

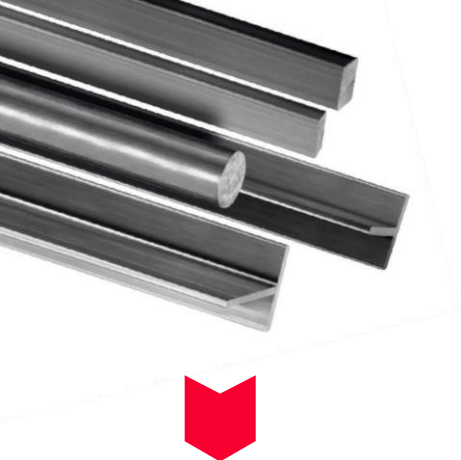


SUSTAINABILITY REPORT 2021

SIDERPERU

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This document was prepared within the framework of the Competitive Business Program, promoted by the Global Reporting Initiative, to foster information transparency through the elaboration of sustainability reports.

We are proud to present the first sustainability report of Empresa Siderurgica del Peru. The data recorded corresponds to the management carried out in 2021.

For any questions, contact Samantha Sophia Meyer Buendía at samantha.meyer@sider.com.pe and +51 972732807.

This report has been drawn up according to GRI Standards.

ABOUT OUR REPORT

GRI 102-50, GRI 102-52, GRI 102-53

STEEL THAT TRANSFORMS

WELCOME LETTER

GRI 102-14



Aldo Tapia Castillo – CEO and General Manager of SIDERPERU

Dear friends:

I greet you on behalf of SIDERPERU, the first steel company in Peru and one of the main recyclers in the country, which is committed to a strategy based on 4 axes: innovation, sustainability, diversity and contribution to the country.

We are part of Gerdau, the largest scrap metal recycler and long steel producer in Latin America, and we have been transforming ourselves in different aspects under an Environmental, Social and Corporate Governance (ESG) framework. It is a great satisfaction to present our first sustainability report, which shares the results of this commitment. In it, we underline how we strive to go beyond the quality of our products, which are present in homes and in the country's large buildings, thus contributing to Peru's growth while constantly monitoring the impact of our operations.

2021 has been the year of recovery and, in our case, that has not gone unnoticed. We grew by 78% and achieved 61% more sales than the previous year. This success, typical of a year characterized by the drive of all

Peruvians and the global context, allowed us to continue generating value for our more than 900 employees, invest in environmental management and maintain our social commitment.

On the environmental side, it can be said that the heart of our business originates in recycling, since the steel manufacturing process uses scrap metal as raw material. However, we are not stopping there: we have been venturing into circular economy and waste reuse projects through the Clean Production Agreement of the Ministerio del Ambiente (Department of Environment), which promotes the recycling of scrap metal for the manufacture of other metal products. We are proud to have, since 2013, an industrial water treatment system that allows us to recirculate and treat 97.7% of the water we use, thus taking care of the water resource of Chimbote Bay.

In addition, we possess an emissions and periodic monitoring system that guarantees the control of composite materials and gases. In fact, we joined the initiative of the Ministerio del Ambiente to register and reduce our Carbon Footprint, so we have been investing in technologies to further reduce the impact of our activities, such as changing the energy matrix. As an example, 100% of the electrical energy used in our production process, was accredited by Enel's Green Certificate as energy from renewable sources.

This progress would not be possible without our people. We are proud to create decentralized and quality employment for hundreds of families from Chimbote and from all over Peru. Committed to the purpose of Empowering the People who build the future, we make sure to add value to our employees by training, every year, 100% of them in technical, management and safety aspects.

We are part of a traditionally male industry, but we take on the challenge of encouraging more women to make history in the field: from 2019 to 2021 we have gone from having 19% to 28% of women in leadership positions and we have a Diversity Committee that drives us to continue advancing based on one of our ten principles: *Diverse and inclusive environment*.

STEEL THAT TRANSFORMS

WELCOME LETTER

GRI 102-14

This constant transformation also involves our social responsibility projects with which we have benefited more than 13,000 people and in which our employees are volunteers. Technical School, our program of free and comprehensive technical education scholarships, has been transforming the lives of young people from Ancash for more than 23 years. To date, there are more than a thousand graduates, of which 240 are women. For more than a decade, we have also supported the Orquesta Sinfonica Infantil y Juvenil de Chimbote, OSIJCH (Children And Youth Symphony Orchestra Of Chimbote), an educational and social and artistic inclusion project oriented at children and young people.

Additionally, as a result of an alliance with the Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil, SUCAMEC (National Superintendency for the Control of Security Services, Arms, Ammunition and Explosives for Civilian Use), we can convert objects, as risky as weapons, into steel implements, such as playgrounds, which contribution to a healthy education of children. Since the beginning of this collaboration, more than 30,000 weapons have been destroyed nationwide, benefiting thousands of families.

Our history is built on the highest ethical standards of integrity and respect for all sectors of society, and our corporate governance system is based on the Compliance System of Gerdau, our parent company. We have internal policies and guidelines that guarantee best governance practices and support excellence and fairness in everything we do. These are shared with all our employees and are covered by our principle of *Acting Ethically*.

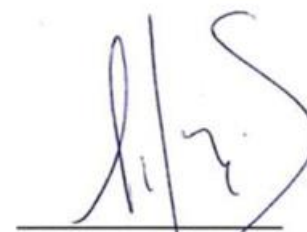
Moreover, we have a Compliance Policy, Code of Ethics and Conduct (internal and for third parties) and our own Crime Prevention Model. These systems bring together the principles we use in conducting our business and in relation to our several audiences: suppliers, clients,

competitors, shareholders, government, community and environment. In this way, we ensure and maintain our commitment to ethics and its policies.

The plans for 2022 continue at an unstoppable pace and we will work to:

- Continue to put our people as our most important asset, placing their safety first.
- Continue supporting education and diversity, breaking myths and paradigms, and that more women encourage themselves to make history in the steel industry.
- Diversify and complement our product portfolio, as well as venture into new businesses.
- Make progress in digital transformation and innovation in our activity.
- Renew our commitment to the sustainable development of Chimbote and all of Peru, working hand in hand to come through together.
- Maintain ethics as a principle in our actions and in all our processes.

Combining career and experience, and thanks to the entire team that accompanies me, we are making the dream of transcending possible, and we are already forging the 2022 we want.



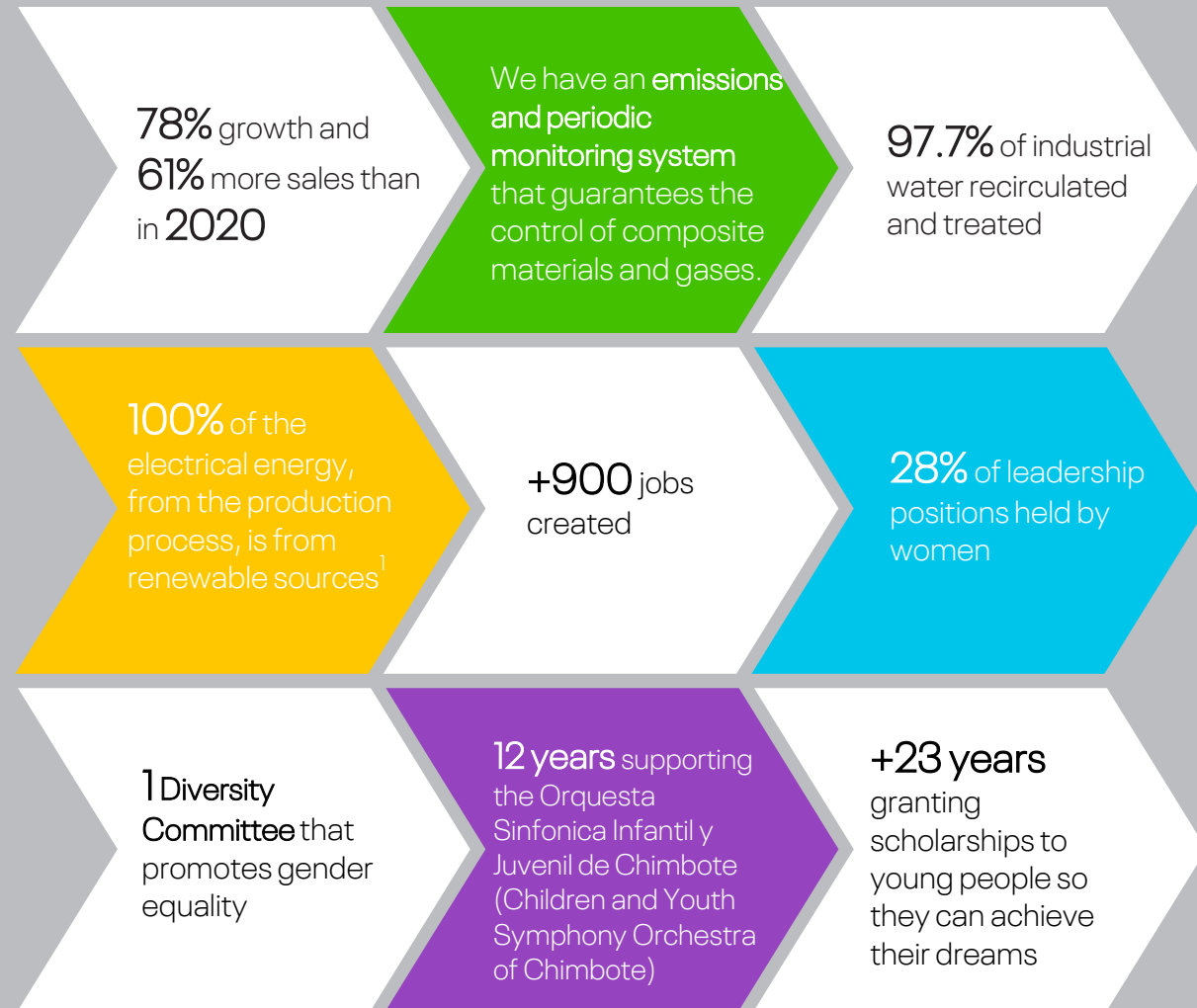
Aldo Tapia Castillo
CEO
General Manager





At SIDERPERU, sustainability means contributing to Peru's growth and taking care of the impact of our operations.

2021 IN FIGURES



¹According to Enel's Green Certificate. This certificate recognizes renewable energy sources, but does not allow us to deduct avoided emissions from our inventory.

WE ARE GERDAU - SIDERPERU²

THE FIRST STEEL COMPANY IN PERU

GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-16, GRI 102-45

We are SIDERPERU³, the first steel company in Peru and one of the most important recyclers in the country for more than 66 years and, since 2006, we have been part of Gerdau⁴, the largest producer of long steel in Latin America. Throughout our history, we have been living in constant transformation and we have adapted to new scenarios and ways of working. This is how we are committed to a strategy based on innovation, sustainability, diversity and contribution to the country.

Through our steel products of the highest quality, which supply the civil construction, industry and mining markets, we are present in the diversity of constructions across the country, moreover, their usage bring prosperity, security and quality of life.

Our main products are:

| SECTOR | PRODUCTS |
|--------------|---|
| Construction | Construction steel rods, construction steel wire rod, construction corrugated steel roll, enabled iron, nails, annealed wire, reinforcing bars, culverts and guide rails, meshes and derivatives. |
| Industry | Hot rolled electro-welded pipes/ cold rolled electro-welded pipes/ electro-welded galvanized pipes, round and square profiles, angles, drawn wires, meshes and derivatives. |
| Mining | Mining rods and Mill Balls for mineral grinding |

³SIDERPERU does not consolidate financial statements for their presentation before the Superintendencia del Mercado de Valores, SMV (Superintendency of Securities Markets). GRI 102-45

⁴Private property. Public Traded Company (SAA) GRI 102-5

⁵SIDERPERU is one of Gerdau's 10 units around the world. The other units are located in Colombia, Uruguay, Mexico, Argentina, Venezuela, the Dominican Republic, the United States, Canada and Brazil. GRI 102-4



OUR LOCATIONS AND MARKETS THAT WE REACH

GRI 102-3, GRI 102-6

- 1 Industrial Complex (Chimbote)
- 1 Distribution Center (Lima)
- 1 Enabled Iron (FEHAB) Production Unit
- 1 Meshes & Derivatives Production Unit (Lima)
- 1 Distribution Center (Arequipa)





Our 550-hectare industrial complex is located at the city of Chimbote (Ancash). We have 1 commercial unit in Lima and distribution centers in Lima, Arequipa and Chimbote. In addition, we count on the support of 2 industrial plants from our strategic partners: 1 enabled iron unit, property of Ferralia Peru SAC and 1 mesh and derivatives plant in Lima, from PERUAL.

Our products are available across Peru and we even transcend its borders, reaching Bolivia. Our main clients are trading companies, retail companies, the metalworking industry, construction companies, mining companies and end users.

For the steel we produce, our main distributors are: Ferralia Peru SAC, Grupo Atencio, Grupo Cabal, Grupo CAF, Grupo DIFESUR, Grupo DINO, Grupo FERRONOR, Grupo FORGAM, Grupo Maestro/Sodimac, Grupo Pakatnamu, Grupo Quiroga, Grupo Quispe, Grupo Salqui, Grupo Santa Fe, Grupo SUCA, Grupo Yagi, La Viga S.A., REPALSA S.A., Vasquez Distribuidora Ferretera S.A.C.



VALUES THAT INSPIRE US

GRI 102-16

We have evolved solidly and positively.
We seek to break myths and that our stakeholders see us as innovators, transformers and that we can make a difference.

Purpose:

"Empower people who build the future"

Aspiration:

"To become, in 10 years, one of the most cost-effective and respected companies in the steel business around the world, and one of the most relevant in the Americas".

Strategic pillars:

- Increase our competitiveness and grow in long, flat and SBQ steels in the Americas.
- Invest in new businesses complementary to steel.
- Perfect our ESG practices (environmental, social and corporate governance).

Our principles:

- Safety first.
- Act ethically.
- Ownership attitude.
- Simplicity.
- Diverse and inclusive environment.
- Generate value for everyone.
- Each client is unique.
- We are all leaders.
- Be open with truthfulness and respect.
- We outdo ourselves every day.

Standards and Code of Conduct (behavior):

- We communicate with truthfulness and respect.
- We make things happen with self-sufficiency, responsibility and ownership attitude.
- We outdo ourselves every day.

KEY MILESTONES

GRI 102-7, GRI 102-8

2021 was the best year in our history and we exceeded expectations for product production and demand:

- We achieved an EBITDA 105% higher than in 2020.
- Sales increased by 61.2% due to the economic recovery and in comparison to a 2020 characterized by the impact of Covid-19.
- We recorded a net income increase of 167%, in comparison to 2020.
- We achieved the highest historical production values in the steelworks and rolling, as well as the lowest operational cost in plants.

2021

More than 900 employees helped us achieve the milestones of our management:

- 919 employees in total.
- 810 employees based in the city of Chimbote, 104 based in Lima, 2 in Arequipa, 2 in Trujillo and 1 in Huancayo.
- More than 97% (895) of the total number of employees have a permanent contract.

| | | |
|---|---|---|
| |  |  |
| Workers with full-time service provision contract | 68 | 851 |
| TOTAL | 919 | |

| EMPLOYMENT CONTRACT | WOMEN | MEN | TOTAL |
|---------------------|-------|-----|-------|
| TEMPORARY | 3 | 21 | 24 |
| PERMANENT | 65 | 830 | 895 |

| EMPLOYMENT CONTRACT | AREQUIPA | CHIMBOTE | HUANCAYO | LIMA | TRUJILLO | TOTAL |
|---------------------|----------|----------|----------|------|----------|-------|
| TEMPORARY | 0 | 16 | 0 | 8 | 0 | 24 |
| PERMANENT | 2 | 794 | 1 | 96 | 2 | 895 |

THE ORIGIN OF OUR STEEL

GR102-9

Our steel follows a responsible and traceable path. We use raw materials, spare parts and quality services that guarantee the manufacture of products that meet current technical regulations and meet the highest expectations of our clients.

1° Our main input is the reuse of residues, that is, ferrous scrap, which comes from the sale of metal recyclers, mining companies and industries.

2° In our production process, each ton of scrap is recycled and transformed into steel.

3° The other elements of the chemical composition of our steel correspond to other complementary inputs: ferroalloys and other non-ferrous minerals which are extracted, processed and supplied by national and foreign suppliers.

Moreover:

- We have local suppliers for the maintenance of our equipment and those of high specialization are serviced by national or foreign suppliers.
- We work with small and medium-sized companies that represent around 35% of all suppliers and enjoy competitive payment conditions (on average, less than 30 days).
- We count on local metal recyclers, who supply us with scrap and to whom we paid the amount of S/.191,792 million in 2021 (more than twice the amount paid in 2020).



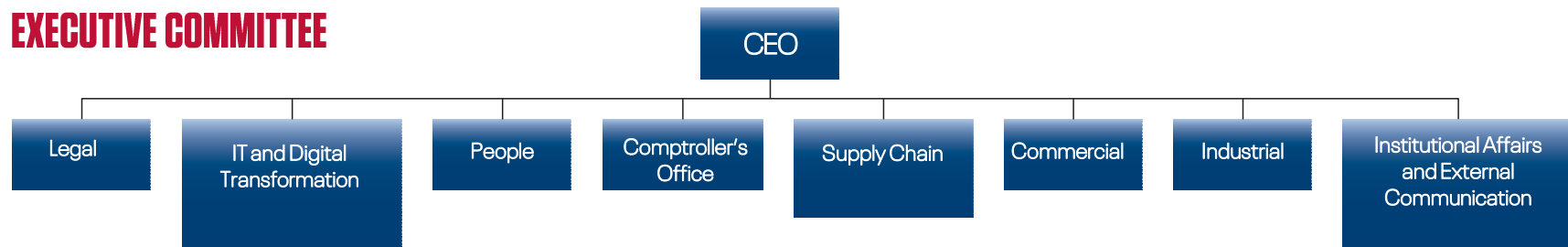
OUR ORGANIZATIONAL CHART

GRI 102-18, GRI 102-23

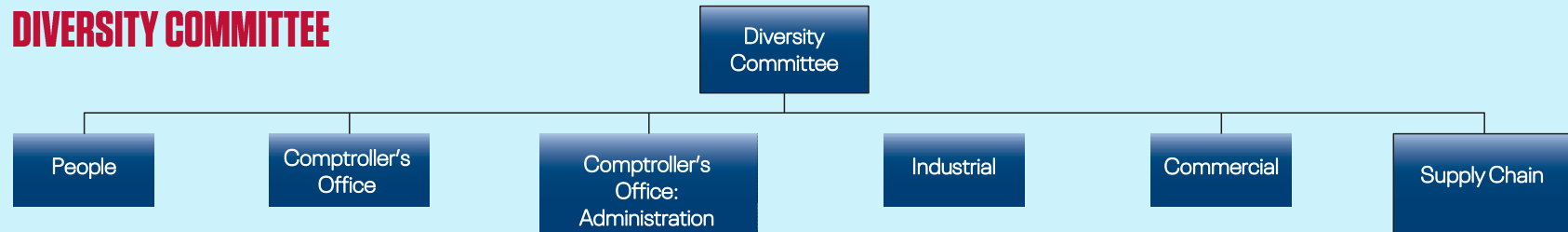
Our actions are defined by the highest ethical standards that laid the foundations for the reputation achieved along our history. Our corporate governance system is based on the Compliance System of our parent company Gerdau. Gerdau's Board of Directors is responsible for defining long-term strategies and the following up on the guidelines and goals established for the business. The Board is made up of members from the Gerdau Johannpeter family and independent members. In addition, the Company has an Audit Committee in charge of auditing and monitoring the actions conducted by the administrators as well as the financial statements. Corporate management is the responsibility of the Executive Management and the leaders in charge of business operations.

We have the following committees within our organization:

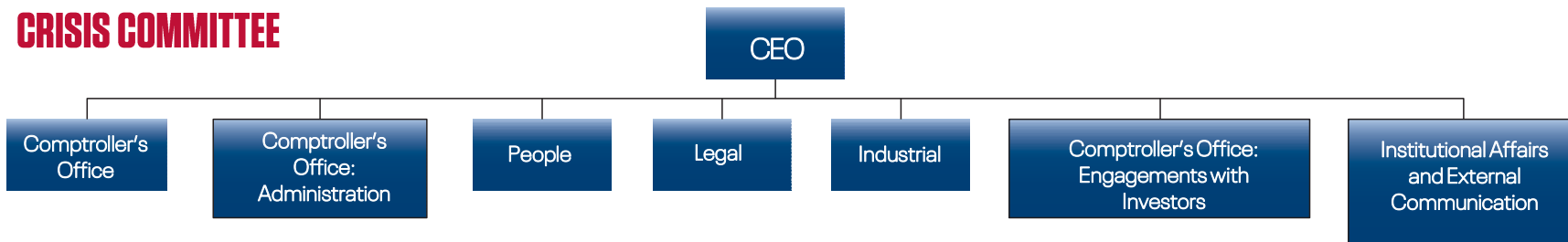
EXECUTIVE COMMITTEE



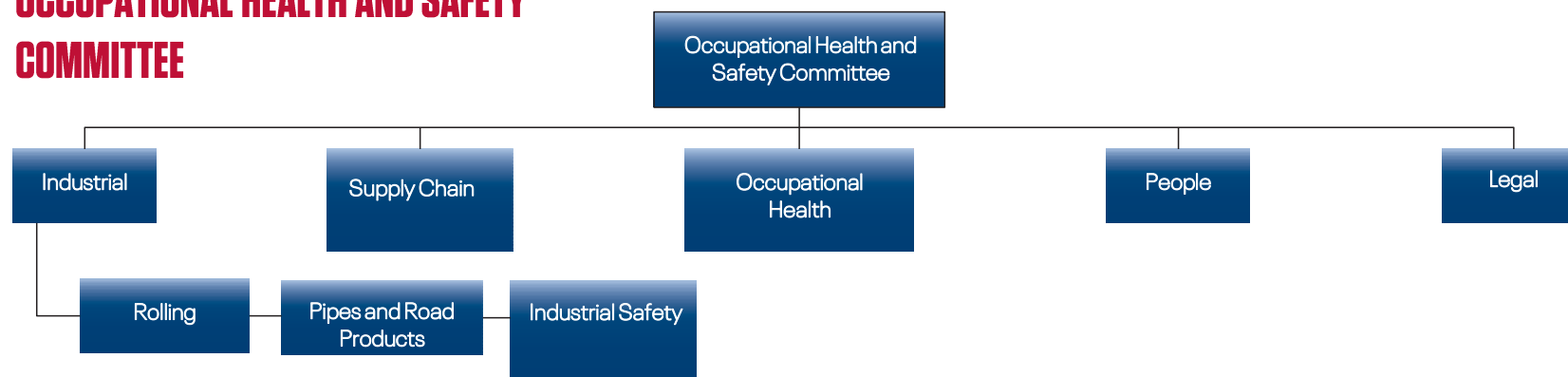
DIVERSITY COMMITTEE



CRISIS COMMITTEE



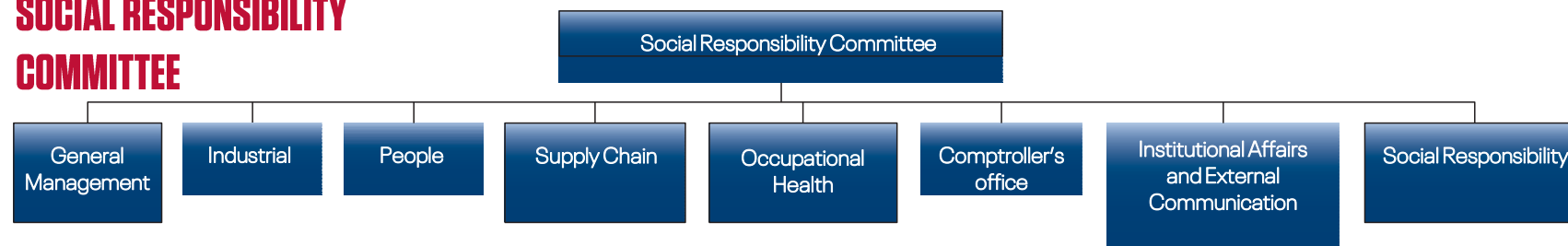
OCCUPATIONAL HEALTH AND SAFETY COMMITTEE



INTERVENTION COMMITTEE AGAINST SEXUAL HARASSMENT IN THE WORKPLACE



SOCIAL RESPONSIBILITY COMMITTEE



The Chairman of the SIDERPERU's Board of Directors is Mr. Leslie Pierce Diez Canseco, who holds the position independently: he is not an executive of the company or a dependent employee of the controlling shareholder.

RISK MANAGEMENT

GRI 102-29,
GRI 102-30,
GRI 102-31

At SIDERPERU we are convinced that prevention is the foundation of impeccable performance. For this reason, we have a Risk Committee, made up of our CEO, directors and managers of the main areas that act in risk analysis. This is a support and advisory committee for the Management of Gerdau S.A. that identifies, manages and deals with economic, environmental and social risks. Those responsible must identify and deal with all risks that could alter the objectives we pursue.

For cases when the risk has some probability of materializing and generating a significant impact, the person in charge establishes controls to mitigate their effects or monitor their progress. The risks must be identified and evaluated according to their probability of occurrence and their impact for SIDERPERU. Mitigation actions must be comparable to the degree of exposure to risks.



Our risks have been classified as follows:



We design action plans that prevent and mitigate risks to guarantee the operability of the business and maintain our ethical and responsible actions. The Risk Committee is responsible for ensuring that all business operations and corporate processes conduct the pertinent analyzes so that the critical risks identified are kept under control. It is also capable of periodically assess some risk indicators reported by areas such as Internal Audit, Compliance, Information Security and Legal.

ETHICS AND ANTI-CORRUPTION MANAGEMENT

Why is this an important topic? GRI 103-1

- “Acting ethically” is one of our principles and reveals the importance of acting with integrity at all levels because:
- We are convinced that the best business are carried out with honesty.
 - It avoids risking our trajectory of renowned reputation.
 - It gives solid foundations to the commitments made with our stakeholders as well as our performance which is committed to sustainability.
- It contributes significantly and favorably to the leadership of SIDERPERU and to the development of Peru.

How do we achieve this? GRI 103-2

We are convinced that ethics can be measured and managed. We have developed a Prevention Model that involves senior management and contains several channels such as awareness strategies and complaints by employees in the event of any ethical breach or concerns in this regard.

GRI 102-17

Queries, concerns or requests for advice on ethical conduct are made to the employees' immediate supervisors, as well as to the Human Resources Manager and/or the Compliance Ambassador (Prevention or Compliance Officer). Advice on legal conduct is referred to our Legal area.

Related concerns:

- Unethical or illegal conduct: The theft of spare parts, parts, pieces, products, non-ferrous scrap metal. These cases are reported to the competent state authority; and,
- Integrity of the organization: Any bias of action or temptation to have or have a situation of protection or a captive market for sale or acquisition that would violate our Code of Ethics and Conduct and Political Constitution of Peru. These cases have occurred, but after the report that the Compliance Ambassador reaches in writing, the area and/or the internal leader involved stops the initiative and/or cancels the internal or third-party proposal.

GRI 103-3

Annually, the Prevention Officer assess and reports our progress on anti-corruption issues to the Board of Directors.



How do we avoid and mitigate risks?

GRI 205-1

- Our Internal Audit area annually assesses 100% of our significant operations and processes on a permanent and rotating basis.
- Compliance performs an assessment of the processes that generate the greatest risk of compliance.
- All processes and operations are assessed (especially those aspects that show some point outside the curve or sign of abnormality), either by the Audit plan or by a complaint in the Ethics Channel.
- The identified risks are evaluated by the process leaders, who define plans to eliminate or minimize them.
- The main risk observed is found in the engagement with third parties (contracts and payments).

These mechanisms have proven to be effective since we have not registered any cases of corruption in 2021. GRI 205-3

100% of our Board of Directors (3 members) and 100% of the members of our Executive Committee (9 members), both present in Lima, have received information and training in this regard.

100% of employees are continuously trained, through virtual courses, on our code of ethics and its different updates.

| Name of Labor Category | No. | Percentage |
|------------------------|-----|------------|
| Executive | 46 | 5% |
| Administrative | 204 | 22.2% |
| Operative | 669 | 72.8% |
| TOTAL | 919 | 100% |
| Name of the Region | No. | Percentage |
| Lima | 104 | 11.3% |
| Chimbote | 810 | 88.1% |
| Arequipa | 2 | 0.2% |
| Huancayo | 1 | 0.1% |
| Trujillo | 2 | 0.2% |
| TOTAL | 919 | 100% |

**Against
corruption
at all levels**
GRI 205-2

Conflict of Interest Prevention

GRI 102-25

We take our concern for the prevention of unethical conduct to the highest level. We avoid and manage conflicts of interest, guaranteeing that the Board of Directors complies with SIDERPERU's Code of Ethics and Conduct. Regarding affiliation to different Boards, there has been the case of a member of the Board of Directors who abstained from voting on any matter constituting a conflict of interest, in connection to the controlling shareholder and his situation of labor dependency with him, leaving an express and written record of the reasons in the minutes, thus overcoming the conflict by abstaining from deliberating and voting on the matter in question.

Regarding cross-shareholding with suppliers and other stakeholders, there has also been the case of a member of the Board of Directors who abstained from voting on any matter that contains a conflict of interest, in connection to the controlling shareholder and his situation of labor dependency with him, leaving an express and written record of the reasons in the minutes, thus overcoming the conflict by abstaining from deliberating and voting on the matter in question. The members of our Board of Directors are not, in turn, shareholders of SIDERPERU.

For the cases when there is a controlling shareholder; conflicts of interest are disclosed to Gerdau S.A., through the channels of the Code of Ethics and Conduct. Additionally, our Compliance Ambassador is the secretary of our Board of Directors, and conflicts of interest may be dealt by the latter and, through him, by Gerdau's corporate Compliance area.

We comply with the regular publications of our controlling shareholder, through regulated communications to the Superintendencia del Mercado de Valores, SMV (Superintendency of Securities Markets) and Bolsa de Valores de Lima, BVL (Lima Stock Exchange).

SUSTAINABILITY ITS IN OUR DNA

GRI 102-40, GRI 102-41,
GRI 102-46, GRI 102-47

HOW DO WE INTERPRET SUSTAINABILITY?

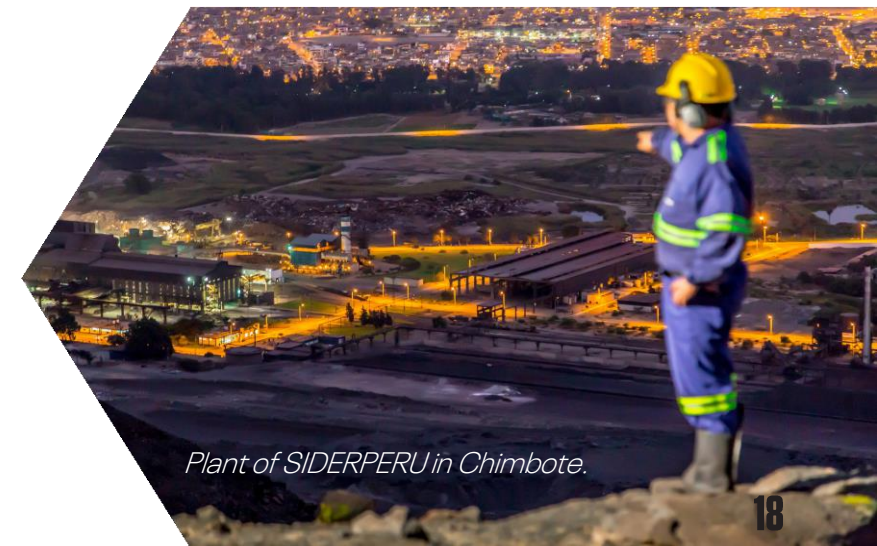
We are a conscious company that seeks to transcend and that is committed to a strategy based on innovation, sustainability, diversity and contribution to the country. Since 2006, with the arrival of Gerdau, we have been transforming ourselves and currently, we measure ourselves under an Environment, Social Responsibility and Corporate Governance (ESG) matrix.

Sustainability is part of our strategic business objectives. We ensure that all areas of our company can be developed in a responsible manner with their audiences and with the environment. This means going beyond the quality of our products, because we are not just steel, on the contrary, we contribute to the country's growth and take care of the impact of our operations.

We possess a Sustainability Policy, which establishes the guidelines to conduct the activities of our parent company Gerdau and all its units, in a sustainable manner, considering economic, social, environmental and governance elements, as well as the assessment of risks and opportunities. related to them. This Policy reinforces our commitment to generating value for business and society, as it is considered in engagements with stakeholders, especially suppliers, clients, service providers, employees, the community, regulatory bodies, the financial and capital markets, academics, press and related parties. In this regard, we have started the process to obtain a B Corp Certification, which precisely ensures that acting sustainably is part of our DNA. This is important because it will represent an improvement in our management, consolidate our governance, ensure credible, comparable and verifiable metrics in terms of ESG, improve our position within our value chain, and, finally, reinforces our sustainable performance. By doing so, we seek to adhere to its philosophy of becoming, not only the best company in the world, but more importantly, the best company for the world.

This strategy is accompanied by an indispensable cultural component. We work very hard to share with our people the fundament and relevance of sustainable development within our company. This allows a true internalization of concepts and practices; and from there derives the genuine commitment in all the projects and activities that we carry out.

We constantly communicate the great benefits of these good practices, not only within our company, but also for our stakeholders.

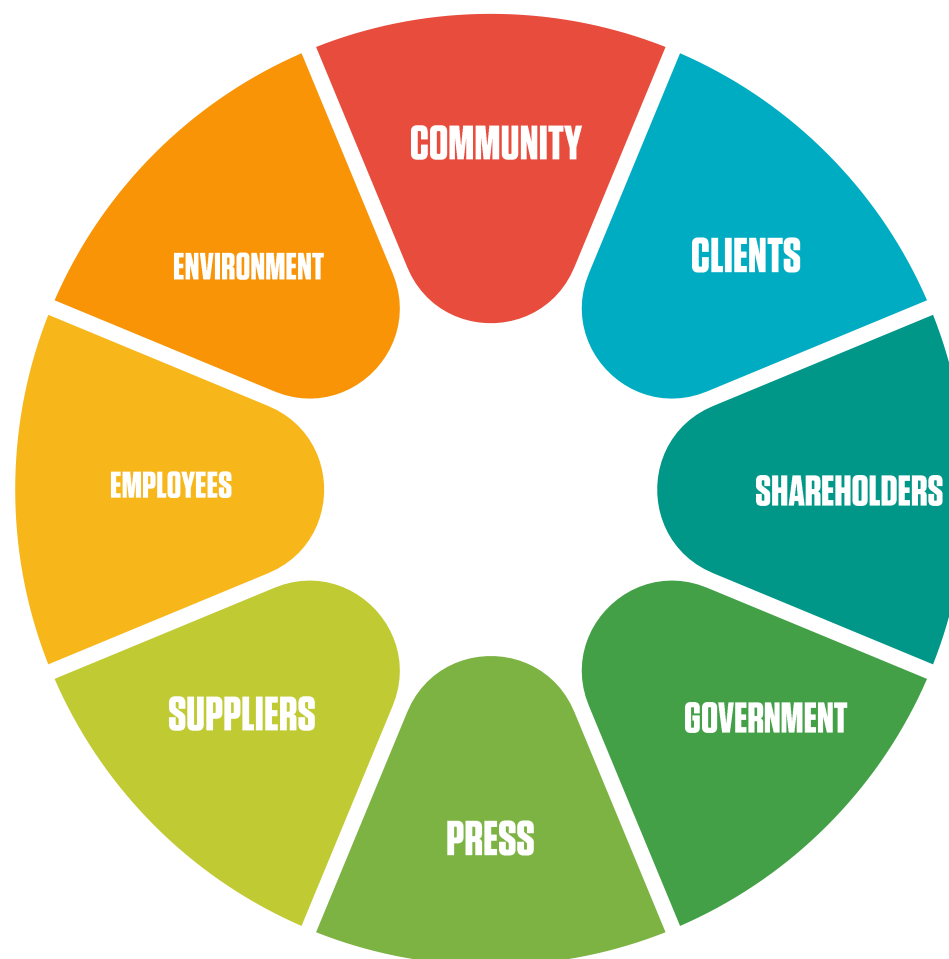


Plant of SIDERPERU in Chimbote.



Our growth is completely connected to the development of our employees, clients, suppliers, community and shareholders. For this reason, it is important to know their perceptions, expectations and impacts that we generate in them. Thus, we will be able to take the necessary actions that allow us to be closer to them and contribute to their development.

Our stakeholders are the same as those of our parent company, Gerdau, and were identified through a study that considers the categories of stakeholders that impact or are impacted by SIDERPERU's operations, being the following the main groups with which we interact:



ENGAGEMENTS AND STAKEHOLDERS GRI 102-40

KEY TOPICS OF OUR SUSTAINABILITY MANAGEMENT

GRI 102-47

The relevant or tangible concerns in the sustainable management of SIDERPERU cover 11 social, environmental, economic and corporate governance aspects, related to our operations and our way of managing the business.

| Stakeholders | Tangible concern | GRI Standards indicators |
|---|--|--|
| Employees/Suppliers | People safety | GRI 403: Occupational Health and Safety Committee |
| Employees | Personal growth | GRI 404: Training and Education |
| Employees/State/ Shareholders | Circular economy | GRI 306: Waste |
| Employees/State/Shareholders/ Community | Environmental management (energy, water and emissions) | GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 307: Environmental Compliance |
| Employees | Diversity and inclusion | GRI 405: Diversity and Equal Opportunities GRI 412: Human Rights Assessment |
| Clients | Client satisfaction | GRI 416: Customer Health and Safety |
| Community | Management of social projects | GRI 413: Local Communities |
| Employees/Shareholders | Innovation and Technology | Own Indicator |
| Employees/State/Shareholders | Ethics and Governance | GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior |
| Employees/Community/State | Local employment | GRI 401: Employment |
| Employees/Suppliers/Shareholders/ Financial Creditors/State | Economic performance | GRI 201: Economic Performance GRI 419: Economic Compliance |

GRI 102-46

As part of the Competitive Business Program of the Global Reporting Initiative, the process to define the contents found in this sustainability report has been carried out with the guidance of our Implementing Partner Impacto Positivo, who has invited us to carry out our first Sustainability Report under the GRI methodology.

8 out of 10 reporting principles have been applied, which are:

- Sustainability Context
- Completeness
- Precision
- Balance
- Clarity
- Comparability
- Reliability
- Punctuality





In addition, we have different indicators determined under our ESG matrix (Environment, Social and Governance). These are defined by 6 areas: Environmental, People, Social Responsibility, Comptrollership, Commercial and Security. This team of professionals, in accordance with strategic objectives related to Sustainability, establish the goals for each indicator each year. In 2021, these were the defined indicators:

ESG indicators

The areas responsible for defining the indicators determined under the ESG approach carry out quarterly monitoring through Excel and Power BI, adjusting the results as progress is made on each objective.

| SCOPE | Tangible Concern | Indicators |
|---------------|---------------------------------|--|
| Environmental | Climate Change, Energy | Greenhouse gases per steel volume (Tn. CO2/ Tn. Steel) |
| | Water and Wastewater | Water Consumption (m3/ Tn. Steel) |
| | By-product Management | % of by-product reutilization |
| Social | Engagement with Third Parties | % of acting volunteers |
| | | No. of people benefited |
| | | % of social investment made in relation to gross profit |
| | | % of Employee Satisfaction |
| | | % of Client Satisfaction |
| | Diversity and Inclusion | % of women in leadership position |
| | | % of women in the Company |
| | | % of women (university interns, technicians and apprentices) |
| Governance | Ethics and Corporate Governance | % of People with Disabilities in the Company |
| | | Severity Rate |
| | | Security Weighted Index (ISP) (SIDERPERU only) |
| Governance | Ethics and Corporate Governance | EBITDA |
| | | EVA – Economic Value Added (Managerial Information) |



ECONOMIC VALUE

We allocated more than 1.700 million soles to our suppliers, workers and the Peruvian State through taxes.



Our economic performance is crucial because it represents our financial health, the basis for multiplying the benefits that we share with our stakeholders.

Good economic performance makes it possible to:

- Continue contributing to the economic and social dynamism of our sector and of Peru.
- Maintain and expand quality jobs.
- Continue investing in better technologies in favor of the environment.
- Get more Peruvians to participate in our social projects.

- We have policies and procedures so that our economic management is 100% controlled in terms of good performance and management of economic resources. For example, payments are made prior registration in the SAP system, with approval and release of accountability and with powers duly approved by the Board of Directors. Collection and payment management is monitored and reported to the Executive Committee to generate greater confidence and make the best decisions in line with our strategic objectives.
- We present our financial statements to the stock market on a quarterly basis (through the Superintendencia del Mercado de Valores, SMV [Superintendency of Securities Markets]) and, annually, these are audited by an independent and reputable company, chosen by the General Shareholders' Meeting. GRI 102-31

Why is this an important topic?
GRI 103-1

How do we achieve this?
GRI 103-2,
GRI 103-3

Key indicators

- EBITDA (operating profit including depreciation and amortization and adjustments that do not require cash outflow)
- EVA (Economic Value Added) as objective indicators to evaluate the economic management of the company.

| Scope | Tangible Concern | Indicators | 2020 | 2021 | 2022 Goal |
|------------|---------------------------------|---|------|------|-----------|
| Governance | Ethics and Corporate Governance | EBITDA | 72 | 147 | 112 |
| | | EVA – Economic Value Added (Managerial Information) | 16 | 73 | 44 |

The results achieved in 2021 are proof that this was the best financial year in the history of SIDERPERU. On the other hand, for us, working capital is an indicator of efficiency in the use of resources and focus on net income.

HISTORICAL RESULTS

GRI 201-1

2021 was clearly a year of recovery: our income amounted to S/ 2,440 million and we grew by 78%, above all, due to the resumption of activities in the construction sector and as compared to a 2020 commercially, operationally and productively paralyzed for more than 60 days (regardless the obvious negative impact of the pandemic on Peruvian families).

Other factors that influenced this result were:

- The international price of metals, due to greater demand, as a result of the economic recovery.
- Internal operating efficiencies that sought to improve profitability, achieving an EBITDA of S/ 566 million (EBITDA Margin of 23%) and net profit of S/ 323 million (EBITDA Margin of 13%).

Thousands of soles

| Economic Value Generated | 2021 | | 2020 | |
|---|-----------|--------|-----------|--------|
| Income | 2,439,612 | | 1,368,465 | |
| Economic Value Distributed | Soles | % | Soles | % |
| Payment to suppliers | 1,787,808 | 87.39% | 1,006,990 | 84.67% |
| Payment to workers (salaries and social benefits) | 119,605 | 5.85% | 102,164 | 8.59% |
| Payment to the State (Taxes) | 138,320 | 6.76% | 80,101 | 6.74% |

The total economic value distributed in 2021 was S/ 1,771 million and represented an increase of 117% as compared to 2020. On the other hand, the economic value retained for that same year was S/ 393,897.

WE PLAY FAIR AND SQUARE

Why is this an important topic?

GRI 103-1

The good figures of our performance must always be accompanied by good competitive practices that are relevant to the entire industry because:

- They protect the market.
- They consolidate our reputation in the industrial sectors.
- They allow us to strengthen the relationship with our strategic partners.

Our principles "Create value for all" and "We improve ourselves every day" are the foundations of our practices of free and fair competition.

- This topic is included in a chapter of the Code of Ethics and Conduct that all our employees must know.
- We have a Corporate Directive DC-46 - Competition Practices that establishes the guidelines related to competition practices, in compliance with local laws and definitions of the Code of Ethics and Conduct, guiding the relationship with third parties (competitors, suppliers or clients), the confidential treatment of information and the responsibilities of the employees involved. We compete ethically and with respect for competition and antitrust legislation.
- We do not admit or accept that our professionals engage in anti-competitive practices, such as cartel formation, market division, price manipulation or predatory conduct.
- The Legal area is in charge of identifying possible cases of Anti-competitive Behavior as well as infringements of Corporate Directive DC-46 - Competition Practices are subject to disciplinary sanctions, defined according to the nature and seriousness of the offense. Once the offense is identified or, in the case of assumption of a possible offense, the situation must be communicated to the immediate superior supervisor and the Compliance supervisor, or to the Ethics Channel. GRI 103-3

How do we achieve this?

GRI 206-1

SIDERPERU participated in two processes related to trade and technical specifications, as a trader and producer of construction steel rods ("BC") in which they raised, before the competent authorities (Instituto Nacional de Defensa de la Competencia y de la Proteccion de la Propiedad Intelectual, INDECOPI [National Institute for the Defense of Competition and Protection of Intellectual Property] and Instituto Nacional de Calidad, INACAL [National Quality Institute]), alleged dumping and non-technical requirements. In both cases, SIDERPERU obtained positive results, which corroborated its correct and thorough conduct, being resolved by the competent authorities of Peru positively in favor of the latter.



ENVIRONMENTAL VALUE



We have an emissions and periodic monitoring system that guarantees the control of composite materials and gases. Likewise, we recirculate and treat 97.7% of the water used in our industrial processes.



ENVIRONMENTAL MANAGEMENT

Environmental issues are an essential part of our sustainability because:

- In terms of energy, our goal is to have our own power supply, from renewable sources, to run our production processes, allowing us to reduce CO2 emissions.
- In terms of water, we care about optimizing its consumption because it represents a tangible sign of environmental responsibility and eco-efficiency.
- Likewise, management of emissions is very important because by measuring them we know what our real impact is on the environment and then we can set goals to reduce them. Our Corporation seeks to reduce carbon intensity, until 2031, to remain well below the world average of the steel industry. In addition, our ambition is to be carbon neutral by 2050. GRI 102-31
- Waste management is one of the pillars of our environmental system. We train our employees in management tools and we have been reducing the generation of hazardous waste, thus improving source separation and reusing waste through practices such as recycling.
- Moreover, as part of our commitments assumed in the Clean Production Agreement (CPA) with the Ministerio de Ambiente, MINAM (Department of Environment), we train Municipalities and students of Chimbote so that they raise conscious about waste management and be able to contribute to the environment, from the community, with practices such as the recycling of non-hazardous waste.
- Finally, we fully align ourselves in terms of compliance with environmental regulatory requirements as it prevents and mitigates potential damage, as well as regulates our processes thus avoiding negative effects on the environment. We comply with current legal requirements and we have the environmental permits issued by the Ministerio del Ambiente, fulfilling the different commitments assumed.

Main procedures that strengthen the Environmental Management System:

- We are a certified company holding ISO 14001 (Environmental Management System).
- GLP-FP-521-001 Energy Process Sheet: It includes the different indicators and documents that are needed for the monitoring of our processes.
- GLP-PR-521-012 Efficient Management of Electric Motors.
- GLP-PR-521-013 Efficient Management of Air Conditioning Equipment.
- GLP-PR-521-014 Efficient Management of Lighting Equipment⁵.
- GLP-FP-522-002 Utility Process Sheet: It mentions the different indicators and documents that are needed for the monitoring of processes related to water use.
- GLP-PR-522-007 Final Treatment Plant and Security Gap: Guidelines for proper operation of the industrial water treatment plant.

⁵The last 3 documents are focused on identifying energy saving opportunities by changing low-efficiency equipment for high-efficiency equipment.

WHY GREEN
PERFORMANCE IS
KEY?

GRI103-1



ENVIRONMENTAL MANAGEMENT

- We are committed to ensuring that our electricity supply, in the short and long term, comes from 100% renewable sources. In 2020 and 2021, 100% of the total electrical energy used in our production processes came from renewable sources, in accordance with Enel's Green Certificate. This certificate recognizes renewable energy sources, but does not allow us to deduct avoided emissions from our inventory.
- We will continue to monitor our emissions and drive initiatives to reduce our carbon footprint. For example, we have self-generation pilot projects, through a solar plant, within the steel complex.
- We developed an energy-saving project, through the installation of hybrid solar water heaters, in all the changing rooms of the 5 production areas of our Chimbote plant. These have solar collectors that allow the water, used in the changing room showers, to be heated. This project generated energy savings of more than 70,000 KWh and contributed to the reduction of 31 tons of Co2 per year.
- We evaluate our energy performance through specific consumption indicators to determine how much energy has been required to produce one ton of our products for sale. By doing so, we seek to be more efficient, that is, consume less energy for each unit produced.

ENERGY

GRI 103-1, GRI
103-2, GRI 103-3



Employees in the Energy area

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

GRI 302-1

| ENERGY CONSUMPTION | Figures in KWH |
|--|----------------|
| Non-renewable fuel consumed | 270,090,520 |
| Renewable fuel consumed | 0 |
| Purchased electricity, heating, cooling and steam | 327,586,150 |
| Self-generated electricity, heating, cooling and steam | 0 |
| TOTAL CONSUMPTION | 597,676,670 |
| Electricity, heating, cooling and steam sold | 0 |
| TOTAL | 597,676,670 |



ENVIRONMENTAL MANAGEMENT

WATER AND WASTEWATER

GRI 103-1,
GRI 103-2,
GRI 103-3

- In 2021, our water consumption was 2.79 m³/t⁶. Likewise, the volume of inlet water was 976,665.00 m³, and the volume of recirculated water was 42,007,584 m³; that is, a recirculation rate of 97.7%.
- The water we use in our production processes comes from underground wells, whose consumption we strictly control; then, it is diverted to a treatment plant where we reuse it and, finally, it is used for irrigation of our green areas.
- Since 2013, as a result of such industrial water treatment system, we have been avoiding dumping discharges into the Chimbote Bay. Additionally, recirculation systems help reduce the volume of makeup water.
- Industrial water and domestic wastewater are monitored, fulfilling the commitment of the environmental monitoring program.
- We evaluate water management by keeping a monthly historical record of our consumption and measuring a specific consumption indicator, which, similarly to the energy indicator, allows us to know and control the volume of water required for each ton of finished product.
- We have measurement points through which we control the diversion of make-up water to the processes.

Water Treatment Plant



WATER CONSUMPTION

GRI 303-5

| WATER CONSUMPTION | Figures in ML |
|--|---------------|
| Total water extract (Surface water + groundwater + seawater + third party water) | 976.67 |
| Total water discharge (Surface water + groundwater + seawater + third-party water) | 0 |
| TOTAL CONSUMPTION | 976.67 |

⁶Water consumption calculation is based on Gerdau's corporate standard.



ENVIRONMENTAL MANAGEMENT

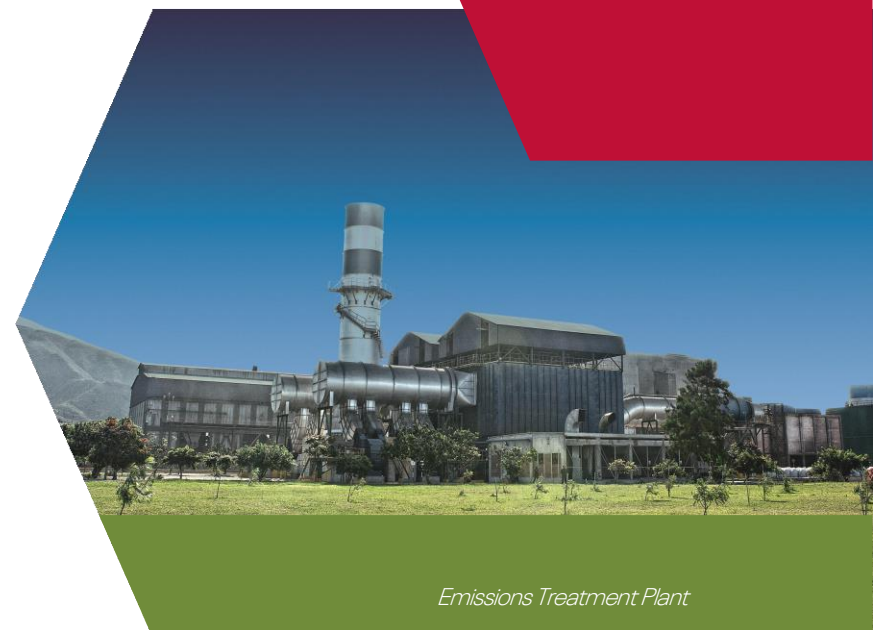


- We calculated, registered and verified, on a voluntary basis, our Carbon Footprint during 2019 and 2020 on the platform of the Ministerio del Ambiente, MINAM (Department of Environment), thus demonstrating our commitment to the transparency of our information.
- After verifying our Carbon Footprint, we started an emissions road map with the intention of meeting the emission reduction goals defined in Gerdau's Sustainability Policy.

- The first step of this road map is to identify opportunities in the short, medium and long term to reduce emissions in our processes. For this, in 2022, we will begin the construction of a MAC curve based on emissions inventories from previous years.
- We have an emissions treatment plant that, through special filters, retains composite materials generated during the steel manufacturing process. In addition, it is monitored and reported to the Authority on a regular basis, according to our environmental monitoring program.
- We assess our emissions at fixed combustion stations thus complying with the annual environmental monitoring program and with the preventive maintenance of the equipment used in the processes where emissions are generated.
- We are enthusiastic about rolling out major initiatives such as changing the energy matrix using LPG. Since 2006, upon Gerdau's arrival, we have been executing many positive changes in our operations; thus, investments have been made to make our processes more environmentally friendly.
- We have been working on the preparation of our emissions road map that will lead the way so that every new project or improvement aims to reduce and control emissions.

EMISSIONS

GRI 103-1,
GRI 103-2,
GRI 103-3



Emissions Treatment Plant



DIRECT GHG EMISSIONS (SCOPE 1)⁷ GRI 305-1⁸

- Direct GHG emissions (Scope 1): 71,115.03 tons of CO₂e.⁹
- Direct GHG emissions (Scope 2): 49,397.40 tons of CO₂e.
- Biogenic CO₂ emissions in metric tons of CO₂ equivalent to: 3,133.42eq.

| SOURCE OF EMISSION | Source of Information |
|-----------------------|---|
| Mobile combustion | Emission factors provided by Huella Carbono Peru (Peru Carbon Footprint) national program of the Ministerio del Ambiente, MINAM (Department of Environment) |
| Stationary combustion | Emission factors provided by Huella Carbono Peru national program of MINAM |
| Coolants | Emission factors provided by Huella Carbono Peru national program of MINAM |
| EAF consumption | Emission factors provided by Worldsteel |
| Solid waste | Emission factors provided by DEFRA (2018) considering general food waste |

Operational control was the consolidation approach used for emissions.

⁷ Standards, methodologies, assumptions and/or calculation tools used were compliant with ISO 14064-1:2018 standard.

⁸ Calculation of GHG emissions is based on Gerdau's corporate standard.

⁹ This measurement does not include CO₂, CH₄, N₂O, HFC.



Why is this an important topic?

Waste management is one of the most important pillars for our environmental system. We count on different internal procedures that provide the guidelines for the identification and assessment of environmental aspects, handling of industrial complex waste and the Environmental Monitoring program (GLP-PR-542-001, GLP-PR-542-002, GLP-PR-542-003).

Likewise, we train our employees, municipalities and students from the main institutions of the city of Chimbote, through access to the Waste Management course on our e-learning platform, as part of our commitments assumed in the Clean Production Agreement. (CPA) with the Ministerio del Ambiente, MINAM (Department of Environment).

- We are part of the largest scrap metal recycler in Latin America. Scrap metal is a waste that, in our steelmaking process using an electric furnace, we turn it into steel and then it returns to society to be used in civil construction, mining, road infrastructure, and energy. For us, recycling is a continuous renewal cycle that contributes to the preservation of the environment and is a fundamental part of our business strategy.
- Annually, we buy hundreds of thousands of tons of ferrous scrap and we guarantee our suppliers the correct environmental management and the return to the recycling chain.
 - In addition, we apply source separation and reuse the waste generated in our production process, giving it a second life or using it as raw material in other processes. Our "Slag from Electric Furnace" project will use these remnants to transform them and give them a second life as a cement mixture, asphalt layers, sports slabs, paths, bricks, etc. We are even venturing into the circular economy and reuse (recycling) of waste such as wood, cardboard and plastics.
 - We participate in the Clean Production Agreement (CPA), an initiative of the Ministerio del Ambiente that promotes the scrap recycling for the manufacture of other metal products, through which we have also been able to reduce the generation of lubricant waste (oils).
 - As part of our ISO14001:2015 certification and environmental legal compliance, we monitor and measure the generation, disposal and reuse of our waste.

Employee in scrap yard



WASTE

GRI 103-1,
GRI 103-2,
GRI 103-3



ENVIRONMENTAL MANAGEMENT

More reduction, less impacts

GRI 306-1, GRI 306-2



- We have been working on reducing the generation of the main waste types, such as lubricating oils. In 2021 we have managed to reduce the consumption of gallons per 1,000 tons of steel produced by up to 18%. This is the product of the development of different projects and improvements carried out as part of the Clean Production Agreement (CPA), signed with the Ministerio del Ambiente, MINAM (Department of Environment), which allowed us to achieve this result.
- We have strategic partners that circulate waste that is considered an environmental liability (new products can be obtained from this waste through hydrometallurgy).
- In waste management, we have two collection and disposal lines. These operations are carried out by operating companies that comply with current regulations. Likewise, the waste that can be traded is evacuated by authorized companies.

| WASTE | GENERATION (t) |
|---------------|----------------|
| Non-dangerous | 50150,23 |
| Dangerous | 63.1 |
| GENERAL TOTAL | 50213,33 |



ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL COMPLIANCE

**GRI 103-1,
GRI 103-2,
GRI 103-3**

We have a monthly-updated safety and environmental matrices, that allow us to be up to date in terms of compliance with the corresponding obligations. The permits of each location are updated every five years and the commitments are fulfilled in accordance with the environmental management plan. We assess legal compliance by:

- Internal audits of the environmental management system.
- External audits by the ISO 14001:2015 system.
- Annual environmental program.
- Waste management report through the Sistema de Informacion para la Gestion de Residuos Solidos, SIGERSOL (Solid Waste Management Information. System) platform.
- Annual statement of solid waste through SIGERSOL.

GRI 307-1

It should be noted that, in 2021, the Organismo de Evaluacion y Fiscalizacion Ambiental, OEFA (Environmental Assessment and Enforcement Agency) imposed a sanction of S/ 895,756.40 on us, that commenced with an administrative procedure. The fine, which does not suppose a significant amount for Gerdau¹⁰, corresponded to the non-compliance of technical and environmental commitments not constituting an environmental impact, which have already been fully remedied. We reaffirm our process of continuous improvement and respect for national regulations, in accordance with the values and corporate conduct that characterize us.

¹⁰Significant fines are those over US\$8 million, in line with the materiality criteria used in other market publications.



HUMAN VALUE



28% of our leadership positions are held by women in an industry that we seek to transform so that they also take the stage.

HUMAN VALUE

QUALITY JOBS

GRI 103-1, 103-2, 103-3

Employees in Chimbote office



Why is this an important topic?

Our way of understanding sustainability implies contributing to the development of Peru. In a country that borders on 80% labor informality, we are sure that creating decent, equitable, inclusive and diverse jobs multiplies the well-being of thousands of Peruvian families.

- In our selection processes we look for people who share our purpose and cultural principles, because we want to work with those who make things happen.
- Innovation is one of our fundamentals; For this reason, we detect and call on people who always want to change and improve things.
- Employees are our foundation and guaranteeing their well-being is one of our main objectives. Safety is our top priority, which is why we provide excellent health and safety conditions for all our people. In addition, we develop different physical, nutritional and mental health programs; and we have a competitive compensation scheme.

Pillars of people management

- Culture and organizational climate.
- People development.
- Performance management.
- Differentiated benefits within our sector.
- Employer Branding.

How do we achieve this?

We are located at the city of Chimbote and our actions to attract talent are focused on people from Chimbote, Ancash and talent from the northern cities of Peru: Lima, Trujillo, Chiclayo and Piura.

- We create alliances with many local institutions to advertise our job openings and share technical knowledge through our specialists in employability spaces.
- We strive to design enriching training and development initiatives: we have the Professional Internship Program in place, which every year identifies and retains the best talent at an early stage, through an attractive and dynamic selection process for young graduates from university and technical programs.

How do we achieve this?

Main procedures:

- Attraction and Selection process, from which we guide and provide the necessary guidelines for the success of our processes, which range from the survey of needs with our internal users, dissemination of vacancies in our official channels and job boards, application of evaluations to candidates and the selection of the ideal candidate for the position.
- Internal calls in the company, where we bet on our internal talent and that allows our employees to enhance their development and pursue a career path in this exciting industry.

Talent attraction and selection indicators

- Attention time: It is the effective average time that the search and selection of the ideal person for the positions takes, within which we consider the dissemination of the profile, the screening and validation of candidates, application of evaluations and preparation of the job offer for the final candidate.
- Retention Rate: It is the percentage of professional interns identified as talents (university graduates and technicians) who, at the end of their internship period, apply to one of our hiring processes.
- Women in shortlists: We want to transform the steel industry. Therefore, in all our attraction and selection processes we ensure equal opportunities. We have gone from processes of which 100% finalists are male candidates, to having processes with at least one woman is a finalist for processes within the Industrial Team. This has led to having, during 2021, 03 female incorporations: 02 operators and 01 project engineer.
- Promotion of local employment: We offer opportunities to professionals within our headquarters, supporting local talent and contributing to the development of the community.



Employees in Chimbote Plant

HIRING, ROTATION AND UNIONIZATION

GRI 401-1

- We hired a total of 37 new employees: 31 women and 6 men. Of the total, 27 come from Chimbote and 10 from Lima. Breakdown by age group:

| 20-29 years old | 30-39 years old | 40-49 years old | 50-49 years old | 40-49 years old |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 19 | 10 | 8 | 0 | 0 |

- We registered a rotation rate of 7% with a total of 68 terminations: 61 men and 7 women; and 57 from Chimbote and 11 from Lima.
- Breakdown by age group:

| 20-29 years old | 30-39 years old | 40-49 years old | 50-59 years old | 60-49 years old |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 21 | 19 | 9 | 3 | 16 |

- Employees covered in collective bargaining agreements: GRI 102-41

| TYPE | Women | | Men | | Total Quantity |
|------------------|----------|------|----------|-------|-------------------|
| | Quantity | % | Quantity | % | |
| Employees' Union | 1 | 0.1% | 292 | 31.8% | 293 |
| Workers' Union | 0 | 0.0% | 218 | 23.7% | 218 |
| Non-unionized | 67 | 7.3% | 341 | 37.1% | 408 |
| General Total | 68 | 7.4% | 851 | 92.6% | 919 |

Why is this an important topic?

For SIDERPERU, the human being is above all our other objectives and priorities. No emergency situation, production or result can compromise the health or safety of our people. This is how we announce it in our Integrated Health, Safety, Environmental and Quality Policies, and in our Corporate Principles.

Safety is a value that guides our day-to-day decisions to build a risk-free environment in our operations, as well as being key to complying with applicable legislation and the commitments assumed.

SAFE WORK ENVIRONMENT

GRI 103-1,
GRI 103-2,
GRI 103-3

Indicators



Employee in production area

A CERTIFIED SYSTEM GRI 403-1



The activities for the identification of hazards and assessment of occupational risks, and the associated control measures are carried out following the provisions set forth in Act No. 29783 and based on the provisions set forth in Ministerial Resolution (RM) No. 050-2013-TR.

- Safety Weighted Index (ISP): measures the degree of total accident rate, considering lost time accidents (CPT), non-lost time accidents (SPT) and First Aid (PA). It is calculated using the following formula:

$$ISP = 0.55 CPT + 0.35 SPT + 0.10 PA$$

- Severity Rate: measures the severity of accidents by calculating the number of days lost per million hours worked.
- Safety System Management Index (IGSS): quantifies compliance with safety management tools that seek to prevent occupational accidents and illnesses. Included in this indicator are the timely attention to reports of occurrences, the safety time of the facilitators, the planned general inspections (IGP), the behavioral approaches and communication and participation of the employees.
- Days Lost Due to Work-Related Musculoskeletal Disorders: project that begins in 2018 that starts from 2,000 days lost to a goal of 950 days.
- Industrial noise induced hearing loss rate: prevent the appearance of occupational diseases due to noise and whose current value is 2%.

- Our occupational health and safety management system applies to all employees, our own and third parties, who carry out activities within our facilities and headquarters. This system is developed based on Act No. 29783, its
- Regulations established by Supreme Decree (DS) No. 005-2012 and its subsequent amendments, aligned with our Principles, Objectives and Integrated Health, Safety, Environmental and Quality Policies.
- We have the ISO 45001 standard certification since 2020, which replaced the OHSAS 18001 certification that we had since 2015.



WE PREVENT SAFETY AND HEALTH RISKS

GRI 403-2,
GRI 403-3

Employee in Chimbote Plant



The IPER matrix (Hazard Identification, Risk Assessment and Control Procedure) is updated annually and when:

- Changes are made in processes, equipment, materials, supplies, tools and work environments that affect the occupational health and safety of workers.
- Accidents or incidents happen.
- Changes are made in labor legislation.

Tools to identify hazards, assess risks and investigate accidents GRI 403-4

- Health, Safety and Environment (HSE) software that allows to record and process events by acts and substandard conditions. It could also record deviations and opportunities for improvement found in the:
 - Planned general inspections.
 - Equipment pre-use inspections.
 - Inspections of the Occupational Health and Safety Committee.
- Internal and external audits of the Integrated Management System.
- Rejection of tasks, a tool with which employees are authorized to express themselves, without fear of retaliatory measures, against the existence of extreme and unusual exposures to potential safety, health, environmental problems and other exposures to uncontrolled hazards that may place their integrity at risk.
- Accident and incident investigation procedure. The methodologies used are the Causal Tree and the Ishikawa Diagram.
- Critical risks guideline.
- Internal Regulation on Occupational Safety and Health.
- Matrices for Hazard Identification and Risk Assessment and Controls.

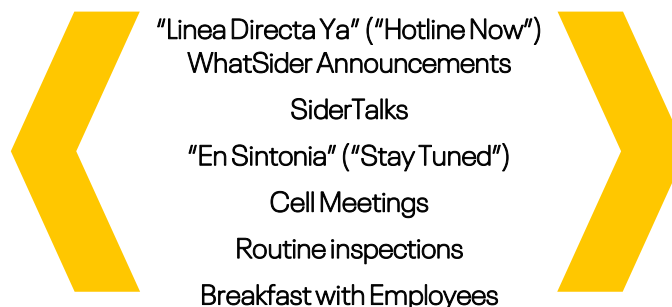
Most of these instruments allow the participation of employees, our own and of third parties, in the decision-making process concerning occupational safety and health.

- We have a risk prevention management service with assessment programs for physical, chemical and biological agents, as well as an Ergonomics and Mental Health program that defines health risk factors. In addition, we use state-of-the-art technology such as RPA, Machine Learning and Artificial Intelligence.
- We measure ourselves with annual satisfaction surveys, achieving 98% satisfaction from our own internal clients as well as third parties. We have a valuable team of specialists, occupational psychologist, nutritionist, occupational nurses and doctors at the disposal of our employees.

WE ALL PARTAKE

In addition to promoting the participation and consultation of employees in health and safety through the aforementioned tools, we have a Joint Committee on Occupational Safety and Health. Employees conforming it must promote the safety and health of all employees. For this reason, they meet monthly to collect and communicate the common needs that will result in the improvements for the work environment.

We currently use digital and face-to-face means to keep all our employees informed about safety and other topics:



**COVERED AND
 TRAINED
 GRI 403-8,
 GRI 403-5**

100% of our employees, both direct and indirect, are covered by our occupational health and safety system (subject to internal audit processes). In the case of our direct employees, even this system is certified; while, in the case of our indirect employees, this certification reaches 56% of them (148).

| Type of worker | No. of employees covered | Percentage of employees covered |
|----------------------------------|--------------------------|---------------------------------|
| Direct (employees and operators) | 919 | 100% |
| From third parties | 265 | 100% |

We have an annual training program whose occupational health and safety topics, addressed in 2021, were:

| Program | Courses programmed | Progression Status | General Progression Status |
|-------------------|---|--------------------|----------------------------|
| Safety and Health | Energy efficiency | 96% | 83% |
| | COVID 19 Protocol | 93% | |
| | Hazard Identification, Risk Assessment and Control Procedure (IPER) and Risk Scale (MR) | 88% | |
| | Hearing Conservation and Ergonomics | 90% | |
| | Preliminary Risk Assessment (APR) and Work Permit (PT) | 46% | |

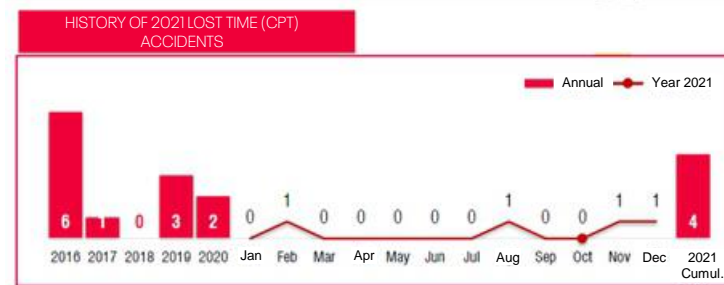
OCCUPATIONAL HEALTH

GRI 403-6

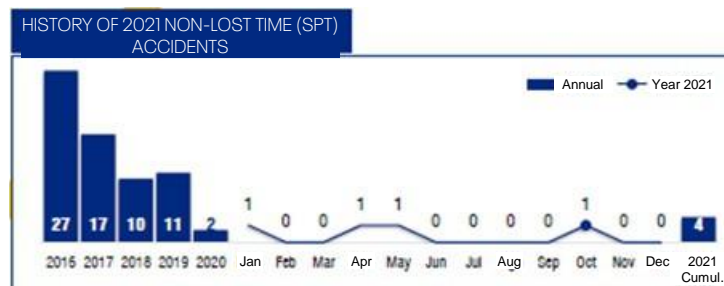
- All our own and third-party employees have access to primary health care services 24 hours a day, 7 days a week within our facilities.
- We have different forms of medical insurance such as Social Security (Seguro Social de Salud, ESSALUD [Social Health Insurance]), Complementary Risk Work Insurance (universal insurance), Self-funded Family Health Insurance (self-supported program by the company and employees), as well as contracts with Health Care Providers (EPS). GRI 401-2
- Additionally, there is the "Peso Ideal" ("Ideal Weight") program, led by a nutritionist, which ensures that employees reach and maintain a healthy weight.

The tools we use to determine accidents and injuries are: Hazard Identification, Risk Assessment and Control Procedure (IPER), Planned General Inspections (IGP) matrices, dysergonomic monitoring.

a. For all employees:



CPT: lost time



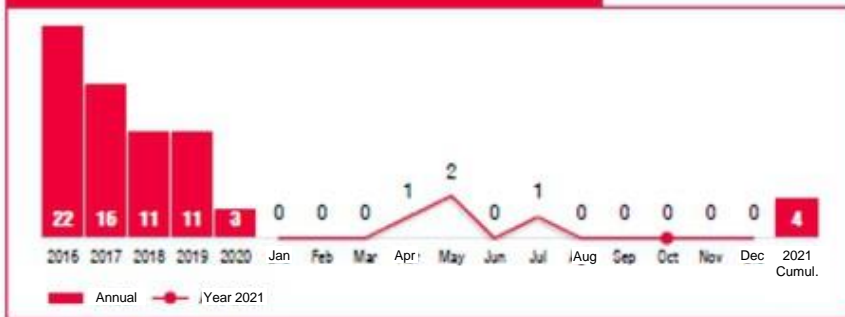
SPT: Non-lost time

- The main types of work-related injuries are fractures or wounds.
- The number of hours worked (direct employees): 2,344,632.0

KEY INDICATORS

GRI 403-9,
GRI 403-10

EVOLUTION OF CONTRACTOR ACCIDENT RATES IN 2016-2021



We had 4 events with our Contractor employees, 1 non-lost time (SPT) accident and 3 First Aid responses, none of these events were of high loss potential.



1 Cut on the forehead, caused by the helmet harness



3 Mild foot sprain.
Hit in the calf.
Small cut on the finger.

As a result of our good safety management,
NO FATAL ACCIDENTS WERE RECORDED
in our operations.

- The most common types of occupational accident injuries are wounds.
- The number of hours worked (third-party employees): 707,178.0
- As for direct and indirect employees, no deaths were recorded as a result of a work-related ailment or illness. We recorded 2 cases of work-related ailments and illnesses in direct employees that were work-related musculoskeletal injuries (rotator cuff syndrome) and 1 under study. The incidence rate of work-related hearing loss is 2% per year.

- The main types of work-related ailments and illnesses are musculoskeletal ailments and work-related hearing loss.
- The occupational hazards considered a risk of illness or disease are forced postures, repetitive movements, overexertion, and noise sources greater than 85 dBA in operating areas. Those that have caused or contributed to causing occupational accident injuries with great consequences during 2021 were: load lifting, movement of people, exposure to moving equipment and hot surfaces.
- The measures taken or planned to eliminate such hazards and minimize risks were:
 - Engineering: modifications to lifting points, additional containment bars, automation of locking systems.
 - Administrative: training, campaigns, reinforcement of 5S culture, updating of procedures and Hazard Identification, Risk Assessment and Control Procedure (IPER).
 - Creation of the Grupo Ergo (Ergo Group): Occupational Health, area managers and operators who suffered illnesses.
 - Hiring of the Instituto de Biomecanica de Valencia (Biomechanics Institute of Valencia) for the use of artificial intelligence -ErgoIA- to determine the risk of musculoskeletal injuries.
 - Controls established on-site and at an individual-level to avoid injuries.

TRAINING AND DEVELOPMENT

GRI 103-1,
GRI 103-2,
GRI 103-3

Why is this an important topic?

Inspired by our purpose of “Empowering the People who build the future”, we train our employees to help them maximize their talents for the benefit of their development and the achievement of our projects.

In our Training area, we aim to: “Have highly trained and specialized employees to help sustain and improve SIDERPERU’s competitiveness”. We constantly invest in improving the technical and soft skills of our entire team.

Supported by technical and practical knowledge, our people help improve production and administrative processes and, by developing soft, management, and digital transformation skills, our human talent is more committed to making changes and challenging themselves with new goals.

How do we achieve this?

In recent years we have trained 100% of our employees by means of specialized programs and courses, such as Safety, Leadership, Digital Transformation and Technical programs, to improve their professional performance.

We have 3 forms of training:

- LMS platform: e-learning courses, developed to suit our needs.
- On-site: generally technical or specific courses in each area.
- Self-training: learning through technical manuals, virtual assessment and then face-to-face practical classes.

We classify our different programs in:

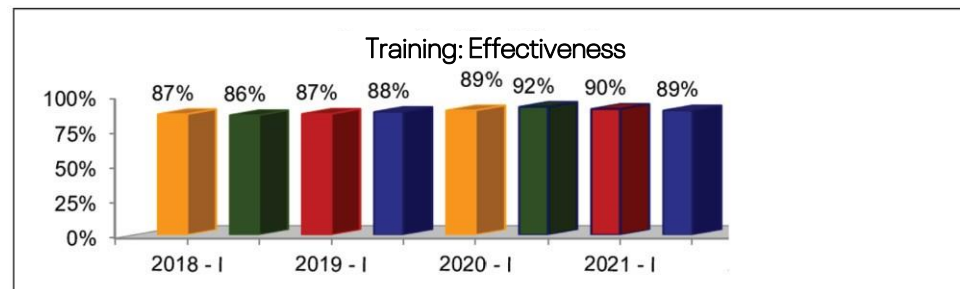
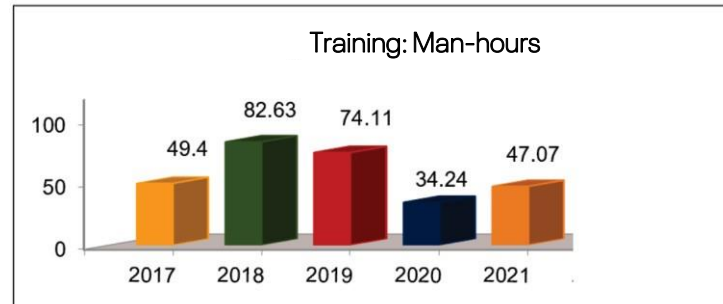
- Safety and Environmental Management.
- Technical or specific to the area.
- Soft skills – Leadership.
- Occupational health.
- Innovation and digital transformation.
- IT and languages.
- Integration and Induction.

We have metrics that allow us to guarantee the quality of the training, as well as a return on investment, which is demonstrated in the improvement of processes, reduction of accidents, better performance, etc.:

- 100% of employees trained in technical, management and security issues.
- 87% employee satisfaction with the programs.
- 82% training effectiveness.
- 80% compliance with the training program for transversal courses.
- 47 hours of training on average for each employee. GRI404 -1
- \$236,000 dollars - on average - is the program’s annual investment.

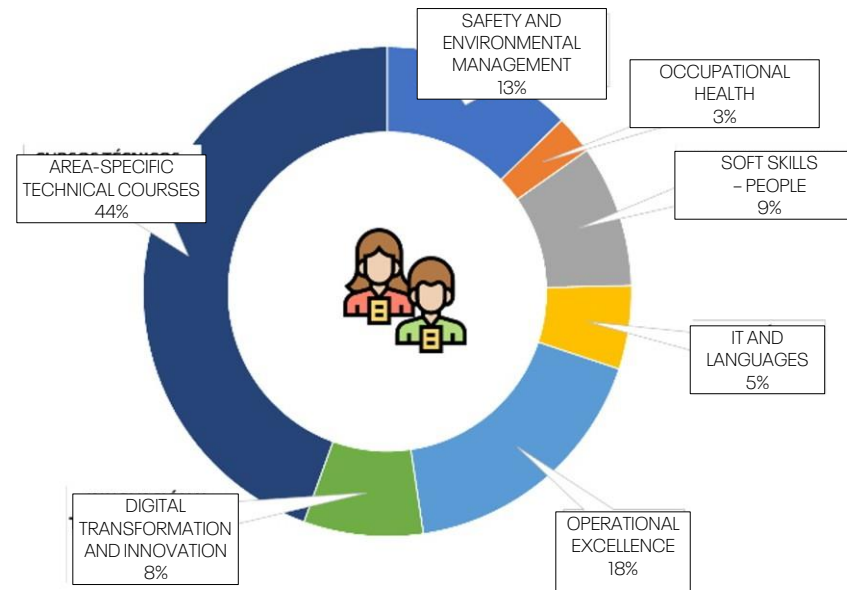
TRAINING AND DEVELOPMENT

GRI 103-1, GRI 103-2, GRI 103-3



We focus on developing and bringing out the best version of our talent.

The training program is oriented towards 100% of employees. New employees participate in an integration program (induction) where we inspire them in our SIDERPERU culture. All technical training helps each employee to have a better performance and experience in their job. In addition, the Leadership, Health, Safety, Digital Transformation, Operational Excellence courses also contribute to personal growth. For this, we have an LMS (Learning Management System) learning platform, with e-learning courses specially designed to suit our needs.



COMPREHENSIVE
TRAINING
GRI 404-2

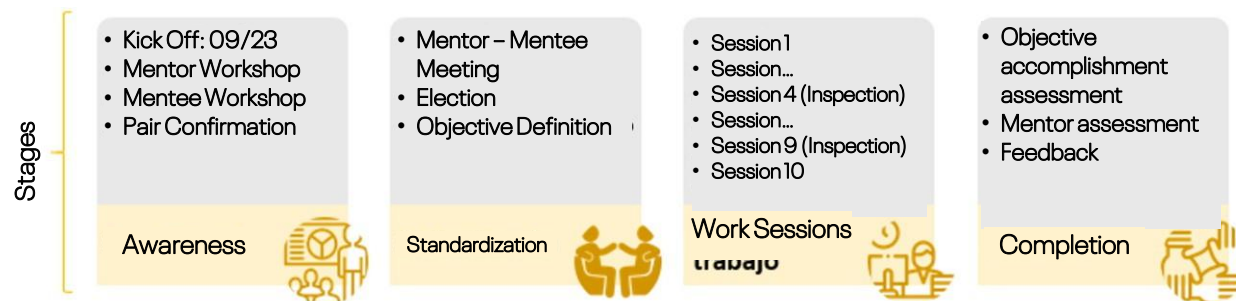
WE GIVE FEEDBACK

- We have a Performance Assessment process for 100% of employees based on feedback.
- Each year, this feedback allows the employee to know what they have been doing well and what aspects require improvement in their work performance. In addition to the employee's immediate superior, peers, internal and external clients, and the team in charge (if any) are involved in this process.
- The information is collected during the year and it is the immediate superior of the employee, who is responsible for transferring their results in formal channels.
- Every year we have ensured that 100% of our employees have had time for feedback.



MENTOR TRAINING PROGRAM

In 2021, we started this initiative to train mentors to accompany the development of our young executives. These are structured spaces aimed at strengthening our principles and the transfer, by the mentors, of their experiences and in-depth knowledge of the business.



Why is this an important topic?

Diversity is part of our DNA and one of the flags of our quest to transcend. Our purpose "Empower the people who build the future" and one of our ten principles "Diverse and inclusive environment", indicate the ambition that we dream for our sector and the country. As shown below, this vision not only reaches our employees, but also our community through our social responsibility projects.

Gender equality and diversity means, for us, that from all areas of SIDERPERU we contribute to achieve common goals such as: increasing the number of women who are part of our company; ensure a safe, diverse environment, free from bullying and harassment; equal opportunities and development for all, starting from the processes of attracting talented individuals.

- We promote trust and the ability to internalize that we are all different people and that this is a great benefit for the team.
- We want to build an environment where diversity is respected and valued as a competitive element, a place where all people feel heard, respected and have equal opportunities.

How do we achieve this?

We have a Diversity Committee made up of employees who are diverse in gender, post, area and age. Its mission is to make SIDERPERU a place where all people feel heard, respected and have equality so that they can exercise their full potential and feel included. This committee works on the development of talent with a gender focus and measures a monthly indicator of the participation of women in the different occupational groups: operators, administrative staff and executives. 88% of our leaders (executives and area coordinators) participated in the training on Inclusive Leadership.

Our recruitment goal is to have 1 woman in the shortlist of each external selection process. In 2021, 33% of all applicants to external processes were women; and 27% of women applicants made it to the shortlist.

This gender approach is also lived in our social responsibility project, Technical School, which provides scholarships in technical education for the youth of Chimbote. In 2021, we recorded 39% of female students. (For more information on this, see the Social Value section).

Key indicators

| DIVERSITY | | |
|--|---------|---------|
| Indicators | Results | Results |
| | 2020 | 2021 |
| % of women in SIDERPERU | 7% | 8% |
| % of women in leadership position | 29% | 28% |
| % of women (university interns, technicians and apprentices) | 53% | 38% |
| % of People with disabilities in the Company | 0.3% | 0.2% |

**WE ARE DIVERSE
AND INCLUSIVE**

GRI 103-1,
GRI 103-2,
GRI 103-3

FACTS OF OUR COMMITMENT

GRI 405-1

We are excited that 28% (13 women) of leadership positions in SIDERPERU are held by women; especially if we consider that we have evolved since 2019 where we registered 19%. In addition, we have 30% women on our Executive Committee.

| SEX | Quantity | Percentage |
|---------------|----------|------------|
| FEMALE | 13 | 28% |
| MALE | 33 | 72% |
| General Total | 46 | 100% |

Corporate governance body based on age ranges:

| < 30 years old | 30-50 years old | 50 years old < |
|-------------------|--------------------|-------------------|
| 4.3% | 87% | 8.7% |

Regarding the diversity of our workforce:

BY SEX:

| SEX | ADMINISTRATIVE STAFF | | OPERATORS | |
|---------------|----------------------|------------|-----------|------------|
| | Quantity | Percentage | Quantity | Percentage |
| FEMALE | 51 | 25% | 4 | 1% |
| MALE | 153 | 75% | 665 | 99% |
| General Total | 204 | 100% | 669 | 100% |

By range age:

| TYPE | < 30 years old | 30-50 years old | 50 years old < |
|----------------------|-------------------|--------------------|-------------------|
| ADMINISTRATIVE STAFF | 16% | 76% | 8% |
| OPERATORS | 4% | 60% | 36% |

Vulnerable population¹¹:

| | % |
|-----------------------|------|
| VULNERABLE POPULATION | 3.2% |

¹¹It refers to employees who have some health risk condition (resulting from Covid-19 pandemic), such as their comorbid condition and advanced age, or who meet any of the health conditions established as risky by the Ministerio de Salud, MINSA (Department of Health).

WE ARE DIVERSE
AND INCLUSIVE

GRI 103-1,
GRI 103-2,
GRI 103-3



SOCIAL VALUE



We help more than 13,000 people to be protagonists of their own development and, for 23 years, we have given scholarships to young Peruvians so that they can achieve their dreams.

Why is this an important topic?

We are interested in promoting social development in the areas where we operate: the more opportunities there are for people in the communities that surround us, the better it will be for all of us. For this reason, we have a social investment and shared value generation approach that knows the contexts, manages projects and monitors results.

We work to be socially responsible with all our stakeholders: Employees, Clients, Suppliers, Shareholders, Community, Environment, Governments and Society. As for our communities, we have a relationship built decades ago with a common agenda in favor of education, children and youth in Chimbote.

What we focus on?

Our social investment pillars are: education, recycling and housing. We provide technical, financial and volunteer support to people and organizations, so that they are capable of transforming themselves, thus generating positive changes for them and their towns.

- **Entrepreneurial education:** We support technical vocational training by providing scholarships for young people with a desire to excel. In addition, we have training projects for teachers and young people on vocational guidance and leadership.
- **Housing:** We train masons and foremen in the civil construction sector, for raising awareness regarding the construction of safe houses and about complying with the technical standards to prevent risks in the event of earthquakes.
- **Recycling:** We participate in projects oriented at the entrepreneurial spirit to promote recycling, the reuse of materials and conscious consumption. We support initiatives with the objective of encouraging the recycling of materials, promoting circular economy and improving the quality of life of the population that works in recycling.

Social Responsibility Committee

It is the structure that allows us to successfully manage social responsibility programs and is responsible for defining and implementing social actions, in accordance with the established strategy.

It meets quarterly to decide on social investments and manage the respective resources. GRI 102-31

The Social Responsibility Committee is made up of employees from different areas:

- General Manager
- Industrial Manager
- Human Resources Manager
- Supply Chain Manager
- Head of Institutional Affairs and External Communication
- Head of Occupational Health
- Head of Accounting
- Head of Social Responsibility



Through our different social projects, in 2021, we have managed to achieve:

- More than 13,000 people benefited from our initiatives.
- More than \$170,000 dollars of direct investment.
- 43 benefited institutions.
- 139 students in technical vocational training.
- 115 volunteers.
- 648 hours of volunteering.
- 12.4% of employees who are volunteers.
- Permanent support in the fight against COVID 19: oxygen balloons, oxygen concentrators, donations of the first vaccines, support with vaccination equipment, a vaccination center at SIDERPERU's facilities.

INITIATIVES BY AND FOR CHIMBOTE

GRI 413-1

It is highly important to multiply the sources of development and growth, not only of our employees, clients and suppliers; but also of society. In 2021, we have managed to benefit 13,175 people.

Technical School

As a result of this initiative, we have been changing the lives of thousands of young people for more than 23 years. This is about our own program that offers completely free and comprehensive scholarships for young people with a desire to excel and high school graduates from the Ancash region, in order to receive quality technical education.

In partnership with the Servicio Nacional de Adiestramiento en Trabajo Industrial, SENATI (National Service for Industrial Training), young people receive 2 years of theoretical education in modern classrooms and facilities, within our plant. At the final stages of their education, in their last year, they carry out professional internships within our Company. Thus, In 3 years, young people obtain a degree issued on behalf of the Nation.

Our educational model, based on responsible management, allows us to contribute to society through comprehensive training based on values.

This project, in addition to positively transforming the future of young people and their families, also meets the great need of the industrial market for competent professionals with quality training.

In 2021, 39% of scholarship students were women and 50 students began their education with our scholarships. To date, there are more than 1,000 graduates, of which 240 are women.

LOCAL DEVELOPMENT

GRI 103-1,
GRI 103-2,
GRI 103-3



Students from Technical School in Chimbote.

Volunteer Program

We encourage our employees to become part of the community's development, conducting activities that benefit it, thus allowing them to put their solidarity into action.

In 2021, we had more than 80 volunteers nationwide who selflessly donated their time, energy and knowledge. To date, more than 10,000 Peruvians have benefited from the initiatives and our volunteers have accumulated more than 500 hours of support.

ORQUESTA SINFONICA INFANTIL Y JUVENIL DE CHIMBOTE, OSIJCH (CHILDREN AND YOUTH SYMPHONY ORCHESTRA OF CHIMBOTE)

For more than 12 years we have been supporting the Orquesta Sinfonica Infantil y Juvenil de Chimbote (OSIJCH), an educational, social and artistic inclusion project, and the main cultural identity project of Chimbote. The initiative, oriented at children and young people from Chimbote, was developed in partnership with SIDERPERU and the Centro Cultural Centenario (Centennial Cultural Center) and, since 2019, with APROFERROL.

The teaching of this art implies exposure to several stimuli that have improved the attention and concentration of the members.

In 2021, more than 140 children and young people from Chimbote benefited from this initiative. And, to date, we have contributed to the social and cultural inclusion of more than 1,800 children and young people, and we seek to continue impacting more lives, helping them fulfill their personal dreams and also giving them the opportunity to grow professionally in music..



Concierto de la Orquesta Sinfonica Infantil y Juvenil de Chimbote.

LOCAL DEVELOPMENT

GRI 103-1,
GRI 103-2,
GRI 103-3



Sembrando Vida Project

Sembrando Vida (Planting Life)

This is an environmental education project, carried out in partnership with the Rotary Club, which seeks to promote the generation of green areas and forestation in urban and rural sectors of the province of Santa, thus contributing to the care and protection of the environment, hand in hand educational institutions and the community.

We annually invest S/.16,000 as support for the planting of thousands of trees. To date, more than 530,000 trees of various species have been planted.

LOCAL DEVELOPMENT

GRI 103-1,
GRI 103-2,
GRI 103-3



Playground made with SIDERPERU's steel in Chimbote.

Weapons free

In 2015 we joined the Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil, SUCAMEC (National Superintendency for the Control of Security Services, Arms, Ammunition and Explosives for Civilian Use) to carry out the weapons foundry activity. Through this recycling project, weapons are transformed into steel destined to build children's friendly gyms and playgrounds, both in Lima and Chimbote. Thus, we managed to convert such risky objects into spaces of well-being for citizens and families, generating an impact on social development and community safety, through a circular economy.

In 2021, in coordination with the "Barrio Seguro" ("Safe Neighborhood") Multisectoral Strategy, we delivered children's friendly gyms and playgrounds in the "William Benites" park in San Juan de Lurigancho, benefiting more than 1,500 children and young people.

Since the beginning of this joint activity, more than 30,000 weapons in total have been destroyed nationwide.

Why is this an important topic?

We always maintain the obligation to comply with the legal regulations that apply to us. We are committed to sustainability, ethics and integrity: Our alignment with the legal framework expresses our respect for Peru's institutions and our stakeholders. It also allows us to:

- Identify regulatory risks.
- Maintain good relations with the entities that regulate its activities.
- Convey security and trust to the different audiences with which it relates; and,
- Prevent unnecessary and harmful sanctions.

What we do about it?

We have a Legal area that advises on the compliance actions that must be carried out, in all the areas in which we operate, including the social and economic sectors. This includes the fulfillment of obligations before regulatory authorities such as the Ministerio de la Producción, PRODUCE (Department of Production), the Superintendencia Nacional de Fiscalización Laboral, SUNAFIL (National Superintendency of Labor Inspection), the Ministerio del Ambiente, MINAM, (Department of Environment), Municipalities of the places where its facilities are located, Autoridad Portuaria Nacional, APN (National Port Authority, NPA), the Superintendencia Nacional de Administración Tributaria, SUNAT (National Superintendency of Tax Administration), the Superintendencia del Mercado de Valores, SMV (Superintendency of Securities Markets), among others.

LEGAL COMPLIANCE

GRI 103-1,
GRI 103-2,
GRI 103-3,
GRI 419

LEGAL COMPLIANCE

GRI 103-1,
GRI 103-2,
GRI 103-3,
GRI 419

In addition, we have Safety and Environment matrixes, both of which are constantly updated, which allow us to be up-to-date in complying with the obligations of both matters. Likewise, we have a Compliance and anti-corruption program integrated with our Corporate Group (Gerdau S.A.), including its Crime Prevention Model, thus guaranteeing greater effectiveness in control actions to prevent, identify and mitigate risks of committing crimes related to corruption.

In addition, we count on action plans and compliance indicators for the most relevant issues, through which the company carries out permanent prevention, monitoring, control and assessment of legal and regulatory compliance.

It should be brought to your attention that SIDERPERU was sanctioned with the temporary closure for three (03) days of its scrap metal collection center located in Huachipa, due to the pending renewal of the Technical Inspection of Security in Buildings (ITSE). However, the request was regularized and we were able to resume our normal operation. GRI 419 -1

We have litigation processes with the Judiciary, for which we provide the necessary information that leads to the best resolution for all parties involved.

| No. | Sanction | Sanction or Fine | Applicable regulation | Remedial Measure |
|-----|---|------------------|-----------------------|---|
| 1 | Closure of the Huachipa scrap metal collection center | S/ 21,500.00 | Municipal Act on ITSE | Submission of ITSE renewal application form |

This material refers to GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016, GRI 201: Economic Performance 2016, GRI 205: Anti-Corruption 2016, GRI 206: Anti-competitive Behavior 2016, GRI 302: Energy 2016, GRI 303: Water and effluents 2018, GRI 305: Emissions 2016, GRI 306: Waste 2020, GRI 307: Environmental Compliance 2016, GRI 401: Employment 2016, GRI 403: Occupational Health And Safety 2018, GRI 404: Training and Education 2016, GRI 405: Diversity and Equal Opportunity 2016, GRI 413: Local Communities 2016, GRI 419: Socioeconomic Compliance 2016. For a detailed explanation of the relevant content, see the GRI Content Index.

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GRI 102-55

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Administrative office in Chimbote Plant