

DOUBLE MATERIALITY 2023

2024



- 1. Understanding double materiality**
- 2. Identification of material issues**
- 3. Results by dimension**



Understanding Double Materiality

What does sustainability mean to CASA?



During 2021, our Sustainability Strategy was formalized, which seeks to place us at the forefront of **international good practices and the current needs of society, the planet and the organization.**

Commitment Environmental

- Circular Economy
- Climate Change
- Eco-efficiency



Shared value

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

Solid Structure

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

On double materiality in sustainability



The concept was originated in the European Union, in connection with the new Corporate Sustainability Reporting Directive (CSRD), with the aim that companies can report information aligned with the results of the **impact materiality** and **financial materiality analyses**.

The double materiality analysis allows us to:

Identify

those issues that substantially influence evaluations and decisions.

To plan

our management and identify risks based on priority sustainability issues

Possess

a comprehensive and balanced view of the company's performance in terms of sustainability

Report

Our main indicators that reflect the progress of management

What do we mean by impact?



Impact Materiality

Effects or consequences on the economy, environment, people and human rights, derived from the different activities, programs and projects of the company, as well as its commercial relations.

+ Positives

- “Generation of local employment”
- “Transfer of standards in good practices of ethics and compliance throughout the value chain”

- Negatives

- “Air pollution due to emissions from operations”
- “Loss of jobs or reduction of salaries and benefits to employees due to poor economic performance of the company”

Financial Materiality

Effects or consequences on the company's profitability, reputation and strategy derived from the environment and people.

+ Positives

- “Increase in dividends for investors”
- “Decrease in operational costs”

- Negatives

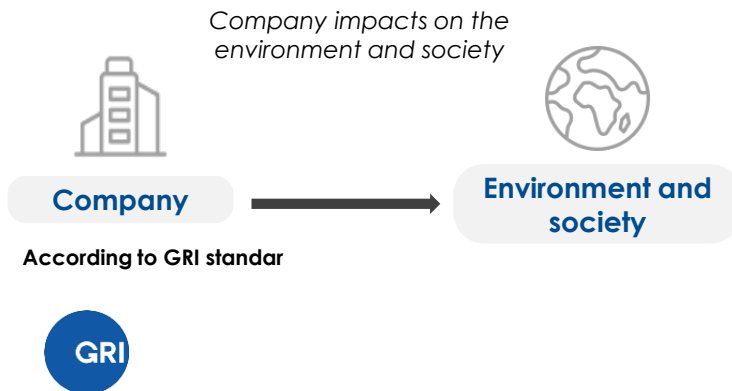
- “Payment of fines for environmental non-compliance”
- “Suspension of operations due to social conflicts”

Double materiality process

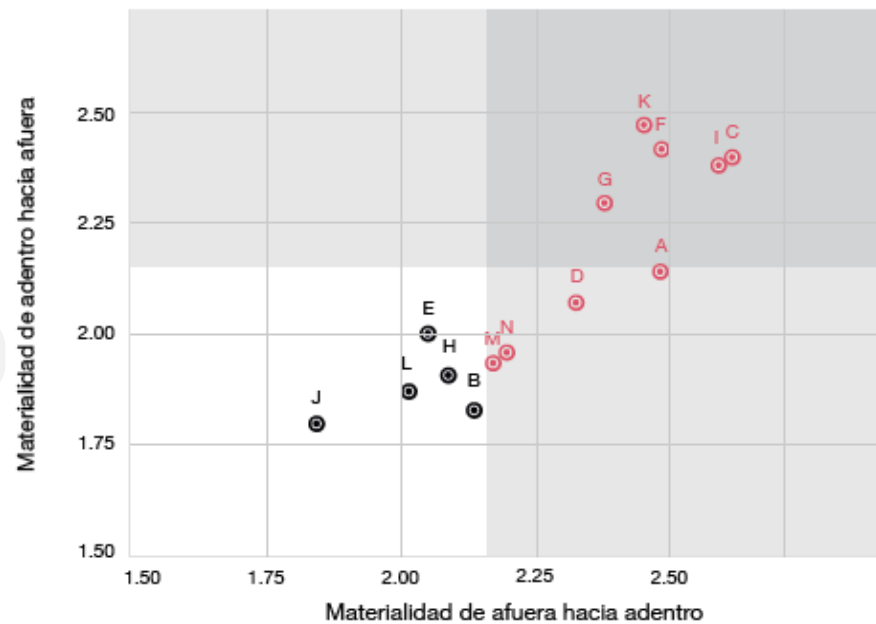


By analyzing the information collected, the topics are prioritized in a double-entry matrix, with the topics with the highest scores being the material topics.

1. Impact Materiality (From the inside out)

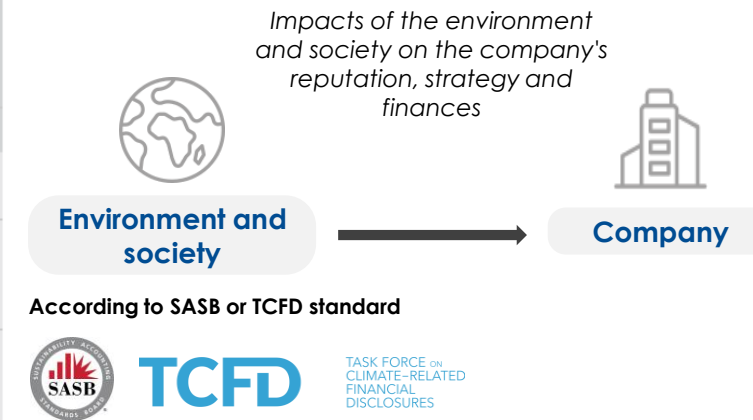


Example chart. Each letter corresponds to a theme.



⊙ Temas materiales

2. Financial materiality (From outside)





Identification of material issues

List of material topics 2022



Organizations should review the material topics from the previous report to review any changes in impacts.

This review helps ensure that the material topics represent the most significant impacts to the organization.



Economic and Governance

1. Research, development and innovation
2. Corporate governance and ethical management
3. Risk management
4. Creating value for shareholders



Environmental

1. Climate change response and energy efficiency
2. Air quality management



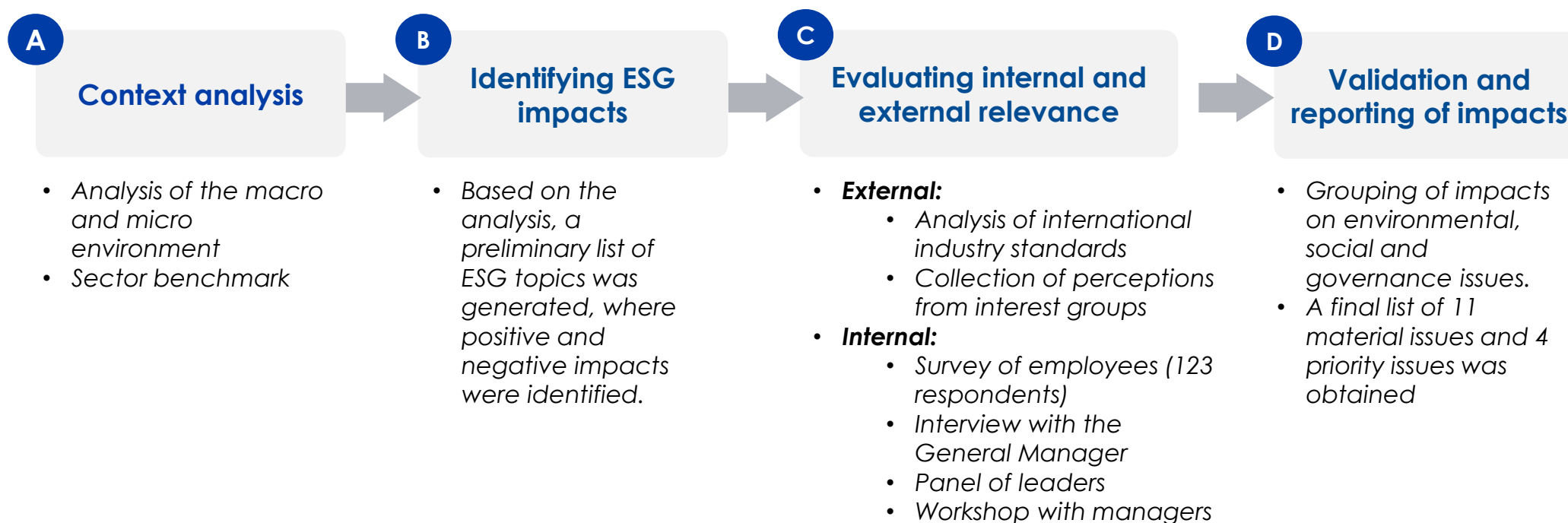
Social

1. Strengthening occupational health and safety
2. Customer relations
3. Talent management
4. Protection of human rights

Double materiality process



The double materiality analysis in CASA is valid for 2 years* and is carried out following the following process:

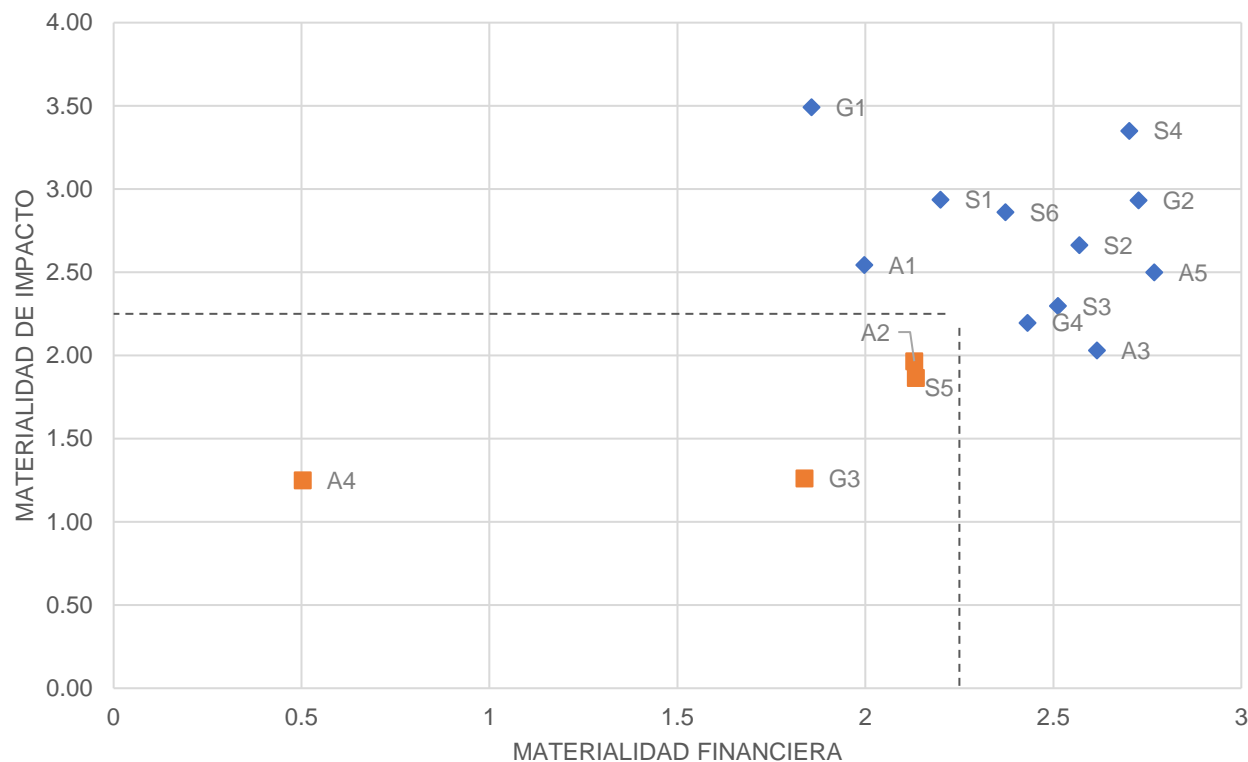


* Or if there is a significant change in the organization or the country context, the next assessment will be carried out in 2025.

Materiality matrix



MATRIZ DE DOBLE MATERIALIDAD



Material Topics 2023

1	S4	Protection of Human Rights
2	G2	Corporate governance and risk management
3	A5	Water management
4	S2	Customer relations
5	S6	Promoting diversity and equal opportunities
6	S3	Talent management
7	G4	ESG Supply Chain Management
8	A3	Adoption of the circular economy, waste management and product life cycle
9	S1	Strengthening occupational health and safety
10	A1	Climate change response and energy management
11	G1	Research, development and innovation

Priority issues (non-material)

12	A2	Air quality management
13	S5	Managing relationships with the surrounding population
14	G3	Creating value for shareholders
15	A4	Protection of biodiversity

Comparison of material topics



Comparative results

Changes from the previous period

(GRI 3-2)

CHANGES IN MATERIALITY			
Themes 2020		Themes 2022	
1	Competitiveness	1	Research, development and innovation
2	Security and health	2	Strengthening of occupational health and safety
		3	Relationship with customers
		4	Risk management
3 and 4	Ethics / Corporate Governance	5	Corporate governance and ethical management
		6	Talent management
5	Water	7	Response to climate change and energy efficiency
6	Air Quality	8	Air quality management
		9	Protection of Human Rights
		10	Shareholder value creation
7	Social impacts in communities		In 2022, priority issue, not material.

#	TOPICS 2023
1	Protection of Human Rights
2	Corporate governance and risk management
3	Water management
4	Customer relations
5	Promoting diversity and equal opportunities
6	Talent management
7	ESG Supply Chain Management
8	Adoption of the circular economy, waste management and product life cycle
9	Strengthening occupational health and safety
10	Climate change response and energy management
11	Research, development and innovation

New material themes



Water management

In the steel sector, water is an essential component in various production processes, directly impacting operational efficiency, the reduction of environmental impacts and the continuity of operations. Aceros Arequipa, by responsibly managing its water resources, not only complies with environmental regulations, but also contributes to the preservation of water quality and biodiversity in the surrounding areas. Thus, the adoption of sustainable practices in water management contributes to the minimization of the company's water footprint.

Promoting diversity and equal opportunities

The male presence is an inherent characteristic of the sector, from operational roles to leadership positions. However, this reality is undergoing changes and evolutions. Internally, the importance of promoting diversity in the work environment is highlighted, contributing to the construction of a richer and more varied team in skills, perspectives and experiences, creating an enriching work environment that enhances creativity, innovation and decision-making.

Nuevos temas materiales



ESG Supply Chain Management

ESG supply chain management allows for the assessment and mitigation of impacts throughout the entire chain. The adoption of sustainable practices contributes to efficient use of resources, reduction of emissions and responsible waste management.

In the anonymous survey of collaborators, it was highlighted that efforts should continue to align ethical and anti-corruption practices with suppliers: *“Que Aceros generate training plans for suppliers to promote a culture of values and anti-corruption”*

Adoption of the circular economy, waste management and product life cycle

For a company in the steel sector, where the use of natural resources is inherent, adopting practices that minimize waste and maximize the useful life of materials translates into more responsible and sustainable management of the environment.

From a sustainability perspective, the circular economy allows Aceros Arequipa to proactively address environmental challenges and meet increasingly demanding standards in terms of carbon footprint, waste management and energy efficiency.

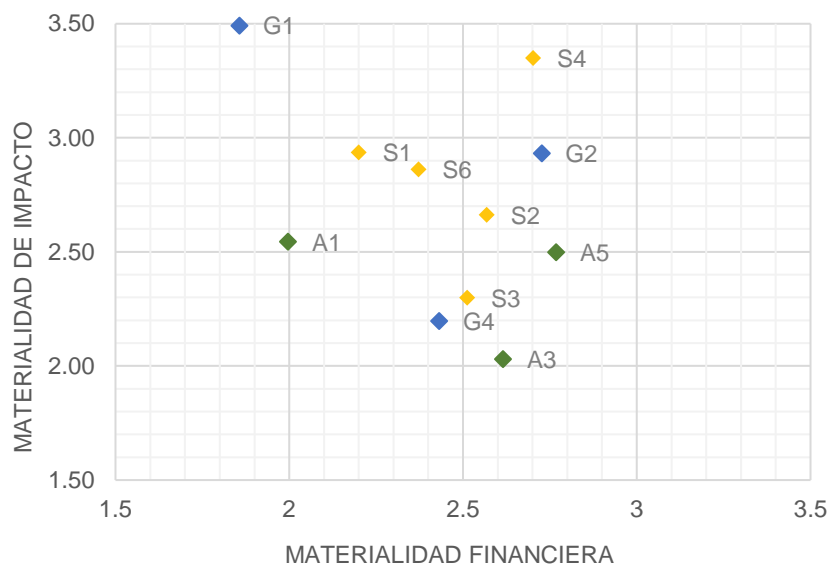


Results by dimension

Environmental Dimension



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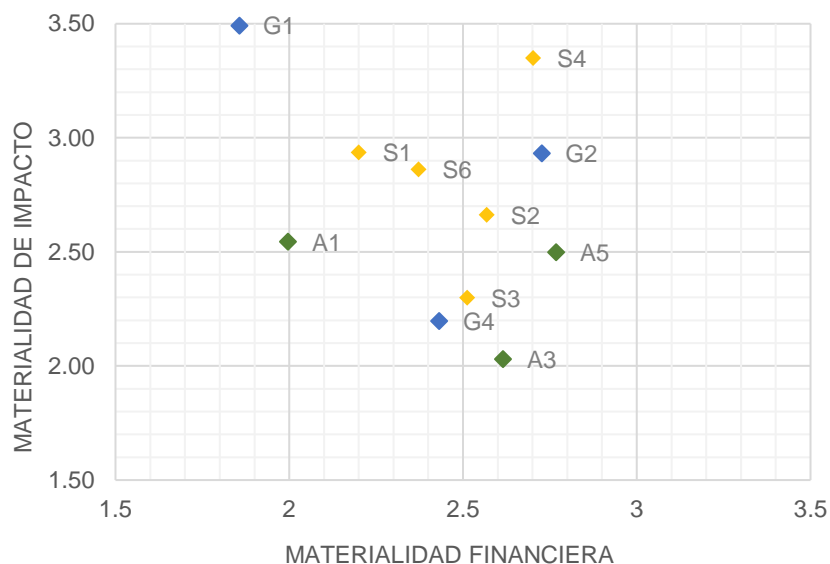


TOPIC		DESCRIPTION
A5	Water management	Responsible use of water resources, strictly complying with the controls and limits of current regulations. Identification and mitigation of risks associated with water, considering the water stress factor.
A3	Adoption of the circular economy	Utilization of industrial by-products, waste generated and prioritization of the consumption of recycled material over virgin raw materials.
A1	Response to climate change	Promote the reduction of the carbon footprint and greenhouse gas reduction programs associated with the company's operations, thus facilitating the transition to a low-carbon economy. Implement climate change mitigation strategies. All of this to achieve carbon neutrality by 2050..

Social Dimension



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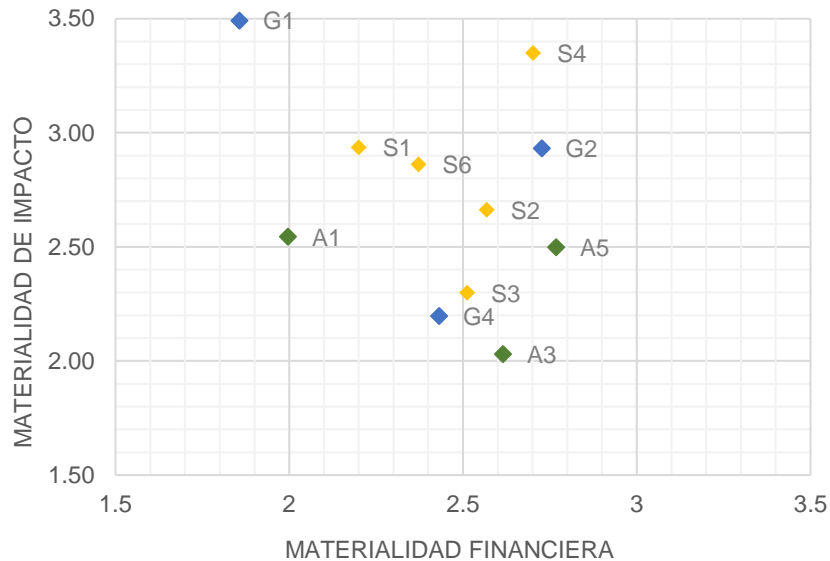


TOPIC		DESCRIPTION
S4	Protection of Human Rights	Identification, assessment, prevention and mitigation of risks related to human rights in any of our value chain and interest groups; efficiently managing relationship protocols between interest groups that interact with communities in the area of influence that have the potential to violate the rights of communities. Establishing our due diligence model that supports our commitment to Human Rights.
S2	Customer relations	Ensure customer satisfaction and loyalty through better management of customer communication and the implementation of information gathering tools that allow a better understanding of their needs, generating better products and after-sales services to strengthen customer relationships.
S6	Promoting diversity and equal opportunities	Promotion of a culture of prevention and protection of the comprehensive health and safety of all personnel, including contractors and third parties involved in operations. Also, identification of potential hazards related to and health risks external to the Company's management, such as epidemics or pandemics.
S3	Talent management	Developing programs to improve workers' skills and provide opportunities for growth within the organization, including the deployment of benefits and talent retention programs.
S1	Strengthening occupational health and safety	Promote a fair work environment, guaranteeing diversity and multiculturalism in our jobs, equal remuneration and growth opportunities, and compliance with labor rights.

Economic dimension and governance



MATRIZ DE DOBLE MATERIALIDAD



TOPIC		DESCRIPYION
G2	Corporate governance and risk management	Adoption of rules, processes and principles that guide governing bodies to make efficient decisions, ensuring that the company is managed in a transparent manner, promoting anti-corruption policies and anti-competitive practices, with honest business conduct at all levels, considering the interests of all its shareholders (including minority shareholders).
G4	ESG Supply Chain Management	Effective management of risks and opportunities related to the supply chain, creating training, transfer and compliance control mechanisms on issues of ethics and integrity, environmental, social and SST standards for suppliers.
G1	Research, development and innovation	Technological research and development in the production process, design of products and services taking into account customer needs, impacts on health, society and the environment. In addition, adapting to disruptive events in the industry while remaining competitive, implementing strategies to expand the product portfolio and standards to ensure continuity.



The double materiality analysis process has been carried out by the Projects, Mining, Social Responsibility and Innovation Management and reviewed and approved by the CEO.

Ricardo Cillóniz Champín
Chief Executive Officer