

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

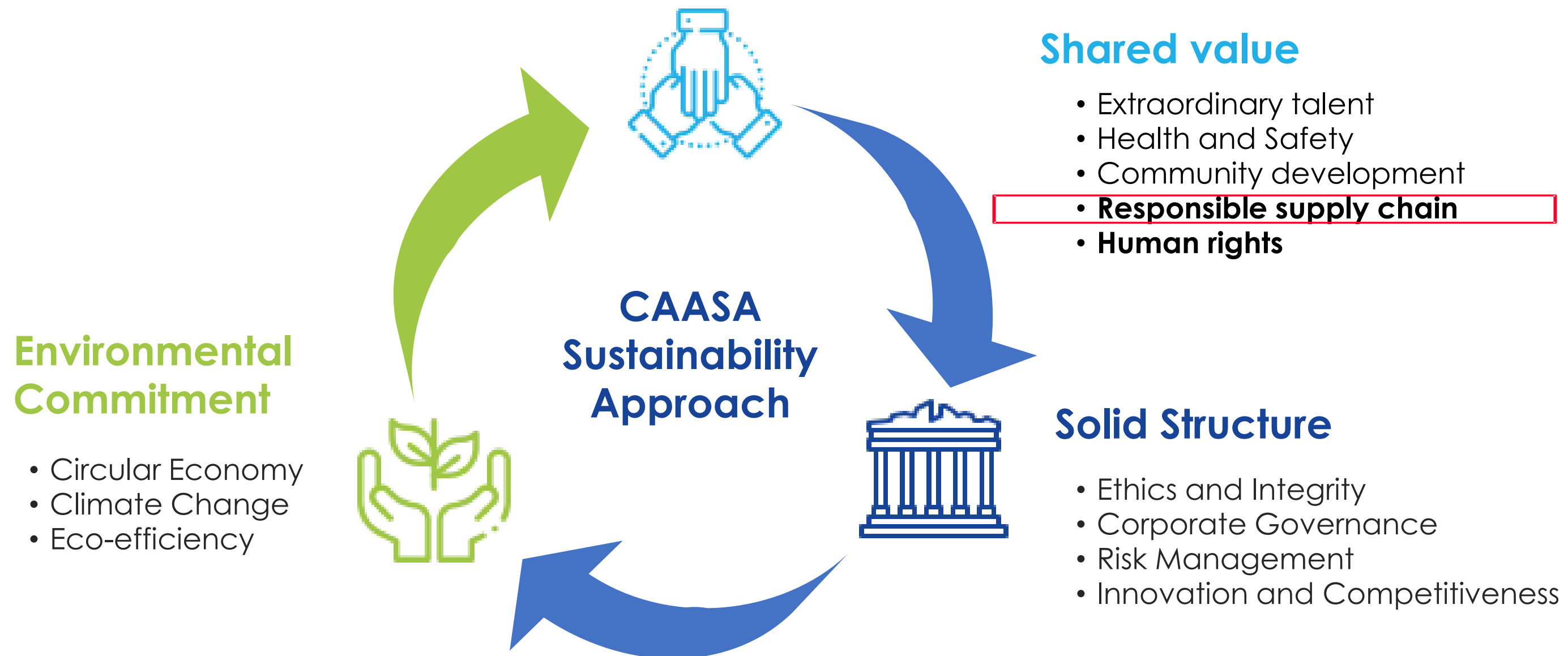
2025



CAASA Sustainability Strategy



In 2021, our Sustainability Strategy was formalized, seeking to place us at the forefront of international best practices and the current needs of society, the planet, and the organization.



Responsible supply chain



Our suppliers are a key part of the success and sustainability of our business.

At Aceros Arequipa, we are committed to ensuring an efficient supply of inputs and services, both locally and internationally, **through the comprehensive development of our suppliers, following international best practices.**

Due to the changing needs of the environment, we seek to strengthen our business relationships and **promote joint growth in an ethical and responsible way,** aligned with international best practices and labor Human Rights standards.



Responsible supply chain



MISSION

Ensure the availability of products for sale, providing an adequate level of service to our internal and external customers, optimizing working capital and logistics costs.

VISION

To be a highly motivated team with committed leaders who provide solutions, create opportunities for improvement, with innovation, by integrating all logistics processes, focussed on customer satisfaction and cost optimization.

Governance



To ensure efficient supply of inputs and services, both locally and internationally, we have established a governance structure that includes the active participation of the Sustainability Committee and the Board of Directors.

Sustainability Committee

- **Definition of strategies and policies:** Definition of strategies and policies for supply chain management, aligned with our sustainability goals.
- **Supplier evaluation:** Supervision of the supplier selection and evaluation process based on ESG criteria.
- **Monitoring and follow-up:** Monitoring to the results of evaluations and periodic visits to ensure compliance with our policies.
- **Training and development:** Promotion of training and development programs to improve supplier practices.

Directory

- **Approval of policies and strategies:** Review and approval of proposed policies and strategies.
- **Supervision:** Monitoring of the implementation and effectiveness of sustainability policies.
- **Risk Management:** Through the Audit, Finance and Risk Committee, it ensures adequate management of risks that directly impact the value chain, ensuring compliance with corporate codes and policies.

Code of Ethics for Suppliers and Contractors



The **Code of Ethics for Suppliers and Contractors** establishes the guidelines for conduct, values, and responsible business practices that we expect our suppliers and contractors to uphold in the conduct of their businesses and relationships with third-party companies or institutions.

We also require our suppliers and contractors to extend this code or similar standards of conduct to their own supply chains and comply with it not only with CAASA, but also in all their business relationships.

As part of our management process, we periodically assess supply chain management to ensure that the organization's practices are aligned with our values and Code of Ethics.



[Learn more about our guidelines and principles of ethical conduct in our Code of Ethics for Suppliers and Contractors](#)

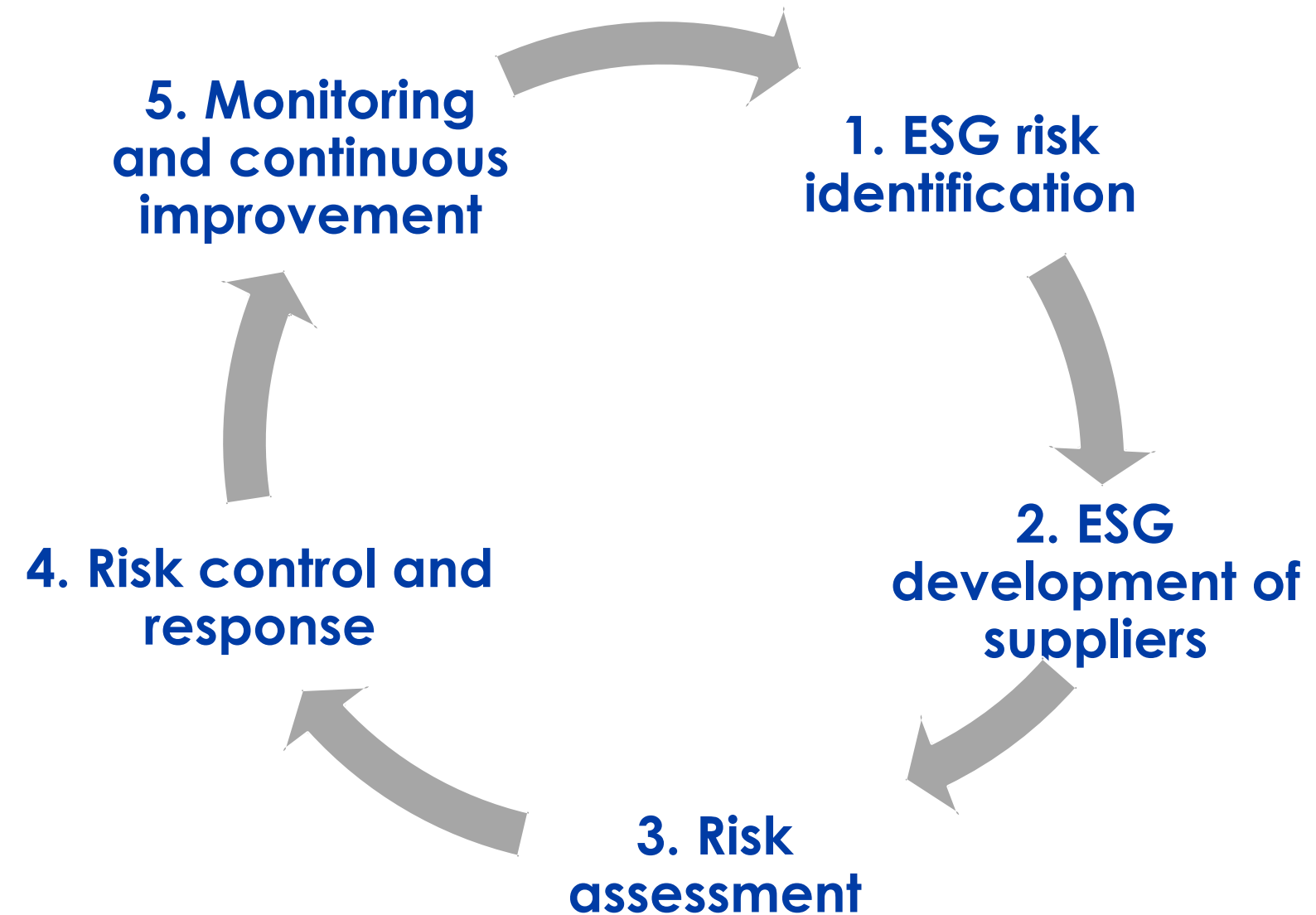


ESG Supplier System

ESG Supplier System



We have an **ESG Supplier Management System** that includes the following points:



Responsible supply chain



SUPPLIER CATEGORIES

CAASA's supplier management is organized into three categories, according to the nature of the goods or services they provide:

- **Strategic purchases:** These include the acquisition of raw materials (scrap and pig iron), corporate purchasing (limestone, lime, and anthracite), and finished or semi-finished products that are a direct part of the company's value chain.
- **Corporate purchases:** This includes the acquisition of spare parts, supplies, and inputs such as electrodes and ferroalloys, as well as fixed assets and services that serve the entirety of the company's operations.
- **Transportation:** Focused on ensuring efficient product distribution, constantly adapting to market demands and optimizing logistics processes.



1. ESG risk identification

ESG risk identification



Integrated Risk and Opportunity Management (IROM) Methodology

The IROM methodology establishes a guide of best practices and tools to anticipate and manage risks with an ESG approach, meeting business and process objectives, in order to prepare for unexpected situations.

The main risks associated with supplier evaluation are linked to the following topics:

- Low availability, quality and price fluctuations of recycled steel.
- Failure to comply with health, safety, or environmental requirements and procedures by contractors and service providers performing work on the company's premises.
- Contingencies for money laundering or terrorist financing, or purchases from suppliers who have committed related crimes (bribery, collusion or any other unethical conduct)



Learn more about our analysis and assessment of strategic and emerging risks in our supply chain in the [2024-2025 Corporate Risk Report](#).

ESG risk identification



As a result of our risk identification process, we have generated the following management instruments for the Corporate Purchasing and Strategic Purchasing areas

Corporate Purchasing

- Corporate Purchasing Risk Matrix
- Supplier Performance Evaluation Risk Matrix

Tipo de Riesgo	Subtipo de Riesgo	Riesgo	Descripción del Riesgo
B. Operativo	B3: Eficiencia y eficacia de los procesos (simplificación de procesos, tiempos de espera, sobre calidad, etc.)	Que no se logre capturar la oportunidad económica de mercado y reprocesos, debido a una falta de definición de estrategia de compras de los requerimientos	Que no se logre capturar la oportunidad económica de mercado y reprocesos, debido a una falta de definición de estrategia de compras de los requerimientos
D. Cumplimiento	D3: Eventos de corrupción y fraude (externos e internos)	Que se presenten eventos de fraude, debido a colusión entre el comprador y el proveedor (filtrar información a proveedores de costos históricos, competencia, manipulación de matrices de evaluación, fraccionamiento de compras, entre otros)	Que se presenten eventos de fraude, debido a colusión entre el comprador y el proveedor (filtrar información a proveedores de costos históricos, competencia, manipulación de matrices de evaluación, fraccionamiento de compras, entre otros)
E. Cumplimiento Ético de Derechos Humanos	E4: Condiciones laborales	Que los proveedores o contratistas vulneren los derechos de los trabajadores por incumplimiento del pago de remuneraciones o beneficios sociales, debido a no respetar los montos y beneficios de ley según contrato o por mantener un acuerdo de trabajo de manera informal con sus trabajadores.	Que los proveedores o contratistas vulneren los derechos de los trabajadores por incumplimiento del pago de remuneraciones o beneficios sociales, debido a no respetar los montos y beneficios de ley según contrato o por mantener un acuerdo de trabajo de manera informal con sus trabajadores. DDHH Relacionados: Derecho a un nivel de vida adecuado que asegure alimentación y vivienda. Derecho a un trabajo digno y libre Derecho a la seguridad social.

The identified risks can be classified as follows:

- Operational risks
- Compliance risks
- Risks of ethical compliance of Human Rights

The image shows some of the risks identified by each category.

ESG risk identification



As a result of our risk identification process, we have generated the following management instruments for the Corporate Purchasing and Strategic Purchasing areas

Corporate Purchasing

The processes are as follows:

- Purchase of National Ferrous Raw Material.
- Purchase of Imported Ferrous Raw Material
- Purchase of Strategic Products

These processes are developed under criteria of efficiency, quality and competitiveness, ensuring timely supply aligned with the organization's strategic objectives.

The identified risks can be classified as follows:

- Compliance risks
- Risks of ethical compliance with Human Rights

The image shows some of the risks identified for each category.

Tipo de Riesgo	Subtipo de Riesgo	Riesgo	Descripción del Riesgo
E. Cumplimiento Ético de Derechos Humanos	E4: Condiciones laborales	Que los proveedores de materia prima ferrosa vulneren los derechos de los trabajadores por condiciones de trabajo inadecuadas, informales, sin beneficios y/o con presencia de menores de edad, debido a la falta de principios éticos de derechos humanos por parte del proveedor	Que los proveedores de materia prima ferrosa vulneren los derechos de los trabajadores por condiciones de trabajo inadecuadas, informales, sin beneficios y/o con presencia de menores de edad, debido a la falta de principios éticos de derechos humanos por parte del proveedor. DDHH relacionados: Derecho a un trabajo decente.
D. Cumplimiento	D3: Eventos de corrupción y fraude (externos e internos)	Que se generen contingencias regulatorias y legales, debido a compras de materia prima ferrosa a proveedores comercializadores o generadores que tienen vinculación con lavado de activos o el financiamiento del terrorismo, o que se encuentren sancionados por el Consejo de Seguridad de las Naciones Unidas	Que se generen contingencias regulatorias y legales, debido a compras de materia prima ferrosa a proveedores comercializadores o generadores que tienen vinculación con lavado de activos o el financiamiento del terrorismo, o que se encuentren sancionados por el Consejo de Seguridad de las Naciones Unidas.
E. Cumplimiento Ético de Derechos Humanos	E15: Trabajo infantil	Que los proveedores vulneren los derechos de los niños o menores de edad, por generar su participación en actividades productivas, debido a la falta de principios éticos de derechos humanos por parte de nuestros proveedores. DDHH relacionados: Derechos del Niño, Derecho a la vida y la integridad personal.	Que los proveedores vulneren los derechos de los niños o menores de edad, por generar su participación en actividades productivas, debido a la falta de principios éticos de derechos humanos por parte de nuestros proveedores. DDHH relacionados: Derechos del Niño, Derecho a la vida y la integridad personal.

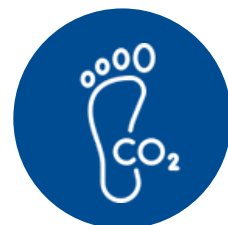


2. Supplier development

ESG supplier development



We are committed to the sustainable development of our suppliers, promoting the adoption of ESG criteria as part of their management strategy.



Carbon footprint reduction

To generate efficiencies throughout the production chain, we invest in strategies that allow us to reduce our carbon footprint and production costs.

◦ In corporate purchasing, we prioritize the acquisition of products with a lower environmental impact and that meet sustainability and resource efficiency criteria.

◦ Developing suppliers in Ica and Pisco to ensure product availability for sale through appropriate purchasing planning integrated with the departments and sustainable supplier management.



Digitalization

We seek to promote accessibility and transparency through spaces that facilitate communication with our current and potential suppliers.

◦ **Sourcing:** Implementation of digital platforms to optimize purchasing and supply management.

◦ **Supplier portal:** internal portal where all suppliers can access important documents or information about their service or for their internal management



Responsible Financing

Development of the "Factoring for Suppliers" program in partnership with BCP Bank, to facilitate access to short-term liquidity without affecting the working capital of their operations.

709
benefited
suppliers

Supplier portal



COMUNICADO

A todos nuestros proveedores, a partir del 04 de enero del 2023 podrán enviar sus facturas desde el **Portal de Proveedores CAASA**.

Próximamente, compartiremos el cronograma de capacitaciones por sector o grupo de servicios.



Haz Clic [Aquí](#) para ver el video.

<https://www.youtube.com/watch?v=AASFiWxT8c>

¡Conoce más del Portal de Proveedores CAASA!

Te presentamos el módulo "Mis citas", una nueva funcionalidad para automatizar y agilizar el proceso de agendamiento de citas a proveedores, en nuestros almacenes de Callao Central. Entérate más a través del siguiente instructivo:

Proceso de agendamiento de citas mediante el Portal de proveedores



Haz [clic aquí](#) para ver el video



Comunicación Interna
Teléfono: (51) (1) 517-1800 Anexo 3753

<http://www.youtube.com/@programadeaprendizajedemej7278>

PORTAL DE PROVEEDORES

<https://jas1.aasa.com.pe/SPPRO-web/#/login>

<https://jas1.aasa.com.pe/SPPRO-web/#/login>

Strengthening ESG criteria



CONSTRUYAMOS UNA CADENA DE SUMINISTROS RESPONSABLE

ACEROS AREQUIPA

¡Descubre cómo valoramos la importancia, los temas ambientales, sociales y de gobernanza (ASG)!

ACEROS AREQUIPA
18.9K subscribers

3 | Share | Download | Clip | Save

At CAASA we value and actively promote ESG (Environmental, Social, and Governance) topics among our suppliers, in order to create a positive impact on our operations and value chain.

For this reason, audiovisual materials have been developed on the importance of ESG management.

<https://www.youtube.com/watch?v=AASFiiWxT8c>

A photograph of an industrial demolition site at dusk. In the foreground, a large pile of rubble and debris is visible. In the background, a large industrial structure is being dismantled. A crane arm is positioned on the left, and two tall, lattice-structured towers with lights at the top are visible. The sky is a mix of blue and orange. A sign on the industrial structure reads "PLANTA FRAGMENTADORA".

3. ESG risk assessment

Risk assessment



This comprehensive process includes assessing the company's environmental, social, governance, and its business relevance, not only during the selection period but also throughout service delivery.

Qualification	Corporate purchasing	Strategic purchases
Supplier Selection	Pre-contract evaluation of Safety, Health and Environmental factors	Requirements for the registration of national scrap metal suppliers. Verification of all management suppliers in the Cumpro 360 System, as part of due diligence.
Supplier performance evaluation and monitoring	Permanent evaluation of ESG criteria, taking into account economic aspects, business performance, technical evaluation, and compliance with Safety, Health, and Environment criteria.	

Corporate purchasing



Phases of supplier evaluation

The supplier evaluation is divided into the following phases

	Supplier Selection	Permanent performance evaluation	
		Follow-up	Annual
Price behavior evaluation: <ul style="list-style-type: none"> Comparative table 	X	X	X
Financial and Commercial Evaluation: <ul style="list-style-type: none"> Status/Contribution (SUNAT registration certificate) Cover letter Debt level / credit capacity (Sentinel, Infocorp) 	X		
SSO and MA Assessment: <ul style="list-style-type: none"> Compliance with CAASA's SSO and MA Guidelines 	X	X	X
Technical evaluation <ul style="list-style-type: none"> Samples (chemical analysis) 	X	X	X
Compliance assessment: <ul style="list-style-type: none"> Compliance with the requirement in the agreed quantities and timeframes. 		X	X

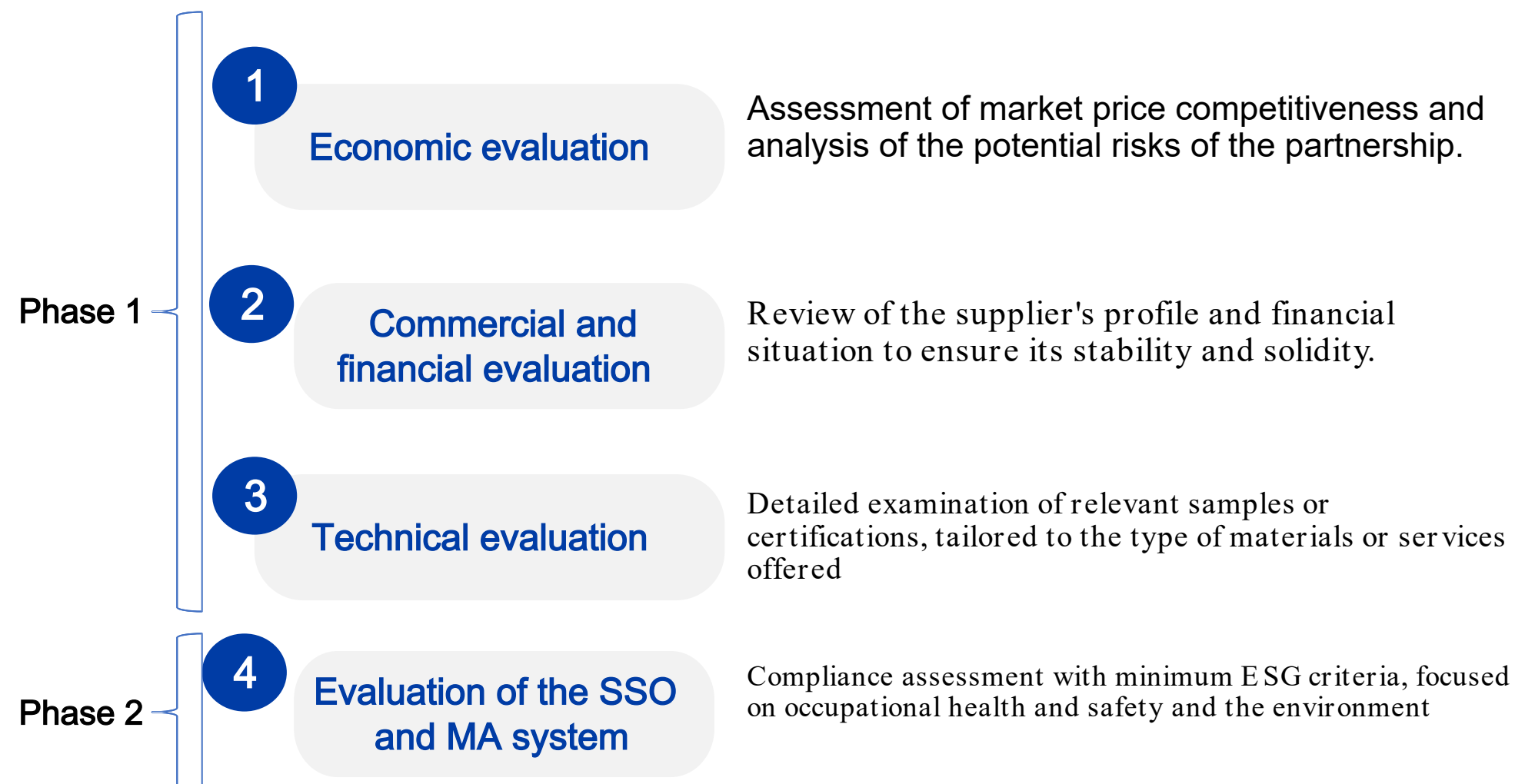
Corporate purchasing



Supplier Selection

For corporate purchasing providers, we conduct a pre-contracting supplier assessment, which analyzes environmental, social (health and safety), governance and business relevance factors, not only during the selection period, but also throughout service delivery.

BUSINESS RELEVANCE ASSESSMENT



ADDITIONAL CHECKS

In addition, other evaluations are carried out, such as the following:

- **Cumplo 360 Report** for background checks on corruption and ML/FT.
- **Sentinel Report** for evaluating credit history and preventing risks associated with unethical conduct and noncompliance with OHS or environmental requirements and procedures.
- In the bidding process for services, SSO and environmental aspects are evaluated within the selection matrix.

Corporate purchasing



Permanent performance evaluation

The ongoing evaluation of the supplier's performance will be carried out taking into account the following aspects:

PERMANENT MONITORING

- 1 Economic evaluation**
Considering the category and business context, applying the same criteria as the Selection Phase.
- 2 Performance evaluation**
Evaluation of the coefficient of compliance with delivery deadlines for materials and services.
- 3 Technical evaluation**
Evaluation of the coefficient of technical compliance with specifications / reliability / inspection results or service execution.
- 4 Evaluation of the SSO and MA system**
We require suppliers who provide services and products in our operations to comply with occupational health, safety, and environmental standards in their activities. This requirement is based on our purchasing and services policy, corporate purchasing instructions, and a rigorous evaluation of suppliers of strategic inputs.

ANNUAL EVALUATION

Through a mathematical formula, the evaluation criteria of the suppliers are weighted according to the type of service offered: goods or services

- The **asset** evaluation considers the level of technical compliance with the warehouse team's returns report and compliance with delivery deadlines.
- The **service** is evaluated directly by the user/service administrator. Environmental and Industrial Safety compliance are evaluated by the Environmental and Industrial Safety departments, respectively; and the commercial aspect is evaluated by the purchasing department.

Strategic purchases



Supplier evaluation

Due to the capabilities and organizational context of strategic purchasing providers, the following checks are performed for the supplier selection process.

CAASA uses the Cumpló 360 Report as a background check tool to prevent risks related to corruption, money laundering, and terrorist financing (MLTF). This check includes reviewing national and international restrictive lists. If a supplier appears on any of these lists, their registration is immediately rejected. If other observations are made, the case is evaluated individually before establishing any business relationship.

The Cumpló 360 Report considers, among other criteria, the Review of Interest Lists issued by the Superintendency of Banking, Insurance, and AFP (SBS), the Peruvian agency responsible for supervising and regulating the financial, insurance, private pension, and savings and credit cooperative systems. The SBS also plays a key role in preventing and detecting money laundering and terrorist financing.

Through this tool, CAASA conducts continuous monitoring, ensuring compliance with SBS requirements and recommendations regarding sanction and monitoring lists. Specifically, the SBS establishes and suggests specific lists of individuals, legal entities, and countries, in compliance with Law No. 27693, which are available on its institutional website: <https://www.sbs.gob.pe/prevencion-de-lavado-activos/listas-de-interes>

- This verification **is also performed annually** for already registered suppliers to confirm that they have not submitted any observations in the past year.
- Depending on the type of supplier, **it is requested to complete and sign** the following documents:
 - Declaration of Responsibility
 - Affidavit of anti-corruption and prevention of money laundering and crimes related to illegal mining and organized crime
 - Declaration of conflict of interest
 - Among others

Strategic purchases



In-person evaluations

At CAASA, on-site assessments of scrap metal suppliers are a key practice to ensure compliance with quality and safety standards throughout the supply chain. These visits are conducted unannounced and frequently. Purchasing responsible visit these suppliers' yards daily, with a minimum frequency of once per month per supplier, and may visit the same supplier more than once per week as needed.

- **Objectives of the visits:**

- Check the quantity and quality of the scrap delivered.
- Answer questions or resolve problems related to the purchasing, payment, or delivery process.
- Provide specific training to suppliers as needed.

In the event of critical findings, such as the detection of warlike, hazardous, or non-compliant materials, additional visits may be scheduled at the request of other areas of the company to assess the situation and coordinate appropriate actions. Likewise, corrective actions proposed by purchasing responsible or the suppliers themselves are followed up on in subsequent visits, scheduled to verify their implementation and effectiveness.



4. Risk control and response

Risk control and response



Corporate purchasing

In the annual evaluation process, the supplier is rated as follows:

Qualification		Condition
From 70 to 100	Good	Recommended/Acceptable Supplier
From 50 to 69	Regular*	Supplier under observation
From 0 to 49	Bad*	Not recommended supplier

79
suppliers evaluated in 2024.

*Suppliers with Regular and Bad ratings will enter a monitoring phase for a period of 6-12 months, depending on the complexity of the service, until they can successfully address the issues. If the improvement plan is not implemented and the issues are not successfully addressed within the estimated timeframe, the company will be removed from CAASA's supplier list.

Risk control and response



Strategic purchasing

Visits to scrap metal suppliers and dealers: During these visits, we carry out assessments to verify key aspects of the premises, ensuring that they have adequate and operational facilities. We also assess their compliance with current legal regulations.

In addition to these verifications, we conduct visits with the following objectives:

- **CAASA loyalty and presence:** Strengthen our commercial relationships through loyalty and good relations with our key suppliers.
- **Scrap availability assessment:** Confirm that suppliers maintain sufficient availability of raw materials.
- **Market information gathering:** Obtain relevant market information to adjust strategies and maintain competitiveness.



5. Monitoring and continuous improvement

Monitoring and continuous improvement



Corporate purchasing

The following strategies are applied to monitor performance and encourage continuous improvement for corporate purchasing suppliers:

- 1 Periodic evaluation of suppliers and contractors according to the established procedure, where a score is assigned for each segment (Service, Environmental Compliance, OHS Compliance, Commercial). The final result allows us to establish action plans and corrective measures to improve their score.
- 2 We develop action plans annually, but with constant monitoring, to close gaps in the evaluated segments and also to help these suppliers improve their ESG, legal, and operational management.
- 3 Suppliers who successfully complete their action plans are re-evaluated to ensure they meet the required score to be eligible for contracting with CAASA.



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