



20

SUSTAINABILITY
REPORT

20

**COMMITTED TO THE SUSTAINABLE
DEVELOPMENT OF PERU THROUGH
OUR SOCIAL, ENVIRONMENTAL,
AND ECONOMIC APPROACHES, AS
LEADERS IN THE TRANSFORMATION
OF THE STEEL INDUSTRY.**





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PRESENTATION

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LETTER FROM THE MANAGER



TULIO
SILGADO CONSIGLIERI
CEO

[GRI 102-14]

We are pleased to present to you the fifth edition of our Sustainability Report, in which we share our main environmental, social, and governance results for 2020.

This was a very challenging year. The COVID-19 pandemic had an extremely negative impact on the country, and our company was no exception. On behalf of Aceros Arequipa Corporation, I would first of all like to express our condolences to all of the families who lost a loved one to this pandemic, and our deep sorrow over the members of our big corporate family who have left us. These are undoubtedly hard times we are living in and we were more united than ever in facing them.

To address the context, CAASA was forced to quickly adapt and take steps to protect our team members' health and our operations, and to support our most vulnerable stakeholders. This included the implementation of a COVID-19 Monitoring and Control Plan, the equipping of administrative employees to allow them to work remotely, and the adjustment of expenses and reduction of procurements to guarantee liquidity, maintain job positions, and ensure the chain of payments. We also joined forces with other actors to provide logistical support



LETTER FROM THE MANAGER

[GRI 102-14]

with a view to improving health conditions by donating over 630,000 Peruvian soles' worth of medications, oxygen, biosafety tools, hospital beds, and basic necessities, as well as participating in the "Respira Perú" campaign and purchasing mechanical respirators via the Peruvian Federation of Private Business Enterprises (CONFIEP), among other efforts.

Our team members are the most important component of our organization. This conviction led us to redouble our efforts during the pandemic, providing over 12,000 man-hours of training. We also continued with our quality circles, through which we promoted a culture of continuous improvement at the organization. These circles have helped increase efficiency and save over US\$ 3.5 million in the last four years.

As part of our commitment to constant innovation, we continued to expand our steel mill complex at the Pisco plant, with an estimated capital expenditure of US\$ 220 million. This project will include cutting-edge technology that will increase production while reducing our environmental impact thanks to energy and water savings and lower emissions. This immense investment will begin operations during the second quarter

To address this context, CAASA was forced to quickly adapt and take steps to protect our team members' health and our operations, and to support our most vulnerable stakeholders.

of 2021, which will help improve costs and expand our production capacity.

Our commitment to sustainability is ambitious. Our goal is to play a leading role in the region's steel industry, and we are working hard to do just that. In November, we created our Sustainability Committee, which will help us speed up the incorporation of world-class sustainability standards in our organization. We are also pleased to announce that in 2020, we were included, for the first

time ever, in the Dow Jones Sustainability Index MILA Pacific Alliance, a stock exchange index that groups together the companies with the most outstanding sustainability performance in their respective industries. Moreover, our results, which ranked among the top 15% in the industry, ensured our inclusion in The Sustainability Yearbook 2021.

TULIO
SILGADO CONSIGLIERI
CEO



Together We Face COVID-19

[GRI 403-3, 403-6, 403-7]

The public health crisis triggered by COVID-19 caused serious consequences to Peruvians' health, economic stability, and quality of life. At CAASA, we made every effort to protect our team members, maintain our operations, and support residents in our area of influence. Our main objective during these difficult times was, and will continue to be, to care for and safeguard people's life and health.





TOGETHER WE FACE COVID-19



YOUR HEALTH AND SAFETY IS OUR PRIORITY

We implemented the **COVID-19 Monitoring, Prevention, and Control Plan** in the workplace.

100% of team members trained in new COVID-19 protocols.

“Together Against COVID-19” internal campaign to reinforce preventive measures.

100% of administrative team members working remotely, with flexible schedule, at the Lima location.

We bolstered the use of **electronic platforms** and reinforced cybersecurity processes.

70.5 km of public streets and roads disinfected.

We adapted our business processes and strategies among our salesforce to **reduce in-person contact** and avoid the spread of the virus.

+S/ 520,000 in donations to fight the effects of COVID-19.

+12,000 man-hours in online training.

We strengthened our **new service alternatives** to reduce resources in the field, avoid crowds, and increase productivity onsite.

+417,000 plays of digital training videos for foreman, metalworkers, and engineers to help them keep learning during the pandemic.

101 suppliers trained on health measures to prevent COVID-19.



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WE ARE ACEROS AREQUIPA

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We Are Aceros Arequipa

[GRI 102-1, 102-2, 102-4, 102-5]

We are Corporación Aceros Arequipa S.A. (CAASA), a Peruvian steel company engaged in the manufacture, preparation, commercialization, distribution, and sale of iron, steel, other metals, and their byproducts. The quality of our products and our excellent customer relations have helped consolidate our position as market leaders in the country.

OUR VISION

TO BE LEADERS IN THE PERUVIAN IRON AND STEEL MARKET, RANKING AMONG THE MOST PROFITABLE IN THE REGION WITH AN ACTIVE PRESENCE IN THE INTERNATIONAL MARKET.

OUR MISSION

TO OFFER STEEL SOLUTIONS TO OUR CUSTOMERS THROUGH INNOVATION, CONTINUOUS IMPROVEMENT, AND HUMAN RESOURCES DEVELOPMENT, CONTRIBUTING TO THE COUNTRY'S GROWTH AND INCREASING VALUE FOR OUR SHAREHOLDERS .



OUR VALUES

[GRI 102-16]



WE ARE PASSIONATE ABOUT OUR WORK



WE FOCUS ON WHAT IS RELEVANT



WE WORK AS A TEAM



I PROPOSE INNOVATIONS



I ACT LIKE A LEADER



I DEMONSTRATE COMMITMENT IN MY WORK



I INVEST IN RELATIONSHIPS

OUR COMPETENCIES



Regional Presence

[GRI 102-3, 102-4, 102-6, 102-7]

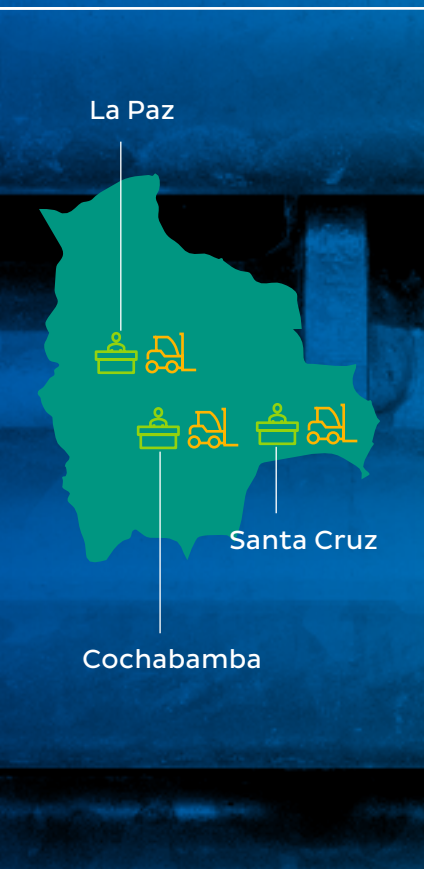
In 1964, we were established in the city of Arequipa, determined to provide Peru with the best steel. Today, we have consolidated our position as the leading company in the Peruvian steel market. Thanks to our broad portfolio of products, we have an increasingly international presence.

To meet the different market segments, we have operations in different cities throughout Peru and Latin America.

PERU



BOLIVIA



CHILE



COLOMBIA





Our Sustainability Approach

[GRI 102-46]

Being a sustainable company means having a long-term vision and creating value for our shareholders and stakeholders. To do this, we must ensure economic profitability, generate a positive social impact, and strive to act in an environmentally responsible way. Our actions are guided by our social responsibility policy, which allows us to foster a socially responsible culture throughout the Company and promote transparent dialogue with our stakeholders.

At CAASA, we are committed to our country's sustainable development. This includes social investment projects and programs that have a positive impact on our operations and our surroundings. We seek to constantly innovate to help reduce our environmental impact, as well as forging alliances to achieve a wider reach, to the benefit of our stakeholders and Peruvian society as a whole. These actions also help us contribute to the United Nations Sustainable Development Goals (SDGs) and 2030 Agenda.



At CAASA, we are committed to our country's sustainable development. This includes social investment projects and programs that have a positive impact on our operations and our surroundings. ”



OUR SUSTAINABILITY APPROACH

[GRI 102-18]

SUSTAINABILITY COMMITTEE

In 2020, we created the CAASA Sustainability Committee, made up of different leaders from around the organization. The committee's purpose is to promote the incorporation of world-class sustainability standards and foster the continuous improvement of the Company's practices to create value for our shareholders, team members, customers, suppliers, the environment, and the residents in our area of influence. In 2021, this strategic advisory body will monitor compliance with our sustainability commitments and plans.

SUSTAINABILITY COMMITTEE MEMBERS



RICARDO CILLONIZ REY
PROJECTS, MINING, AND SOCIAL RESPONSIBILITY MANAGER (*)



TULIO SILGADO
CHIEF EXECUTIVE OFFICER



AUGUSTO CORNEJO
CHIEF PRODUCTION OFFICER



MARIANA TALAVERA
SUPPLY CHAIN MANAGER



FERNANDO BUSTAMANTE
STRATEGIC MANAGEMENT CONTROL MANAGER



JUAN MANUEL OTOYA
HUMAN RESOURCES MANAGER



RICARDO GUZMÁN
CHIEF FINANCIAL OFFICER

* Committee chairman



OUR SUSTAINABILITY APPROACH

OUR SUSTAINABILITY MANAGEMENT PRIORITIES

[GRI 102-46, 102-47]

Every two years, we perform a materiality process in which we identify and prioritize the most important economic, social, and environmental topics in our management. In 2020, in view of the COVID-19 pandemic, we updated our material topics. This process included gathering information on the sector, sustainability standards, investor requirements and trends, emerging risks, and global commitments. The topics identified were prioritized based on direct information gathered through interviews with the General Manager and a workshop organized with managers, assistant managers, and area heads. Last but not least, we took into account the information provided directly and indirectly by our main stakeholders: our team members, customers, the government, suppliers, contractors, local residents, and leaders in our area of influence.

The prioritized topics are actively managed. They form part of our sustainability strategy, and our sustainability report includes an

in-depth analysis of each one of them to render accounts to our stakeholders on our progress and our challenges.

CAASA MATERIALITY MATRIX



“
In 2020, in view of the COVID-19 pandemic, we updated our material topics. This process included gathering information on the sector, sustainability standards, investor requirements and trends, emerging risks, and global commitments.
”



OUR SUSTAINABILITY APPROACH

STAKEHOLDERS

[GRI 102-40, 102-42, 102-43]

We strive to foster close, transparent relationships with our stakeholders¹ that allow us to share the value we create and contribute to their objectives. We have engagement tools that help us establish responsible, specifically tailored communications with each one of our internal and external stakeholders. To learn more about these engagement mechanisms, please see Annex in page 92, Stakeholder Communications Matrix.

1. To identify stakeholders, we use the Mitchell, Agle, and Wood typology based on three characteristics (power, legitimacy, and urgency).





OUR SUSTAINABILITY APPROACH

HUMAN RIGHTS

[GRI 102-40, 102-42, 102-43]

In 2020, we reinforced our public commitment to human rights by creating our corporate human rights and diversity policy, which contains the guidelines of expected behavior in all of the Company's activities and our relations with our stakeholders.

We also have supplementary tools that help us to diligently prevent any possible violation of personal rights.



MAIN MANAGEMENT TOOLS:



CODE OF ETHICS



ANTI-FRAUD AND CORRUPTION CODE



CORPORATE HUMAN RIGHTS POLICY



CORPORATE INTERNAL CONTROL AND COMPREHENSIVE RISK MANAGEMENT POLICY



ETHICS HOTLINE

We are a member of Perú 2021, an organization that unites different Peruvian companies that promote the country's sustainable development. Over the course of the year, we took part in a number of discussion panels on businesses and human rights within the framework of the SDGs. In January 2020, we established the Sexual Harassment Intervention Committee, which is responsible for preventing, investigating, and issuing reports with recommendations on punishment or corrective actions to avoid cases of sexual harassment within the organization.

Main Acknowledgments

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

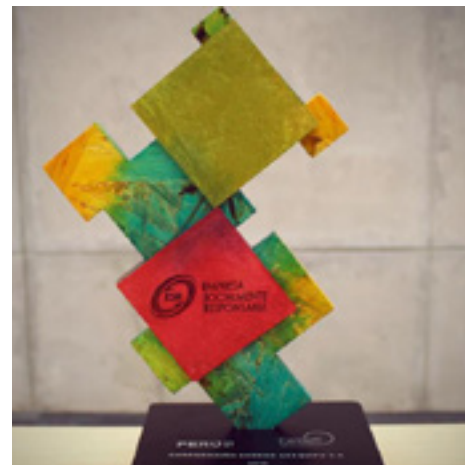
**Sustainability Yearbook
Member 2021**

S&P Global

We were included for the first time in the Dow Jones Sustainability Index – MILA, a stock exchange index that recognizes and groups together the companies with the most outstanding environmental, social, and governance performance in each industry. We were also the first Peruvian steel company to form part of the Sustainability Yearbook, achieving an outstanding score—among the top 15% in the sector—in the corporate sustainability evaluation performed in 2020.



We are proud to have received recognition, for the third year in a row, as a Socially Responsible Company from Perú 2021 and the Mexican Center for Philanthropy (CEMEFI).



In July 2020, the Peruvian Ministry of the Environment granted us “Peru Carbon Footprint” Level 1 status, for our calculation of greenhouse gas emissions for the 2019 period.



**For the third
consecutive year**

we received the Distintivo de Empresa Socialmente Responsable – DESR prize, granted by “Perú 2021” and the Centro Mexicano para la Filantropía (CEMEFI).



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SOLID FOUNDATIONS

- 19 Our Team Members
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- 32 Economic Performance



Our Team Members

[GRI 102-8, 103-1, 103-2, 103-3, 401-6]

Our team is the most important piece of our organization. Without their talent and commitment, all of the success we have achieved would not have been possible. Our main objective is to develop their talent based on clear, respectful, equitable, and just working relationships that foster a positive workplace climate and an environment in which they can achieve well-rounded growth.

The two documents that set the guidelines for this management are our corporate human resources management policy and our internal workplace regulations.



Work team meeting - January 2020

“
Our team is the most important piece of our organization. Without their talent and commitment, all of the success we have achieved would not have been possible. ”

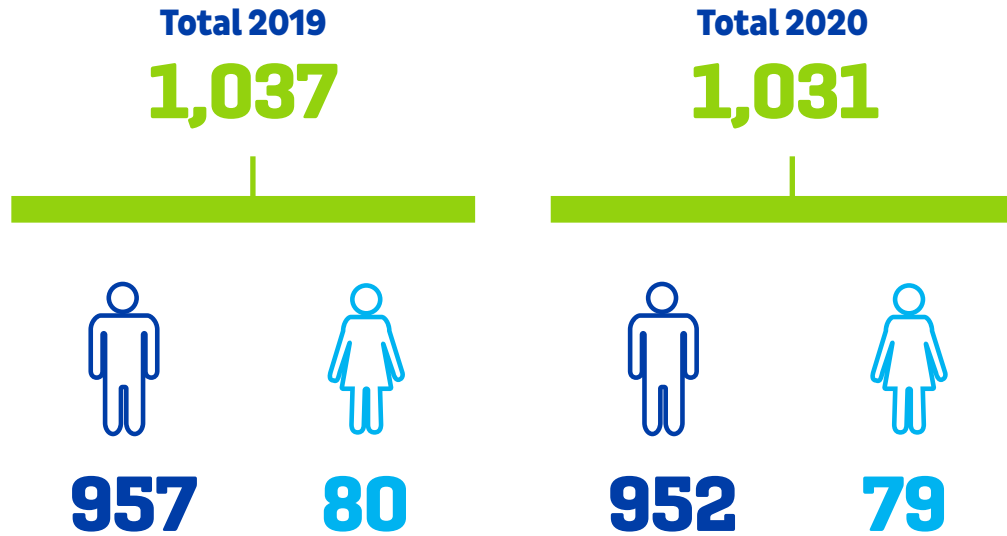


OUR TEAM MEMBERS

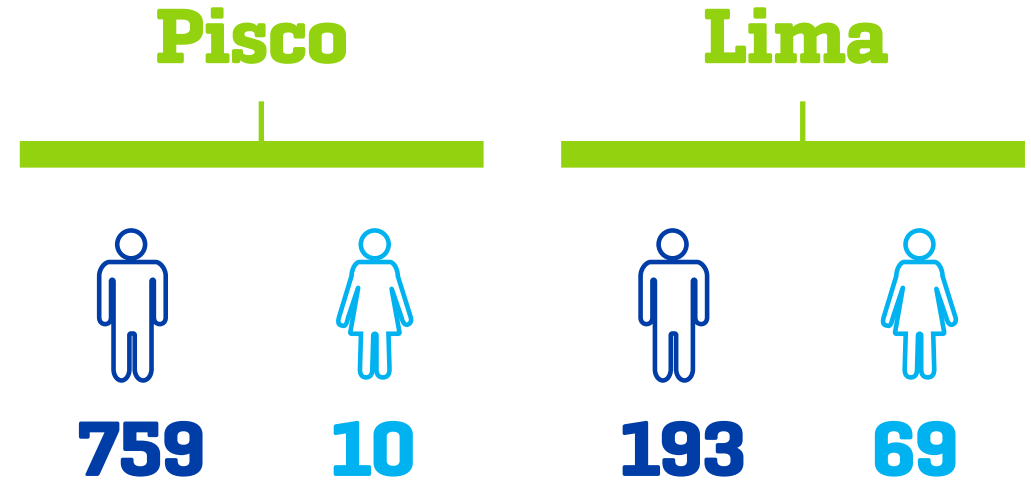
TEAM MEMBER BREAKDOWN

[GRI 102-7, 102-8, 401-1]

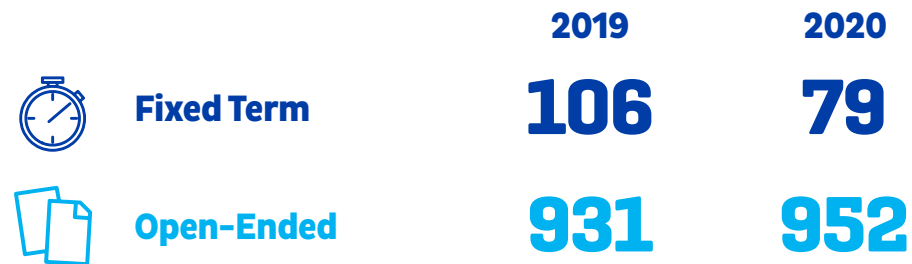
Employees by Gender



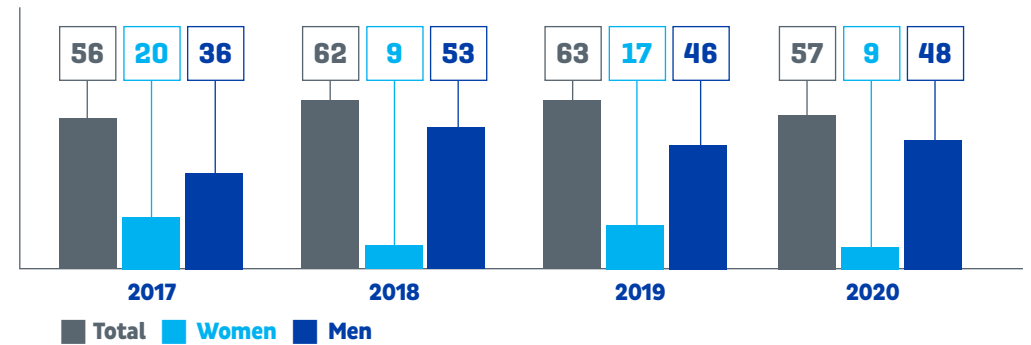
Employees by geographic location



Employees by Contract Type



New Hires by Gender





OUR TEAM MEMBERS

TRAINING AND KNOWLEDGE

[GRI 103-1, 103-2, 103-3, 404-1]

In 2020, we held online workshops for our team members, focusing on building the necessary capacities to handle our new normal. We organized conferences and courses on leadership, emotion management, mindfulness, mental health, nutrition, and other topics. We also continued to reinforce knowhow through webinars and learning management system (LMS) platforms. On average, in 2020, our team members received 20.6 hours of training (3.83 hours of compulsory training and 16.77 hours of non-compulsory training). The average amount spent per team member on training and development programs was S/ 164.60.



20.60
hours of
training

per team member,
on average



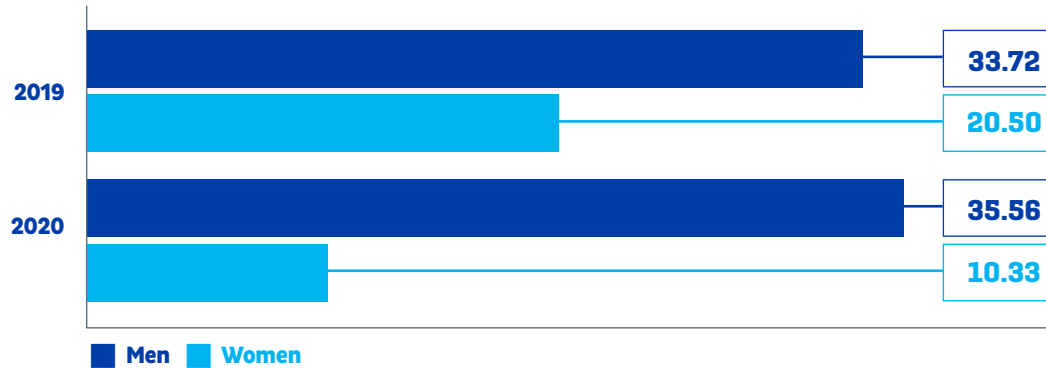
S/ 164.60

The average amount
spent per team
member on training and
development programs

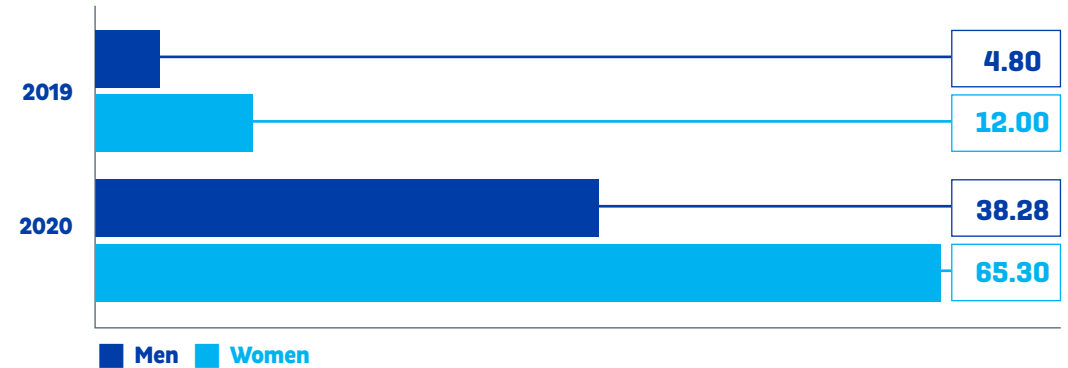


OUR TEAM MEMBERS

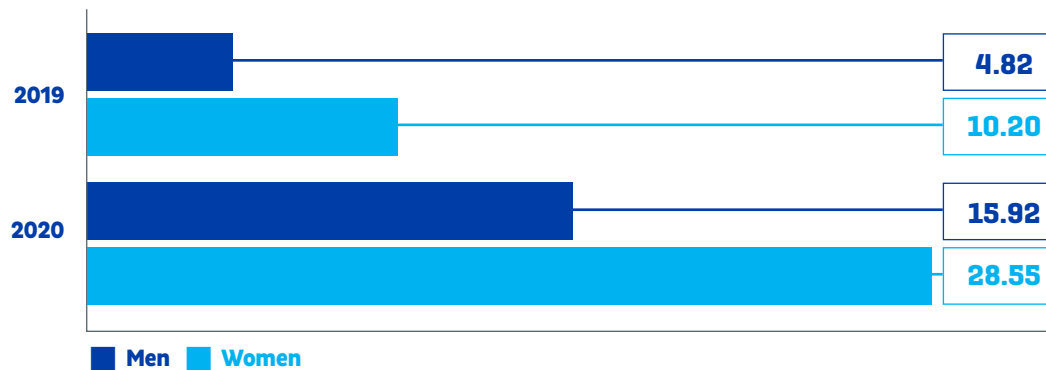
Average Hours of Training per Employee – Managers



Average Hours of Training per Employee – Area Heads



Average Hours of Training per Employee



Average Amount Spent (in S/) on Training per Employee



S/ 147.44

Non-Compulsory Training and Development Programs



S/ 17.16

Compulsory Training and Development Programs



**OUR TEAM
MEMBERS**

**PERFORMANCE
EVALUATION**

Our methodology entails a 90° evaluation, consisting of objectives, responsibilities, and competencies, each one with different weights depending on the position type. The fact that the performance system uses a virtual platform (SEVAD) made it possible to continue with ongoing evaluations for both team members who worked in-person and those who worked remotely from home.



**100%
of our
employees**

who participate in SEVAD have received a performance evaluation.



**OUR TEAM
MEMBERS**

**WORKPLACE
CLIMATE**

We use the Great Place to Work methodology to evaluate our workplace climate, with a focus on maximizing human potential through a culture of innovation, high levels of trust, values, and effective leadership that fosters financial growth. This metric is determined every two years, which means that the next measurement will be in 2021. In 2019, 76% of our Company's team members actively participated in the survey. Of the total survey respondents, 79% stated that they were actively engaged with the Company.



79%
**of our
employees
engaged**



OUR TEAM MEMBERS

BENEFITS

We offer a range of benefits to our team members with a view to their wellbeing, as well as their professional and personal development.

1

Work/Life Balance

- Summer schedule for administrative employees.
- Flex schedule: More flexible schedule so that team members can balance their work and family life.

2

Professional Growth

- Discounts through corporate agreements on courses, diploma programs, and master’s programs at different universities.
- Discounts of up to 80% at language institutes.

3

Economic and Financial

- Purchase of laptops and phones at special prices.
- Sale of commercial-grade iron with 20% for CAASA employees.
- School loan of up to S/ 3,300, depending on number of children.
- Interest-free emergency loans.

4

Health and Safety

- Partial private health insurance (EPS) coverage.
- Payroll discounts on purchases at participating pharmacies.
- Medical care campaigns with payroll discounts.
- Personal accident insurance and life insurance with coverage beyond the legal requirements.

We are convinced of the importance of a good work/life balance. That is why we provide maternity and paternity leave, in accordance with law.

5 team members took maternity leaves

8 team members took paternity leaves

100%

All of our team members who made use of this right returned to work, remaining with the Company at least twelve more months.



**OUR TEAM
MEMBERS**

**COLLECTIVE
BARGAINING**

[GRI 102-41]

At CAASA, we respect unions and collective bargaining agreements. We believe that worker participation in these bargaining spaces helps us to ensure efficient and safe operations that are carried out in a positive, fair work environment. This year, in accordance with law, we reached a satisfactory conclusion to the collective bargaining process, signing two-year agreements (2020-2021) with both the CAASA employees' union and the Pisco union.



36.3%
**of workers belong
to a union**



Ethics and Compliance

[GRI 103-1, 103-2, 103-3, 205-3, 206-1]

We have a zero-tolerance policy with respect to fraud, bribery, and any other acts that run contrary to the values defined in our Code of Ethics and Anti-Fraud Code. We also encourage our customers and suppliers to comply with these conduct guidelines by including specific clauses on compliance with our policies in our commercial agreements.

Our goal is to train 100% of all key personnel in our Anti-Fraud and Corruption Code and our Code of Ethics. To achieve this, our team members receive a monthly email with information on situations that run contrary to our ethics guidelines so that they are better able to identify them and familiarize themselves with our position on such scenarios.

The anti-corruption management approach starts with CAASA's board of directors and senior management, with the goal of reaching every location and level of the organization. Different areas within the organization have assigned responsibilities to ensure correct management practices.

To guarantee our compliance with good corporate practices, we perform risk-based audits and evaluations of the controls tied to the mitigation thereof in matters of fraud, bribery, theft, and falsification of information, among others. We also conduct a periodic review of the Code of Ethics, the Anti-Fraud Code, and the prevention model. If any significant improvements are

identified for inclusion in our corporate codes and policies, they are evaluated with the senior management before being submitted to the Company's board of directors for approval.





ETHICS AND COMPLIANCE

ACEROS AREQUIPA ETHICS HOTLINE

[GRI 103-1, 103-2, 103-3]

The CAASA ethics hotline aims to provide a tool that enables us to prevent and fight fraud and corruption. Our ethics hotline is managed by an independent third party through the company Ernst & Young (EY), thus guaranteeing the

anonymity of the reporting individuals and the confidentiality of any information they may provide. This helps us improve our grievance management system in order to respond promptly and implement improvements to the guidelines and

standards whose violation has been reported via the hotline.

We offer the following channels for use by all individuals in filing complaints via the CAASA ethics hotline:



An agent can be contacted Monday through Friday from 8:30 a.m. to 6:30 p.m. at the following phone number: (+51) 989-043-514



Email: denuncias@lineaeticaacerosarequipa.com



Online form: www.lineaeticaacerosarequipa.com



Phoneline available 24 hours a day, 7 days a week: +51-1-0800-18-134 (toll-free) +51-1-219-7134 (local call)



[GRI 103-1, 103-2, 103-3, 205-3 206-1]

During 2020, we had no complaints of discrimination, nor any cases of corruption

reported. We received three complaints through our ethics hotline, of which one was rejected due to insufficient information for its investigation, and two of which were

responded to in full. For the admissible grievances, we implemented three corresponding corrective measures.

**ETHICS AND
COMPLIANCE****FAIR COMPETITION**

We are committed to maintaining honest and constructive relations with our competitors. To ensure this, we comply with the following principles:

- Compete fairly in the market without using deceitful or denigrative advertising regarding the competition or third parties.
- Always obtain information on the competition legally.
- Comply with antitrust laws, avoiding any type of behavior that constitutes or may constitute collusion, abuse, or restriction of competition.
- Make price-setting and marketing decisions independently, without any kind of cooperation or coordination with other competitors.
- We do not offer or solicit improper payments in relation to the purchase of our goods/services or the sale of goods/services, nor do we take part or aid in obstruction or threats to private customers.

In 2020, no complaints were filed against CAASA for antitrust violations. The complaint received in 2019 for denigrative advertising was dismissed by the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI).



Corporate Governance

[GRI 102-18, 103-1, 103-2, 103-3]

We have good corporate governance practices that ensure a transparent, competitive management and the long-term creation of value for our shareholders and other stakeholders.

BOARD OF DIRECTORS

The mission of our Board of Directors is to promote the development and healthy growth of our organization in a sustained and consistent manner. We have one CEO, five independent directors, and six non-executive directors. The independent directors have no ties to the Company's management or shareholders:

NAME	TYPE
Ricardo Cilloniz Champin	Chairman of the Board
Fernando Carbajal Ferrand	Independent
Jose Antonio Baertl Montori	Non-executive
Pedro Blay Hidalgo	Non-executive
Ricardo Bustamante Cilloniz	Non-executive
Renee Cilloniz Champin	Non-executive
Manuel Montori Burbank	Independent
Enrique Olazabal Bracesco	Independent
Pablo Peschiera Alfaro	Non-executive
Giselle Ferrand Rubini	Independent
Diego Urquiaga Heineberg	Independent
Andreas von Wedemeyer Knigge	Non-executive



15
board
meetings

100%
attendance

- Board members are elected individually, based on their capacities and experience.
- A board member remains in the position for a period of twelve (12) years.
- Each year, the Board of Directors performs a self-evaluation.
- At least a third of our board members are independent.



CORPORATE GOVERNANCE

COMMITTEES

[GRI 102-18]

AUDIT AND RISK COMMITTEE

MEMBERS:

- Andreas von Wedemeyer, (committee chair)
- Pablo Peschiera Alfaro,
- Diego Urquiaga Heineberg
- Ricardo Bustamante Cilloniz

Assists the Board of Directors in complying with its responsibilities in supervising the Company’s internal control system. Meets at least four times a year, and consists of four board members.

 **5**
meetings held

APPOINTMENTS, SALARIES, AND HUMAN RESOURCES COMMITTEE

MEMBERS:

- Fernando Carbajal Ferrand (committee chair)
- Pablo Peschiera Alfaro
- José Antonio Baertl Montori
- Enrique Olázabal Bracesco

Guarantees that human resources management meets corporate guidelines and up-to-date human resources development practices. Also seeks to maintain an equitable and competitive compensation system to allow the organization to perform its mission and achieve its strategic objectives.

 **3**
meetings held



Economic Performance

[GRI 102-7, 103-1, 103-2, 103-3, 201-1]

The Company faced a challenging year in 2020, including a number of economic hurdles caused by the pandemic. Despite such difficulties, our priority remained the same as always: to uphold our commitments to our suppliers, among others, so as not to break the chain of payments. Thanks to our financial management, we had the resources to ensure operational continuity by implementing responsible and efficient financial planning. We also provided timely and reliable information on the Company's accounting, financial, and tax information to meet our stakeholders' needs.

EVOLUTION OF REVENUE - MAIN INDICATORS

At the close of 2020, sales totaled 2,508,794,000 soles. This was 8% lower than the results for 2019 due to the economic impact of local and international measures implemented to address the pandemic.

Despite lower sales, the EBITDA rose by 4.8%, setting records for this indicator due to better sale prices.



2,508,794

(in S/ 000) Sales as of the close of 2020



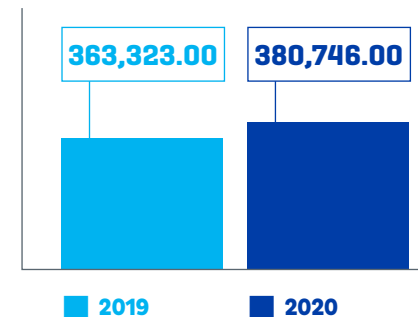
763,091

metric tons of finished products



EBITDA

(in S/ 000)





ECONOMIC PERFORMANCE

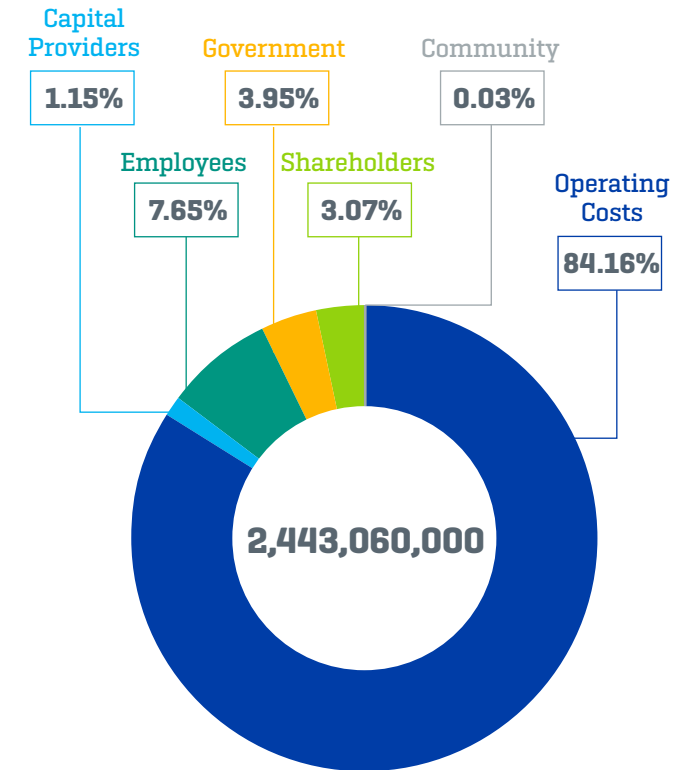
ECONOMIC VALUE DISTRIBUTED

[GRI 201-1]

In the following breakdown, we show how the revenue our Company received in 2020 were distributed among our different stakeholders, with the corresponding positive economic impact on our surroundings.

ECONOMIC VALUE CREATED AND DISTRIBUTED, SHOWN IN SOLES		
	2019	2020
Direct Economic Value Created (EVC)	2,818,858,000	2,535,488,000
Direct Economic Value Distributed (EVD)	2,729,478,000	2,443,060,000
Operating costs	2,330,413,667	2,056,019,183
Team member salaries and benefits	194,677,000	186,872,000
Payments to capital providers (financial interests)	35,392,000	28,108,000
Payments to government (income tax + other taxes)	98,271,942	96,413,177
Investments in populations in our area of influence	159,392	727,640
Shareholders (dividends)	70,564,000	74,920,000
Economic Value Retained (A-B)	89,380,000	92,428,000

ECONOMIC VALUE DISTRIBUTED (EVD) IN 2020, SHOWN IN PERCENTAGE





4

OUR VALUE CHAIN

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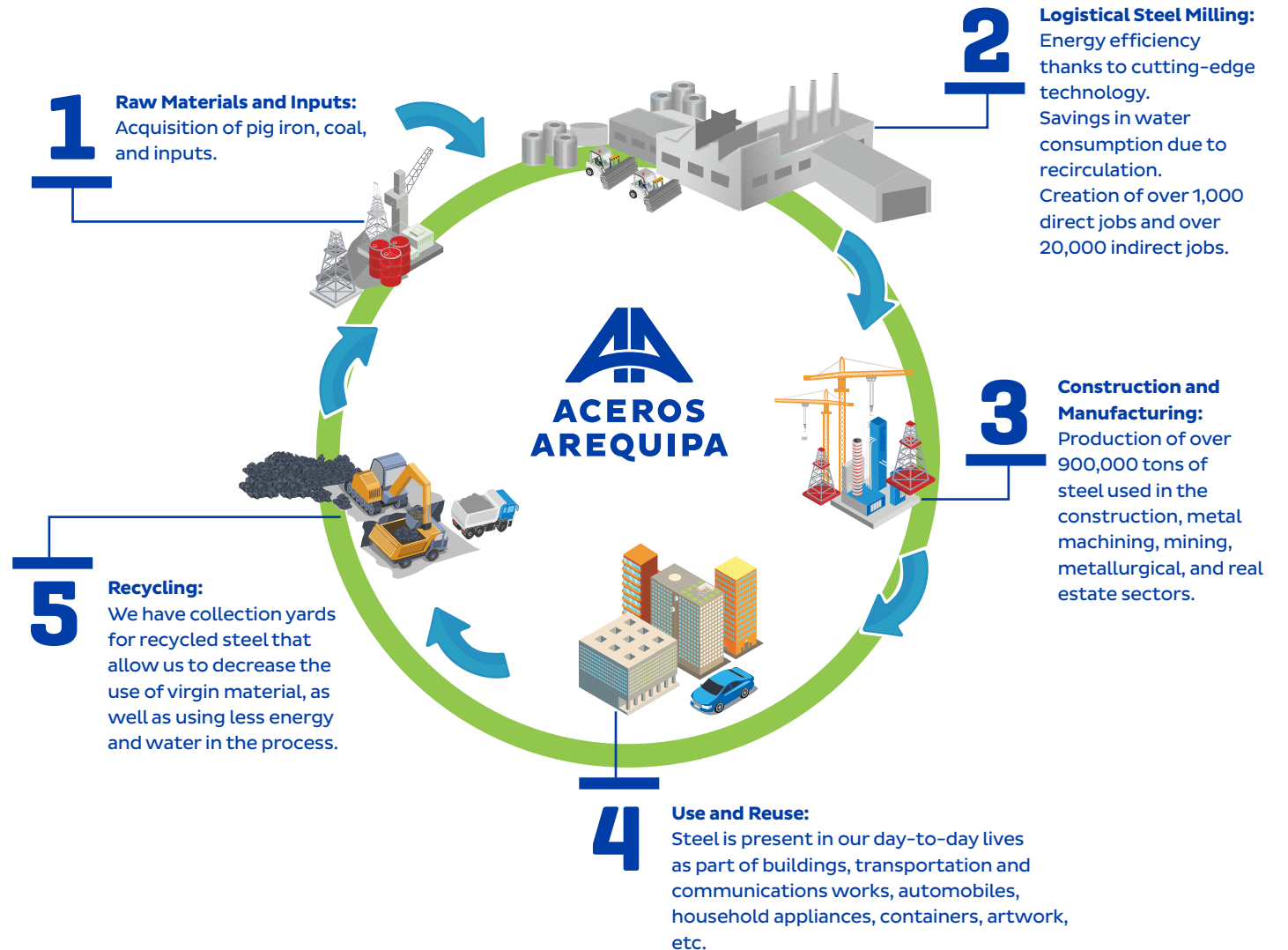


Our Steel

We are aware of the importance of efficient resource use. That is why our production is based on a steel life cycle approach, to reduce the use of virgin material and the consumption of energy and water in our processes.



LIFE CYCLE OF STEEL





**OUR
STEEL**

PISCO PLANT

Our Pisco plant has cutting-edge technology and a production capacity of 850,000 tons a year of liquid steel and 1,200,000 metric tons a year of finished products. It is located in Paracas, Ica, at Km. 241 of the Panamericana Sur highway. It consists of a steel mill, two rolling mills, and the ACEDIM industrialization plant for the cutting, bending, and preassembly of steel rebar.



850,000

tons annually
of liquid steel
production capacity

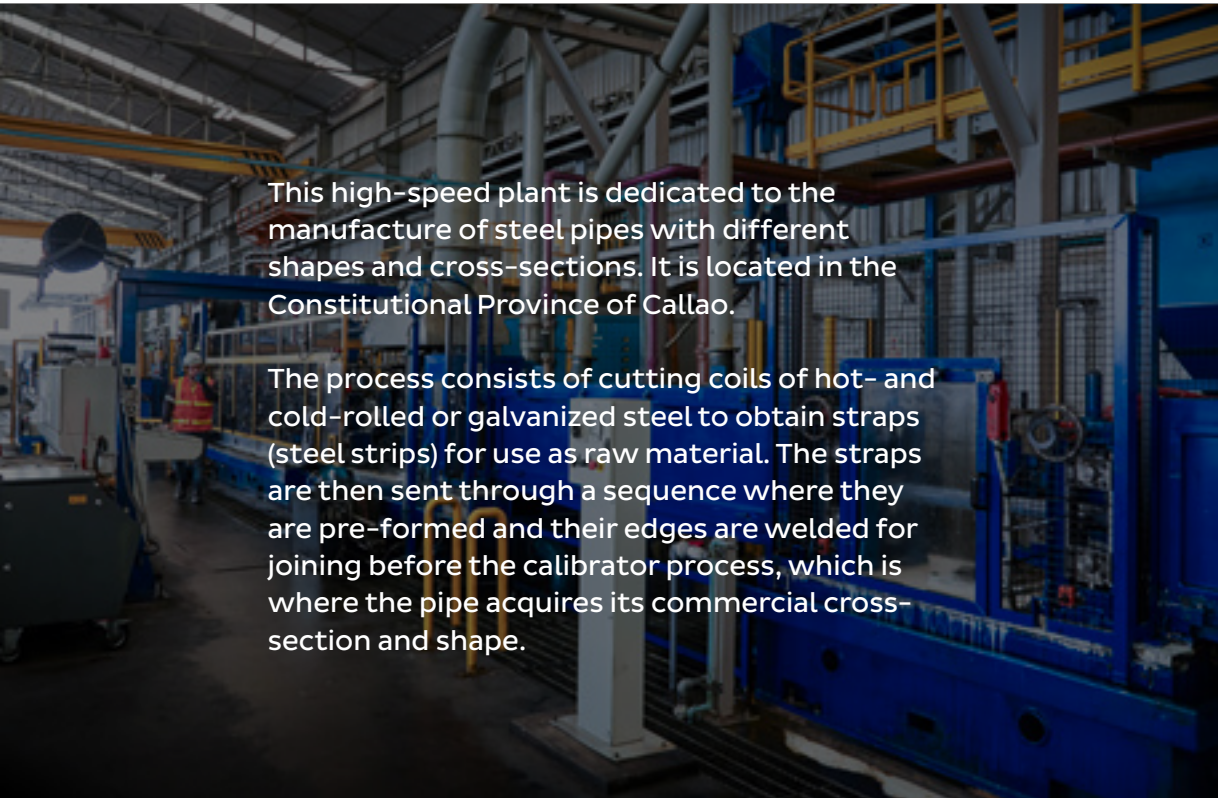
1,200,000

metric tons annually of
finished products



**Produces rebar,
cut and bend,
preassembled
structures, rolled
wire, angles, U
channels, plates,
tees, square bars,
unthreaded and
threaded bars.**



**OUR
STEEL****PIPE PLANT**

This high-speed plant is dedicated to the manufacture of steel pipes with different shapes and cross-sections. It is located in the Constitutional Province of Callao.

The process consists of cutting coils of hot- and cold-rolled or galvanized steel to obtain straps (steel strips) for use as raw material. The straps are then sent through a sequence where they are pre-formed and their edges are welded for joining before the calibrator process, which is where the pipe acquires its commercial cross-section and shape.



Produces hot-rolled, cold-rolled, and galvanized pipes in round, square, and rectangular cross-sections.



OUR STEEL

“STEEL MILL EXPANSION” PROJECT

This project includes the implementation of new, higher-capacity equipment featuring cutting-edge technology, which will allow us to:

- Increase our liquid steel production to 1.250.000 tons per year.
- 20% reduction of water consumption per ton through dry coolers technology.
- Save approximately 10% in the energy necessary for melting.
- Increase our capacity to recycle steel as scrap by approximately 40%.

The entire technology package and its services will be perfectly distributed between two industrial bays, with optimized spaces following a perfect process logic, thus achieving a compact, versatile plant with high potential and excellent production efficiency.

We have included environmental considerations in the planning and implementation of this project. For the foundations, we decided to use piles (as opposed to the use of conventional foundations) that require less excavation, and thus, less earthworks. This process produces less particulate matter in the environment (dust). We decided to build the industrial bays

using metal structures instead of conventional concrete structures, thus offering greater speed and ease of assembly. This also helps us avoid the use of water, since no concrete is involved. This project increased demand for personnel, equipment, materials, and tools in the cities of Pisco and Lima, creating both direct and indirect job positions.

Estimated CAPEX:
US\$ 220 MM

Startup date:
June 2021





We Provide Comprehensive Solutions

[GRI 102-2, 102-7]

The continuous improvement of our processes allows us to meet the rigorous demands of the national and international markets, offering a broad portfolio of products and services.

OUR PRODUCTS

Our portfolio of products features the highest quality standards to ensure our ability to meet our customers' requirements.

OUR PORTFOLIO OF PRODUCTS

- Rebar
- Corrugated stirrups
- Mechanical connectors
- Dowel bars and baskets
- Nails and wire
- Wire mesh fencing
- Wire for wire drawing
- Profiles
- Beams
- Plates
- Calaminas (corrugated zinc-plated sheets)
- Pipes
- Ball mill bars
- Rock support bolts
- Tools and hardware items



**WE PROVIDE
COMPREHENSIVE
SOLUTIONS**

**OUR COMPREHENSIVE
SOLUTIONS**

[GRI 102-2]

We are constantly innovating to provide solutions that meet our customers' needs and expectations. We have developed services using cutting-edge technology to supplement our products and allow our customers to optimize their projects by making them more flexible and profitable.

ACEDIM®

We offer cut-to-size steel construction solutions that help increase productivity, optimize resources, and improve the quality of projects for the development of the structural steel line item.

As part of ACEDIM's support, we use building information modeling (BIM) technology (digital prototypes of concrete, rebar, and inserts) as a tool for the development and

management of engineering processes, digital manufacturing, and installation of rebar.

Through our ACEDIM® Comprehensive Solution, we offer our customers the design, production, delivery, and installation of rebar to achieve greater speed and productivity in the steel line item and the project as a whole.



**Greater
productivity**

Better planning and control of the entire project (constructability)



**More
experience**

Specialized service for detailed engineering and steel production



**Maximum
savings**

Optimized steel usage makes for big savings



**WE PROVIDE
COMPREHENSIVE
SOLUTIONS**

[GRI 102-2]

ACEDIM® PREASSEMBLED PRODUCTS

Our new preassembled production line offers all types of structures for a construction project: columns, beams, foundations, piles, mesh fencing, and more.

The Preassembled service is the quickest way to solve rebar needs for reinforced concrete structures. The service includes the delivery of rebar structures assembled

and ready for installation, thus making for savings in the structure line item while improving process productivity. To achieve this, we combine supply chain information with onsite production management data obtained through BIM models and production status data, which can be viewed in real time. This helps reduce the high degree of variability in the steel line item and makes us an ever more reliable supplier.

Steel Center

For the industrial sector, our steel center services offer a wide range of machinery and equipment that help us equip our customers with greater efficiency in their processes, reduce costs, and optimize times.

Services:

- Cutting of coils into straps
- Sheet cutting and bending
- Sheet ridging
- CNC pantograph service
- Oxy-fuel and plasma cutting service
- Pipe grooving

Geosupport

We provide geomechanical advice for the design of rock support systems, testing programs to monitor the performance of our products, training programs for operators and site supervisors, and training for personnel involved in the application of the support.





Commercial Management

We have an undeniable calling to serve our customers and a philosophy of quality and continuous improvement in our processes. That is why we offer personalized sales advice, customer service via a number of channels, and a distribution system with nationwide coverage. Through our commercial management, we seek to help maximize CAASA's value to maintain our market share and remain the leaders in the sector.

CUSTOMER TYPES

Our customers primarily come from the construction, industry, and mining sectors. They can be classified into the following groups:



Merchants

Hardware stores, construction materials vendors, big box build stores that buy our products to resell them.



Construction

Infrastructure and building construction industry.



Industry

Metal machining industry, wire drawing industries, steel center, and mining companies that buy and process products.



**COMMERCIAL
MANAGEMENT**

**COMMUNICATION
CHANNELS**

We have a number of channels to communicate with our customers and build solid relationships.

We point customers to the “Construyendo Seguro” (“Building Safely”) website, where we offer expert advice and publish a wide variety of newsletters and manuals for construction foremen, homeowners, construction companies, and metalworkers.



SOCIAL MEDIA



**EMAIL:
POSTVENTA@AASA.COM.PE**



**WEBSITE:
WWW.ACEROSAREQUIPA.COM**



MAIN SWITCHBOARD



OFFICES

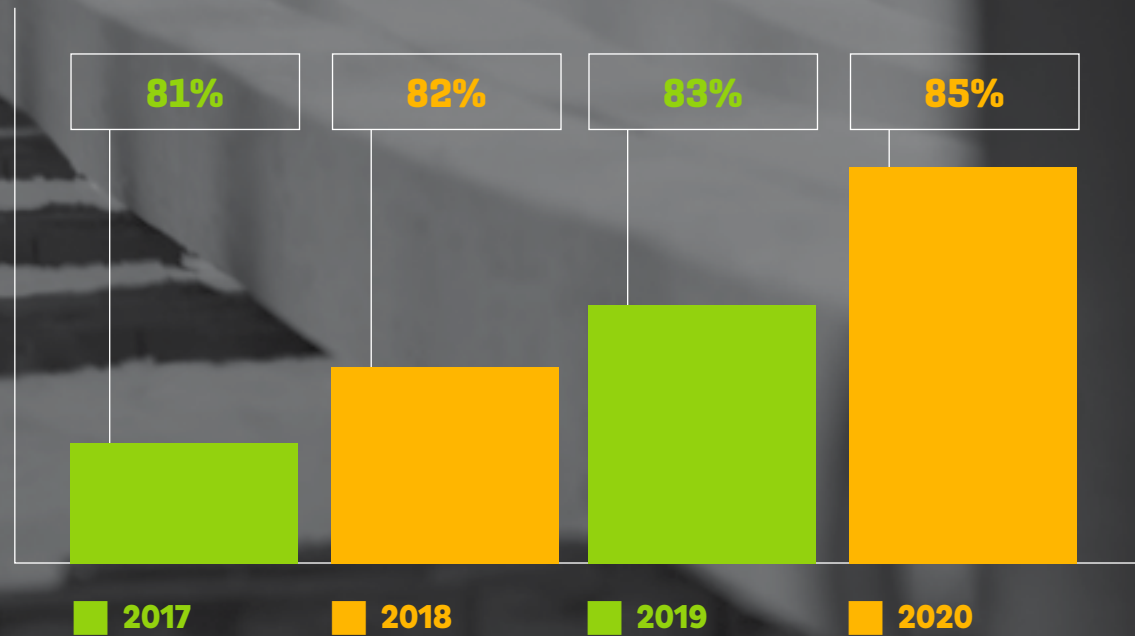


**COMMERCIAL
MANAGEMENT**

CUSTOMER SATISFACTION

We strive to continuously increase customer satisfaction and optimize our customer service through storage, sale, delivery, credit management, collection, and after-sales service.

Just like every year, we conducted a customer satisfaction survey. This year, we increased our customer satisfaction level from 83% (2019) to 85% (2020).



*Satisfaction percentage among all customers who responded to the survey.



COMMERCIAL
MANAGEMENT

TRAINING PROGRAMS

We provided free training nationwide for construction foremen, self-builders, engineers, and metalworkers, teaching them the correct use of steel in the construction process for safe homes and buildings, as well as metalworking projects. This training included teaching materials. The sessions consist of a theoretical part and a practical part, to make sure attendees receive well-rounded training and help our customers implement what they have learned in their day-to-day work. We have expert presenters and moderators in each session, along with question and answer periods. At the end of each training session, we give out participation certificates.

To help spread the word about this training, we issue open calls through our different communications channels, including the radio, Facebook, email, and posters at points of sale. Given the restrictions created by the COVID-19 pandemic, this year we offered webinars on Zoom, which helped us widen the coverage of trained foremen even further.



In-Person Events

(February and March 2020)

8

training events

986

participants



Online Events

(April – December 2020)

30

training events

104,506

plays

417,587

registered
participants



Quality and Competitiveness

We have consolidated our position as a world-class company that is poised to tackle the industry's newest challenges.

We constantly strive to establish and maintain a culture of quality with a view to increasing our collaborators' productivity and

professional growth. The organization's quality management is based on the following aspects:



Corporate policies and standards :

express the organization's stance on quality, guaranteeing products and services to the satisfaction of our customers.

Senior management leadership :

is the cornerstone for achieving our objectives, ensuring alignment with strategies, policies, processes, and resources.

The development of our collaborators' competencies :

fosters their participation in continuous improvement by applying flexible methodologies that allow for innovation in our processes.



**QUALITY AND
COMPETITIVENESS**

**INTEGRATED
MANAGEMENT SYSTEM**

We work hard to boost the value proposition that we offer to our customers by maintaining and improving our standards and strengthening our processes. We hold international certificates accrediting our quality management system (ISO 9001), environmental management system (ISO 14001), and occupational health and safety management system (ISO 450001). This year, we also renewed the technical accreditation of the CAASA laboratories under Peruvian Technical Standard (NTP) ISO/IEC 17025. We maintained our certification for the export of products to Brazil granted by the Brazilian Association of Technical Standards (ABNT), according to technical standard NBR 7480, and our certification to export products to Colombia granted by ICONTEC, according to technical standard NTC 2289, technical regulation 1856, and ASTM A706. Thanks to these certifications, we are able to export our products to both of these markets.



International
Organization for
Standardization



ASSOCIAÇÃO
BRASILEIRA
DE NORMAS
TÉCNICAS



We work hard to boost the value proposition that we offer to our customers by maintaining and improving our standards and strengthening our processes.





QUALITY AND COMPETITIVENESS

5S PROGRAM

Since last year, we have increased our 5S areas from 170 to 232 company-wide. They are divided into five categories: shops, plant, warehouses, laboratories, and electrical/equipment rooms, each one with standards defined by CAASA in accordance with process needs.

Our application of “Integrated Inspections” offers us flexible management of findings with regard to safety, environmental, quality, productivity, and order and cleanliness management matters. Inspections are also periodically performed to evaluate compliance with standards and identify best practices that can be replicated throughout the Company. All of our team members are involved in this program, from operating personnel to executives.

SUGGESTIONS PROGRAM

We encourage our team members to tap into their experience and creativity to come up with ideas on how to reduce inefficiency in our processes, products, and/or services. In the last five years, we have achieved significant improvements in reducing and/or eliminating wait times, surplus stock, unnecessary movements, overproduction, reworking and defects, representing savings of US\$ 310,000 for the Company.

Despite the pandemic, in 2020, we received 272 ideas for improvement. We implemented 5% of these ideas, which helped us streamline our processes and save US\$ 30,000.

QUALITY CIRCLES AND PROGRESS GROUPS

For twenty-six years now, we have used continuous improvement methodologies with the goal of increasing productivity and efficiency in our processes through teamwork. In recent years, we have carried out over one hundred improvement projects, with US\$ 3.5 MM in benefits for the Company.

Each year, team members participating in the Quality Circles and Progress Groups program learn to use the Lean Six Sigma, Kaizen, and Scrum problem-solving methodologies.



we have increased our
5S areas from

170 to 232

Despite the pandemic, in 2020,
we received

272 ideas

for improvement

we have carried out
over one hundred
improvement projects

US\$ 3.5 MM



QUALITY AND COMPETITIVENESS

HIGH-PERFORMANCE TEAMS

High-performance teams are organized by duties in operational areas, with the goal of developing good work practices using Lean methodologies and tools to manage and continuously improve their processes on an autonomous basis. The level of autonomy achieved by the high-performance teams is measured annually, based on their understanding of their processes, definition of targets and goals aligned with the Company's priorities, and the outcomes achieved.

In recent years, thirty high-performance teams have been established, divided up between the steel mill and rolling areas. During 2020, we continued to strengthen our methodology so teams can continue along their development curve until they are able to reach the "model" management level.

CAASA POINTS

Our tangible rewards system highlights outstanding participation by our team members in continuous improvement and environmental programs. The points accumulated by team members can be exchanged for different items featured in our catalogue, in five different categories: CAASA products, home, technology, sports, and experiences.

In 2020, we worked on creating an application that can be used to manage the allocation of points and the team members' exchange process, as part of our continued efforts to promote streamlined, flexible, processes throughout the Company.



In recent years,

30 high-performance

teams have been established, divided up between the steel mill and rolling areas.

Our tangible rewards system highlights outstanding participation by our team members in continuous improvement and environmental programs.



Siempre te escuchamos y estamos trabajando para mejorar tu experiencia.

¡Pronto tendrás el control de tus Puntos CAASA en la palma de tu mano!

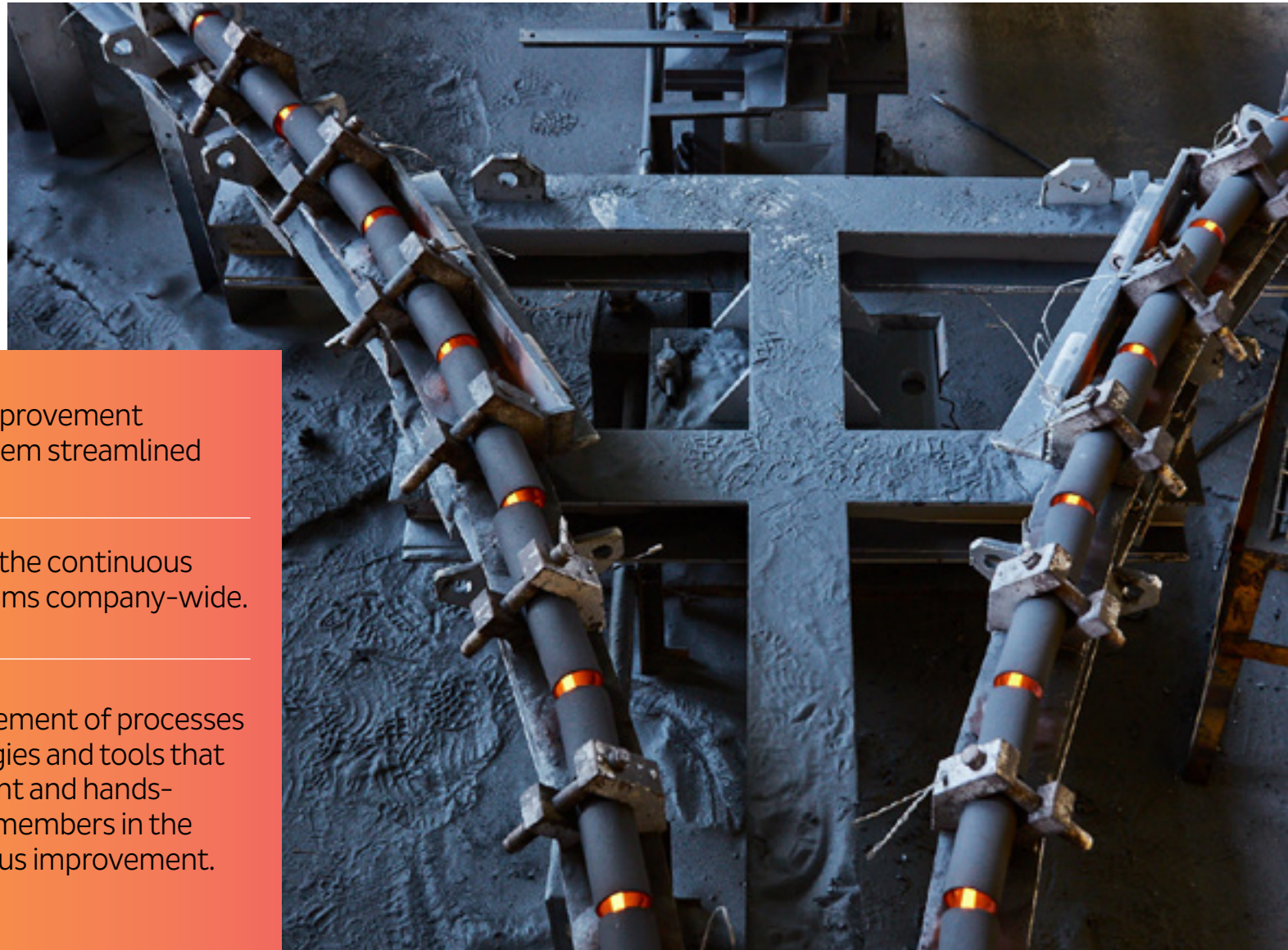


**QUALITY AND
COMPETITIVENESS**

**CONTINUOUS
IMPROVEMENT
PROGRAM**

At CAASA, the development of a culture of continuous improvement among our team members is essential. To achieve this goal, we have created a strategy based on three different pillars:

- 1 Simplicity** Adapt continuous improvement programs to make them streamlined and flexible.
- 2 Expansion** Expand the scope of the continuous improvement programs company-wide.
- 3 Culture** Promote the improvement of processes through methodologies and tools that maximize involvement and hands-on learning by team members in the Company's continuous improvement.





Our Suppliers

[GRI 102-9, 102-10]

Our suppliers are a critical part of our organization. The effective management of our supply chain allows us to guarantee the supply of inputs and raw materials, as well as local and foreign goods and services, to implement our growth plans and meet our customers' expectations and needs.

At CAASA, we prioritize the use of recycled resources in our production process with the goal of reducing our environmental impact. The main raw material used in our production is ferrous scrap, a recyclable resource that accounts for around 95% of the makeup of our finished products. Accordingly, we set domestic scrap acquisition targets each year.



1,618
suppliers



US\$ 121.68 MM
in procurements from
Peruvian suppliers

COMMUNICATIONS CHANNELS

Our main communications channels with suppliers consist of telephone calls and emails.



SOCIAL MEDIA



EMAIL:
POSTVENTA@AASA.COM.PE



WEBSITE:
WWW.ACEROSAREQUIPA.COM



MAIN
SWITCHBOARD



OUR SUPPLIERS

SUPPLIER CLASSIFICATION

We divide our supplier management into two types of procurements:



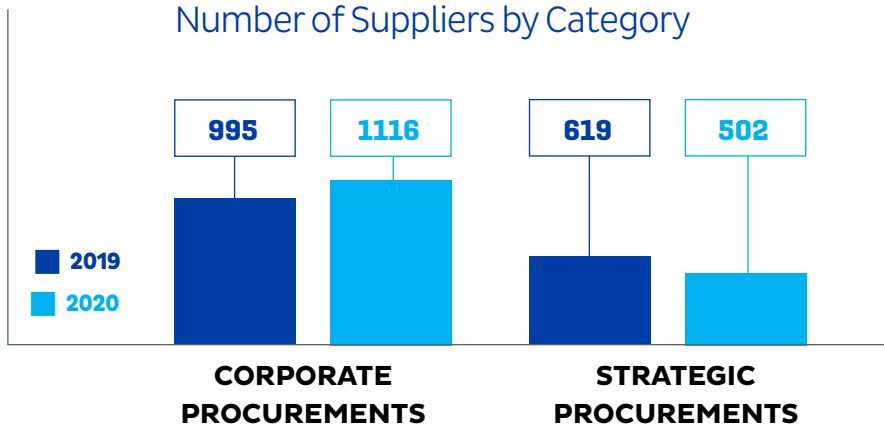
Corporate Procurements

Procurement of other inputs, services, and supplies for the rest of the Company’s operations, such as maintenance, meals, and transportation services.

Strategic Procurements

Procurement of raw materials (scrap and pig iron), strategic inputs (limestone and anthracite), finished and semi-finished products, which are a direct part of the Company’s value chain.

Number of Suppliers by Category



Critical Suppliers

We define our critical suppliers as suppliers of goods or services that may pose a risk to the organization’s ability to deliver quality goods or services for our business processes.



OUR SUPPLIERS

PROCUREMENTS BY SUPPLIER LOCATION

Depending on the location of our suppliers, we divide our procurements into three groups:

INTERNATIONAL PROCUREMENTS

Procurements from foreign suppliers.

DOMESTIC PROCUREMENTS

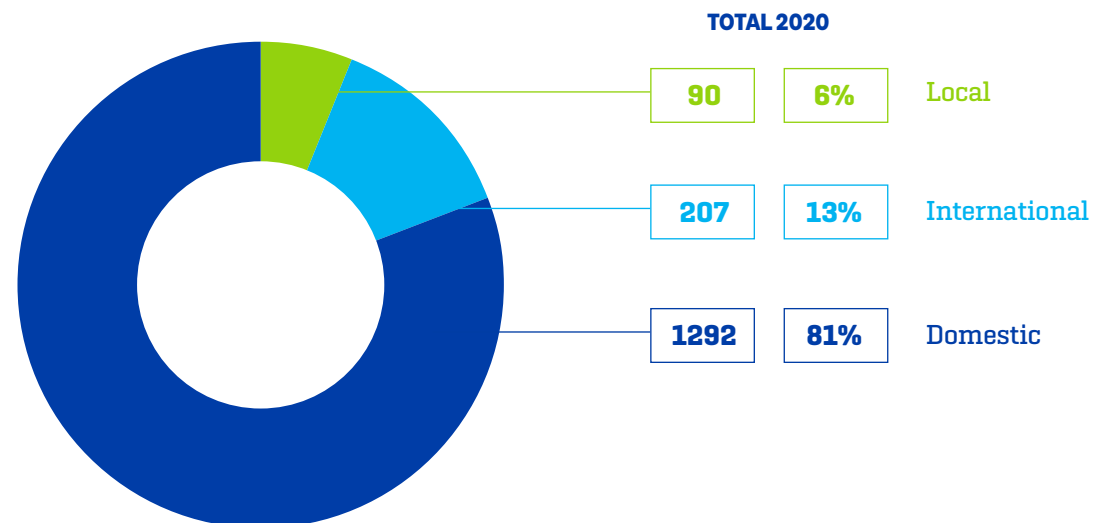
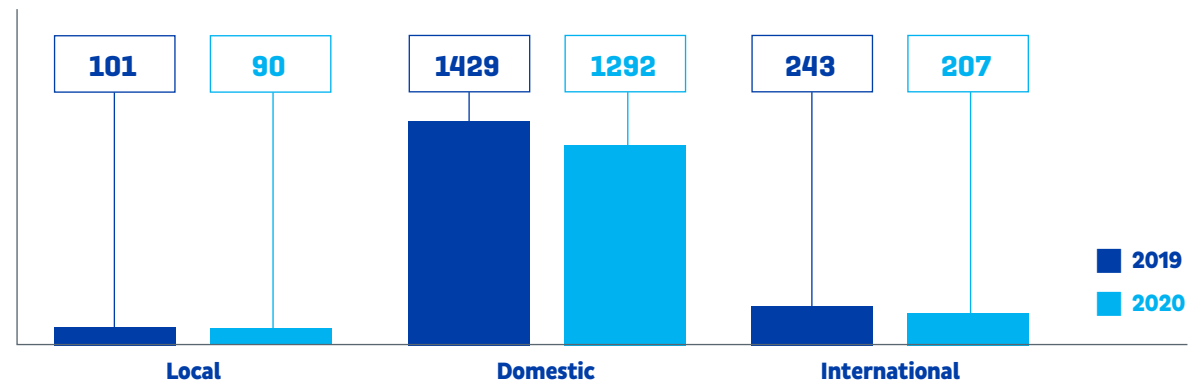
Procurements from Peruvian suppliers, not including local procurements.

LOCAL PROCUREMENTS

Procurements from suppliers in Ica, the province where our main plant is located.

We seek to create value in our surroundings. With this in mind, we place a priority on working with domestic and local suppliers. In 2020, procurements from local suppliers totaled US\$ 9.63 MM, while domestic procurements totaled US\$ 120.49 MM. Domestic suppliers account for 81% of our total suppliers, while local suppliers account for 6%.

Number of Suppliers by Location





OUR SUPPLIERS

SUPPLIER EVALUATION

We require all suppliers who provide services inside our operations to comply with occupational health and safety and environmental standards, based on our procurements and services policy and corporate procurement instructions for the evaluation of suppliers of strategic inputs.

STRATEGIC PROCUREMENTS

In order to guarantee compliance with our Code of Conduct, national suppliers of strategic procurements are required to submit an affidavit stating that they have no ties to activities such as money laundering, terrorist financing, drug trafficking, illegal mining, etc.

Suppliers of strategic inputs (anthracite and high-calcium limestone) are subject to a monthly performance evaluation based on quality and delivery time. Each year, we analyze whether these suppliers were

involved in any safety and/or environmental incidents inside CAASA's facilities.

CORPORATE PROCUREMENTS

For corporate procurements, we perform a monthly performance evaluation for suppliers based on quality and delivery time, while service providers are subject to evaluation upon completion of the service.

We evaluate suppliers with specific short-term contracts based on two criteria: quality and service compliance. In 2020, we evaluated 296 suppliers who provided spot services. In our evaluations, we identified eight at-risk suppliers, of which seven are under observation and one was classified as “not recommended” (meaning that we recommend not hiring them again).

Additionally, purchase orders establish the terms and conditions, including supplier compliance with our Code of Conduct and all laws currently in force.



296
Suppliers
evaluated



**OUR
SUPPLIERS**

**SUPPLIER
TRAINING**

All suppliers who work at the plant undergo a health and safety induction. In 2020, we provided online training for domestic scrap suppliers. The main topics covered included safety, hazardous materials, and COVID-19 controls.



101
domestic scrap
suppliers attended
training





5

RESPONSIBLE OPERATIONS

- 57 Occupational Health and Safety
- 62 Environmental Management
- 83 Social Responsibility



Occupational Health and Safety

[GRI 103-1, 103-2, 103-3, 403-1, 403-2]



100%

of workers performing in-person duties trained on COVID-19 protocols and monitoring plan

855	CAASA Employees
3,383	outsourced personnel
768	transport personnel

Year after year, we strive to strengthen our culture of prevention. As part of these efforts, we fit out our work environments with everything they need to ensure safety and health. We standardize activities and train all of our team members. We want each employee to take responsibility for their own safety and help ensure that of their coworkers. This is key to ensuring a successful management and maintaining the highest occupational health and safety standards.

We have a management system implemented in accordance with Law 29783 (the Occupational Health and Safety (OHS) Act), and OHSAS 18001 and ISO 45001 international certification. We have also drafted corporate documents that guide our management practices: our Corporate Occupational Health and Safety Policy and our Internal Occupational Health and Safety Regulations.

In 2020, we began four initiatives that will be completed in 2021:

1. Analyze and strengthen occupational health and safety controls in production processes.
2. Strengthen Third-Party and Contractor OHS Management and Inclusion in the OHS Performance Evaluation and Measurement System.
3. Reinforce the Incident and Accident Response Procedure.
4. Continue to improve our Person-Based Safety Program.



OCCUPATIONAL HEALTH AND SAFETY

We perform monthly unannounced inspections, where we record hazards and risks identified in the operation. Using our risk management matrixes, we establish plans to control these hazards and risks. Hazardous situations are reported using the incident management procedure.

During the COVID-19 pandemic, we implemented increased health services to care for our personnel. In Pisco, in addition to CAASA's Medical Monitoring service, we established a COVID-19 team: (1) occupational medicine physician and (2) nurses. In Lima, we also set up a COVID-19 team to serve Callao, Lima, and Lurigancho: (1) occupational medicine physician and (3) nurses. In Arequipa, we hired (1) nurse. At the Pisco plant, we set up 61 disinfection and handwashing points. We also disinfected lodging at the CAASA camp on a weekly basis.



We have an ambulance equipped to handle any emergency.



OCCUPATIONAL HEALTH AND SAFETY

OUR MAIN INDICATORS

[GRI 403-9]

In 2020, we successfully improved our frequency rate, accident rate, and reportable injuries rate compared to the previous year, thanks to our efforts to strengthen leadership skills and provide OHS training to area heads from the top down, as well as an exhaustive review of established operational controls and their timely compliance. Additionally, third-party and contractor performance improved in terms of frequency rates, severity, accident rates, and reportable injuries thanks to exhaustive control measures and closer supervision.

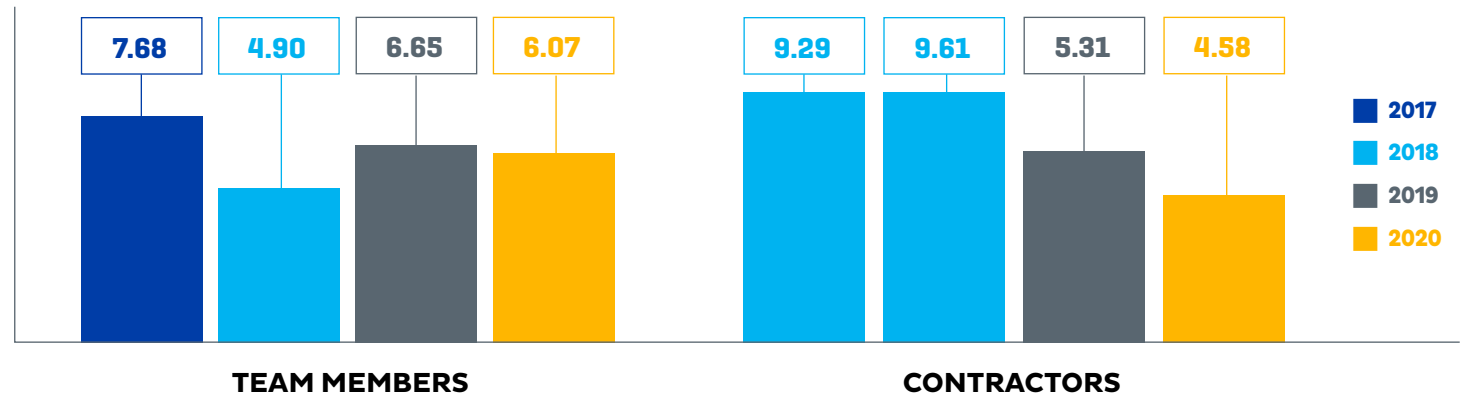
We also highlight that, during 2020, there have been 0 work-related fatalities for employees and contractors as a result of our operations.

Regarding the types of injuries registered for our employees and contractors, the main ones belong to accidents due to cutting wounds and contusions, resulting from manual or semi-manual activities.

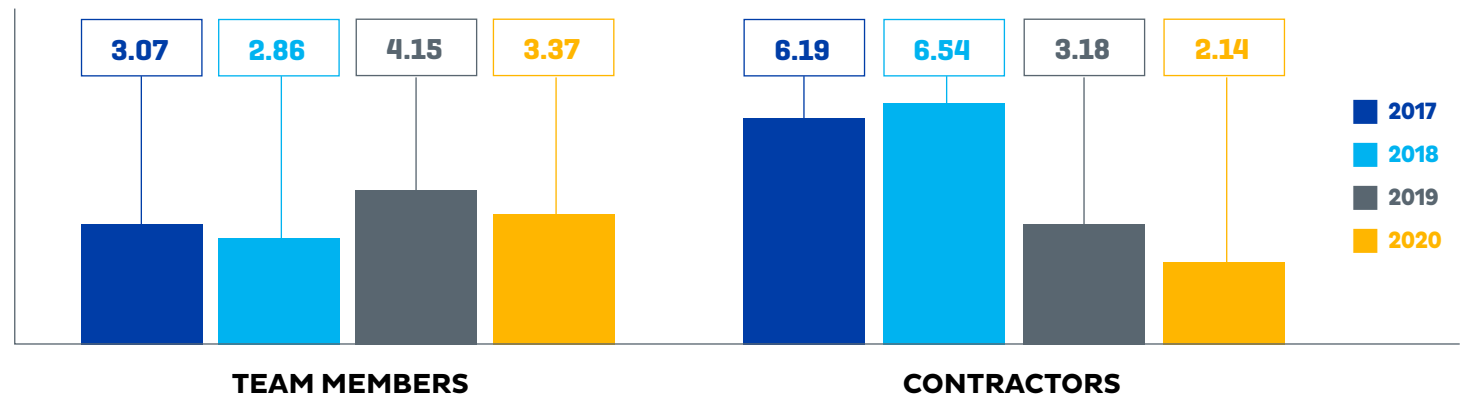
Notes:

- The LTIFR, severity and accident rate only consider accidents with lost-time.
- Rates are calculated for every 1 million hours worked

Total Recordable Injury Frequency Rate (TRIFR) - Employees & contractors



Lost-Time Injury Frequency Rate (LTIFR) - Employees & Contractors





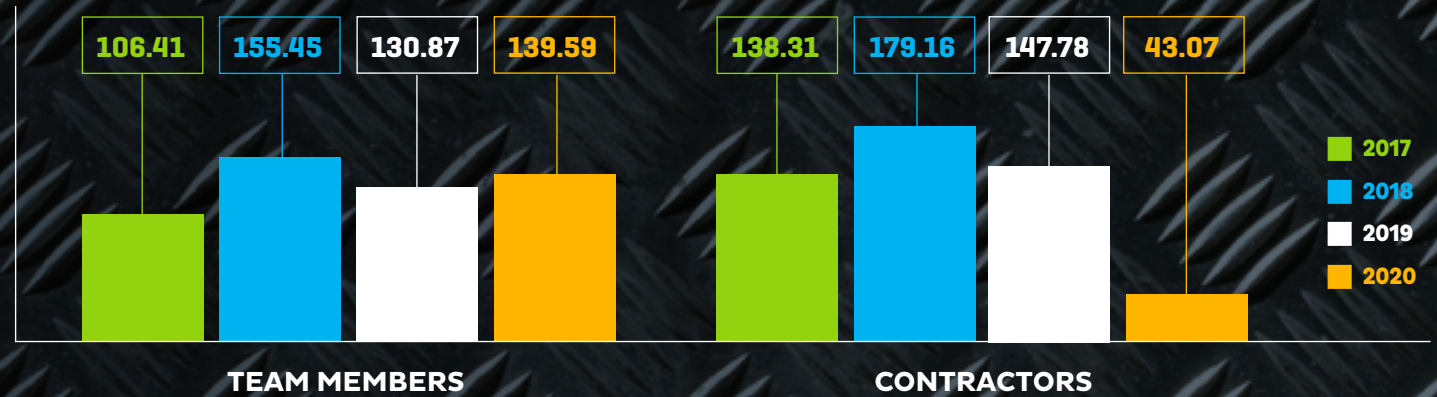
OCCUPATIONAL HEALTH AND SAFETY

As part of our management system, all risks in the workplace are evaluated, recorded and mitigated to avoid possible occurrences within routine operations.

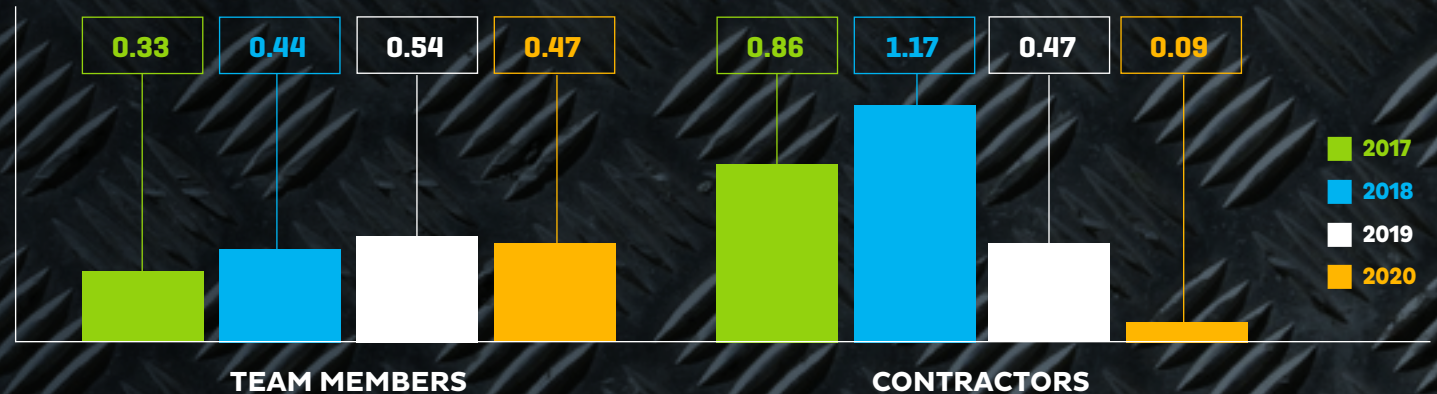
In addition, as our internal occupational health and safety regulations indicate: Every CAASA employee or contractor contributes to the identification of hazards by reporting directly to their immediate boss, participating in the preparation of risk management matrices (through their representatives before the OSH Committee) and applying the refusal to work when they have the perception or appreciation that the proposed work represents a risk to their health and/or physical integrity, which has not been previously identified.

IN 2020, WE REGISTERED:	EMPLOYEE	THIRD PARTY
Number of Recordable Accidents	9	15
Number of Lost-Time days	207	141
Men-hours worked x 1000	1,483	3,274

Severity Rate - Employees & Contractors



Accident Rate - Employees and Contractors





Training

[GRI 403-4, 403-5]

The purpose of the occupational health and safety training program is to provide workers and contractors with training on how to safely perform their activities.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

The robustness of OHS management is increased when we include workers through participation and consultation, ensuring their representation on the OHS Committee that is tasked with promoting the health and safety of the organization's workers in accordance with the laws in force. The Committee comprises company representatives (50%) and worker representatives (50%). The Committee monitors compliance with the laws in force and fosters training for workers on the company's regulations, guidelines, and technical specifications.

TOPICS	HOURS	PERSONNEL TRAINED
Training in people-based safety	2	Managers/Supervisors/Area Heads
Hazardous energy lock-out, tag-out	4	Area heads, supervisors of all areas, and all positions that perform lock-out, tag-out
Training for the OHS Committee: OHS Policy, ISO 45000 standard, duties and responsibilities, accident and incident investigation, risk prevention leadership and communication. Strategic OHS planning.	9	OHS Committee: team members and workers
Occupational risks in offices: psychosocial risks and stress management	1	All administrative positions
Ergonomics: Manual handling of loads and posture	45 min.	All: as applicable



In 2020, we performed

100%

of our scheduled training activities.



Environmental Management

[GRI 103-1, 103-2, 103-3, 307-1, 102-11, 419-1]

We foster and maintain an environmental culture that contributes to the country's sustainable development, proving that the steel industry and its related businesses can carry out their activities with fewer environmental impacts.



0

environmental fines or sanctions



US\$ 544,859

in capital expenditure on environmental projects



In 2020, we signed a Clean Production Agreement (APL, for its acronym in Spanish) with the Ministry of the Environment and the Ministry of Industry and Production to promote strategies for the efficient use of resources and the effective management of the solid waste we generate. ”



ENVIRONMENTAL MANAGEMENT

[GRI 102-11]

We constantly strive to identify alternatives for the use of the byproducts of our quality production process, with the goal of reducing the consumption of natural resources and minimizing our environmental impact. Our environmental policy sets forth our environmental management guidelines, aimed at the prevention, control, and

mitigation of environmental impacts in all of our production and logistics operations, our administrative facilities, and products and services, including distribution and delivery services.

As part of our commitment to comprehensive solid waste management, in 2020, we signed a Clean Production

Agreement (APL, for its acronym in Spanish) with the Ministry of the Environment and the Ministry of Industry and Production to promote strategies for the efficient use of resources and the effective management of the solid waste we generate.

During this period, we were not subject to any environmental fines or sanctions tied to our corporate performance.





ENVIRONMENTAL MANAGEMENT

CAASA'S ENVIRONMENTAL MANAGEMENT PRIORITIES

[GRI 102-11]

CIRCULAR ECONOMY

We are active participants in the recycling value chain. Our products are 100% recyclable and our electric kiln technology enables us to consume large quantities of scrap that account for up to 100% of the metal load in the melting process.



BIODIVERSITY CONSERVATION

We comply with all national and international laws and standards on the conservation of biodiversity, and we apply a mitigation hierarchy focused on avoiding, minimizing, remedying, and offsetting our impacts to evaluate our activities and the location of our projects.

ENVIRONMENTAL AWARENESS-RAISING

We conduct environmental awareness-raising activities among our team members with the goal of ensuring that our culture and lifestyles are compatible with the principles of sustainability. We also work with schools in the city of Pisco to provide training and carry out campaigns on waste management and standards of order and cleanliness.

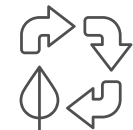


EFFICIENT USE OF NATURAL RESOURCES

We are aware of the importance of the efficient use of natural resources. We implement technological innovation projects that allow us to reduce the use of electric energy and water per ton of product, thus fostering energy and water efficiency.

ACTIONS AGAINST CLIMATE CHANGE

We are aware of the environmental issues posed by climate change and the consequences this may have for Peru. Natural gas forms the core of our energy matrix. We promote projects for improved energy efficiency and fossil fuel substitution.



COMPREHENSIVE POLLUTION CONTROL

We have fume and water treatment systems that allow us to guarantee compliance with maximum permissible limits (MPLs). We have environmental emergency response plans that enable us to act flexibly and immediately in case these situations arise.

COMPLIANCE WITH APPLICABLE ENVIRONMENTAL LAWS

We have external advisors who keep us up-to-date on changes in the applicable laws. We contract out the performance of external audits by certified experts and we have an internal program for the supervision of environmental obligations in each one of our processes.



COMPREHENSIVE SOLID WASTE AND INDUSTRIAL BYPRODUCT (IBP) MANAGEMENT

We minimize solid waste generation and prioritize its valuation as opposed to final disposal. Our IBPs are reinserted into the production process through processes for iron recovery by magnetic separation, manufacture of Lego blocks using steel slag gravel, the manufacture of briquette using waste from the chipper for co-processing in the rotary kiln, and the concentration of the dolochar mix to replace coal in the steel mill.



**ENVIRONMENTAL
MANAGEMENT**

STRATEGIC ENVIRONMENTAL COMPLIANCE PROGRAM (CAE) – 2020

As part of the CAE Program, this year we offered online training. The main purpose of the CAE Program is to raise awareness of environmental matters among our team members, third parties, and contractors who work at our facilities.

Our methodology is based on creating activities tied to core topics in the organization’s environmental management. Each module of the CAE Program involves three stages: awareness-raising, reinforcement, and verification, based on activities that prove able to achieve the objective of raising awareness among the organization’s team members. During 2020, we were only able to address one topic (comprehensive solid waste management) due to the circumstances.



776
employees
trained in the
CAE Program



200
third parties
trained in the
CAE Program





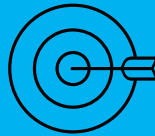
ENVIRONMENTAL MANAGEMENT

EMISSIONS

[GRI 103-1, 103-2, 103-3]

At CAASA, we have an environmental monitoring program through which we evaluate atmospheric emissions, air quality, noise levels, liquid effluents, and non-ionizing radiation. The measurement frequency and parameters depend on each one of the activities we carry out at our locations, as well as the respective environmental management instruments (EMIs) approved by the Ministry of Industry and Production.

We measure atmospheric emissions at the Pisco industrial complex, which is the only location where we have steel production furnaces. We perform the monitoring directly, using an ISO 17025 accredited laboratory, following the methodologies established by the United States Environmental Protection Agency (USEPA).



TARGETS:

Emissions:

Guarantee compliance with applicable legal requirements.

Carbon footprint:

Diminish greenhouse gas (GHG) emissions by 15% at the corporate level by 2030.





ENVIRONMENTAL MANAGEMENT

[GRI 103-1, 103-2, 103-3, 305-1, 305-2]

Since 2004, natural gas has been our main energy matrix at the steel complex, as a substitute for diesel and R500 fuels. We have a substation that regulates consumption at this location, and a specialized area to ensure proper functioning and maintenance. The electric energy that we consume is generated by the Mantaro hydroelectric power plant, and does not involve the burning of fossil fuels.

Up until 2018, we measured our CO₂ emissions using the electrochemical cell method in the furnace stacks at the Pisco location. Since 2019, we have measured our direct and indirect greenhouse gas emissions in accordance with the ISO 14064 standard. To do this, we identify the direct and indirect sources at each location, the emission factors, and the activity involved in each source to determine calculations measured in tons of CO₂ equivalent (CO₂e).

Total Direct GHG Emissions (Scope 1) in metric tons of CO₂e



Total Direct GHG Emissions (Scope 2) in metric tons of CO₂e



Note: The 2019 inventory was verified by Lloyd's Register on January 20, 2021. The verification of the 2020 inventory is scheduled for May 2021.

1. The year 2019 is used as the baseline for calculating emissions because it was our first year measurement.
2. The type of data consolidation is Operational Financial Control.
3. The reported data were prepared with the calculation tool of the Ministry of the Environment - MINAM (Peru Carbon Footprint).



Electric Crane Project

As part of our goal to reduce fuel consumption in the stockyards, we have purchased German-made Sennebogen electric cranes to replace our former diesel-powered cranes. This procurement required a capital expenditure of over US\$ 2.5 MM, and serves as a demonstration of our commitment to reducing our organizational carbon footprint. These scrap handler cranes are used to receive recycled steel in the Huachipa, Oquendo, Arequipa, and Trujillo stockyards before sending it for processing.

In November 2020, we received the cranes and trained our personnel on their operation. Since beginning to use them, we have ceased to consume diesel fuel in the stockyards, since the cranes operate on electric energy.

ENVIRONMENTAL MANAGEMENT

AIR QUALITY

[GRI 103-1, 103-2, 103-3]

As part of our environmental monitoring program, we measure the air quality at each one of our locations. The parameters and frequency are established in each one of our Environmental Management Instruments (EMIs) approved by the Ministry of Production and Industry.

The methodology used complies with the applicable environmental laws. The air quality results are compared to the environmental quality standards (ECAs, for their acronym in Spanish) listed in the law (Supreme Decree 003-2017-MINAM). The vast majority of the air quality parameters analyzed do not exceed the ECAs. Those points where the standards are exceeded are due to the influence of agents external to the Company.

To improve air quality, we have put into action the following initiatives:



IMPLEMENTATION AND MAINTENANCE OF A LIVING FENCE

Along the perimeter of the steel complex, we have a living fence (made up of eucalyptus and aromo trees) measuring over 10 meters high. This living fence acts as a barrier to keep the suspended particles generated diffusely from escaping beyond the plant's perimeter. They also act as an acoustic barrier.

NEW STEEL FUMES PLANT

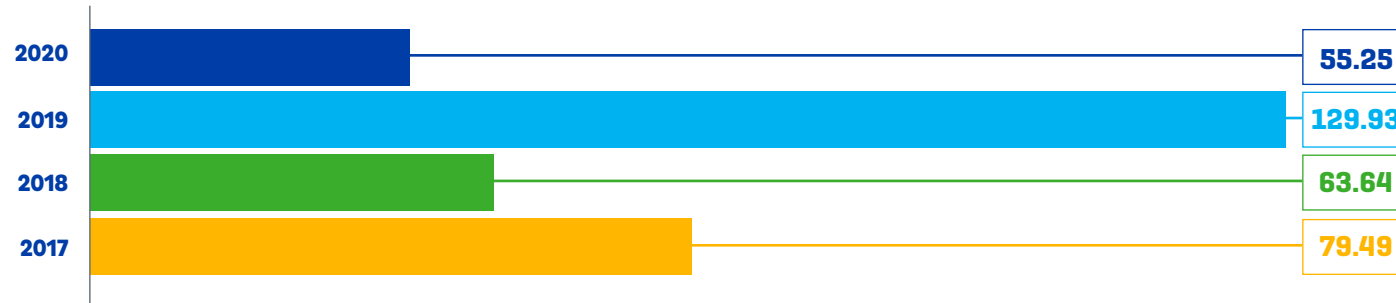
In 2021, we will commence operations at the new steel plant, which has a new fumes plant that will increase our treatment capacity from 780k Nm³/h to 1,795 k Nm³/h. This will help us diminish the concentration of particulate matter emissions into the atmosphere.



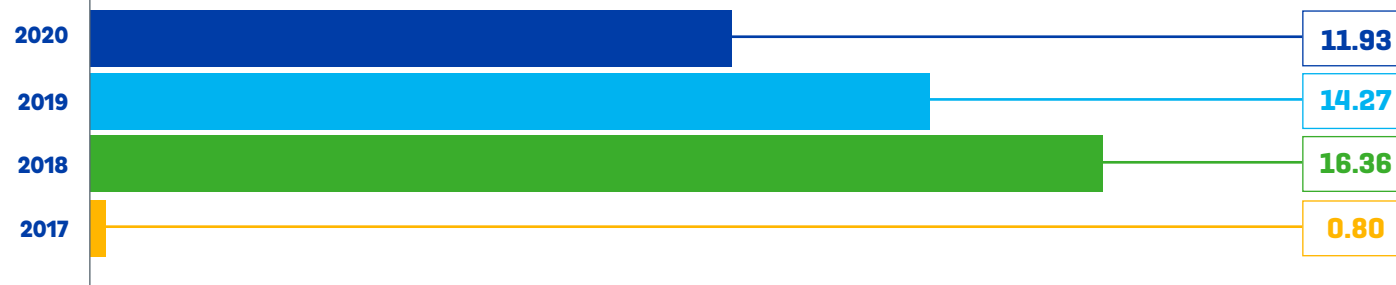
ENVIRONMENTAL MANAGEMENT

[GRI 305-7]

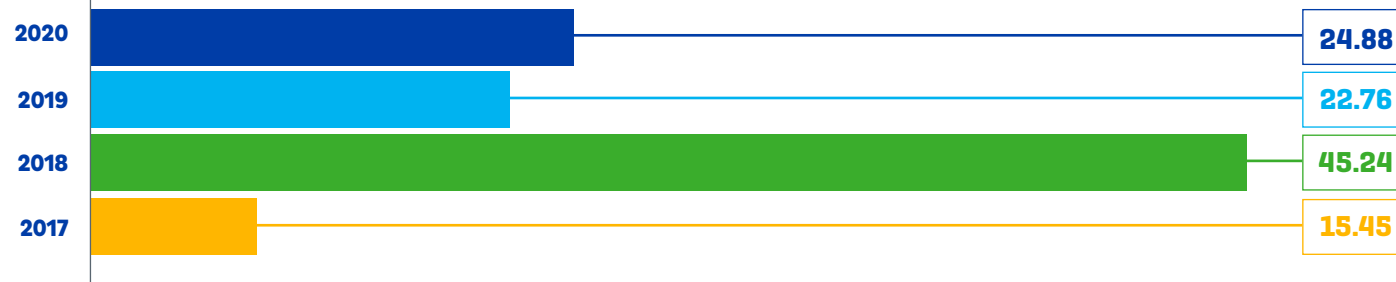
NOx Emissions (in tons)



SOx Emissions (in tons)



Dust Emissions (in tons)



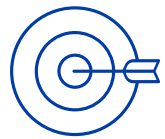


ENVIRONMENTAL MANAGEMENT

SOLID WASTE

[GRI 103-1, 103-2, 103-3, 305-3]

The management of waste and industrial byproducts is extremely important to our organization, given that our production process is based on a circular economy. We perform research that allows us to make use of the industrial byproducts we generate, using them as raw materials in our production process or for other industries. We are thus able to decrease the consumption of resources and virgin materials in our production processes. We have established indicators and initiatives to help us achieve these targets and goals for the use of solid waste.



TARGET

Achieve 60% use of waste generated by 2030.

COMPREHENSIVE WASTE MANAGEMENT PROGRAM

1. Separation and storage at the source: We provide training and hang up signs on how to correctly separate waste. We also have well-marked containers.
2. Internal collection: At the steel complex, we have a solid waste company that is in charge of collecting waste from the storage area at the source and transporting it to the central solid waste storage area.
3. Central storage area: We have a central solid waste storage area with different cells for each type of waste, enabling us to collect as much waste as possible and perform any preparatory tasks necessary prior to management.
4. Use of solid waste: Once the solid waste has been separated, it is managed as follows:
 - Metal waste is once again taken to the metal yard for processing in the steel mill. Copper and stainless steel waste are stored under supervision so that they can later be sold.
 - Used oil is sold to a company responsible for its treatment and recovery.
 - Paper, cardboard, and plastic waste is donated to the recycling programs run by the NGOs ANIQUEM and Ciudad Saludable, with the participation of a licensed solid waste management company and a formalized recyclers' association, respectively.
5. Final disposal: Waste that cannot be used is transported by a licensed company to a regular or secure landfill, depending on whether it is hazardous or not.



ENVIRONMENTAL MANAGEMENT

INDUSTRIAL BYPRODUCTS

Our main industrial byproducts, by quantity generated, are as follows:

Byproduct

NON-METAL FRAGMENTS



Valorization

A percentage of this byproduct is used to manufacture briquettes that are used in the rotary furnace, replacing an equivalent percentage of bituminous coal.

ELECTRIC FURNACE SLAG



Part of this byproduct is recovered, given that its composition includes a percentage of magnetic iron, and it is once again recirculated in the steel mill. The non-magnetic part is known as steel slag gravel and is used to manufacture lego blocks and road pavement.

STEEL DUST



We have begun a project to recover zinc oxide from this byproduct.

SCALES

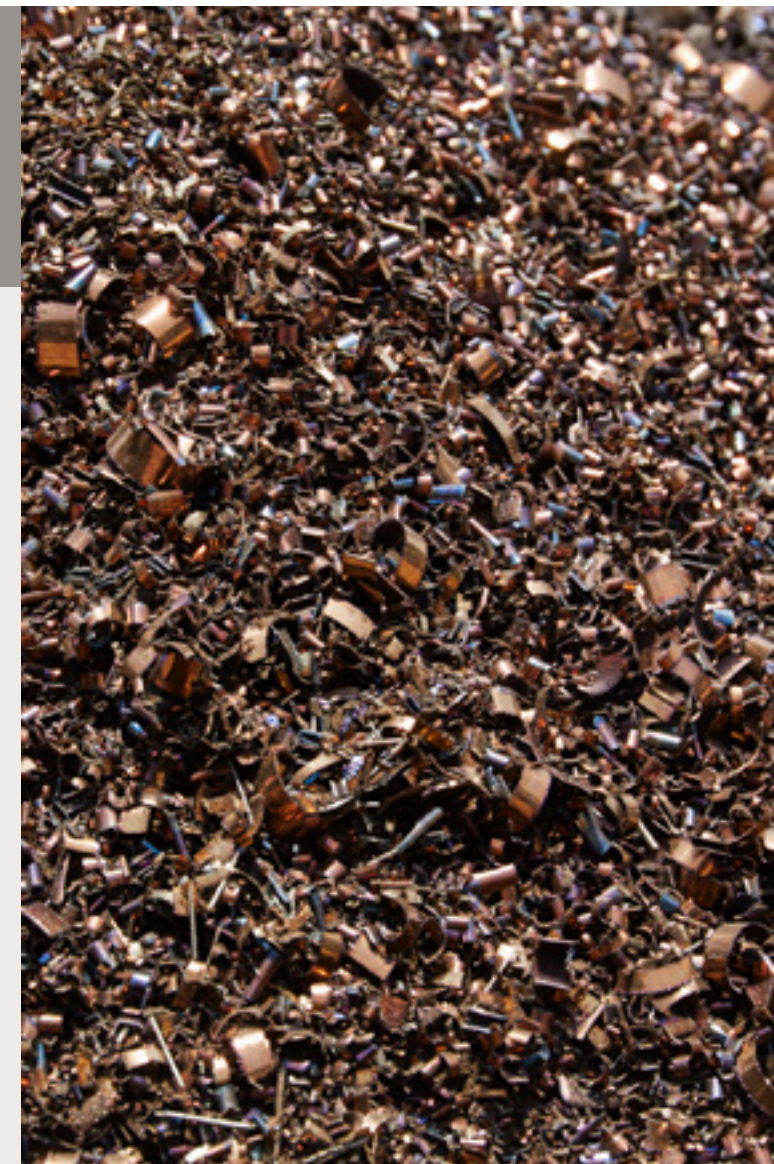


Exported to China or sold to Peruvian companies looking for this material in specific sizes.

USED REFRACTORY BRICK



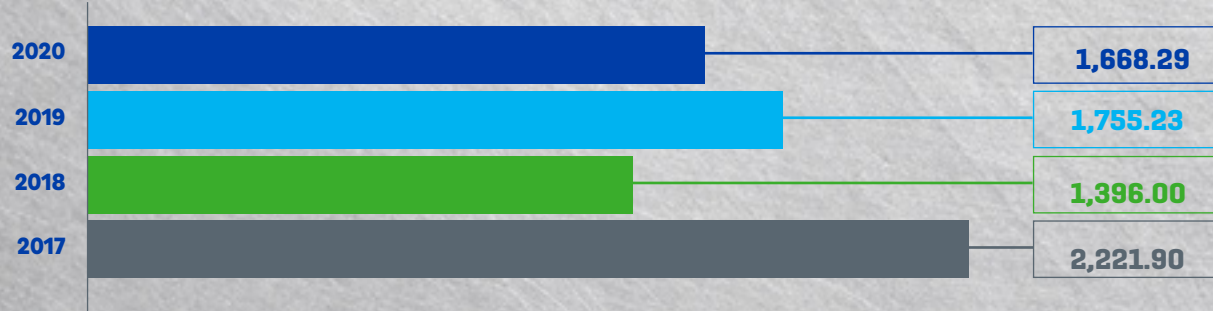
Sold to Peruvian companies. This byproduct is used to manufacture new refractory bricks, as well as laboratory materials.



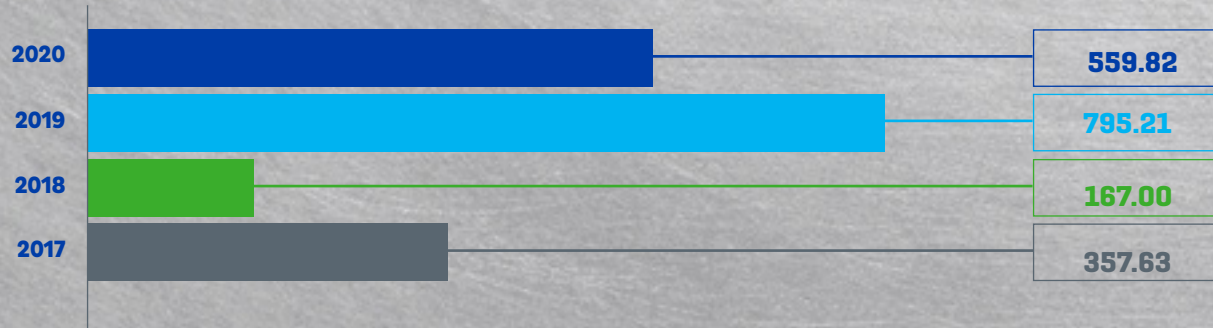


ENVIRONMENTAL MANAGEMENT

Waste Generated, in Metric Tons



Waste Sold/Recycled/Used, in Metric Tons



Waste Generated and Used, in Metric Tons (MT)

	2019	2020
Total hazardous waste	346.11	290.73
Total non-hazardous waste	1409.12	1377.56
Total waste generated	1755.23	1668.29
Total waste used	777.26	702.04
Use percentage	44%	42%



ENVIRONMENTAL MANAGEMENT

Hazardous Waste Generated and Used, in Metric Tons (MT)

HAZARDOUS WASTE		SOLID WASTE MANAGEMENT	2019	TOTAL 2019	2020	TOTAL 2020
Non-Usable Waste	Hazardous waste (misc. contaminated)	Final disposal	197.00	267.51	153.03	254.51
	Electronic waste	Treatment and special final disposal	5.81		16.83	
	Grease trap suction	Final disposal	64.70		44.00	
	Septic pit suction	Final disposal	0		19.23	
	Oily water suction	Final disposal	0		21.42	
Usable Waste	Residual oil	Sale	73.84	78.6	27.70	36.22
	Plastic packaging for chemical substances	Sale	4.76		8.52	
Total Hazardous Waste			346.11	346.11	290.73	290.73

Non-Hazardous Waste Generated and Used, in Metric Tons (MT)

NON-HAZARDOUS SOLID WASTE		SOLID WASTE MANAGEMENT	2019	TOTAL 2019	2020	TOTAL 2020
Non-Usable Waste	Non-usable waste (general)	Final disposal	661.55	710.46	664.65	711.74
	Domestic wastewater treatment plant (PTARD) sludge suction	Final disposal	48.91		47.09	
Usable Waste	Recuperated scrap	Internal use	19.99	698.66	8.22	665.82
	Organic waste from dining hall	Internal use	150.00		106.00	
	Wood in disuse	Sale	429.47		488.19	
	Waste of relevant value	Sale	27.80		26.47	
	Tires in disuse	Sale	5.75		4.85	
	Plastic waste	Donation	7.42		4.05	
	Paper waste	Donation	1.17		2.23	
	Cardboard waste	Donation	27.32		20.07	
	Pallets and wood in disuse	Donation	29.74		5.74	
Total Non-Hazardous Waste			1409.12	1409.12	1377.56	1377.56



ENVIRONMENTAL MANAGEMENT

THE CIRCULAR ECONOMY AT CAASA

Metal waste recycling is one of our Company's main activities. For that reason, we placed great importance on a circular economy. We promote increased scrap recovery, a reduction in water and power consumption, and care for the environment. In recent years, we have been carrying out the following initiatives:

OUR PROJECTS

Use of char and dolochar via concentration

In the direct reduction plant, coal was injected to reduce iron ore oxygen and obtain direct reduced iron for use as a raw material in the steel mill for steel production. The partially burnt coal, known as dolochar mix, is used to increase the coal grade as a replacement for the anthracite used as an input in the steel mill. We thus make use of the properties of an industrial byproduct to replace an input, reducing costs and prioritizing its use as opposed to final disposal. This also reduces the impact of coal extraction.

Use of chipper waste in the manufacture of briquettes as an alternative fuel in our rotary furnace, allowing for the replacement of an equal percentage of bituminous coal

The scrap used for steel production is previously industrialized in the chipper, where hammers and a magnetic strip separate the metal part, which is then sent to the scrap bay for consumption, and the non-metal part, which is used as raw material for the briquette production process.

The non-metal fragment processing plant receives approximately 85 tons/day of this material to produce 17 tons/day of briquettes. For its heat-producing power, this product is injected into the rotary furnace (currently used for lime production) as a replacement for bituminous coal. We are thus able to reduce coal consumption and make use of the properties of an industrial byproduct.



Recovery of metallic iron from slag for recirculation as a raw material in the steel mill

The steel melting and refining process creates a byproduct known as slag, which still has a 10% to 15% magnetic iron content. At present, we generate from 7,000 to 8,000 tons of slag, which is then sent to the iron recovery process for physical separation by crushing using hammers and magnetic strips. The material recovered is then sent



ENVIRONMENTAL MANAGEMENT

to the slag yard for processing as a raw material, replacing part of the domestic light and heavy slag. The rest of the byproduct is known as steel slag gravel, which is used as an alternative material to quarry gravel for concrete production and/or the creation of roads and access ways.

Use of steel slag gravel in the manufacture of ecobricks

This project involves the manufacture of concrete using steel slag gravel to replace 100% of the crushed stone and sand, with an optimal cement percentage for the manufacture of vertical and horizontal structural elements for use in the plant. Currently, these bricks are used to organize and optimize space in the scrap heaps and the industrial byproduct fence.

As part of our circular economy management, we recover the scrap generated in secondary processes (such as packaging or maintenance), which can be used as an input in making steel. By recovering this scrap, we keep it from ending up in a landfill, giving it a new use and reducing our environmental impact.

Recovered Scrap, in Metric Tons

	2019	2020
Recovered scrap	19.57	8.22

Circular Economy Indicators, in Metric Tons

	2019	2020
Disposable materials generated	173,852.48	127,917.00
Disposable materials used	49,076.00	124,828.39
Steel slag gravel	27,069.00	110,607.00
Limestone fines	1,550.00	984.00
Bag house RD dust	1,156.00	0.00
Scale	118.00	54.00
Char concentrate used as replacement for coal in the steelmaking process	5,164.00	2,482.00
Metallic iron recovered in the slag crushing process	11,061.00	7,255.00
Refractory concrete used	0.00	372.39
CA briquettes processed from "non-metal chipper" material	3,087.00	3,074.00



ENVIRONMENTAL
MANAGEMENT

BIODIVERSITY

Our management is guided by our environmental policy. We are committed to complying with all local, regional, and national legal requirements for earth management and the protection of biodiversity. We do not operate in areas considered international heritage, nor protected areas that are included within categories I-IV of the International Union for Conservation of Nature (IUCN).

There are no high-diversity spaces that cross through the Company's facilities. The living fence around the steel complex's perimeter acts as a shelter and habitat for certain migratory bird species.

NET IMPROVEMENT IN BIODIVERSITY

We seek to foster positive impacts in our surroundings. We have built a living fence around our steel complex in Pisco, which is used as a habitat for local species and a resting place for migratory birds. This zone is considered a desert climate. However, thanks to the living fence, we have successfully introduced eucalyptus and aramo trees. This space is also used as a habitat for local birds and reptiles.

What is our goal?

Achieve a net improvement in biodiversity in the zone by expanding the living fence perimeter.

Duration

5 years, starting in 2018

What is the progress status?

70%





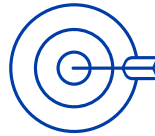
ENVIRONMENTAL
MANAGEMENT

WATER MANAGEMENT

[GRI 103-1, 103-2, 103-3, 303-1, 303-2]

Our strategy is to foster a reduction in groundwater consumption through initiatives and projects for water use, reduction, and/or replacement. We guarantee compliance with all applicable legal requirements and promote responsible consumption of resources in accordance with circular economy principles. We also periodically organize working meetings with the committees of the Local and National Water Authorities to establish priorities and analyze technical matters.

For new projects, we focus on systems that do not require water consumption, or, if this is not possible, systems with minimum consumption. In the case of the new steel plant, we are planning a technological changeover in the cooling system for the electric furnaces and the fumes plant. We have air coolers that will allow us to eliminate water loss due to evaporation and save water for the process.



TARGETS

Reduce water consumption to 1.30 m3/t of finished product by 2030.



WATER FILTRATION SYSTEM FOR WASHING GRAVEL FILTERS



Rolling Plants 1 and 2 have a water recovery system for washing gravel filters. This water recovery system features advanced technology for the separation of suspended solids contained in the water through controlled thickening, without the need to apply chemicals. This clarified water is recovered in a reservoir so that it can be reused as washing water, and so on successively in each washing cycle. As a result, no water is lost at any point.

This system helps avoid water consumption in an area subject to water stress. We estimate a total of 267,667.00 m3/year of water not consumed.



ENVIRONMENTAL MANAGEMENT



[GRI 303-1, 303-2, 303-3]

RECOVERY OF REVERSE OSMOSIS REJECT WATER

This reverse osmosis reject recovery system consists of purifying concentrated (highly salty) reject water from reverse osmosis in the plant. Previously, this water was not reused due to the difficulty of recovering it. Now, however, thanks to advances in reverse osmosis filtering technology, this water can be recovered, thus increasing the availability of source water and helping to care for the environment by reusing water that was once discarded. To date, we are reusing a volume of 49,017.2 m³.

Water Consumption, in Millions of Cubic Meters

	2019	2020
Withdrawal: total municipal water supply (or from other utility sources)	-	-
Withdrawal: surface freshwater (lakes, rivers, etc.)	-	-
Withdrawal: fresh groundwater	1.397606	1.072467
Discharge: water returned to initial source of extraction with a quality similar to or better than the extracted water	-	-

Reused Water, in Millions of Cubic Meters

	2019	2020
Treated domestic water reused	0.063332	0.047276
Industrial wastewater reused	0.339068	0.259800

The plant's liquid effluents are below the maximum permissible limits (MPLs). We are also working to implement an improved domestic wastewater treatment system that seeks to keep up with the growth of the steel complex. During 2020, we were

not subject to any environmental fines or sanctions tied to water and effluent management or potential spills. We have use and exploitation licenses issued by the National Water Authority (ANA, for its acronym in Spanish).



ENVIRONMENTAL MANAGEMENT

[GRI 303-1, 303-2, 303-3]

We do not dump water into any receiving body, since our effluents are treated and used to water green areas. One part of the process purging water and reverse osmosis reject water is used to water unpaved roads, and the rest is reused in the cooling of hot slag and pure water production. We monitor liquid effluents of domestic wastewater and compare them to the MPLs established by the competent authority. We have an environmental emergency response plan in which we have identified spills as a potential emergency situation. This plan sets forth the activities to be carried out before, during, and after such an emergency. We also provide training and conduct practice drills in case of emergency, as well as the use of anti-spill kits. To avoid potential spills, we regulate and inspect chemical substance storage and perform checks on all equipment and units.

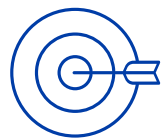




ENVIRONMENTAL MANAGEMENT

ENERGY

Energy management at CAASA is rooted in ecoefficiency, which helps us produce more goods and services with less environmental impact. Our investment in technology enables us to achieve energy consumption intensities that positively affect our production costs. All of our other locations use LED lights, and our administrative office has motion sensors, which helps us save on electricity.



TARGETS

Reduce electric energy consumption to 620 kWh/t of finished product by 2030

NEW VERTICAL FURNACE PROJECT FOR LIME PRODUCTION

At our steel complex, we will be implementing a two-shaft regenerative vertical furnace with efficient calcination technology, from the standpoint of fuel consumption and the quality of quicklime obtained. The project's implementation will have a positive impact on the process control, product quality, and care for the environment. Our specific targets are as follows:

- Increase quicklime production capacity.
- Reduce energy consumption in quicklime production by 65%.
- Improve lime quality thanks to greater calcination efficiency.
- Reduce loss generated (fines) in the calcination process.
- Reduce particulate matter concentrations in exhaust gases.





ENVIRONMENTAL MANAGEMENT

Energy Consumption, in MWh

	2017	2018	2019	2020
Non-renewable fuels (nuclear fuel, coal, oil, natural gas, etc.) purchased and consumed (MWh)	484,754.83	478,267.84	506,324.24	372,283.06
Total renewable energy (wind, solar, biomass, hydroelectric, geothermal, etc.) purchased or generated (MWh)	661,602.86	667,929.88	654,788.47	493,339.51

Total Energy Consumption Costs, in Soles

	2017	2018	2019	2020
Total energy consumption costs, in Peruvian soles	149,855,117.99	157,378,996.91	140,911,727.83	91,437,062.18





Social Responsibility

[GRI 103-1, 103-2, 103-3, 203-1, 203-2, 413-2, 419-1, 102-12]

We promote a culture of ethics and social responsibility within our organization, as part of our efforts to help achieve sustainability at the Company and sustainable development in our surroundings. Our commitment to society goes beyond merely providing high-quality steel. We provide dignified jobs and we drive the economy in the areas where we operate, and we foster solid and responsible relationships with the population with whom we interact.

We maintain constant engagement with actors in our areas of influence, from the local government all the way to schoolchildren. We also design and implement social projects and initiatives. Our social programs are aligned with our social responsibility policy. These guidelines are contained a balanced score card (BALSC), which details the initiatives and their indicators, and their articulation with corporate strategies.

Our sustainability management is aimed at achieving a balance among economic, social, and environmental aspects for both our business and our stakeholders. This management is based on our IMS, social responsibility policy, the corporate code of ethics, and the anti-bribery policy.

All of our operations have valid environmental impact assessments (EIAs), in accordance with national law, which require the participation of populations in our area of influence in helping to carry out projects. Informational meetings were held with representatives from neighboring areas regarding the expansion projects at the Pisco plant and the Callao warehouses.



“
All of our operations have valid environmental impact assessments (EIAs), in accordance with national law, which require the participation of populations in our area of influence in helping to carry out projects. Informational meetings were held with representatives from neighboring areas regarding the expansion projects at the Pisco plant and the Callao warehouses.”



SOCIAL RESPONSIBILITY

OUR SOCIAL MANAGEMENT PLAN:

- Strengthen social responsibility within our organizational culture.
- Strengthen relationships with our different stakeholders and establish strategic alliances with the public and private sectors, as well as nongovernmental organizations.
- Facilitate the social component in the execution of different corporate projects.
- Strengthen communications with our stakeholders.
- Maintain our sustainability report aligned with GRI standards and achieve recognition as a socially responsible company.
- Promote social projects to the benefit of the population via the “works in exchange for taxes” mechanism.
- Ensure active corporate volunteer programs at all of our locations.

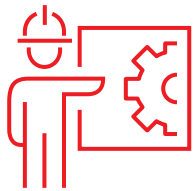
We have three lines of action that allow us to fulfill our mission and obtain a positive impact on our surroundings:

LINES OF ACTION	DESCRIPTION	SUSTAINABLE DEVELOPMENT GOAL (SDG)
Educational Development 	We promote access to quality education.	
Preventive Health 	We contribute to improved health care for neighbors in our areas of influence.	
Environment 	We promote care for the environment.	



SOCIAL RESPONSIBILITY

EDUCATIONAL DEVELOPMENT



UTEC SCHOLARSHIP PROGRAM

We give out scholarships to study at Universidad de Ingeniería y Tecnológica (UTEC). The objective of this program is to provide full scholarships and full room and board (housing, meals, and transportation) to a high-performing, low-income student from our area of influence for the entire length of their program, thus giving them the opportunity to get a quality education. We have awarded this scholarship since 2019, and it represents an annual expenditure of S/ 60,656.

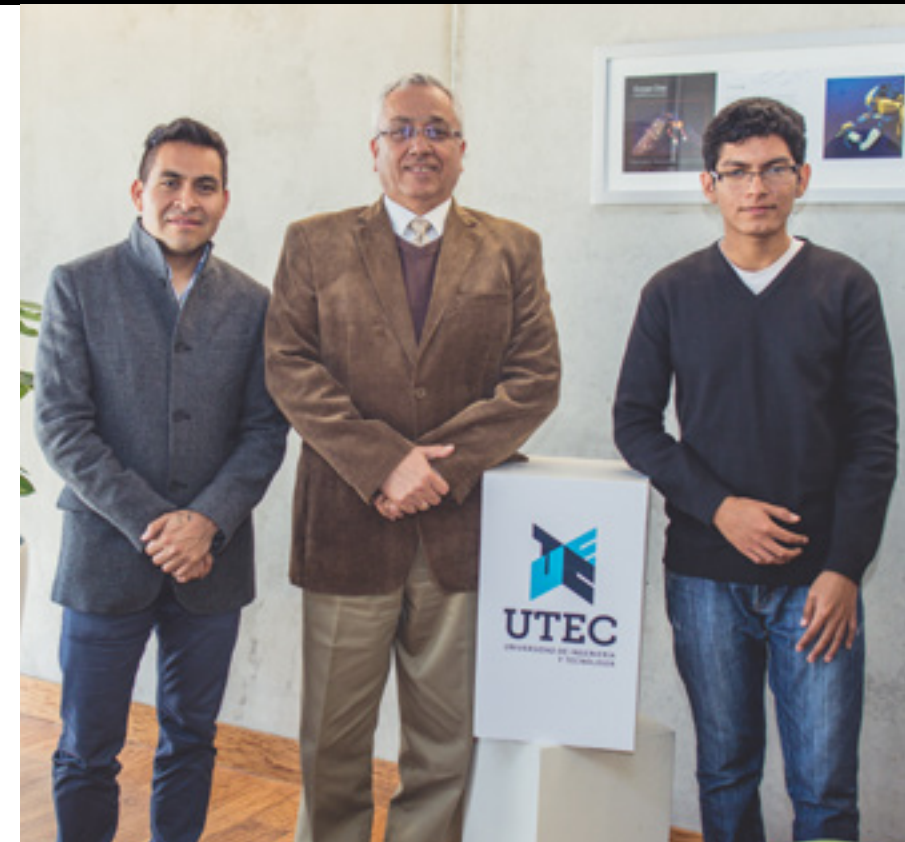
PREVENTIVE HEALTH



With the goal of helping to mitigate the consequences of COVID-19, we made donations to San Juan de Dios Hospital and Antonio Skrabonja Antonich Hospital in the province of Pisco, consisting of:

1. 6 hospital beds
2. 15 oxygen tanks
3. 3,000 face masks
4. 2,000 surgical gowns
5. 200 face shields
6. 2,000 surgical gloves

We also conducted three medical campaigns in the districts of Pisco, Paracas, and San Andrés, which included the donation of medications.



SOCIAL RESPONSIBILITY

ENVIRONMENT



“LEARNING WITH CAASA” PROGRAM

The goal of the “Learning with CAASA” program is to educate young people on the 5S methodology and the minimization and valorization of solid waste using educational and innovative strategies. This program is aimed at students in years 3 through 5 in high school at the following education institutions in our area of influence in the province of Pisco.

- I.E. República Argentina
- I.E. Reyna de la Paz
- I.E. Santa María Reyna
- I.E. Renan Elías Olivera
- I.E. 22488 Jorge Chávez Dartnell



149

students participated in the program



“SAVE THE HUMMINGBIRDS” PROGRAM

This program is aimed at the conservation, preservation, and sustainability of our rich and varied biodiversity and the protection of our natural resources, as well as promoting development, training, education, and a culture of scientific research at public school I.E. 22455 José de la Torre Ugarte in Pisco.

A garden was created at the school with plants and flowers that are used as food source by hummingbirds. Hummingbirds help pollinate flowers and control insect populations.

- 10 curi plants
- 10 achira plants
- 5 cahuato plants



SOCIAL RESPONSIBILITY



PROGRAM WITH THE LOCAL WATER AUTHORITY (ALA)

Together with the Río Seco ALA, we are participating in an awareness-raising and communication program (2012- 2022), in which we carry out actions to foster an attitude of change among all stakeholders toward the efficient use of water resources. Actions carried out:

- Training of water care brigade members
- Beach cleanup
- Drawing and painting contests
- Fairs to raise awareness about good water management practices
- Participation in roundtable discussions

BOOSTER PROGRAM FOR WATER CARE EDUCATION

This program seeks to train students from local schools as water care brigade members, with the active participation of principals, teachers, administrative personnel, and parents. This allows us to raise awareness among the entire education community through signs and pamphlets on how to responsibly use and care for water.

The project is a cross-cutting theme in the curricula of participating schools, through the Institutional Education Project (PEI), Diversified Curricular Project (PCD), and the Annual Work Plan (PAT). It is also included in CAASA's social responsibility platform.



VOLUNTEERING

We are currently in the process of revamping our volunteering program. In 2020, we held online workshops to build our volunteers' capacities in the following areas:

- Relevance of volunteering in the time of COVID-19
- Connecting across distance
- Soft skills for volunteering

Starting next year, volunteers will participate in projects that form part of our three lines of action.



6

ANNEXES

- 89 About This Report
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- 103 GRI Content Index



About This Report

[GRI 102-45, 102-54, 102-3]

This report was prepared in accordance with core option of the GRI Standard. The scope of the economic, social, and environmental indicators covers 100% of our production, and includes our operations in:

- 1) Lima (Magdalena and Huachipa)
- 2) Callao (Enrique Meiggs and Oquendo)
- 3) Pisco (Steel Complex)





Materiality Process

[GRI 102-46]

Considering the circumstances and impact of COVID-19 on the organization, we updated our sustainability priorities through the materiality process. We identified nineteen topics to be prioritized, which were chosen using the following analysis:

- Sector benchmarking
- Sustainability standards
- Investor requirements
- Trends, emerging risks, and global commitments

The prioritization process was as follows:





MATERIALITY PROCESS

[GRI 102-46, 102-47]

Our material topics:

TOPIC	DIMENSION	DEFINITION
Health and Safety	Social	Prevention and protection of the health and safety of all personnel, including contractors and third parties involved in the operations.
Ethics	Economic	Upright and honest business conduct that promotes compliance with laws and internal company policies, guarantees the fight against corruption, and rejects anti-competitive practices.
Competitiveness	Economic	Sustained growth of the business, ensuring its competitiveness in domestic and foreign markets.
Water	Environmental	Responsible water use without affecting water quality, quantity, and sources, strictly complying with all laws in force.
Air Quality	Environmental	Control of air pollution caused by particulate matter, sulfur dioxide (Sox), and nitrous oxide (Nox).
Corporate Governance	Economic	Application of standards and principles that regulate the Company's decision-making and ensure transparent management.
Social Impacts on Communities	Social	Impacts on neighboring communities due to operations.



MATERIALITY PROCESS

[GRI 102-44]

Stakeholder Communications Matrix

STAKEHOLDER COMMUNICATIONS MATRIX		
STAKEHOLDERS/TARGETS	ENGAGEMENT MECHANISM	FREQUENCY
Government Communicate about our growth, contributions to society, and report on regulatory compliance	Meetings with local governments	Monthly
	Annual report	Annually
	Sustainability report	Annually
	Working meetings	Quarterly
	Newsletter	Monthly
	Ethics hotline	Ongoing
	Website	Ongoing
Team Members Enable the capitalization of our human resources in conditions that allow them to exercise their human rights	Training	Ongoing
	Ethics hotline	Ongoing
	Annual report	Annually
	Sustainability report	Annually
	Bulletin board newsletters	Ongoing
	Emails	Ongoing
	Intranet	Ongoing
Customers We seek to communicate in a way that guarantees customer satisfaction	Website	Ongoing
	User training	Monthly
	Press releases	Monthly
	Annual report	Annually
	Sustainability report	Annually
	Bulletin board newsletters	Ongoing
	Training for sales channels	Monthly
	Customer satisfaction survey	Annually
Ethics hotline	Ongoing	
Website	Ongoing	



MATERIALITY PROCESS

[GRI 102-44]

STAKEHOLDER COMMUNICATIONS MATRIX		
STAKEHOLDERS/TARGETS	ENGAGEMENT MECHANISM	FREQUENCY
Community Participate in improving our surroundings, with an awareness that this culture improves society in general and improves our environs	Press releases	Monthly
	Meetings with residents in our area of influence	Weekly
	Letters	Ongoing
	Working meetings	trimestral
	Annual report	Annually
	Sustainability report	Annually
	Ethics hotline	Ongoing
	Website	Ongoing
Shareholders Offer transparency and information for financial and production decision-making that allow for the Company's continuity (sustainability)	Newsletter	Monthly
	Annual shareholders' meeting	Monthly
	Annual report	Annually
	Sustainability report	Annually
	Ethics hotline	Ongoing
	Website	Ongoing



Indicators

ECONOMIC INDICATORS

Effective Tax Rate in S/

	2019	2020
Earnings Before Taxes	256,611,715	255,936,000
Taxes Reported	57,655,471	71,855,000
Effective Taxes Paid	93,404,000	81,033,000

Supply Chain Indicators

	2019			2020		
	LOCAL	NACIONAL	INTERNACIONAL	LOCAL	NACIONAL	INTERNACIONAL
No. of suppliers	101	1429	243	90	1292	207
Spending on suppliers, in millions of US\$	11.41	156.05	291.05	9.63	120.49	367.57



INDICATORS

SOCIAL MANAGEMENT INDICATORS

Social Responsibility Contributions in S/

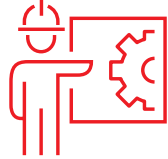





	2017	2018	2019	2020
Cash contributions through bank transactions	57,570.50	58,847.00	58,145.50	567,546.50
Time: paid volunteering	0.00	7,500.00	10,342.00	11,000.00
Donations of goods or services, projects, or the like	114,715.64	71,960.90	284,476.06	227,354.50
Administration expenses	57,269.00	90,600.00	92,783.76	110,954.00

Social Responsibility Contributions in S/

	2017	2018	2019	2020
Lobbying or the like	0.00	0.00	0.00	0.00
Political campaigns / organizations / candidates (local, regional, or national)	0.00	0.00	0.00	0.00
Trade associations, chambers of commerce, or tax-exempt groups	613,232.30	994,292.07	1,113,770.62	933,707.22
Other (e.g., expenses tied to voting measures or referendums)	0.00	0.00	0.00	0.00
Total	613,232.30	994,292.07	1,113,770.62	933,707.22

INDICATORS

Social Responsibility Lines of Action and Indicators aligned with the SDGs

LINES OF ACTION	DESCRIPTION	BUSINESS INDICATOR	SOCIAL/ENVIRONMENTAL INDICATORS	SUSTAINABLE DEVELOPMENT GOAL (SDG)
Educational Development 	We promote access to quality education.	Zero social conflicts	Number of full scholarships: university and vocational schools	
Preventive Health 	We contribute to improved health care for neighbors in our areas of influence.		Number of districts assisted	
Environment 	We promote care for the environment.		Number of participating schools	



INDICATORS

[GRI 102-13]

Social Responsibility Contributions in S/

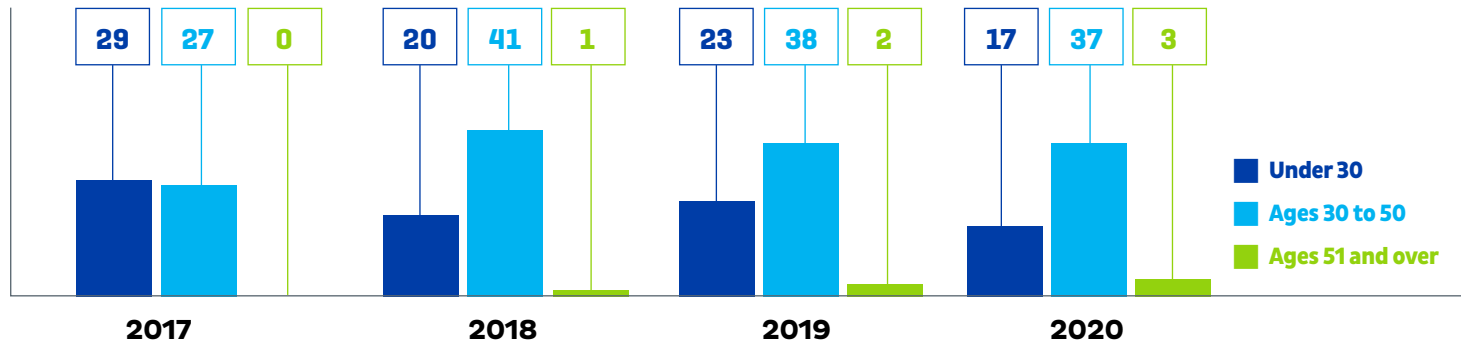
ORGANIZATION NAME	ORGANIZATION TYPE / BRIEF SUMMARY	RELATIONSHIP TO ORGANIZATION	TOTAL AMOUNT PAID IN 2019	TOTAL AMOUNT PAID IN 2020
Peruvian Chamber of Construction (CAPECO)	Trade associations CAPECO groups together and represents companies that work in the construction sector in Peru.	Subscription membership	102,443.34	27,881.40
National Vocational Training Service (SENATI)	Trade associations Institution created by the National Association of Industries to provide relevant and effective responses to demands for professional skills in the labor market.	Framework agreement	752,862.43	714,905.00
National Association of Industries (SNI)	Trade associations Non-profit institution that promotes the development of the manufacturing industry and the market economy, and contributes to the country's development through sector-based technical economic, labor, tax, etc., proposals.	Subscription membership	161,053.22	90,888.32



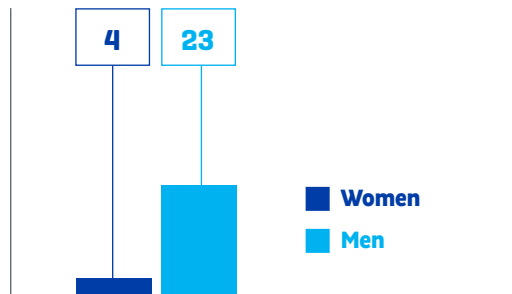
INDICATORS

HUMAN RESOURCES MANAGEMENT INDICATORS

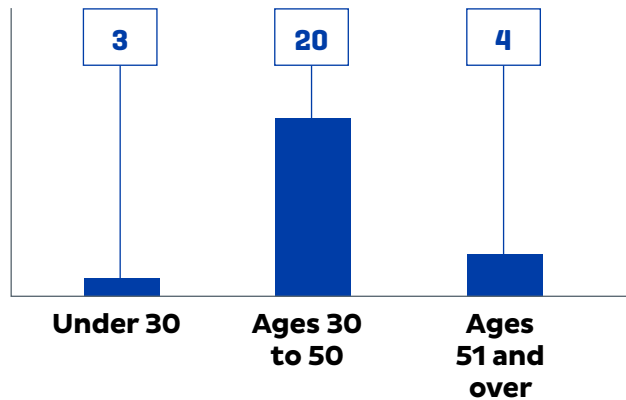
New Employee Hires by Age



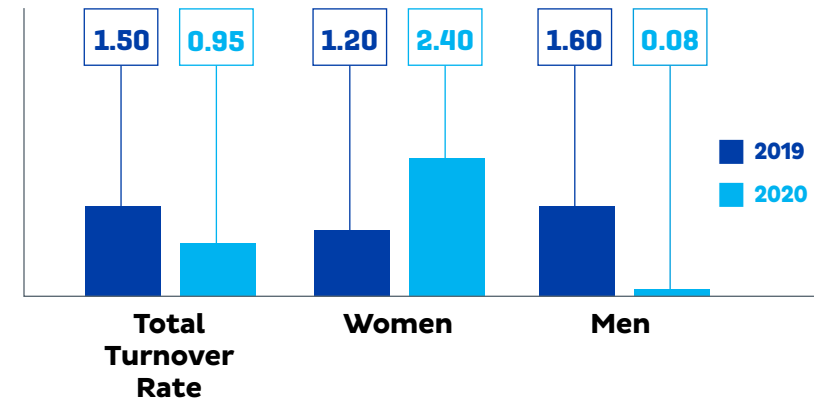
Number of Positions Filled by Internal Candidates, by Gender



Number of Positions Filled by Internal Candidates, by Age



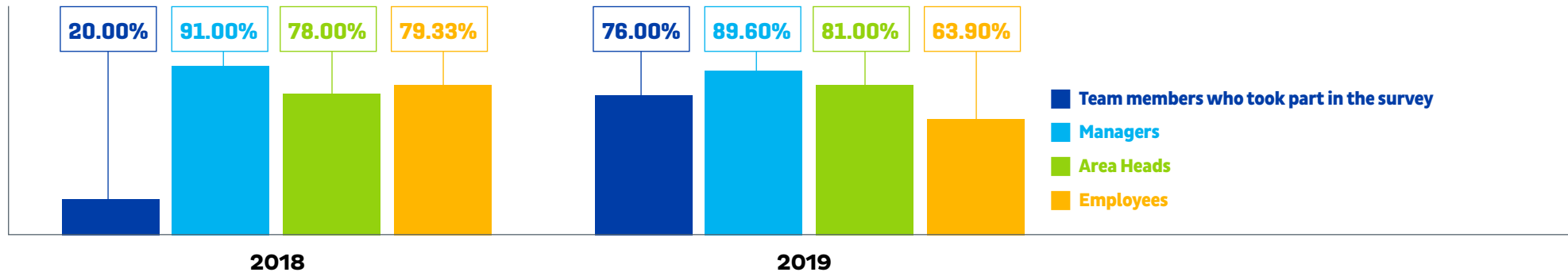
Turnover Rate, by Gender





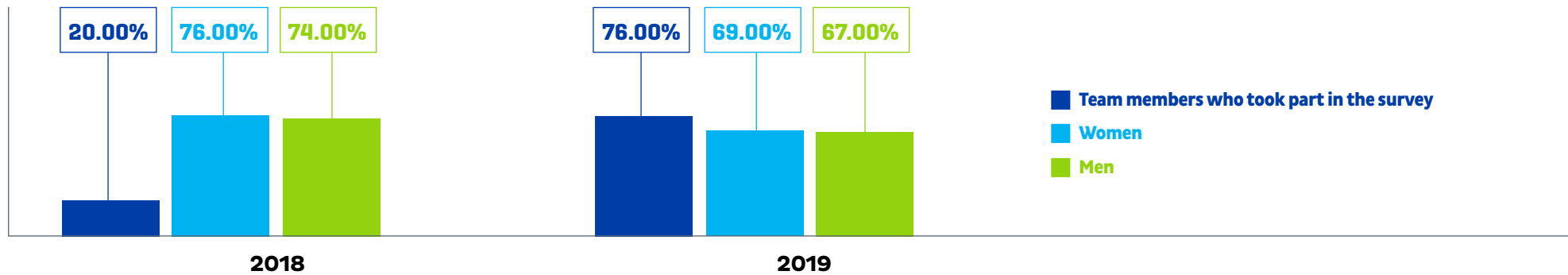
INDICATORS

Percentage of Committed Team Members, by Level



[GRI 405-2]

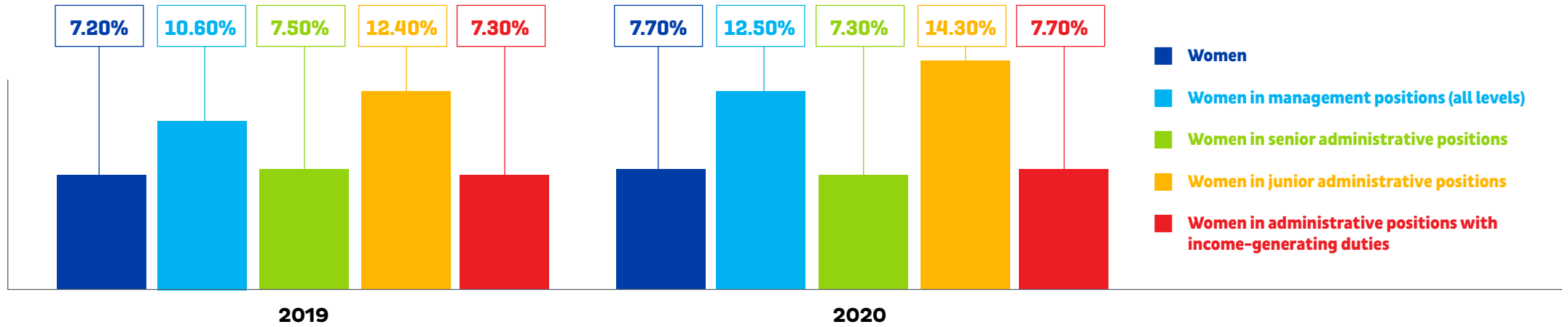
Percentage of Committed Team Members, by Gender



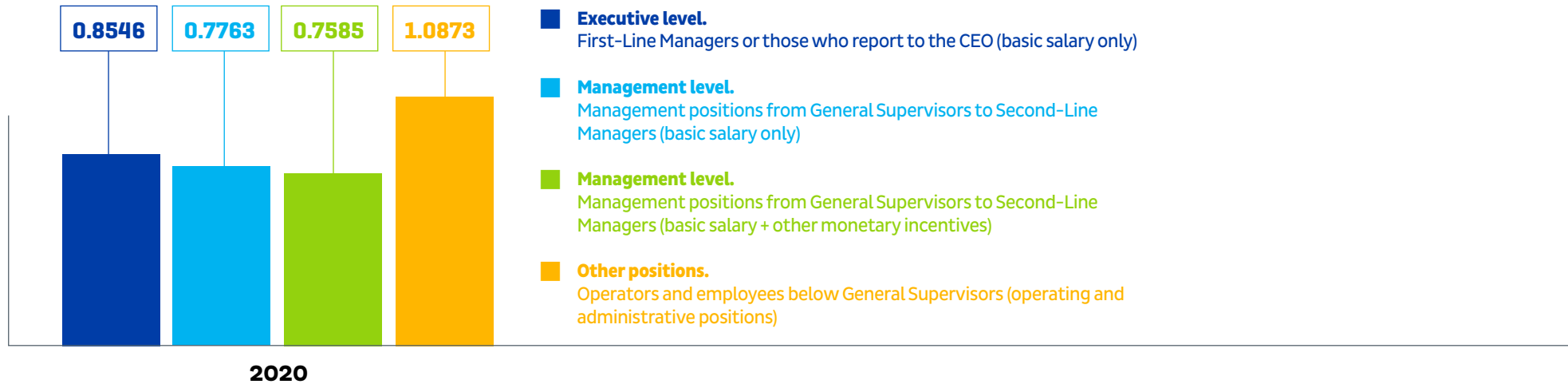


INDICATORS

Percentage of Women in the Workforce



Pay equity ratio

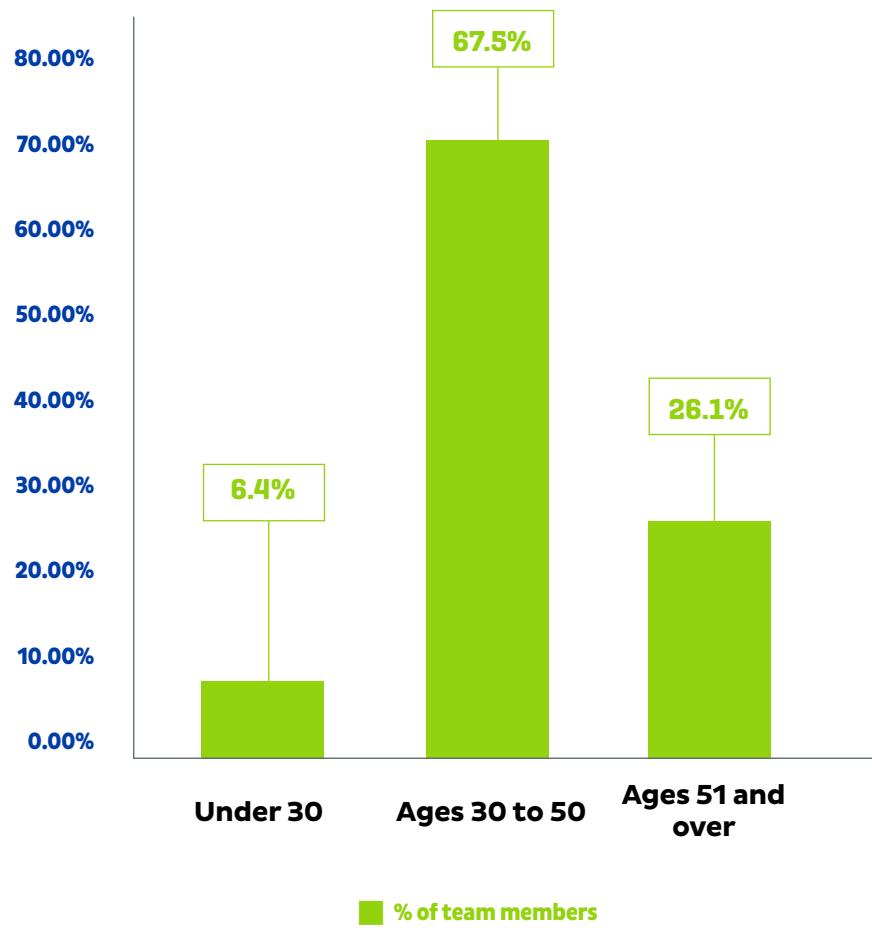


Ratio = Mean compensation received by women divided by the mean compensation received by men

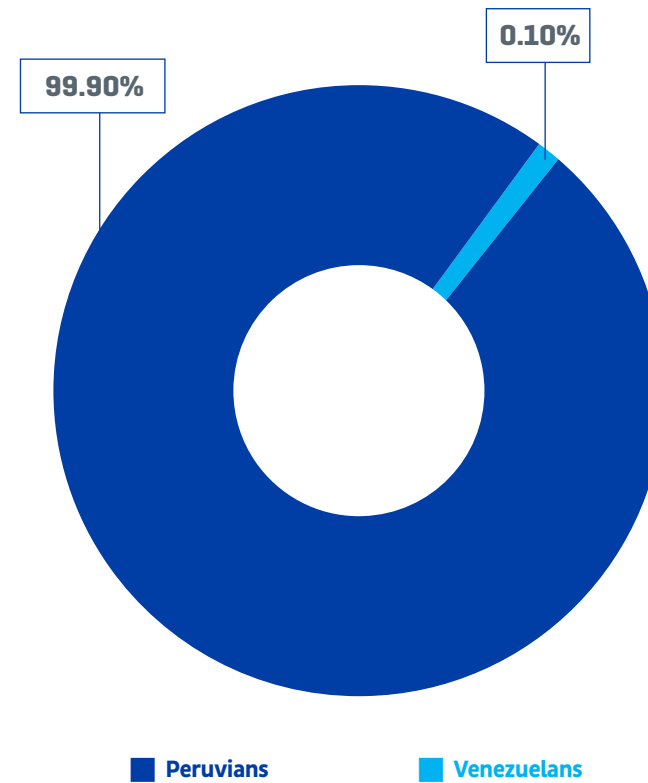


INDICATORS

Breakdown of team members by age



Breakdown of team members by nationality

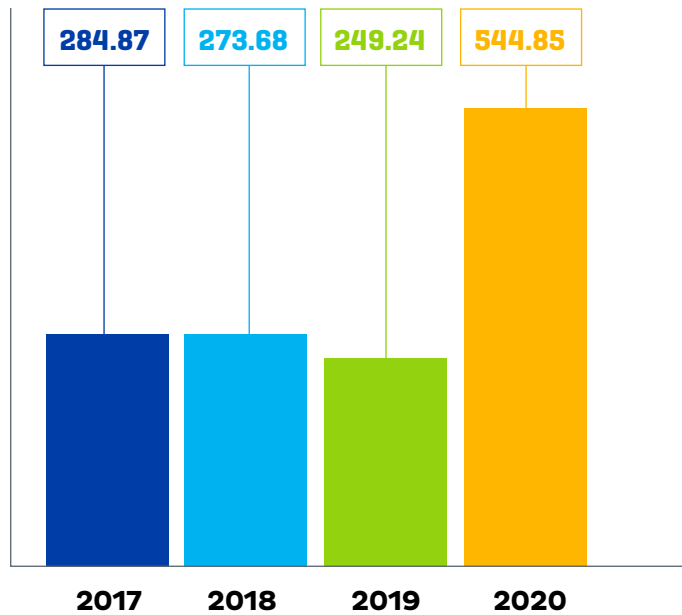




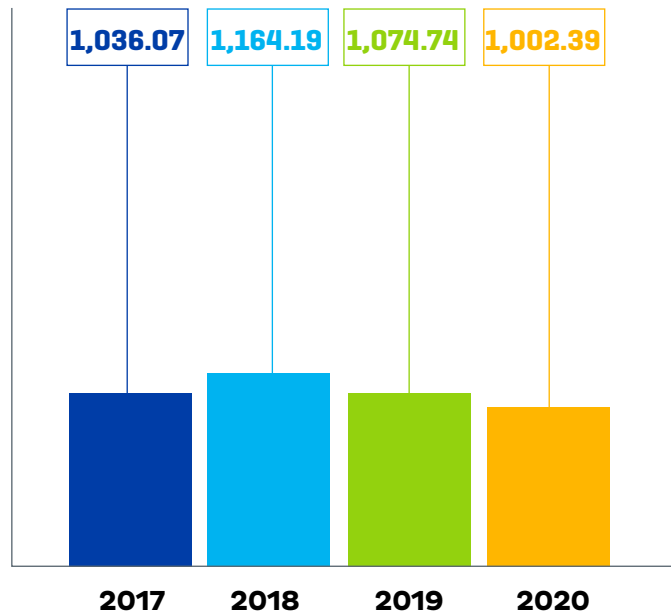
INDICATORS

ENVIRONMENTAL INDICATORS

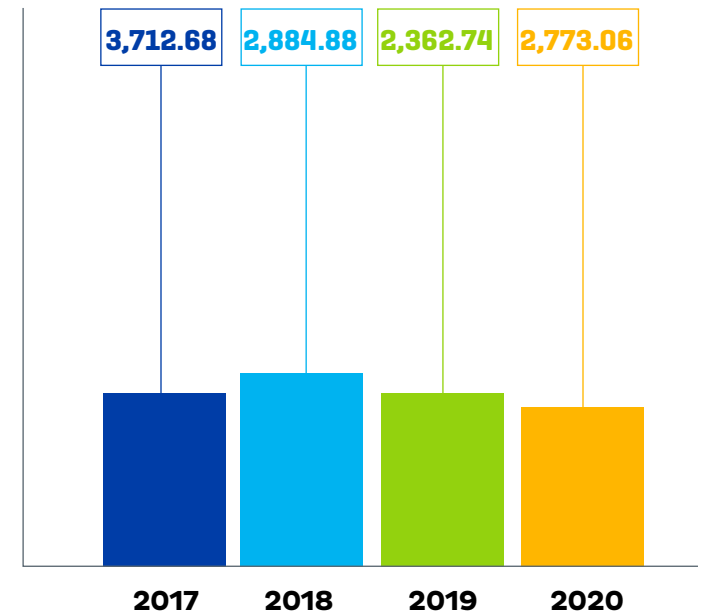
Capital Expenditures on Environmental Projects (in US\$ thousands)



Operating Expenditures (in US\$ thousands)



Savings, Revenue, and Tax Incentives (in US\$ thousands)





GRI Content Index

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
GRI 101: Foundation 2016			
General Disclosures			
GRI 102:			
General Disclosures 2016	102-1 Name of the organization	9	
	102-2 Activities, brands, products, and services	9, 39-41	
	102-3 Location of headquarters	11	Our administrative headquarters is located in Lima, address: Av. Antonio Miró Quesada No. 425, 17th floor, Magdalena del Mar.
	102-4 Location of operations	9, 10	
	102-5 Ownership and legal form	9, 10	
	102-6 Markets served	11	We serve the national and international market, with the Bolivian market being the main destination of our exports.
	102-7 Scale of the organization	11, 20, 32 y 39	
	102-8 Information on employees and other workers	20	
	102-9 Supply chain	52-55	
	102-10 Significant changes to the organization and its supply chain	52-55	During 2020, no significant changes are reported in the organization and its supply chain.



GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
	102-11 Precautionary principle or approach	64	
	102-12 External initiatives	83-87	
	102-13 Membership of associations	97	
	102-14 Statement from senior decision-maker	4-5	
	102-16 Values, principles, standards, and norms of behavior	10	
	102-18 Governance structure	13, 30-31	
	102-40 List of stakeholder groups	15	
	102-41 Collective bargaining agreements	26	
	102-42 Identifying and selecting stakeholders	15	
	102-43 Approach to stakeholder engagement	15	
	102-44 Key topics and concerns raised	92-93	
	102-45 Entities included in the consolidated financial statements	89	
	102-46 Defining report content and topic boundaries	12, 14, 90-91	This document applies the Reporting Principles for defining report content: 1. Stakeholders Inclusiveness: In the materiality process, perceptions of the actors with whom the company is related were incorporated. To do so, direct and indirect information collection mechanisms were used. 2. Sustainability context: Our sustainability strategy is explained on page 12 and its application is detailed in each chapter.



GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
			3. Materiality: The report shows topics determined according to the materiality process explained in detail on pages: 14, 90 and 91. 4. Completeness: The matters that make up materiality reflect the relative importance of the issues for the company and its stakeholders, based on the positive or negative impacts that they may generate (Page 91).
	102-47 List of material topics	14 and 91	
	102-48 Restatements of information		No changes were made.
	102-49 Changes in reporting		No changes were made.
	102-50 Reporting period		01/01/2020 to 31/12/2020
	102-51 Date of most recent report		2019
	102-52 Reporting cycle		Annual
	102-53 Contact point for questions regarding the report	108	
	102-54 Claims of reporting in accordance with the GRI Standards	89	
	102-55 GRI content index	103-108	
Material Topics			
Corporate Governance			
GRI 103:			
Management Approach 2016			
	103-1 Explanation of the material topic and its boundary	30	
	103-2 The management approach and its components	30	
	103-3 Evaluation of the management approach	30	



GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
Own	Composition of the highest governance body and its committees	30	
	Number of board meetings	30	
	Director attendance percentage	30	
	Average time of directors in the position	30	
Ethics			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	27-28	
	103-2 The management approach and its components	27-28	
	103-3 Evaluation of the management approach	27-28	
GRI 205: Anti-corruption 2016	205-3 Confirmed cases of corruption and actions taken	27-28	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	28-29	
	103-2 The management approach and its components	28-29	
	103-3 Evaluation of the management approach	28-29	
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	27-29	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	29	
	103-2 The management approach and its components	29	
	103-3 Evaluation of the management approach	29	
GRI 307: Environmental Compliance 2016	307-1 Noncompliance with environmental laws and regulations	62	



GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	62	
	103-2 The management approach and its components	62	
	103-3 Evaluation of the management approach	62	
GRI 419: Socioeconomic Compliance 2016	419-1 Noncompliance with laws and regulations in the social and economic areas	62 and 83	
Competitiveness			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32	
	103-2 The management approach and its components	32-33	
	103-3 Evaluation of the management approach	32-33	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	33	
Talent Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	19	
	103-2 The management approach and its components	19-26	
	103-3 Evaluation of the management approach	19-26	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	20 and 98	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	19-20	
	103-2 The management approach and its components	19-20	
	103-3 Evaluation of the management approach	19-20	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	21	



GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	21	
	103-2 The management approach and its components	21	
	103-3 Evaluation of the management approach	21	
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	100	
Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	57-58	
	103-2 The management approach and its components	57-58	
	103-3 Evaluation of the management approach	57-58	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and management system	57-58	
	403-2 Hazard identification, risk assessment, and incident investigation	57-58	
	403-3 Health services in the workplace	6-7	
	403-4 Worker participation, questions, and communication regarding occupational health and safety	61	
	403-5 Worker training on occupational health and safety	61	
	403-6 Promotion of worker health	6-7	
	403-7 Prevention and mitigation of impacts on worker health and safety directly tied to business relationships	6-7	
	403-9 Work-related injuries	59	
	Water		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	78-80	



GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD	CONTENT	PAGE NUMBER	DETAIL
	103-2 The management approach and its components	78-80	
	103-3 Evaluation of the management approach	78-80	
GRI 303: Water and Effluents 2018	303-1 Interaction with water as a shared resource	78-80	
	303-2 Management of impacts related to water discharge	78-80	
	303-5 Water consumption	78-80	
Air Quality			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	69-70	
	103-2 The management approach and its components	69-70	
	103-3 Evaluation of the management approach	69-70	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	66-67	
	305-2 Energy indirect (Scope 2) GHG emissions	66-67	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	70	
Social Impacts on Communities and Neighbors			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	83	
	103-2 The management approach and its components	83-87	
	103-3 Evaluation of the management approach	83-87	
GRI 413: Local Communities	413-2 Operations with significant actual and potential negative impacts on local communities	83-87	

(GRI 102-53)

If you have any comments, inquiries and suggestions on the content of this Report, please contact:

Mr. Jose Manuel Castañeda Inclán, Social Responsibility Assistant Manager, email: jcastane@aasa.com.pe. Telephone 5171800 Ext. 3121

Mr. Sergio Mija Roman, Project and Social Responsibility Analyst, email: smija@aasa.com.pe. Telephone 5171800 Ext. 3119

ASSURANCE STATEMENT



ASSURANCE STATEMENT OF SGS DEL PERÚ S.A.C. ABOUT THE SUSTAINABILITY ACTIVITIES IN THE "2020 SUSTAINABILITY REPORT" OF CORPORACIÓN ACEROS AREQUIPA S.A (CAASA)

NATURE AND SCOPE OF THE INSURANCE

SGS del Perú S.A.C. was hired by CORPORACIÓN ACEROS AREQUIPA S.A to carry out an independent assurance of its "2020 Sustainability Report". The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, includes the text and data for 2020, contained in this Report. The information presented in the "2020 Sustainability Report" is the responsibility of CORPORACIÓN ACEROS AREQUIPA SA and the scope is for the following offices: Lima (Magdalena) and Lima (Huachipa), Callao (Oquendo) and Callao (Enrique Meiggs) and Pisco (Steel Complex). SGS del Perú has not participated in the preparation of any material included in the "2020 Sustainability Report". Our responsibility consists in giving an opinion about the text, data, graphics and statements, within the scope of the assurance, with the intention of informing all the interested parties of CORPORACIÓN ACEROS AREQUIPA S.A.

The SGS Group has developed a set of protocols for Sustainability Assurance based on the best practices given in the Global Reporting Initiative (GRI) standards published in 2016 and the updates of 2018, 2019, 2020 and the ISAE3000 assurance standard. These protocols give different options for Assurance levels, depending on the context and capacity of the Reporting Organization. This report has been secured using our protocols for the evaluation of the veracity of the content and its alignment with the GRI standards to a limited level.

The assurance comprised a combination of prior research, interviews with strategic collaborators, review of documentation, records and data, and the evaluation of the report for alignment with the GRI protocols. On this occasion, due to the restrictions caused by Covid-19, the facilities of CORPORACIÓN ACEROS AREQUIPA S.A. were not visited. The financial data contained in the Sustainability Report has been audited by the company Ernst & Young on February 25, 2021, therefore, it was not reviewed as part of this assurance process. All the indicators included in the Materiality listed in the GRI table of contents have been verified and are the following: GRI 200 Economic (201-1; 205-3; 206-1), GRI 300 Environmental (303-1; 303-2; 305-1; 305-2; 305-7; 307-1) GRI 400 Social (403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 404-1; 405-2; 413-2; 419-1).

DECLARATION OF INDEPENDENCE AND COMPETENCE

The SGS Group is the world leader in inspection, analysis and verification, operating in more than 140 countries and providing services that include the certification of management systems; audits and training in quality, environmental, social and ethical matters; assurance of sustainability reports and verification of greenhouse gases. SGS del Perú affirms its independence from CORPORACIÓN ACEROS AREQUIPA S.A., being free from bias and conflicts of interest with the organization and interested parties.

The assurance team was chosen based on knowledge, experience, and qualifications for this task; It was made up of 1 Auditor trained in Sustainability Report Assurance. The Lead Auditor has the following experience: Environmental Management System, Quality, Occupational Health and Safety, Compliance and Anti-bribery Systems, Social Responsibility Systems. She is also a Lead Auditor for the Assurance of Sustainability Reports, a Greenhouse Gas Verifier and a Water Footprint Auditor.

ASSURANCE OPINION

Based on the methodology described and the verification carried out, we have not observed circumstances that indicate that the information and data contained in the verified "Sustainability Report 2020" are not reliable and do not provide a fair and balanced representation of sustainability activities. of CORPORACIÓN ACEROS AREQUIPA SA in 2020. The

ASSURANCE STATEMENT



assurance team believes that the report can be used by the Interested parties of CORPORACIÓN ACEROS AREQUIPA S.A. We declare that the organization has chosen an appropriate level of assurance for its needs. In our opinion, the content of the report complies with the requirements of the Global Reporting Initiative (GRI) Standards published in 2016 and its indicators updated in 2018 ("Water and Effluents" and "Occupational Health and Safety"), 2019 ("Taxation") and 2020 ("Waste") with Essential Option.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS REGARDING THE GRI STANDARDS

The "2020 Sustainability Report" of CORPORACION ACEROS AREQUIPA S.A., is adequately aligned with the Global Reporting Initiative (GRI) Standards published in 2016 and their subsequent updates, with the Essential Option. The material aspects and their limits within and outside the organization have been defined in accordance with the GRI Principles for Defining Report Content (Stakeholder Participation, Context of Sustainability, Materiality and Completeness). Likewise, the content of the Report complies with the GRI Quality principles.

During the audit, we have found several strengths of CORPORACIÓN ACEROS AREQUIPA S.A. which we detail below:

- CORPORACIÓN ACEROS AREQUIPA S.A. It has Management systems certified in the ISO 9001, ISO 14001 and ISO 45001 standards. And for the third year they obtained the Distinction of Socially Responsible Company DESR of Peru 2021.
- CORPORACIÓN ACEROS AREQUIPA S.A. has consistently published GRI Sustainability Reports for 6 consecutive years, and in 2021 they have decided to go through the third-party assurance process for the first time.
- CORPORACIÓN ACEROS AREQUIPA S.A. has been included in 2020 for the first time in the Dow Jones Sustainability Index | MILA- Pacific Alliance, which recognizes the leading sustainability companies in the Pacific Alliance region.
- CORPORACIÓN ACEROS AREQUIPA S.A. is the first Peruvian company in the steel sector to enter The Sustainability Yearbook 2021, an important yearbook that highlights the companies with the best performance in environmental, social and governance issues in each industry worldwide.

Se identificaron algunas oportunidades de mejora para considerar en futuras memorias de sostenibilidad:

- For future Materiality Studies, evaluate the possibility of incorporating direct stakeholders into the consultation, since in some cases they have been supported by information from the organization's contacts with these stakeholders.
- Since the organization has been presenting sustainability reports for 6 years, evaluate the convenience of incorporating more GRI indicators in its reports in line with the Context of Sustainability principle.
- Aligning with the "Circular Economy" model for waste management, which aims to reduce materials and waste, closing the economic and ecological flows of resources. In this way, the value of products, materials and resources are kept in the economy for as long as possible. This is in relation to the GRI 306-2 indicator.
- Consider direct water footprint measurement.
- It would be beneficial to perform an internal audit of the GRI report, including the reported data, to identify possible deviations.

Pamela Castillo Rubiños

Auditora Líder - Aseguramiento de Reportes de Sostenibilidad

APROBADO EN NOMBRE DE SGS POR:

URSULA ANTÚNEZ DE MAYOLO CORZO

Ursula Antúnez de Mayolo Corzo

Revisión Técnica - Aseguramiento de Reportes de Sostenibilidad

Fecha de Emisión: 04 de junio del 2021

www.sgs.pe



CONCEPT,
DESIGN AND
LAYOUT



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20
SUSTAINABILITY
REPORT
20