



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

DISCLOSURE QUESTIONNAIRE

Company Name: **SIDERPERU**
 Date Submitted: 11/07/2022

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries	✓	
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries	✓	
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other	✓	

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other	✓	

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓

B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

SIDERPERU

UPDATED AS OF:

11/07/2022

DISCLOSURE QUESTIONNAIRE CATEGORY	Environmentally Intensive Industries
TOPIC	Energy and Emissions Intensive Industries
SUMMARY OF ISSUE	SIDERPERU produces and sells steel products for the construction, mining, and industrial sectors, therefore the company operates in energy and emissions intensive industries. The extent of environmental impact is dependent on the energy sources utilized and management practices in place to manage energy use. The company has implemented certain energy savings practices to reduce its energy consumption and waste generation. SIDERPERU is part of Gerdau.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	100% of SIDERPERU's revenue comes from the production and sale of steel For 2021 the company presented the following data regarding its emissions: - GHG emissions (Scope 1): 71,115.0 tCO ₂ e. - GHG emissions (Scope 2): 49,397.4 tCO ₂ e. - GHG emission(Scope 3): 20,055.3 This data is calculated according to the GHG Protocol methodology
IMPACT ON STAKEHOLDERS	The steel industry is one of the productive processes that consume a considerable amount of electrical energy, fuels, and inputs that are precursors of GHG emissions. Iron and Steel production accounts for 8% of global final energy use and 7% of global direct energy-related GHG emissions. Among the industries, the production of iron and steel is the largest emitter in relation to GHG emissions, directly related to its production process, occupies the second position in terms of general energy consumption, and is the largest consumer of mineral coal among the industrial sectors (INTERNATIONAL ENERGY AGENCY, 2020). As an energy-intensive industry, steel production poses risks such as energy waste or overuse if this resource is not appropriately managed.
IMPLEMENTED MGT PRACTICES	<ul style="list-style-type: none"> - The company uses electrical energy supplied by Enel. - In 2021 the company acquired the SGS Certifying House, which certifies that the energy supplied to SIDERPERU comes from hydraulic energy (considered renewable). The company also uses natural gas, and even though the company has the certification, it can't be used to reduce Scope 2 emissions. - At SIDERPERU the steel is produced using the electric furnace, which has a significant energy consumption but also allows us to recycle scrap in the company's process, - Gerdau annually transforms millions of tons of scrap into steel, a process that has a lower intensity of CO₂ emission, - SIDERPERU, as part of its energy consumption control management, constantly evaluates the energy performance indicator per unit of finished product. That is, the amount of energy required to produce a ton of final product (kWh/ton) is evaluated. - The company, managed to be more efficient in terms of energy use. From 2019 to 2021 the energy performance went from 578.78 kWh/ton to 513.58 kWh/ton. This means that to produce one ton of finished product (steel), energy consumption has been optimized at 65.20 kWh. It is thanks to improvements in the process and investment projects that have made it possible to update the equipment of different production lines of the Steelworks, Long and Tube, and Road plants. - SIDERPERU hired a third-party verification to audit its GHG Inventory. (CONTINUED ON NEXT PAGE)

IMPLEMENTED MGT PRACTICES (CONTINUED)	<ul style="list-style-type: none"> - As part of the company's emissions roadmap development process, SIDERPERU is developing a project that will establish GHG emissions reduction goals, - The company stated having a strategic goal for 2023: Reducing the use of thermoelectrics and replacing it with renewable energy sources such as solar, wind, and hydraulic. This improvement will allow the company to reduce CO2 emissions by around 120,000 tons of CO2 per year, - SIDERPERU aims to develop pilot projects for the construction of solar plants within the steel complex - Solar Plant 500kW-peak that will start operations in 2023. - The company is committed to planning to exchange low-efficiency equipment for high-efficiency equipment (lights, motors, and air conditioners).
REPORT	<p>SIDERPERU's GRI Sustainability Report: https://www.siderperu.com.pe/sostenibilidad Alliance with Enel Perú https://www.enel.pe/es/conoce-enel/prensa/press/d202207-enel-peru-y-siderperu-suscriben-alianza-para-el-suministro-de-en.html</p>
MANAGEMENT COMMENTS	<p>SIDERPERU signed an alliance with Enel Perú for the supply of renewable energy for 12 years.</p>

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DISCLOSURE QUESTIONNAIRE CATEGORY	Clients in controversial issues
TOPIC	Company serves clients in the mining sector
SUMMARY OF ISSUE	<p>The company sells steel products to the mining industry. This industry is considered a controversial industry by B Lab considering it has several significant risks for negative social and environmental impacts (see the report section).</p> <p>To avoid some of the industry's risks, SIDEPERU only supplies steel products to the formal and legal mining industry in Peru.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	In 2021, approximately 2.00% of SIDEPERU's revenue was generated from transactions with formal and legal clients of the mining industry.
IMPACT ON STAKEHOLDERS	<p>Mining operations present a high risk of negatively affecting communities and ecosystems where the mining operations are situated.</p> <p>SIDEPERU's clients belong to the formal and legal mining industry, all of which are authorized and registered by the government.</p>
IMPLEMENTED MGT PRACTICES	<ul style="list-style-type: none"> - SIDEPERU has a formal policy stating the following: "SIDEPERU is a Gerdau company, committed to ethics, integrity, and transparency, whose actions are aimed at permanently operating within an ethical environment and free from any situation that may represent risks of corruption or contrary to Compliance practices.", - The company provides to its clients a compliance contract, a document that establishes guidelines applicable to third parties, with compliance risk and need for Compliance clauses. This Corporate Directive applies to all Gerdau companies, - The Compliance area is responsible for the analysis of third parties, which may include due diligence activities, reputation checks, and qualitative assessment of risk exposure, possible and potential conflicts of interest, and relationships with politically exposed persons, - Whenever the company has a bid and sale of products for the mining sector, SIDEPERU verifies the client on the List of Formalized Miners, developed by the Ministerio de Energía y Minas. This list has been formalized by the maximum regulator of Peru. Appearing on this list ensures that the applicant company has been approved to operate, has delivered socio-environmental impact studies, and has complied with the strict requirements requested, - For small mining companies SIDEPERU uses the "Integral Registry of Mine Formalization from Ministerio de Energía y Minas, which exposes small companies that are in the process of obtaining the respective authorizations to operate. One of the indispensable requirements of this registry is the approval of socio-environmental impact studies, - According to SIDEPERU, all of their clients related to mining are formalized and have their socio-environmental study, - The culture of integrity and prevention that involves all the company's collaborators extends to suppliers, customers, and third parties that are related to its activities. <p>(CONTINUED ON NEXT PAGE)</p>

REPORT	<p>Controversial Issue Position Statement - Mining Industry: https://assets.ctfassets.net/1575jm7617lt/4mtkFKqLEJ52uuENSnNINn/9fa423b3d747ef723ec534579861375f/Mining_Industry_Controversial_Issues.pdf</p> <p>Lista de Mineros Formalizados (List of Formalized Miners): https://www.minem.gob.pe/detalle.php?idSector=20&idTitular=8078&idMenu=sub8048&idCateg=1449</p> <p>Registro Integral de Formalización Minera - REINFO(Registry of Mine Formalization): http://pad.minem.gob.pe/REINFO_WEB/Index.aspx</p>
MANAGEMENT COMMENTS	<p>The company stated that had no incidents or complaints from any community regarding this matter</p>

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DISCLOSURE QUESTIONNAIRE CATEGORY	Litigation and Penalties
ISSUE DATE	Ongoing
TOPIC	Labor litigation and penalties related to administrative, environmental, comercial, and transport issues
SUMMARY OF ISSUE	<p>Labor suits involve a range of actions filled by former employees and employees relating, among other things; Cessation of acts of hostility; Denaturation of contract and payment of remuneration; Denaturation of contract and replacement; Nullity of disciplinary sanction; Reimbursements of social benefits on higher vacation payments or bonuses or CTS or family allowance or production bonus or Compensation; Refunds on arbitration award or cost of living or vacation allowance or refund of income tax withholding or refund for miscalculation of profits or refund of miscalculation of contribution by AFP or ONP, refund of incidents by CTS for unused medical leave and perfect attendance.</p> <p>Administrative penalties refer to the inspection processes in charge of the authority of the Ministry of Labor (National Labor Superintendence of Labor Inspection -SUNAFIL). The main topics of these penalties are violation of socio-labor regulations and verification of compliance with occupational health and safety regulations. There is also a procedure initiated by the Employees' Union, by signing individual agreements of non-affiliated workers and others.</p> <p>The Environmental penalty was imposed by the OEFA (Environmental Enforcement Assessment Agency) which opened a PAS (sanctioning administrative procedure). The fine imposed was for non-compliance with technical environmental commitments, but not for having caused any damage to the environment (without environmental impacts).</p> <p>The Comercial penalty was imposed by INDECOPI (National Institute for Consumer Defense and Intellectual Property Protection), related to incorrect technical information related to corrugated galvanized corrugated sheets.</p> <p>The Transport penalty was imposed by the SUTRAN (Superintendency of Terrestrial Transportation of Persons, Cargo and Merchandise), to the cargo generator (SIDERPERU), for allegedly not issuing the corresponding certificate of weights and measures or issuing it consigning weights and measures that do not agree with the dispatched and transported.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>As of 2021, SIDERPERU had 1,187 closed labor litigation (ruled against the company). The financial value of these lawsuits was US\$ 2,173,736.08. Currently, there are 740 pending labor litigation regarding similar matters and the total projected payout of these lawsuits is US\$447,227. The company had 15 administrative penalties (settled) with a financial value of US \$68,513.78. There is a pending penalty with a projected payout of US\$12,329.49. SIDERPERU received 1 environmental penalty (settled) with a financial value of US\$224,445.50. The company received 1 commercial penalty (settled) with a financial value of US\$ 2,367.83. SIDERPERU had 10 transport penalties (settled) with a financial value of US\$16,693.83. There is a pending penalty with a projected payout of US\$5,512.40.</p> <p>(CONTINUED ON NEXT PAGE)</p>

IMPACT ON STAKEHOLDERS	<p>The primary impact related to labor litigation is a financial impact on former employees and employees.</p> <p>The main impact related to the company's penalties was for general society and law enforcement organizations.</p>
IMPLEMENTED MGT PRACTICES	<p>Labor litigation</p> <ul style="list-style-type: none"> - The company has reviewed all its salary policies since some of the litigations are from many years ago when the company was owned by the state, - SIDERPERU communicated its salary and benefits policy to all its workers. <p>Administrative penalties</p> <ul style="list-style-type: none"> - The company stated having implemented practices to comply with the requirements of SUNAFIL (National Labor Superintendence of Labor Inspection) regarding labor standards, health and safety at work. <p>Environmental penalty</p> <ul style="list-style-type: none"> - SIDERPERU has done periodic reviews of its formal environmental obligations in order to reduce the risk of being penalized. The company developed Safety, Health and Environment Matrix, which is updated monthly and contains in detail each and every one of its environmental obligations and periodically performs compliance reviews. <p>Commercial penalty</p> <ul style="list-style-type: none"> - The litigation was related to a technical issue on a calamine coating. SIDERPERU no longer sells this product. <p>Transport penalty</p> <ul style="list-style-type: none"> - SIDERPERU has been double checking the assurance of its certificate of weights and measures and has agreed with carriers that any difference of weight in road balance will be of carriers' cargo.
MANAGEMENT COMMENTS	<p>The company stated is part of the ABE Entrepreneur Partner of the Association of Good Employers (ABE) in Peru, a Peruvian institution made up only of socially responsible companies, which analyses best practices in human resources.</p> <p>Siderperu was evaluated in different people management practices such as personnel evaluation, reward, recognition, qualification and training, safe work environment, and timely payment of wages and benefits in accordance with the law.</p>

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DISCLOSURE QUESTIONNAIRE CATEGORY	Other - Negative news
TOPIC	Negative news about SIDERPERU's labor management practices.
SUMMARY OF ISSUE	SIDERPERU shared the company's Opinion Survey and stated that 97% of its workforce agrees with the sentence: "I am proud to belong to Gerdau". The result of the work environment is 85% and the participation in the Survey was 98% of workers. More information can be found on the following link: https://www.siderperu.com.pe/acciones-covid
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	Around 32% of the company's workers are affiliated with Sindicato de Empleados, 23% are affiliated with Sindicato de Trabajadores, and the other 45% of workers are not affiliated with any worker's union.
IMPACT ON STAKEHOLDERS	SIDERPERU engages in dialogues with both workers' unions, as well as employees not affiliated to the unions, in relation to these issues.
IMPLEMENTED MGT PRACTICES	<p>For the last 10 years, SIDERPERU has been conducting monthly meetings with workers' unions to discuss relevant issues among them.</p> <p>The main workers' grievances identified were the following:</p> <p>(a) Concerns about SIDERPERU's Human Resources manager - SIDERPERU stated that, after attending the meetings for the last 9 years, the manager himself decided not to attend the meetings anymore due to personal reasons but has delegated to other professionals to attend them. According to the company, there was a misunderstanding between the Human Resources manager and one member of the union. This has not affected the continuity of the periodic meetings,</p> <p>(b) Improvement of food quality and change in the concessionaire - SIDERPERU offers at its headquarters in Chimbote the food benefit for its workers in breakfast, lunch, and dinner, according to the employees' working hours, - This service is outsourced through a provider that provides the service with high-quality standards. Since April 16, 2022, there is a new New Rest dealer, one of the 5 largest in the collective care service, with more than 20 years of experience. Internally, SIDERPERU has a quality control team that is activated in the event of any claim filed by a worker,</p> <p>(c) Protests about salaries and working conditions (especially related to lack of covid-related protocols) - SIDERPERU belongs to the Association of Good Employers (ABE), a Peruvian institution that recognizes socially responsible companies that have good practices in People Management. The company was evaluated in different people management practices such as personnel evaluation, reward, recognition, training, and education, a safe work environment, and punctual payment of salaries and benefits in accordance with the law. Since 2012, SIDERPERU has passed the audit, having achieved the sixth recertification in 2022, - SIDERPERU implemented anti-COVID practices indicated by the Ministry of Health of Peru as well as by its Occupational Health team.</p> <p>(CONTINUED ON NEXT PAGE)</p>

IMPLEMENTED MGT PRACTICES (CONTINUED)	<p>(d) Labor arbitration between SIDERPERU and the worker's union</p> <ul style="list-style-type: none"> - In May 2020, the company was able to reach a collective agreement with Sindicato de Trabajadores, - After 25 work meetings with Sindicato de Empleados, SIDERPERU decided to go for arbitration. In December 2020, the matter was resolved. The union did not agree with the resolution, so they appealed to the second stance and the last instance resolution is expected in 2023 (Supreme Court). Meanwhile, in November 2022, negotiations for new Collective Agreements will begin, with both Unions, for new and subsequent annual periods, <p>Overall, SIDERPERU stated that respects freedom of association, as well as ensures that its principle of openness and dialogue with truth and respect, will be present with all its stakeholders.</p>
MANAGEMENT COMMENTS	<p>SIDERPERU shared the company's Opinion Survey and stated that 97% of its workforce agrees with the sentence: "I am proud to belong to Gerdau"" The result of the work environment is 85% and the participation in the Survey was 98% of workers.</p>

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DISCLOSURE QUESTIONNAIRE CATEGORY	Environmentally Intensive Industries
TOPIC	Water-intensive industry
SUMMARY OF ISSUE	SIDERPERU produces and sells steel products for the construction, mining, and industrial sectors, therefore the company operates in a water-intensive industry. The company's water source is located in the district of Santa, Peru. SIDERPERU has authorization from the National Water Authority to use the water. The extraction is limited to a maximum consumption number in order to mitigate the risks of water overexploitation. The company has implemented certain water management practices to reduce its water use and waste.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	100% of SIDERPERU's revenue comes from the production and sale of steel.
IMPACT ON STAKEHOLDERS	The steel industry is one of the productive processes that consume a considerable amount of water. As a water-intensive industry, steel production poses risks such as water waste or overuse if this resource is not appropriately managed.
IMPLEMENTED MGT PRACTICES	<ul style="list-style-type: none"> - The company monitors and registers its water intensity, - SIDERPERU promotes water reuse through a physical-chemical treatment plan and recirculates water during its production process, - The company conducts an assessment of how it compares with other companies within GERDAU group.
REPORT	SIDERPERU's GRI Sustainability Report (https://www.siderperu.com.pe/sostenibilidad)