEMES 2022		DEFINITION	IMPACTS	MEASURES TAKEN AND THEIR EFFECTIVENESS
Economic and governance dimension				
1	Research, development and innovation	Research and technological development in the production process, design of products and services taking into account the needs of customers, the impacts on health, society and the environment.	(-) Potential losses due to limited customer response capacity. (+) Changes in production capacity, due to the use of new technologies.	Management systems under ISO 9001, ISO 14001 and ISO 450001. We choose technologies that use renewable resources and higher performance. As in the new Pisco steel mill, increasing production capacity, optimizing production ratios and reducing our negative impacts in our area of influence.
2	Corporate governance and ethical management	Adoption of rules, processes and principles that guide the governing bodies to make efficient decisions, that ensure that the company is managed in a transparent manner, promoting anti-corruption policies and anti-competitive practices, with integrity business conduct at all levels, considering the interests of all its shareholders (including minority shareholders).	(-) Affectation of the reputation and credibility of the company due to cases related to ethics.	Robust governance and ethics system, we have a Code of Ethics, Code against acts of fraud, Prevention Model, Anti-Bribery Management System. Ethical Steel Line managed by an independent third party. We have not received complaints regarding ethics during the period.
3	Risk management	Identification and mitigation of key business risks that have the potential to negatively affect the business, implementation of internal control processes to comply with existing regulations and proactively developing control mechanisms.	(-) Affectation of the continuity of the operation. (+) Identification of opportunities to capture value.	Robust integrated risk management. Internal Control and Risk Management Policy, comprehensive risk and opportunity management methodology (GIRO). Promotion of a risk culture, constant training. Risk governance system from senior management, with employee participation in risk identification.

THEMES 2022		DEFINITION	IMPACTS	MEASURES TAKEN AND THEIR EFFECTIVENESS
Economic and governance dimension				
4	Shareholder value creation	Ability of the board of directors and senior management to generate value for shareholders through strategic decisions.	(+) Investor confidence	<p>Current Board of Directors elected for a period of three (3) years, made up of twelve (12) members.</p> <p>Average attendance of 100% at Board meetings. Annual self-assessment of Directors.</p> <p>Transparency through the corporate portal and the SMV.</p> <p>Continuous investment evaluation, vertical and horizontal integration opportunities to grow and optimize processes.</p>
Environmental dimension				
5	Response to climate change and energy efficiency	Promote the use of cleaner energy in operations. Promote the reduction of the carbon footprint and programs to reduce greenhouse gases associated with the company's operations.	<p>(-) Acceleration of climate change.</p> <p>(+) Potential reduction of GHG by the use of cleaner technologies.</p>	<p>Comprehensive management system: Environmental policy. Strategic environmental compliance program, participation in the Peru Carbon Footprint Program, comprehensive management of solid waste.</p> <p>We are one of the steel companies with the lowest carbon footprint in the world. (<0.5tCO₂e/t liquid steel). We have set out to be carbon neutral by 2050.</p>
6	Air quality management	Control of air pollution from company activities, whether it is caused by particulate matter, sulfur dioxide (Sox), nitric oxide (Nox) and volatile organic compounds (VOC).	<p>(-) Concerns of the surrounding population, fines or work stoppages.</p> <p>(+) Capture carbon in the environment and increase biodiversity.</p>	<p>Environmental Monitoring Program. Measurement of atmospheric emissions in the Pisco steel complex according to ISO 17025.</p> <p>Consultation and constant participation of the surrounding communities.</p>



THEMES 2022		DEFINITION	IMPACTS	MEASURES TAKEN AND THEIR EFFECTIVENESS
Social dimension				
7	Strengthening of occupational health and safety	Promotion of a culture of prevention and protection of the comprehensive health and safety of all personnel, including contractors and third parties involved in operations.	(-) Effects on health. (+) Strengthening of the health and safety culture.	Occupational Health and Safety Policy, the Corporate Occupational Health and Safety Policy (updated in 2022) and the Internal Occupational Health and Safety Regulations. Worker participation through consultations, communications and the Occupational Health and Safety Committee. Faced with accidents and incidents, we have strengthened the Inspections Program. Constant risk identification and control planning.
8	Relationship with customers	Use of information gathering tools that provide important data that allows the Company to target relevant customer groups, develop specific products and ensure that it has all the relevant information to strengthen customer relationships.	(-) Losses or damage to the company's reputation. (+) Improved customer satisfaction and brand preference.	Corporate initiative for digital transformation and investments in technological development, incorporates customer needs in an agile and digital service. Suggestion program aimed at workers, to encourage their participation in customer satisfaction.
9	Talent management	Development of programs to improve the skills of workers and provide opportunities for growth within the organization, including the deployment of benefits and talent retention programs.	(-) Inadequate organizational climate, brain drain and economic losses. (+) High motivation, pride of belonging, sense of identity.	Human Management business policy, Internal Work Regulations, Code of Ethics, Internal communication channels. Training, recognition and leadership training programs. Performance evaluation with SEVAD methodology. Measurement of work environment every 2 years.
10	Protection of Human Rights	Identification, evaluation, prevention and mitigation of risks related to human rights in any of our value chain and interest groups. Establish our due diligence model that supports our commitment to Human Rights.	(-) Affectations to human rights.	Implementation of the Due Diligence model in Human Rights. Human rights and diversity policy. Execution of the human rights risk assessment, including risks in child labor, forced labor, freedom of association and collective bargaining, among others. Training and reinforcement of controls.

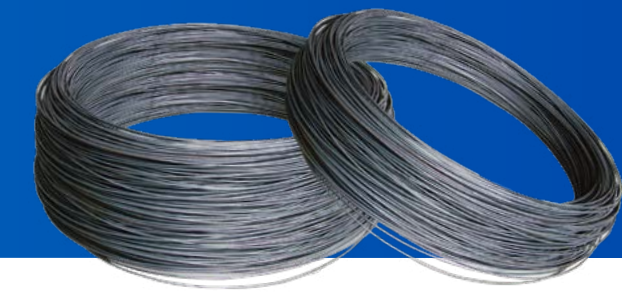
Changes from the previous period

(GRI 3-2)

CHANGES IN MATERIALITY

Themes 2020		Themes 2022	
1	Competitiveness	1	Research, development and innovation
2	Security and health	2	Strengthening of occupational health and safety
		3	Relationship with customers
		4	Risk management
3 and 4	Ethics / Corporate Governance	5	Corporate governance and ethical management
		6	Talent management
5	Water	7	Response to climate change and energy efficiency
6	Air Quality	8	Air quality management
		9	Protection of Human Rights
		10	Shareholder value creation
7	Social impacts in communities		In 2022, priority issue, not material.

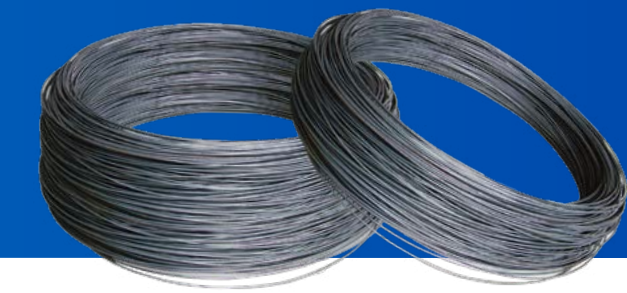




5.10 Matrix of communications with our stakeholders

MATRIX OF COMMUNICATIONS WITH OUR STAKEHOLDERS		
INTEREST GROUPS / OBJECTIVES	ENGAGEMENT MECHANISM	FREQUENCY
Government Communicate about our growth, contributions to society and report on regulatory compliance	meetings with local governments	specific occasional
	integrated memory	annual
	work table	quarterly
	ethical line	permanent
	Web page	permanent
	Press releases	specific occasional
	management mailing	specific occasional
	participation in events	specific occasional

MATRIX OF COMMUNICATIONS WITH OUR STAKEHOLDERS		
INTEREST GROUPS / OBJECTIVES	ENGAGEMENT MECHANISM	FREQUENCY
Employees Allow the capitalization of our human resources in conditions that allow them to exercise human rights	trainings	permanent
	ethical line	permanent
	integrated memory	annual
	wall newspapers	permanent
	emails	permanent
	digital magazine People of Steel	quarterly
	intranet	permanent
	Web page	permanent
	communiqués	specific occasional

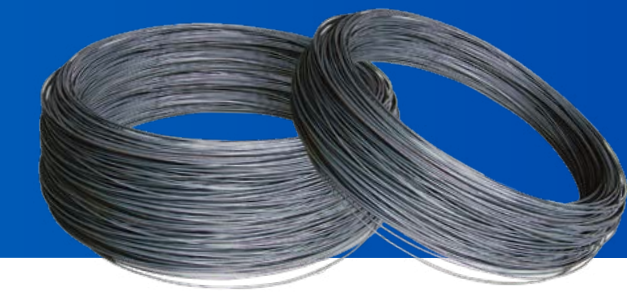


MATRIX OF COMMUNICATIONS WITH OUR STAKEHOLDERS

INTEREST GROUPS / OBJECTIVES	ENGAGEMENT MECHANISM	FREQUENCY
Suppliers Communicate about the needs and innovations required to improve the product cycle	meetings as needed	permanent
	integrated memory	annual
	phone calls	permanent
	emails	permanent
	Press releases	specific occasional
	Web page	permanent
	ethical line	permanent
	suppliers portal	permanent
	Ariba application	permanent

MATRIX OF COMMUNICATIONS WITH OUR STAKEHOLDERS

INTEREST GROUPS / OBJECTIVES	ENGAGEMENT MECHANISM	FREQUENCY
Customers We seek to be communicated for the satisfaction of our customers	customer training	monthly
	Press releases	specific occasional
	integrated memory	annual
	sales channel training	monthly
	Customer satisfaction survey	annual
	participation in fairs	specific occasional
	ethical line	permanent
	Web page	permanent
	email	permanent
	social networks	permanent
	telephone exchange	permanent



MATRIX OF COMMUNICATIONS WITH OUR STAKEHOLDERS

INTEREST GROUPS / OBJECTIVES	ENGAGEMENT MECHANISM	FREQUENCY
Society Participate in the improvement of our environment, aware that this culture improves the performance of society in general and improves our environment.	Press releases	specific occasional
	meetings with the populations in our area of influence	periodic
	trades	permanent
	work table	specific occasional
	integrated memory	annual
	ethical line	permanent
	Web page	permanent
	activities diffusion videos	annual
	management mailing	specific occasional
	social networks	permanent
	guided visits to the Plant	annual

MATRIX OF COMMUNICATIONS WITH OUR STAKEHOLDERS

INTEREST GROUPS / OBJECTIVES	ENGAGEMENT MECHANISM	FREQUENCY
Shareholders Offer transparency and information for making financial and production decisions that allow the continuity (sustainability) of the company.	Call with investors	quarterly
	annual meeting of shareholders	annual
	integrated memory	annual
	ethical line	permanent
	Web page	permanent
	Press releases	specific occasional
	facts of importance	specific occasional
	management mailing	specific occasional

5.11 Other indicators

Economic indicators

Fiscal reporting by jurisdiction (in thousands)

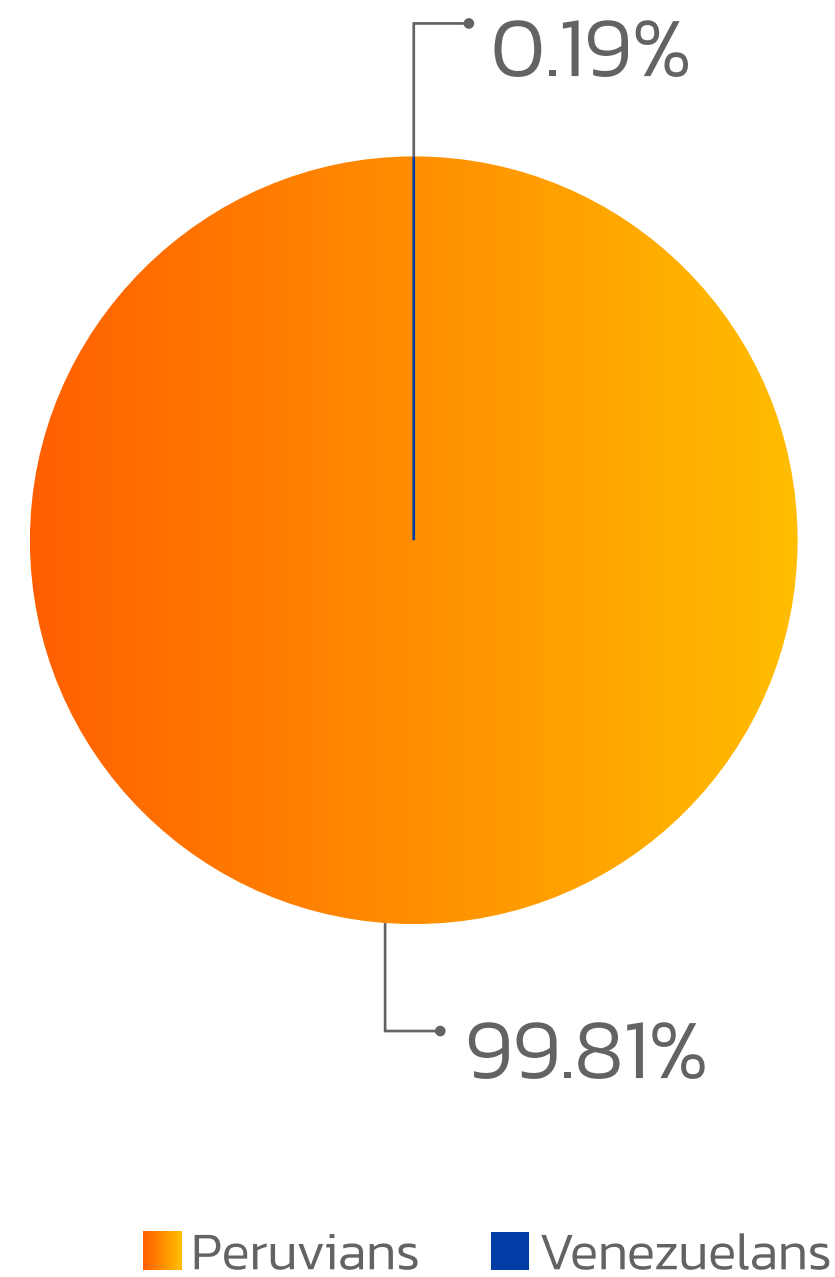
FISCAL REPORT BY JURISDICTION	2022	2022 OTHER COUNTRIES					CAASA AND SUBSIDIARIES
	PERU	BOLIVIAN	COLOMBIA	CHILI	ECUADOR	USA	TOTAL
Number of employees	1,061	22	9	2	0	17	1,111
Percentage	95%	2%	1%	0.2%	0	2%	100%
Income	5,305,687	540,304	177,367	59,864	0,00	227,391	6,310,614
Percentage	84.08%	8.56%	2.81%	0.95%	0.00%	3.60%	100%
Earnings before taxes	368,634	-6,112	-28,567	757,464	-455	20,334	354,593
Income tax accrued (current year)	118,194	-1,235	-8,189	545,548	-102	357	109,572
Income tax paid	130,637	995	1,812	1,892	0,00	858	136,194

Human Management Indicators

Segmentation of employees according to age

EMPLOYEES ACCORDING TO AGE	2022		
	< 30 years	Between 30 and 50 years	> 50 years
Men	36	620	304
Women	33	64	4
Total	69	684	308

SEGMENTATION OF EMPLOYEES BY COUNTRY



Inclusión de colaboradores con discapacidad

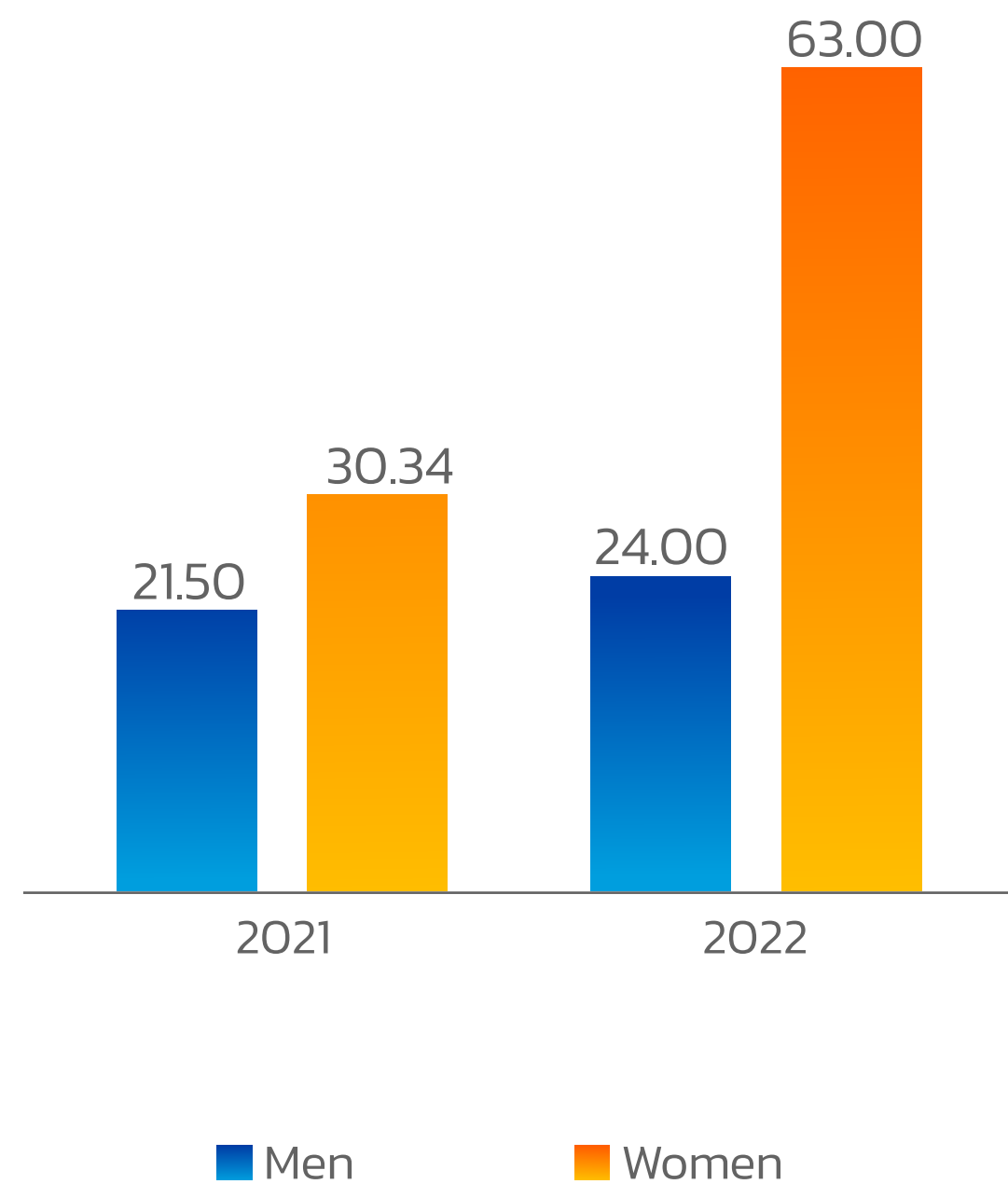
EN PORCENTAJE	2022
Men	0,5%
Women	0,00%
Total	0,5%

Indicadores sobre empleabilidad Local

EMPLEO LOCAL	2021	2022
Pisco plant employees	766.00	745.00
Pisco plant employees who are from Pisco	59.0%	57,030%
Pisco plant employees with leadership positions and who are from Pisco	15.3%	15.54%

Average training hours per employee

(GRI 404-1)

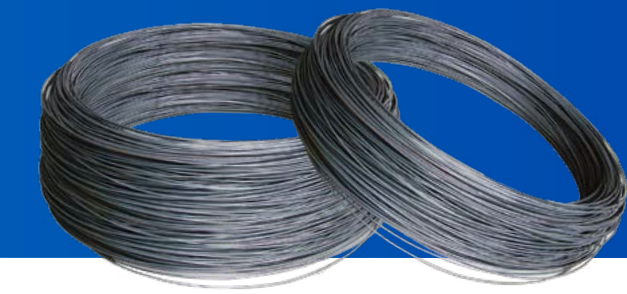


New hires during 2022, segmented by age and job category

(GRI 401-1)

CONTRATACIONES	2022		
	Women	Men	Total
Number of new hires	29	37	66
Under 30 years	20	13	33
from 30 to 50 years	8	24	32
from 51 to more	1	0	1
Managers/Officials	1	0	1
Bosses	2	3	5
Employees ¹⁷	28	34	62
Percentage of positions filled by internal candidates	19%	60%	48%

¹⁷ In CAASA, the category of employees also includes Heads.



New hires during 2022, segmented by region

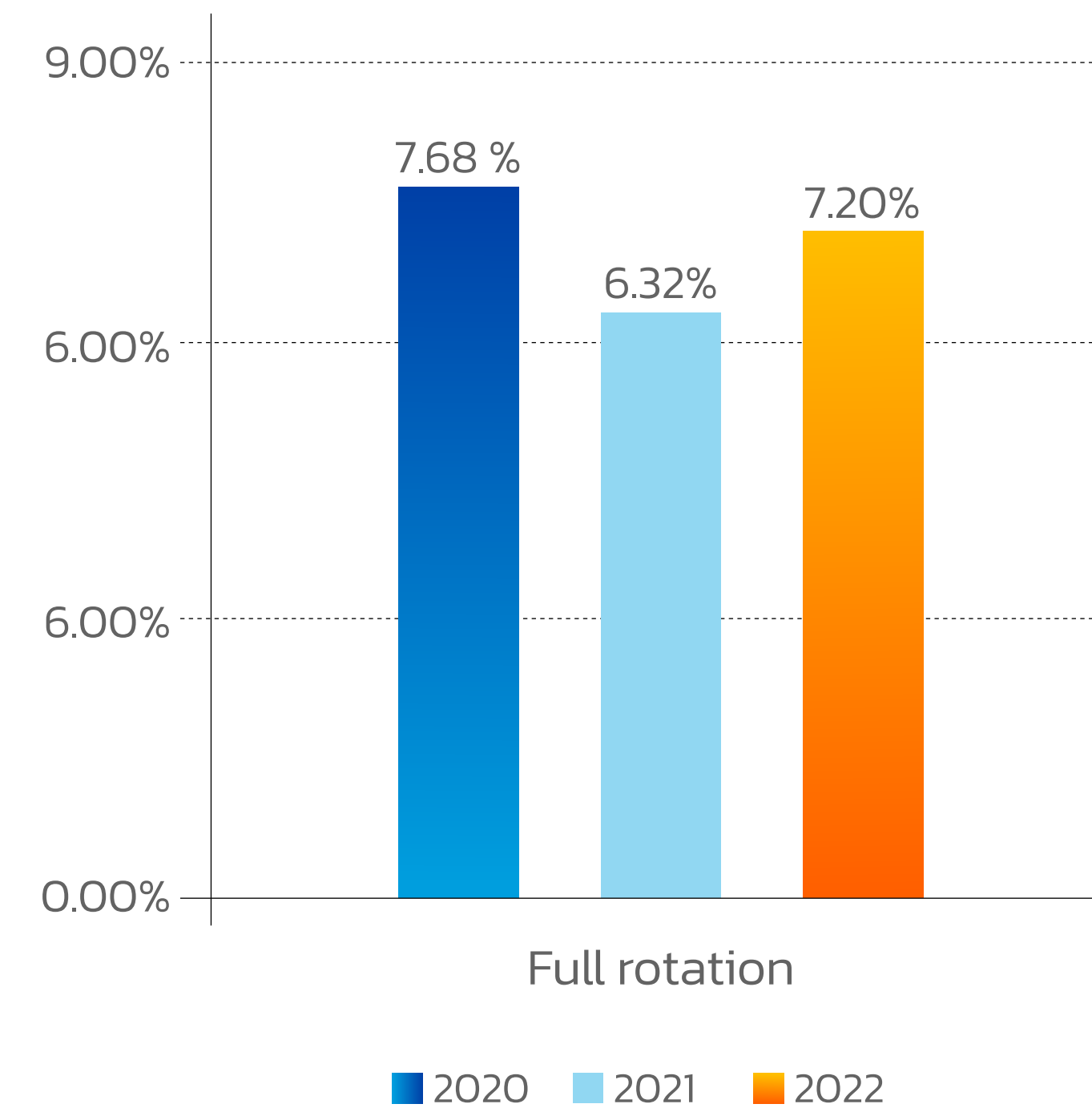
(GRI 401-1)

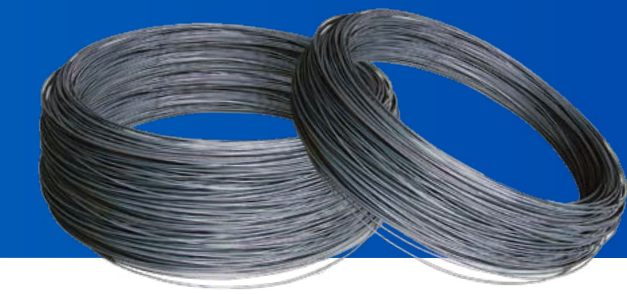
HIRING	2021			2022		
	Women	Men	Total	Women	Men	Total
Lima	22	35	57	22	23	45
Pisco	3	19	22	7	12	19
Arequipa	0	0	0	0	2	2

Rotation in our employees

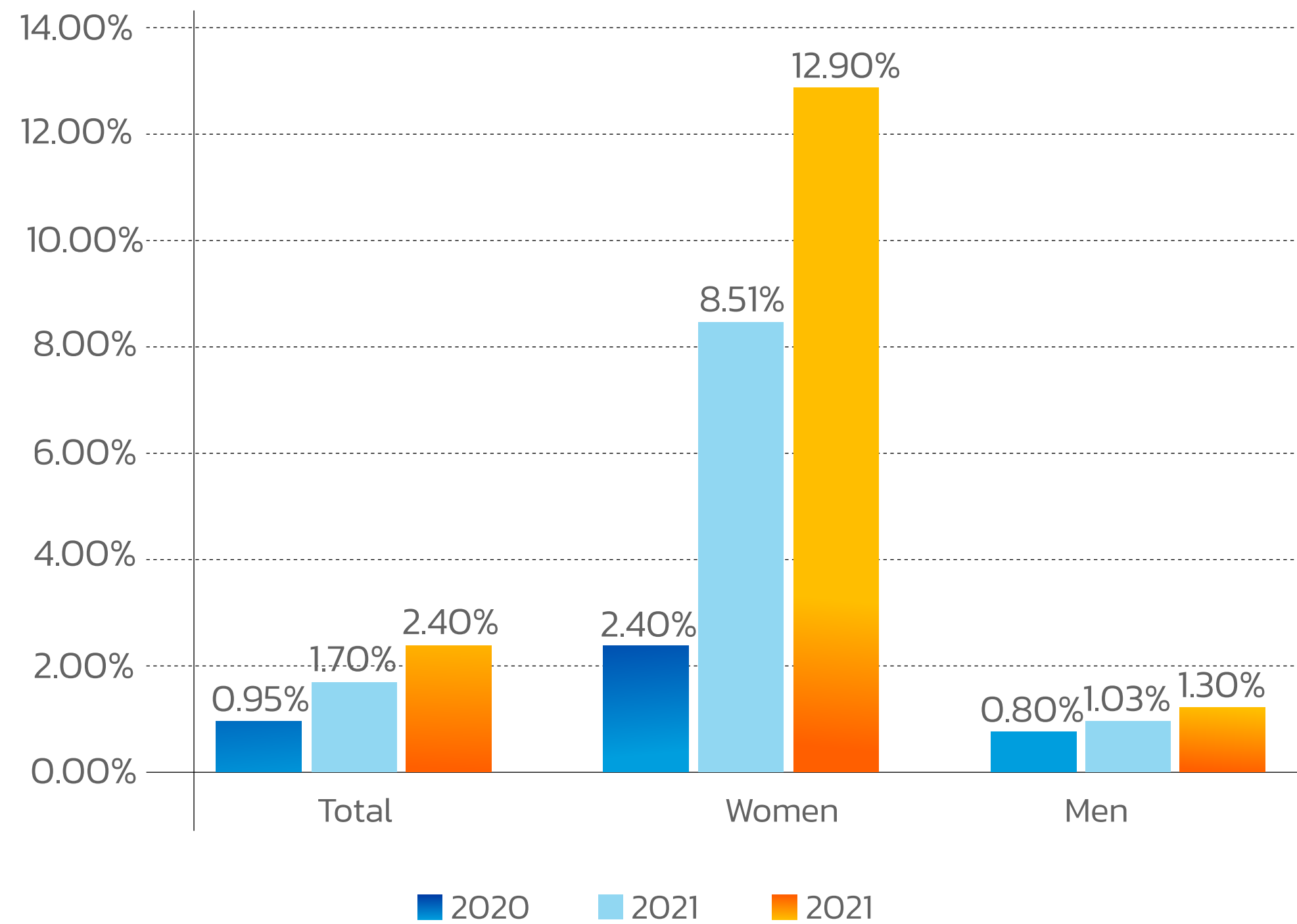
(GRI 401-1)

TOTAL TURNOVER RATE

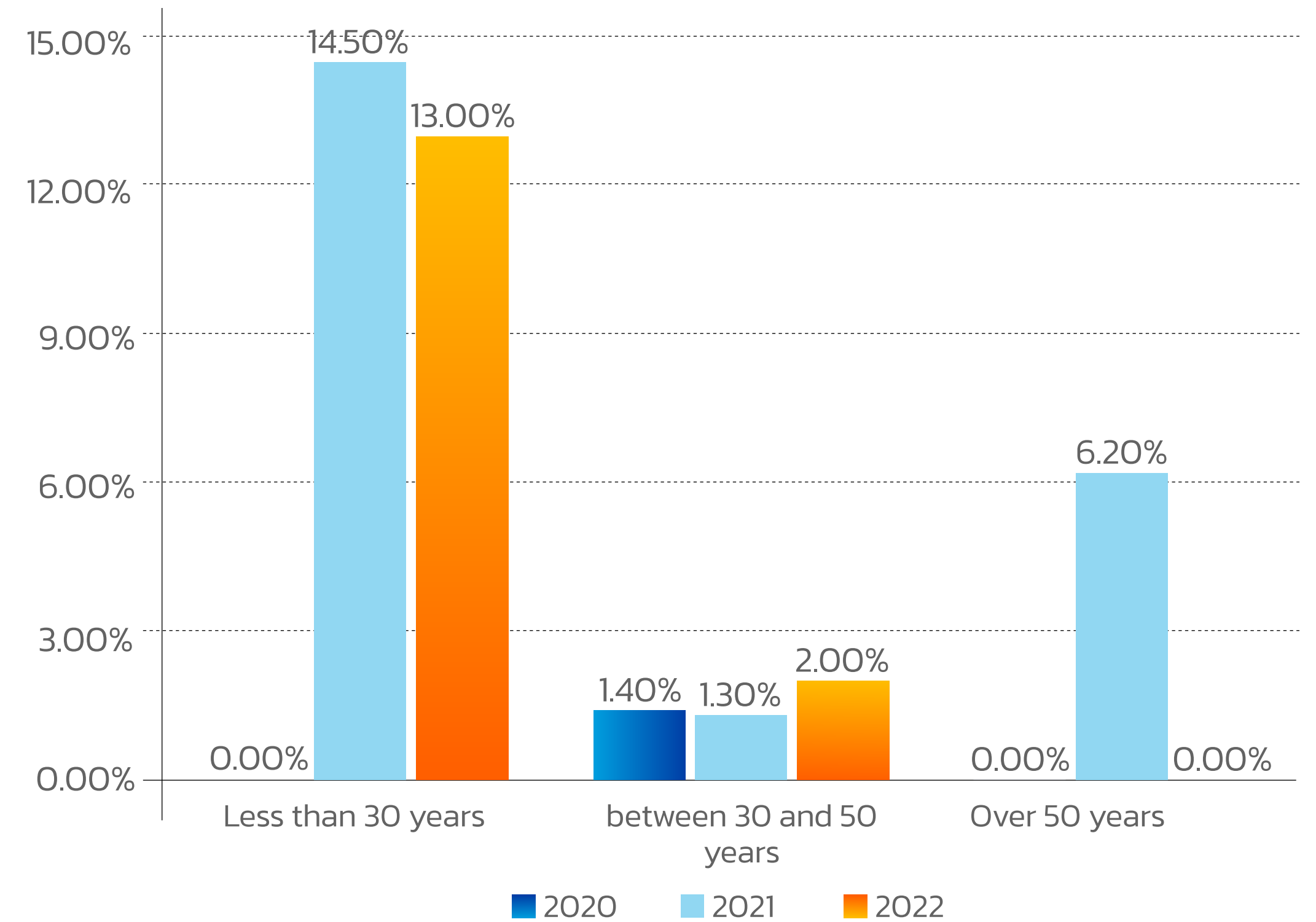


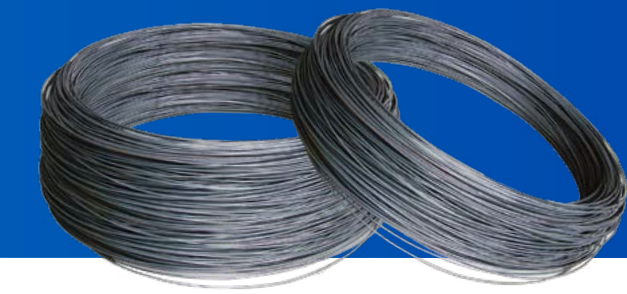


VOLUNTARY TURNOVER RATE

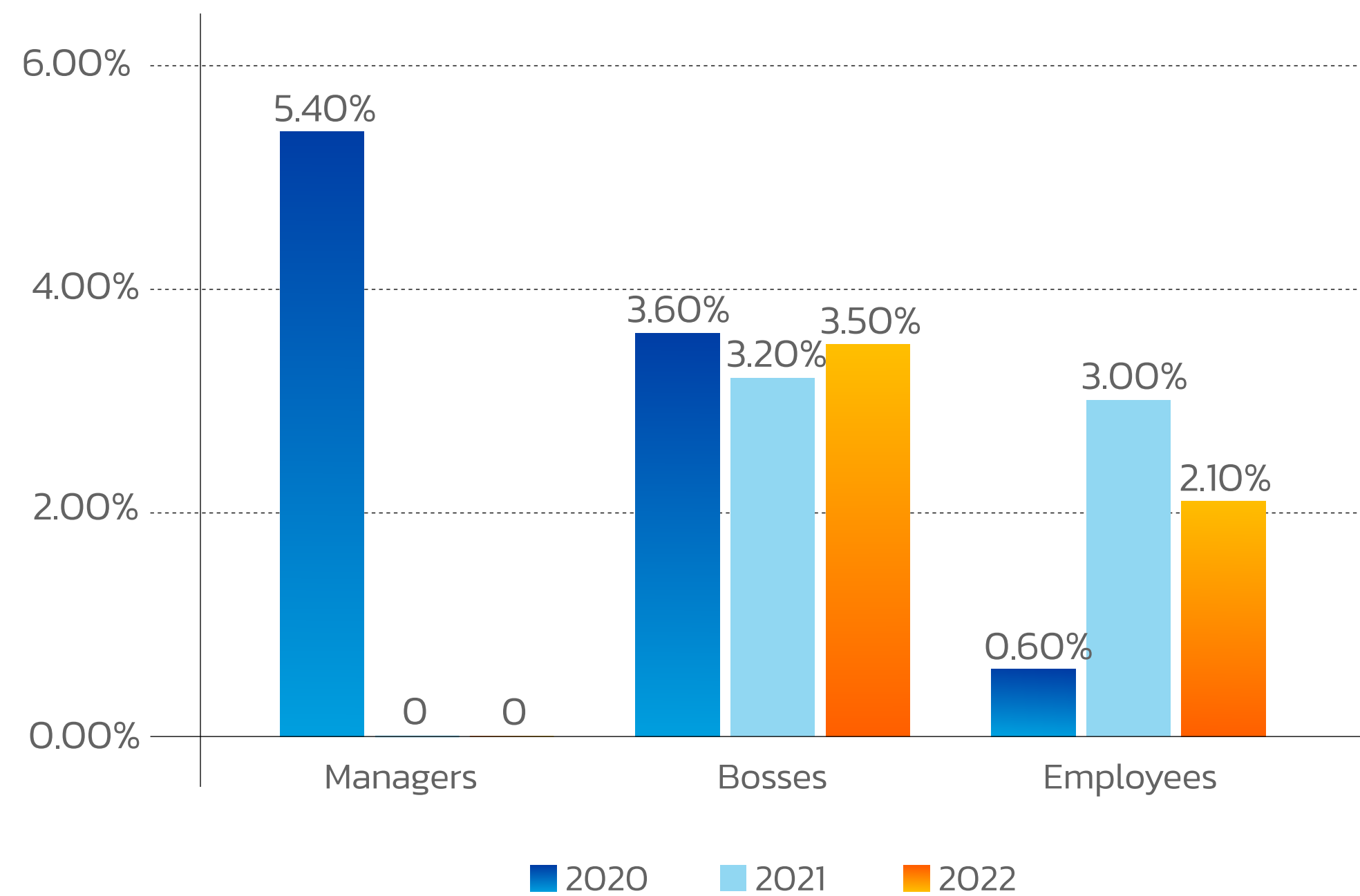


VOLUNTARY TURNOVER BY AGE



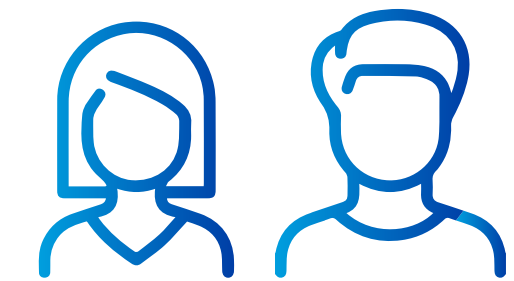


ROTATION BY CATEGORY

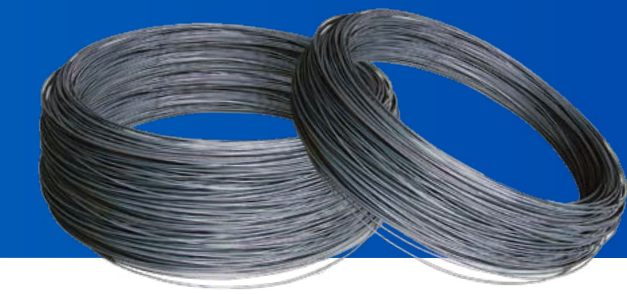


Rotation segmented by region

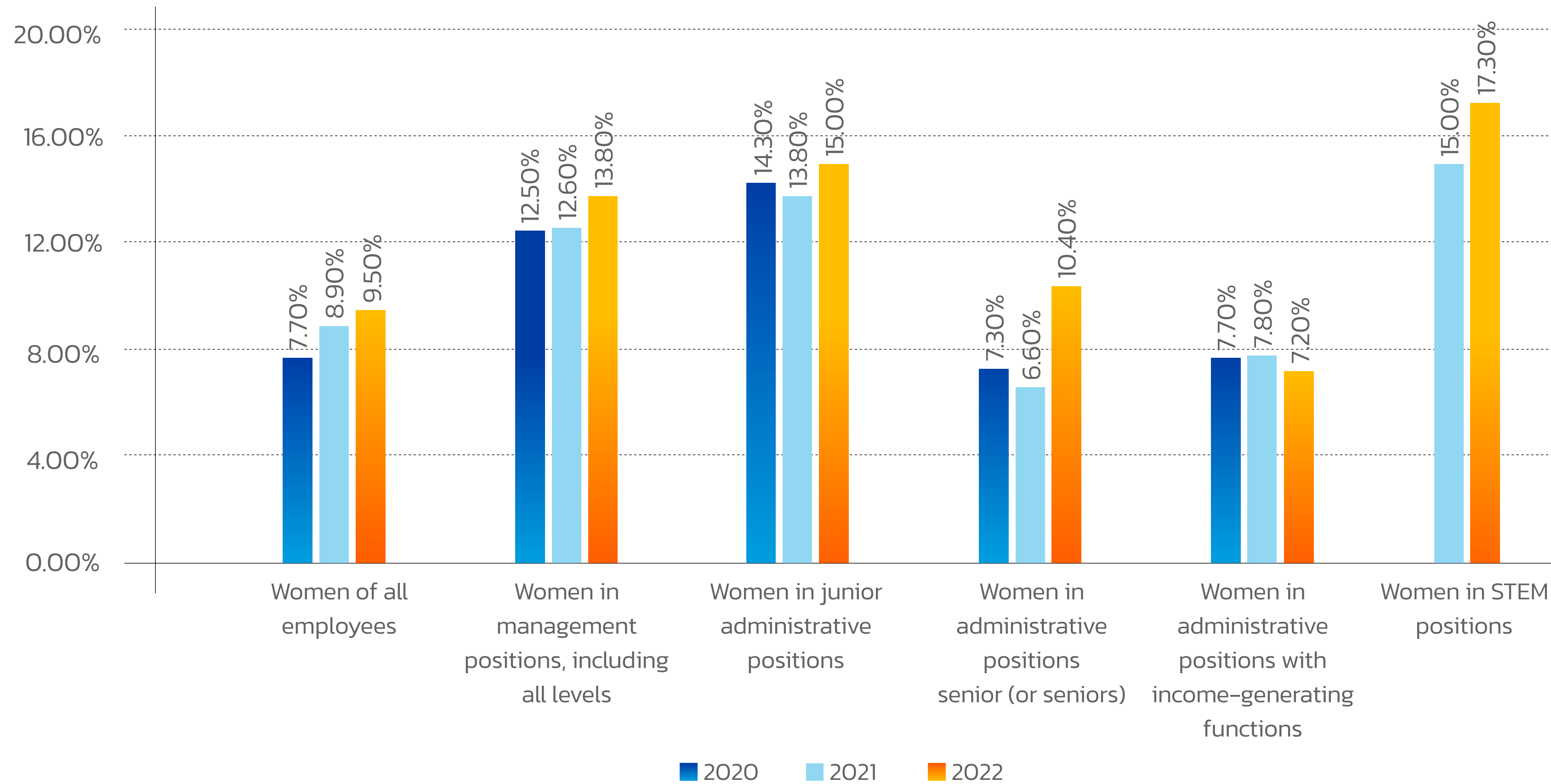
(GRI 401-1)

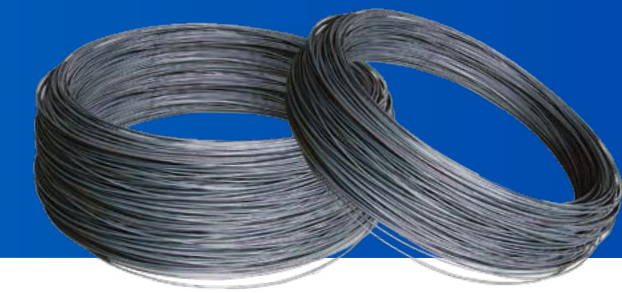


VOLUNTARY ROTATION	2021			2022		
	Women	Men	Total	Women	Men	Total
Lima	8.5%	3.9%	5.2%	10.5%	3.2%	5.2%
Pisco	8.3%	0.3%	0.4%	20%	0.5%	0.9%
Arequipa	0	0	0	0	0	0



Representation of diversity



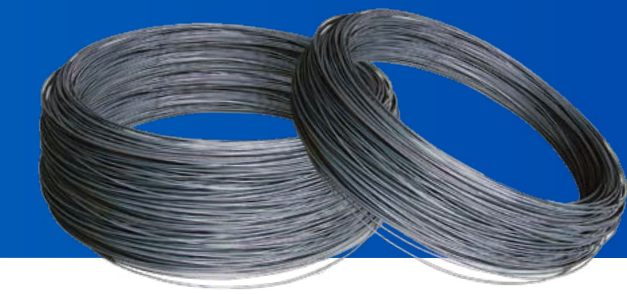


Pay Equality

(GRI 405-2)¹⁸



¹⁸ It is calculated as the average compensation for women divided by the average compensation for men, broken down by job category.



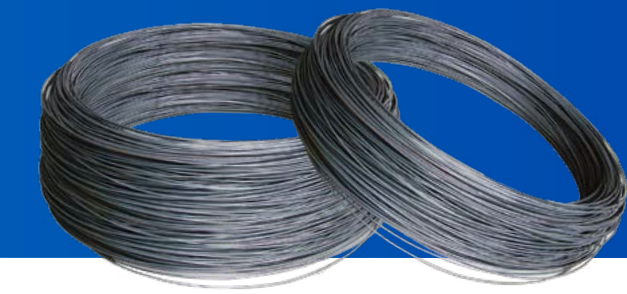
Occupational Health and Safety Indicators

Identified risks and preventive and control measures in emergencies

(GRI 403-7)

RISKS	PREVENTIVE AND CONTROL MEASURES
Health emergencies (serious acute illness or injury)	<ol style="list-style-type: none"> Accident prevention measures in all activities <ol style="list-style-type: none"> Risk control due to working conditions Risk control derived from the supervision and safe behavior of personnel. Medical aptitude on the part of all own or outsourced personal workers, through occupational medical examinations. Implementation of health services for the care and evacuation of people with signs and symptoms that define a health emergency Have duly trained first aid brigade members.
Seismic movements	<ol style="list-style-type: none"> Seismic resistant buildings Simulations of earthquakes. Signaling and meeting points correctly identified. Updated Risk and Evacuation Map

RISKS	PREVENTIVE AND CONTROL MEASURES
Fires	<ol style="list-style-type: none"> Maintain a good standard of order and cleanliness Daily inspections of equipment and machinery Fire drill. Updated Risk and Evacuation Map.
Leak or Spill of hazardous materials and/or hydrocarbons	<ol style="list-style-type: none"> Training in safety instruction for handling hazardous materials Maintain a good standard of Order and cleanliness. Have an anti-spill kit. Updated Risk and Evacuation Map Hazardous Material Spill Drill
Floods	<ol style="list-style-type: none"> Maintain the plant's pumps in good condition Cleaning and maintenance of the entire sewage system of the facilities. Updated risk map and evacuation

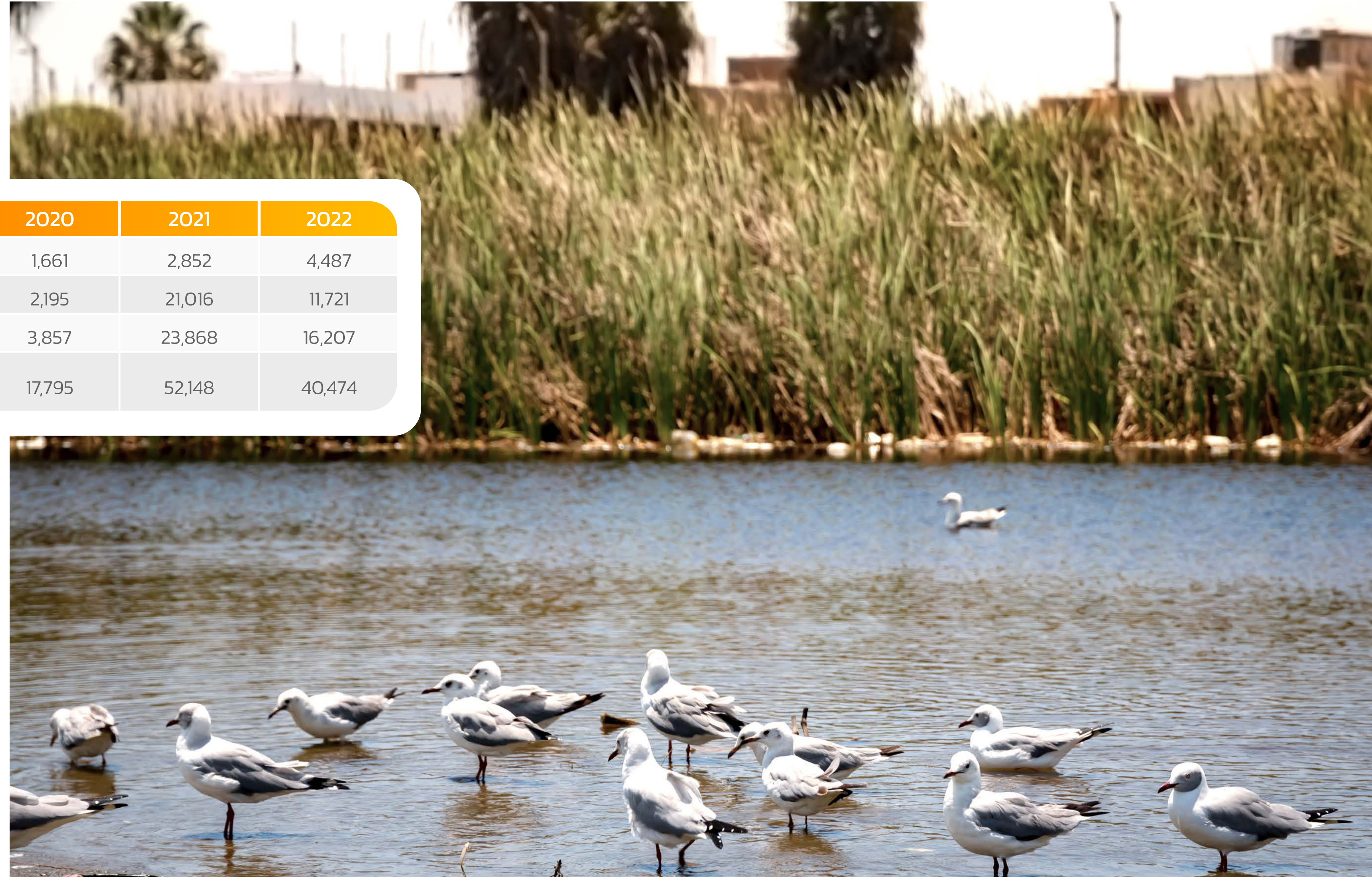


RISKS	PREVENTIVE AND CONTROL MEASURES
Natural gas leak without fire and with fire	<ol style="list-style-type: none"> 1. Preventive maintenance. 2. Monitoring of the line with a gas detector. 3. Maintain a good standard of order and cleanliness. 4. Do not make open fire near the line. 5. Updated Risk and Evacuation Map. 6. Natural gas leak drill
Fire of motors and electrical systems (boards, cables, trays)	<ol style="list-style-type: none"> 1. Predictive and preventive Maintenance Program. 2. Maintain a good standard of order and cleanliness. 3. Daily inspections of equipment. 4. Fire drill for motors and electrical systems.
Molten steel spill	<ol style="list-style-type: none"> 1. Predictive and preventive maintenance program for ladles, electric furnaces and bridge cranes. 2. Daily inspections of equipment and machinery. 3. Appropriate transit areas for cranes and buckets. 4. Signaling. 5. Sand for containment. 6. Updated Risk and Evacuation Map. 7. Molten Steel Spill Drill

RISKS	PREVENTIVE AND CONTROL MEASURES
Exposure to radioactive source	<ol style="list-style-type: none"> 1. Radioactive source detector 2. Training in written safe work procedures (PETS) for detection, temporary storage and final disposal. 3. Updated Risk and Evacuation Map.
Vandalism	<ol style="list-style-type: none"> 1. Private Surveillance Service. 2. Law enforcement. 3. Updated Emergency Telephones.
Paracas winds	<ol style="list-style-type: none"> 1. All types of work carried out at height are suspended. 2. Vehicles are parked with their lights on. 3. People are located in correctly identified safe areas.
Unexpected power outage	<ol style="list-style-type: none"> 1. Operating emergency generator sets 2. Operating emergency lights 3. Meeting points and signaling correctly identified. 4. Updated Risk and Evacuation Map 5. Simulation of unexpected power outage
Outbreaks of infectious diseases (epidemics, pandemics)	<ol style="list-style-type: none"> 1. Monitoring of medical alerts defined by the health authorities 2. Formation of the Crisis Care Committee 3. Preparation of plans and programs for the control and mitigation of infections and their consequences.

Environmental indicators

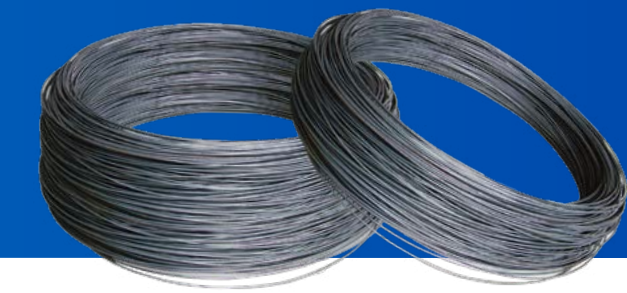
Environmental investment (in thousands of soles)



MES	2019	2020	2021	2022
Environmental investments	1,349	1,661	2,852	4,487
Operating expenses	3,419	2,195	21,016	11,721
Total	4,769	3,857	23,868	16,207
Savings, income, tax incentives	11,458	17,795	52,148	40,474

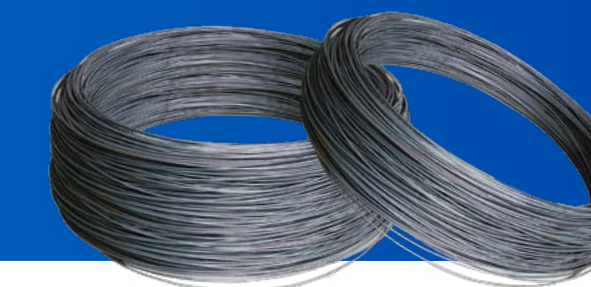
5.12 GRI content index

Declaration of use	Corporación Aceros Arequipa has presented the information cited in this GRI content index for the period between January 1 and December 31, 2022 using the GRI standards as a reference.		
GRI 1 used	GRI 1: Fundamentals 2021		
GRI STANDARD	CONTENT	PAGE NUMBER	OMISSION/ DETAIL
GENERAL CONTENTS			
GRI 2: General contents 2021	2-1 Detalles organizativos	12, 21-25, 185, 186	
	2-2 Entities included in sustainability reporting	21-25	
	2-3 Reporting period, frequency and point of contact		Annual, from 01/01/2022 to 31/12/2022, aligned to the date of the financial reports
	2-4 Information update	156	GHG baseline recalculation
	2-5 External verification		The environmental and social information has been verified by an independent third party. The detail of indicators will be found in the verification letter at the end of the report.
	2-6 Activities, value chain and other commercial relationships	27-28 36-38 123-129	
	2-7 Employees	98-100	



GRI 2: General contents 2021	2-8 Workers who are not employees		We do not have non-employee personnel in charge of the organization.
	2-9 Governance structure	51-52	
	2-10 Appointment and selection of the highest governance body	51-52	
	2-11 President of the highest government body	59	
	2-12 Role of the highest governance body in overseeing impact management	51-52	
	2-13 Delegation of responsibility for managing impacts	51-52	
	2-14 Role of highest governance body in sustainability reporting	15	
	2-15 Conflicts of interest	69-78, 74	
	2-16 Communication of Critical Concerns	56-57, 69-74	
	2-17 Collective knowledge of the highest governance body		During the year 2022, no training on sustainable development has been carried out. Starting in 2023, we will evaluate whether the Board of Directors receives an update on knowledge on sustainable development.

GRI 2: General contents 2021	2-18 Performance evaluation of the highest governance body	52	
	2-19 Remuneration policies		Omission for reasons of confidentiality, as it is sensitive information.
	2-20 Process for determining compensation		Omission for reasons of confidentiality, as it is sensitive information.
	2-21 Annual Total Compensation Ratio		Omission for reasons of confidentiality, as it is sensitive information.
	2-22 Declaration on the sustainable development strategy	4, 15-20	
	2-23 Commitments and Policies	12-14, 16-18	Policies have a link to the web portal.
	2-24 Incorporation of commitments and policies	12-18	Applicable policies are detailed in each chapter
	2-25 Processes to remedy negative impacts	379-381	
	2-26 Mechanisms for seeking advice and raising concerns	69-78	
	2-27 Compliance with Laws and Regulations	69-78, 150	



	2-28 Association Membership	144	
	2-29 Approach to stakeholder engagement	20	
	2-30 Collective Bargaining Agreements	109	<p>The Company grants the benefits agreed by collective bargaining to union members and the benefits established in its compensation policy, to the rest of the workers, according to the legal provisions, in force and preserving internal equity, general welfare and good organizational climate. .</p> <p>Omission: The company decided not to report the percentage of total employees covered by collective bargaining agreements due to confidentiality restrictions.</p>
MATERIAL TOPICS			
GRI 3: Material topics 2021	3-1 Process to define material issues	377-382	
	3-2 List of material topics	379-382	
RESEARCH, DEVELOPMENT AND INNOVATION			
GRI 3: Material topics 2021	3-3 Management of material issues	26-38, 64-68, 84-92, 176-183	

own indicator	Investment in development of digital technologies 2022	64	
own indicator	Number of projects implemented	89	
own indicator	Amount of savings generated by high-impact improvement projects	89	
CORPORATE GOVERNANCE AND ETHICAL MANAGEMENT			
GRI 3: Material topics 2021	3-3 Management of material issues	51-52, 69, 79-83	
GRI 205: Anti-corruption	205-1 Operations evaluated based on risks related to corruption	69	
	205-2 Communication and training on anti-corruption policies and procedures	69-71	
	205-3 Confirmed incidents of corruption and measures taken	72 - 73	
GRI 206: Unfair competition 2016	206-1 Legal actions related to unfair competition and monopolistic practices and against free competition	74	
GRI 415: Public policy 2016	415-1 Contribution to political parties and/or representatives	143 - 144	

RISK MANAGEMENT

GRI 3: Material topics 2021	3-3 Management of material issues	79-83	
own indicator	Integrated risk and opportunity management methodology	79-83	
own indicator	Implementation of risk culture	79-83	
own indicator	Risk Governance	82	
GRI 205: Anti-corruption	205-1 Operations evaluated based on risks related to corruption	69	

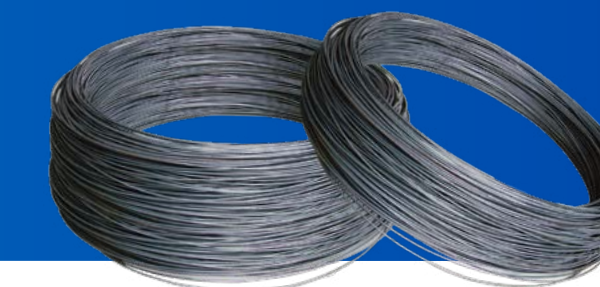
SHAREHOLDER VALUE CREATION

GRI 3: Material topics 2021	3-3 Management of material issues	46	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	46	
GRI 207: Taxation 2019	207-1 Tax approach	47	

RESPONSE TO CLIMATE CHANGE AND ENERGY EFFICIENCY

GRI 3: Material topics 2021	3-3 Management of material issues	176-183	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	178	
	302-3 Energy intensity	179	
	302-4 Reduction of energy consumption	177-178	

GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	180-183	
	303-2 Management of impacts related to water spills	179 - 182	
AIR QUALITY MANAGEMENT			
GRI 3: Material topics 2021	3-3 Management of material issues	159-163	
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	154	
	305-2 Indirect GHG emissions associated with energy (scope 2)	154	
	305-3 Other indirect GHG emissions (scope 3)	155	
	305-5 Reduction of GHG emissions	157	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	159	
STRENGTHENING OF OCCUPATIONAL SAFETY AND HEALTH			
GRI 3: Material topics 2021	3-3 Management of material issues	111-122	
GRI 403: Health and safety at work 2018	403-1 Occupational health and safety management system	111-114	



403-2 Hazard identification, risk assessment and incident investigation	111, 114, 121	
403-3 Occupational health services	113, 122	
403-4 Worker participation, consultations and communication on health and safety at work	114	
403-5 Training of workers on health and safety at work	120-122	
403-6 Promotion of workers' health	114	
403-7 Prevention and mitigation of impacts on health and safety at work directly linked through business relationships	120-122, 394	
403-8 Coverage of the occupational health and safety management system	113	
403-9 Work accident injuries	115-119	
403-10 Occupational ailments and illnesses	115-116	Regarding the number of contractors, there are no cases declared during 2022

RELATIONSHIP WITH CLIENTS

GRI 3: Material topics 2021	3-3 Management of material issues	130-133	
own indicator	Complaints and claims results	131	
own indicator	Customer satisfaction level	132	
own indicator	Communication channels	131	

TALENT MANAGEMENT

GRI 3: Material topics 2021	3-3 Management of material issues	94-111	
GRI 401: Employment 2016	401-1 Hiring of new employees and staff turnover	100, 388, 391	
	401-2 Benefits for full-time employees that are not provided to part-time or temporary employees	108	
	401-3 Parental leave	109	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	103	
	404-2 Programs to develop employee skills and transition assistance programs	101	Omission of information on transition aid programs for reasons of confidentiality, as it is sensitive information.
	404-3 Percentage of employees who receive periodic evaluations of their performance and career development.	105	

PROTECTION OF HUMAN RIGHTS

GRI 3: Material topics 2021	3-3 Management of material issues	75-78	
GRI 406: Non-discrimination 2016	406-1 Cases of discrimination and corrective actions taken	75-78	
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining could be at risk	75-78, 109	
GRI 408: Child labor 2016	408-1 Operations and suppliers with significant risk of cases of child labor	75-78	
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labor	75-78	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	75-78	
NON-MATERIAL TOPICS			
GRI 405: Diversity and equal opportunities 2016	405-2 Ratio of basic salary and remuneration of women compared to men	393	

(GRI 2-3)

For comments, queries and suggestions about the content of this Report, please contact:

- Mr. José Manuel Castañeda Inclán, Assistant Manager of Social Responsibility, to the email jcastane@aasa.com.pe Telephone: 5171800 Annex 3121
- Mr. Sergio Mija Roman, Project and Social Responsibility Analyst, to the email smija@aasa.com.pe Telephone: 5171800 Annex 3119



ASSURANCE STATEMENT

SGS del PERU S.A.C. REPORT ON SUSTAINABILITY ACTIVITIES IN THE “INTEGRATED MEMORY 2022” OF CORPORACION ACEROS AREQUIPA S.A. (CAASA)

NATURE OF THE ASSURANCE/VERIFICATION

SGS DEL PERU SAC (hereinafter referred to as SGS) was commissioned by ACEROS AREQUIPA S.A (CAASA) (hereinafter referred to as ACEROS AREQUIPA) to conduct an independent assurance of the “INTEGRATED MEMORY 2022”

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all ACEROS AREQUIPA’S Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the directors or governing body and the management of ACEROS AREQUIPA. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all ACEROS AREQUIPA’S stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation’s reporting practices and other organizational detail, GRI 3 2021 for organisation’s process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	Limited
B	ISAE3000	Limited

Assurance has been conducted at a moderate (limited) level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

2	GRI STANDARDS 2021
3	GRI (Reference)

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

These are the specific KPIs taken in account in the “Integrated Memory 2022 of Aceros Arequipa”

GRI 200 Economic (201-1; 205-1; 205-2; 205-3; 206-1; 207-1; 415-1)

GRI 300 Environmental (302-1;302-3; 302-4; 303-1; 303-2; 305-1; 305-2; 305-3; 305-5; 305-7)

GRI 400 Social (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).

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, strategic partners, documentation and records review and evaluation of the report for alignment with GRI protocols, the audit was performed remotely.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. Note here any other specific limitations for the assurance engagement and actions taken to mitigate those limitations

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from ACEROS AREQUIPA, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors trained in Sustainability Reporting Assurance, Environmental Management System, Quality, Occupational Health and Safety, Compliance and Anti-Bribery Systems, Social Responsibility Systems, Greenhouse Gas Verifier and Water Footprint Auditor.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

During the audit, we have found several strengths of CORPORACIÓN ACEROS AREQUIPA S.A. that we detail below:

- CORPORACION ACEROS AREQUIPA has management systems certified in the ISO 9001, ISO 14001 and ISO 45001 standards, they are also in the process of implementing the ISO 37001 standard in the organization and have carried out the verification of their Carbon Footprint for the third year. And for the fifth year they obtained the Distinction of Socially Responsible Company of "Perú Sostenible".
- CORPORACION ACEROS AREQUIPA has published GRI Sustainability Reports consistently for 7 consecutive years, this year its second Integrated Memory, it is also the third opportunity in which they carry out the third-party verification.
- In the Dow Jones Sustainability Index – MILA Pacific Alliance, CORPORACIÓN ACEROS AREQUIPA obtained a score of 75/100 in the 2022 S&P Global Corporate Sustainability Assessment, managing to move up one position in the ranking compared to the previous year. For the third year they entered the S&P Sustainability Yearbook 2023. They are ranked in the top 3 of the global steel industry sustainability rankings as measured by Standard and Poor's (S&P) Global and earned additional Top 5% S&P Global ESG Score 2022 recognition for being in the top 1-5% of the global steel industry. all participating companies in the industry.

Some opportunities for improvement were identified to consider in future Integrated Reports.

- Align with the "Circular Economy" model for waste management, which aims to reduce materials and waste, closing economic and ecological flows of resources. In this way, the value of products, materials and resources are kept in the economy as long as possible. This is in relation to the GRI 306-2 indicator.
- Consider carrying out a measurement of the organization's water footprint.

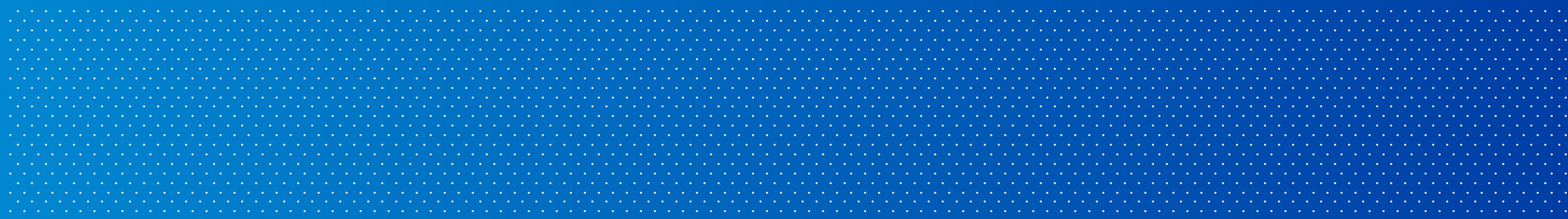
firmado:

URSULA ANTUNEZ DE MAYOLO CERZO

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