



# **SUSTAINABILITY REPORT 2024** —————





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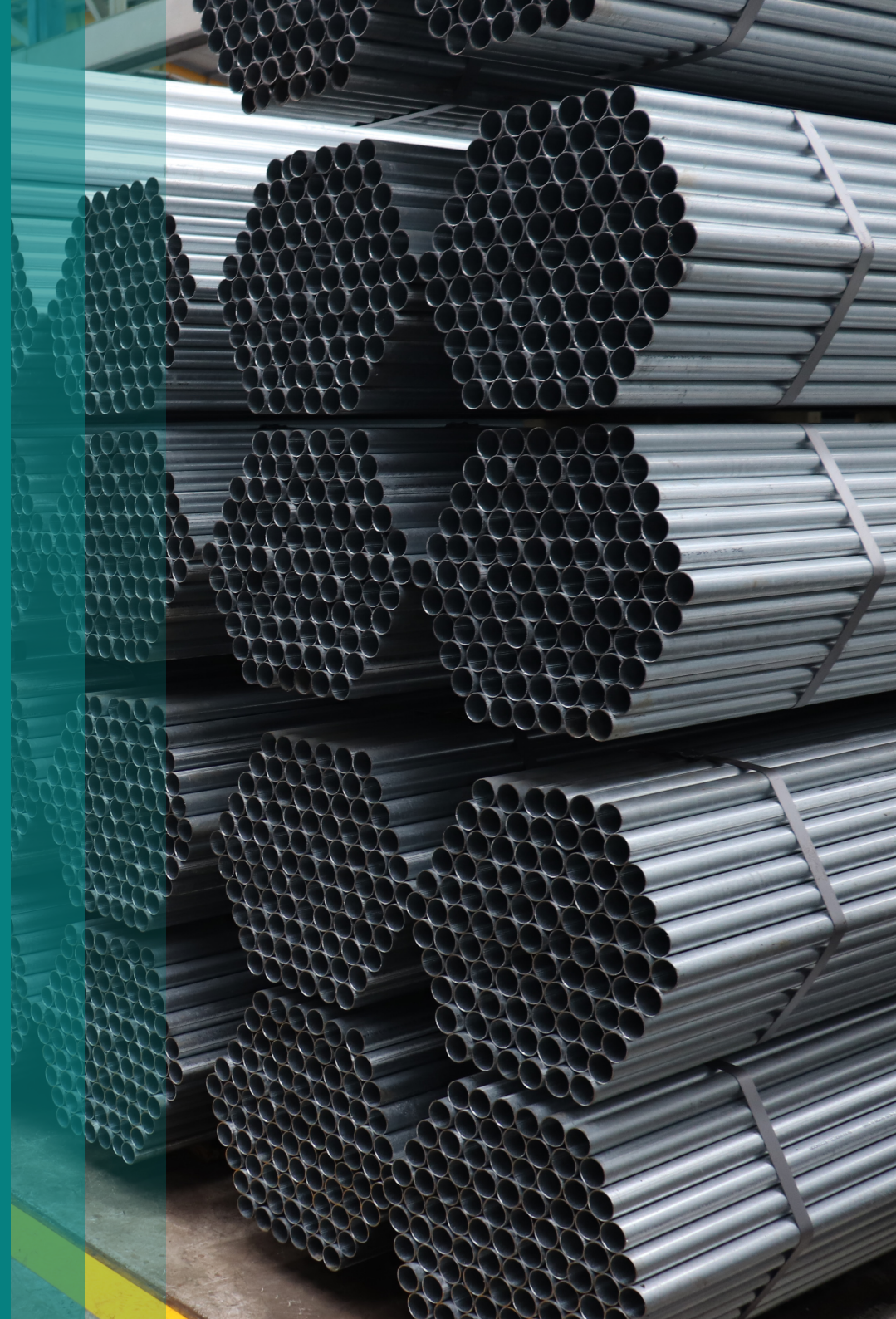






# MESSAGE TO OUR STAKEHOLDERS

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## Message from General Management

GRI 2-14, 2-22

The year 2024 was marked by various external events that affected the Ecuadorian economy, impacting all sectors and daily activities. However, thanks to commendable effort and teamwork, we managed to navigate such a complex year successfully while also achieving significant milestones and recognitions in the market.

In this, our third Sustainability Report, we transparently communicate our progress, commitments, and results to all our stakeholders.

Throughout 2024, we focused our management efforts on improving and optimizing all processes with the goal of achieving a more efficient and sustainable operation. We developed several projects aimed at reducing our carbon footprint, such as the expansion of our photovoltaic plant, reducing and replacing diesel use as fuel, applying new technologies and systems for greater energy efficiency in our production plants and buildings, reducing waste, as well as implementing recycling and reuse measures.

The generation of our own renewable energy enabled us to obtain the ECO 20 accreditation, which certifies that our products are manufactured with solar energy, making us the first company in Ecuador to achieve this international seal.

Another notable milestone of 2024 was maintaining our Carbon Neutral status, meaning our carbon emissions were fully offset through reducing our environmental impact and investing in mitigation projects.

In the social sphere, we focused our efforts on the development and wellbeing of our

team, prioritizing their safety, health, training, and comprehensive development. We also implemented Codes of Ethics and Conduct, Anti-Bribery Policies, Cybersecurity, Equity, Respect for Human Rights, Whistleblowing Channels, among other initiatives.

With special attention, we carried out activities and projects that directly benefited our closest communities, improving infrastructure in several educational institutions within our area of influence, delivering environmental awareness talks, and positively impacting students, teachers, and their families.

Constant innovation, the development of new products and solutions, continuous process improvement, and the incorporation of the most advanced global technology allows us to achieve the highest standards of quality and efficiency. As a result, we continue to be market leaders, maintaining strong financial performance.

Looking ahead to 2025, we will continue placing sustainability at the core of our operations, where our commitment to the environment, social responsibility, and ethical governance drives us to keep innovating, improving, and leading the change toward a more sustainable future.

Sincerely,

**Robert Pakuts Sahr**  
General Manager





# HOW TO READ THIS DOCUMENT

(GRI 2-2, 2-3, 2-4, 2-5, 2-14)

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This **Sustainability Report** is a voluntary annual disclosure of our company's economic, social, and environmental performance, and a measure of transparency, with information made available to all our stakeholders.

## Memory Profile



This report covers the period from January 1 to December 31, 2024, and has been prepared in accordance with the standards of the **Global Reporting Initiative (GRI)**, an international organization that promotes transparency through the issuance of guidelines and indicators for reporting organizations' economic, social, and environmental performance.



We have also followed the guidelines of ISO 26000 and SASB (Sustainability Accounting Standards Board), which help identify, manage, and report on organizational impacts.



As part of the multinational DITH Group, headquartered in Switzerland, we have considered the new guidelines of the CSRD (**Corporate Sustainability Reporting Directive**), a European Union regulation that establishes requirements for companies to disclose sustainability information. While not yet mandatory, it has been adopted as a reference framework for communicating relevant sustainability-related information.

In this report, the financial, environmental, and energy-related figures have been validated by external and independent entities. In addition, the report has been reviewed and approved by the company's management.



## How to Identify the Contents

- On the **cover page** of each chapter, references are provided to the focus areas/pillars of the Sustainability Strategy and the Sustainable Development Goals (SDGs) related to its content.
- At the beginning of each section, the relevant GRI Standards content and SASB parameters are indicated.
- The report also includes the specific indexes of the **GRI and SASB** reporting frameworks and standards.

To review this report in its digital version, **scan the QR code:**



For more information about this document, contact the company's **Sustainability Department** at the following email:

**[Sostenibilidad@ipac-acero.com](mailto:Sostenibilidad@ipac-acero.com)**

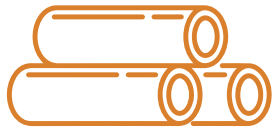




## OUR KEY FIGURES

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## Figures 2024



**264  
Thousand**

Total production capacity



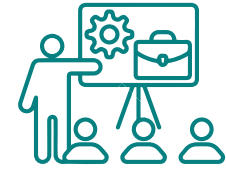
**USD 168  
Million**

Total revenues



**USD 696  
Thousand**

In social benefits for  
employees



**USD 33,2  
Thousand**

Invested in training



**USD 13,4  
Million**

EBITDA



**+10,500**

Clients



**8,685 hours**

Training hours for employees



**462**

Employees



**575**

Domestic suppliers



**57%**

Workplace accidents reduced



**USD 1,2  
Million**

Investment in clean energy



**USD 40,7  
Thousand**

Invested in research and  
development

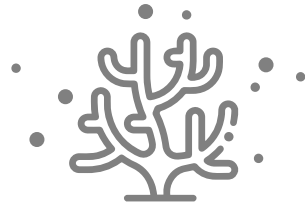


## Figures 2024



**USD 1,35  
Million**

Invested in other sustainability  
topics



**234**

Coral fragments installed in  
nurseries in Salango, Ecuador, for  
restoration and future plantings



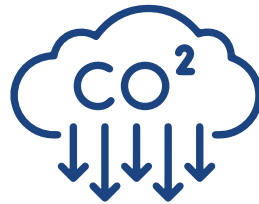
**1.31  
kgCO<sub>2</sub>e**

Less per ton processed  
compared to 2023



**+25 women**

Vulnerable women in the  
community trained in  
entrepreneurship programs



**31%**

Reduction in CO<sub>2</sub>  
emissions (scope 1)



**19%**

Grid energy replaced  
by solar power



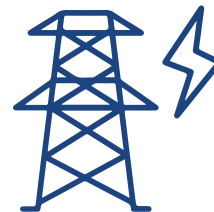
**10,2%**

Water savings



**+5000**

Community members benefited from  
infrastructure improvement projects in  
the area of influence, entrepreneurship  
programs, organic gardens, and  
environmental training



**21%**

Energy consumption reduced through  
energy efficiency program

## CHAPTER 1:



# ABOUT US

Governance Pillar: Planning and Strategy





# Our Company

(GRI 2-1, 2-6)



**IPAC S.A.**, founded in 1972, celebrates 52 years of leading steel product manufacturing and commercialization in Ecuador. We have been pioneers in several aspects of the industry, where technological innovation, the introduction of new products and solutions, and sustainability initiatives have been the fundamental pillars of our growth and success.

The integration of the Sustainability Strategy as a core element of our operations has driven significant progress in operational efficiency. Thanks to this, we have reduced emissions, achieved new goals, and reaffirmed our commitment to sustainable development by fully embedding these practices into our business model.



1972 - 1990

IPAC opens its first plant in Guayaquil and begins producing profiles, tubes, and sheets, including a galvanizing plant.



1991 - 2000

With a second plant, capacity and efficiency increased. The portfolio was expanded, and regional exports began.



2001 - 2020

The company joins the DITH Group and modernizes with new technologies. It opens a third plant and 20 distribution centers, reaching 264,000 tons annually.



2021 - Present

The company enters new sectors with customized products and a capacity of 264,000 tons per year. It commits to sustainability, achieves Carbon Neutral status, and installs a solar plant that covers 40% of its energy consumption.

#### WE OPERATE IN



3 PRODUCTION  
PLANTS

(1 GALVANIZING)



26

PRODUCTION  
LINES



20 SBRANCHES  
NATIONWIDE  
FOR CUSTOMER  
SERVICE AND DELIVERIES

#### WE EXPORT TO



4 COUNTRIES



+500

SUPPLIERS



WE REACH ALL  
PROVINCES  
DIRECTLY

#### PRODUCTION CAPACITY



264 THOUSAND

TONS OF FINISHED  
STEEL PRODUCTS



462

EMPLOYEES



WE HAVE A NETWORK OF  
**1.125**  
DISTRIBUTORS

## Business Model

Our products are designed to meet the **needs and specifications of multiple sectors such** as construction, industry, agriculture, mining, fishing, commerce, infrastructure, energy, telecommunications, among others.

Our extensive network of distributors and business partners ensures quick access as well as efficient service and support throughout the country.

Thanks to our production capacity, product quality, and high competitiveness, we have successfully exported higher value-added products to various countries in the region, such as **Colombia, Peru, Bolivia, and Chile.**





# Our Strategy



We have been a **Carbon Neutral company since 2023**, moving toward decarbonization: Net-Zero.



We continue to innovate and differentiate ourselves, **providing specialized and personalized** service in each of the market segments where we operate, offering the widest product range and highest-quality in the market while promoting the use of our steel products manufactured with solar energy.



We develop new products and continuously improve processes to archive the **highest standards of quality** and customer satisfaction.



We lead in the **implementation of renewable energy** and environmental care, mitigating climate change.



We are leaders in implementing circular economy practices, waste reduction, and energy efficiency measures, mitigating the environmental impact of our operations.



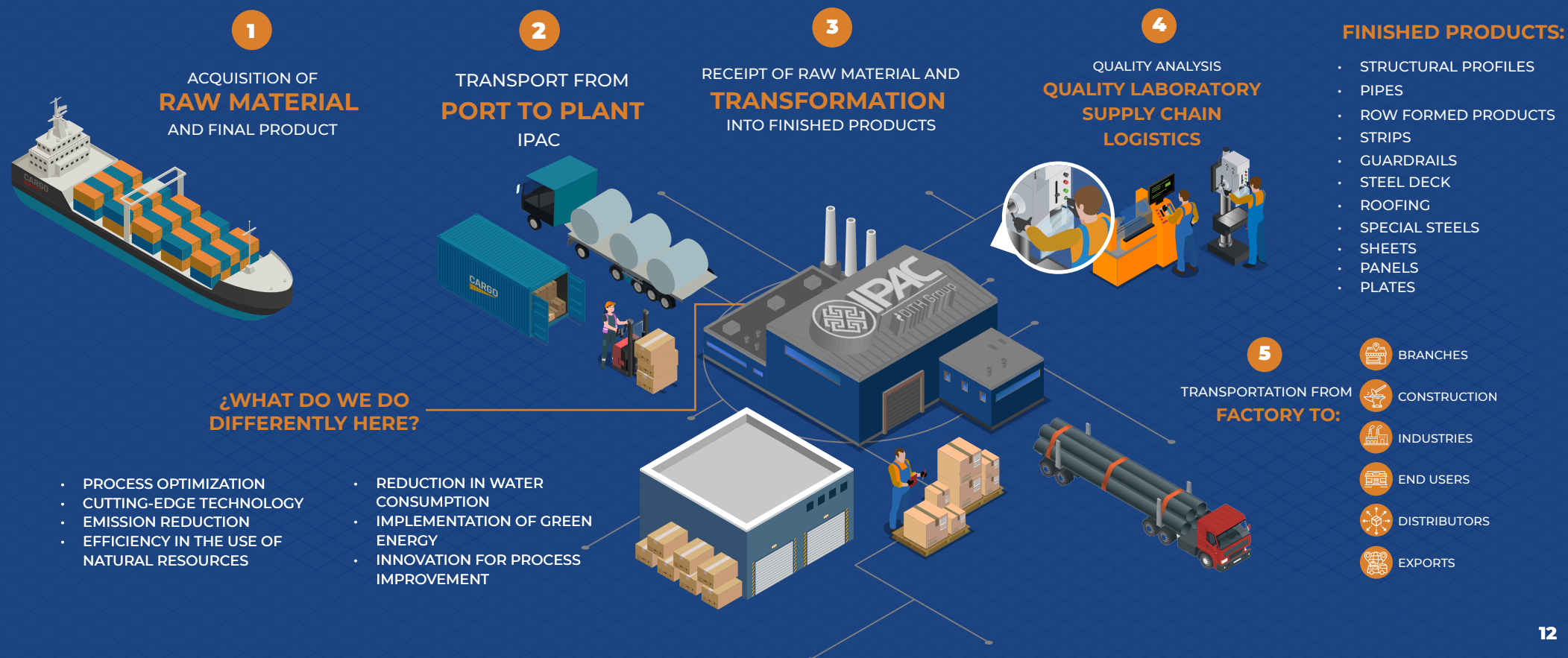
We generate satisfactory economic returns for the organization while operating under strict ethical and transparency standards, continuing to create a positive impact on society.

# Our Value Chain

(GRI 2-6, 2-23, 2-24, 204-1)

Our **business model** interconnects all activities of the value chain, from demand generation and customer service, through procurement, internal logistics, operations, external logistics, marketing, sales, services, and after-sales support.

For effective operation and high-quality services, collaboration with our suppliers is key, as they provide a wide variety of inputs and services. We strive to build long-term, mutually beneficial, and trust-based relationships to ensure excellence, while encouraging our suppliers to align their operations with our best practices.







Within the selection process, of suppliers we take into account environmental criteria, occupational health and safety, and compliance with applicable legislation.

We have incorporated a sustainable purchasing policy to integrate aspects related to the analysis of our suppliers' social and environmental practices.

As part of this process, we have various policies and codes:

- Code of Ethics
- Code of Conduct
- Anti-Bribery Policy
- Anti-Corruption Policy
- Donations Policy
- Progressive Discipline Policy
- Public Officials Interaction Policy
- Due Diligence Policy
- Conflict of Interest Policy
- Whistleblowing Policy
- Business Conduct Policy
- Whistleblowing Channel

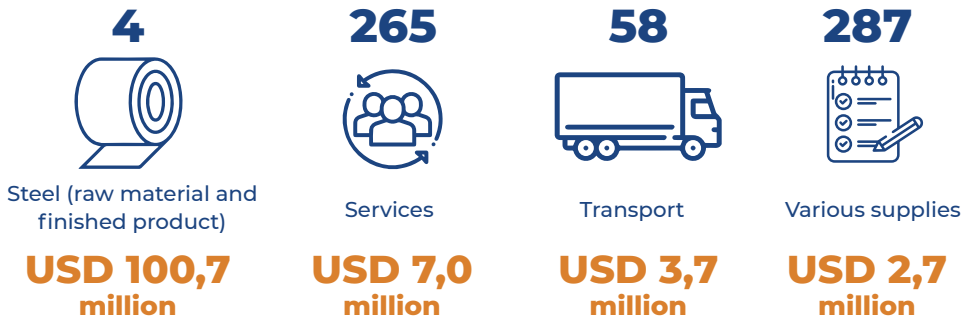
At the end of 2024, we had a total of 614 suppliers, which were broken down as follows:

 National Suppliers	 Foreign Suppliers
575	39
TOTAL: 614	

Type of Suppliers



Main Items / Areas of Suppliers



Total suppliers: 614  
Total billing: USD 114,1 million



# Products and Services

(GRI 2-6)



METAL ROOFING



STRIPS



METAL DECK



SPECIALTY  
STEELS



LAMINATED



PROFILES



STEEL PLATES



METAL SHEETS



TUBES



GUARDRAILS



PANELS

## Laboratory Service:

We have our own chemical and mechanical testing laboratory accredited by the **Ecuadorian Accreditation Service (SAE)**, operating in strict compliance with ISO 17025, which we accredited during this reporting period.

### Accredited services:

- **Mechanical Tests:**
  - Tensile Strength
  - Yield Strength
  - Elongation
  - Erichsen
  - Bending
  - Hardness
- **Metallographic Tests:**
  - Steel Microstructure
  - Grain Size
  - Inclusions
  - Porosities
  - Phases
  - Decarburization
  - Spheroidization
- **Dimensional Tests:**
  - Thickness
  - Length
  - Weight
  - Diameter
  - Flaw detection and ultrasonic thickness verification.
- **Chemical Tests:**
  - Preece
  - Pickling
  - Water and process coolant analysis.

### Additional Services:

Within our portfolio of services, we offer:

- Galvanizing service.
- Cutting services for products and materials.
- Bending services for products and materials.



# Market Presence

(GRI 2-1, 2-6)

To improve product availability at the point of consumption, we have expanded the range of products offered in our network of warehouses and branches covering the country's main cities.



**20**  
WAREHOUSES AND BRANCHES  
AT THE NATIONAL LEVEL



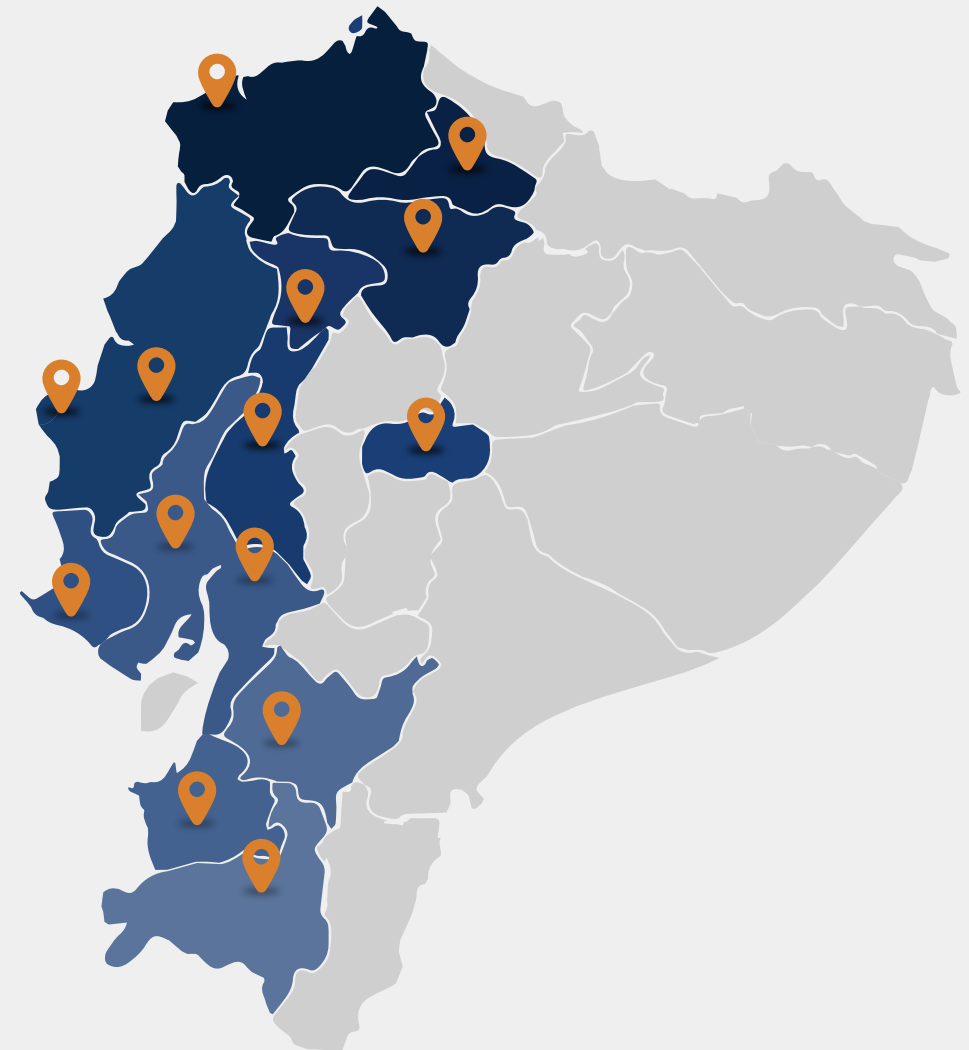
**23**  
PROVINCES  
THOSE WE SERVE  
DIRECTLY



A NETWORK OF  
**1.125**  
DISTRIBUTORS

**Our warehouses and branches are located in the following cities:**

- |                 |               |
|-----------------|---------------|
| 📍 Esmeraldas    | 📍 Portoviejo  |
| 📍 Ibarra        | 📍 Santa Elena |
| 📍 Quito         | 📍 Guayaquil   |
| 📍 Santo Domingo | 📍 Durán       |
| 📍 Quevedo       | 📍 Machala     |
| 📍 Ambato        | 📍 Cuenca      |
| 📍 Manta         | 📍 Loja        |



**Customer service** is our priority. In addition to presenting the product to the customer, we provide personalized and specialized service, along with fast and efficient shipping and after-sales service that exceeds their expectations.

For 2025, we will continue to develop and strengthen our distribution network and commercial alliances, placing the customer as the main priority of our strategy.

Our international presence, through exports to **Colombia, Peru, Bolivia, and Chile**, is a testament to our high level of quality and international competitiveness.

## Exports to various countries in the region



Being the **largest exporter** of steel products in the country.

**Our products offer solutions for various productive sectors such as:**



**Agricultural**



**Infrastructure**



**Telecommunications**



**Energy**



**Aquaculture**



**Industry**



**Construction**



**Commerce**



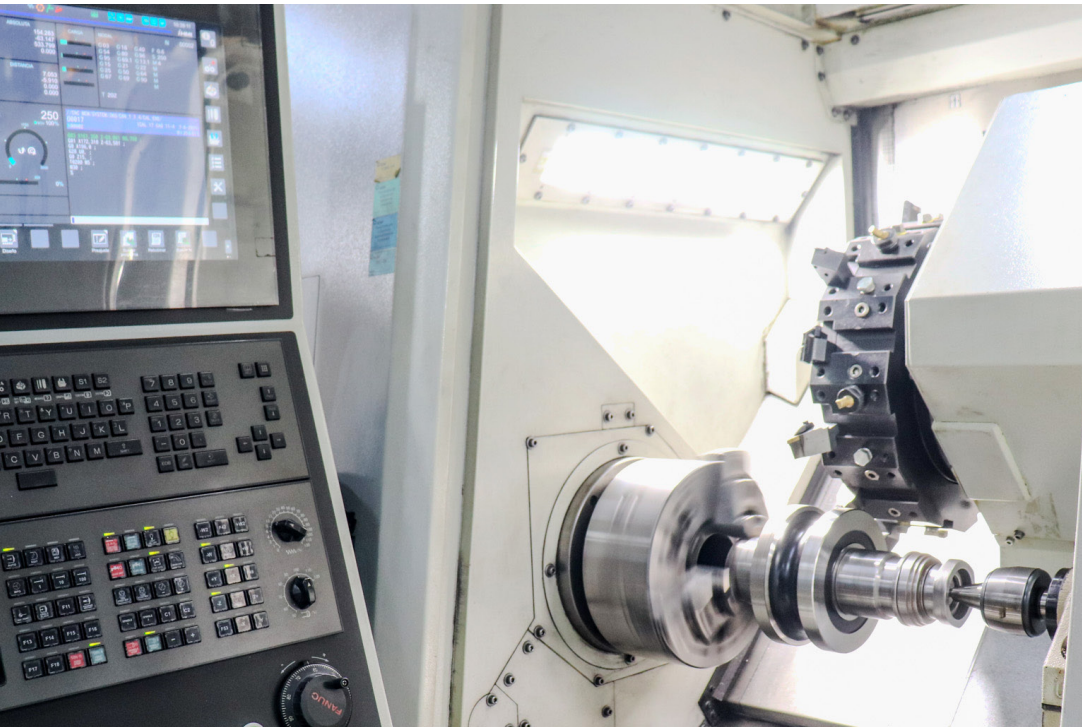
**Food service**



**Others**



# Innovation



Our focus on **innovation drives us to constantly seek new solutions, technologies, and practices** that not only contribute to reducing our environmental impact, but also to reducing our emissions, improving social equity, and promoting the long-term viability of our organization.

During 2024, we will develop a management approach focused on energy efficiency, with the creation of a committee specialized in reducing the use of natural resources and implementing technologies that optimize the control and efficiency of our operations. This process is

carried out through the application of the LEAN methodology, which seeks to maximize customer value while minimizing waste, creating a powerful virtual circle of efficiency and quality.

This **methodology** allows us to identify what customers truly value and eliminate what does not add value. The entire process is analyzed to detect inefficiencies, create a continuous flow by eliminating interruptions, and continuously improve.

## THE TOOLS USED INCLUDE:

### 5S (ORGANIZATION AND CLEANING OF THE WORKSPACE)



### KANBAN (WORKFLOW MANAGEMENT)



### JIT (JUST IN TIME)



### LEAN (CONTINUOUS IMPROVEMENT METHODOLOGY)



**During 2024, we implemented an energy management system to improve our energy performance, reduce costs, and decrease our carbon footprint. We also achieved ISO 50001 certification,** which establishes a framework for improving the organization's energy performance, with the goal of reducing energy consumption, lowering operating costs, and reducing our environmental impact.

A detailed energy analysis was conducted, evaluating energy consumption and identifying areas for improvement. Measures were implemented to optimize energy use, achieving a 5% reduction during this first phase of implementation.



**Our ERP, SAP S/4 HANA Cloud,** is one of the most advanced in the world. Together with the application of Artificial Intelligence technologies, it allows us to perform traceability, data analytics, and real-time analysis of all our processes. We also develop control systems through the implementation of monitoring and control dashboards using Power BI.

This provides the appropriate foundation upon which we analyze planned improvements and efficiencies, while optimizing decision-making through the use of accurate data.

This allows us to move forward more quickly with real-time information, reduce costs through more efficient processes, and make smart decisions thanks to the use of advanced analytics and artificial intelligence. In addition, we gain flexibility and digitally document our operations.

Likewise, this increased automation and digitalization of processes serves as a basis for minimizing paper use in our organization through actions such as implementing electronic signatures, using cloud-based document management platforms, promoting the use of email and digital documents, avoiding unnecessary printing, and raising awareness and education, thereby contributing to environmental sustainability.





# Milestones, Alliances and Recognitions

(GRI, 2-28)

Our strategic alliances are based on cooperation with leading organizations and institutions, both domestic and international, that share our vision of innovation, sustainability, and responsible growth.

These collaborations provide us with access to new technologies and knowledge transfer, allowing us to collaborate to achieve common goals, and share resources, knowledge, and capabilities to generate competitive advantages.

Some of these alliances include Non-Governmental Organizations (NGOs), Industry and Trade Associations, Federations, Institutions, and other entities, among others:



In our constant process of improvement, we have **obtained certifications and recognitions** that reflect our commitment and the quality of our products and operations.

## THE MOST SUSTAINABLE COMPANIES IN ECUADOR

Recognized among the TOP 50 most sustainable companies in Ecuador using the Triple Impact methodology.



### EKOS GOLD COMPANY TRIPLE IMPACT

First place in the metallurgical industry. Best company in the Triple Impact category.

### TOP COMPANY IN GUAYAQUIL

Recognition as a leading company in the construction sector in Guayaquil.



### ECO-EFFICIENT COMPANY

Recognition for the implementation of projects aimed at environmental care, achieving 4 Green Points.



### THE 30 MOST SUSTAINABLE

Recognition as one of the TOP 30 most sustainable companies in Ecuador.



### ESR BADGE

Recognition as a Socially Responsible Company, which includes ethical initiatives that ensure labor protection, good corporate governance, and the well-being of its employees and stakeholders.



### CARBON NEUTRAL COMPANY

Certified as a Carbon-Neutral company, according to ISO 14064-1, offsetting direct and indirect emissions.



### ECOVADIS BRONZE MEDAL

An international certificate that supports the development of IPAC's sustainability management, ensuring proper compliance with social, governance, and environmental initiatives in its operations and with its stakeholders.



### ECO20

Certifying that our products are made with solar energy, the first and only company to achieve this in Ecuador.



### EDGE BUILDING

EDGE-certified building that guarantees operational efficiency: 47% energy savings, 40% water savings, and 64% reduction in embodied carbon in materials. Building with main entrance.

Additionally, we have certifications that endorse the quality of our products and services, such as:



### BUREAU VERITAS

#### ISO 9001

Quality Management System. Recertification.

#### ISO 14001

Environmental Management System. Recertification.

#### ISO 45001

Occupational Health and Safety. Recertification.



SERVICIO  
ECUATORIANO DE  
NORMALIZACIÓN



During 2024, **we began implementing a series of ISO standards**, which correspond to a set of international standards designed to improve the quality, safety, efficiency, and sustainability of our organization.

The adoption of these standards helps us comply with regulations, improve competitiveness, and build trust with customers and partners.



### BASC

Business Alliance for Secure Trade. Recertified.



## We began implementing the following regulations:



### ISO 27001

Information security management system, to protect the confidentiality, integrity and availability of information.



### ISO 28000

Supply chain security management system that helps identify and mitigate risks related to the transportation, storage, and distribution of goods, ensuring the security of logistics processes.



### ISO 37001

Anti-bribery management system that helps prevent, detect, and address bribery, promoting a culture of integrity, transparency, and compliance.



### ISO 50001

Energy management system that helps reduce consumption, improve efficiency, and reduce environmental impact.





## CHAPTER 2:



# STRATEGY OF SUSTAINABILITY

Environmental, Social and Governance Pillar (GRI 2-22)





During 2024, multifaceted relevance analysis **we updated our Sustainability strategy** based on the key themes identified through a dual materiality analysis. In this way, we align the company's operations with environmental, social, and governance (ESG) principles, without neglecting profitability.

Each of these pillars addresses the main themes on which we will focus our efforts, with the goal of generating a positive impact on our community, actively reducing our environmental impact, contributing to the well-being of the environment, and ensuring financial profitability that ensures the sustainability of our business over time.



## Environmental



- Progressive adoption of renewable and less polluting energy sources.
- Waste reuse and involvement of strategic partners in waste circularity.
- Appropriate waste management.
- Emissions reduction through innovation and process optimization.
- Development of energy efficiency projects.
- Implementation of water use and treatment optimization projects.
- Involvement in biodiversity protection projects with a focus on carbon sequestration.
- Conscious production, certified products and quality.
- Carbon Neutral Company.
- 2050 Net Zero Projection.

## Social



- Employee development and well-being (mental health, nutrition, sports).
- Entrepreneurship promotion.
- Corporate volunteering.
- Investment in infrastructure to promote educational well-being in the area of influence.
- Robust occupational health and safety culture: Zero accidents.
- Connection with our stakeholders: Clients, employees, community, shareholders, suppliers.

## Governance



- Strong Corporate Governance.
- Ethical management, corruption prevention, and a culture of compliance.
- ESG Governance.
- Defining a strategy to promote sustainable economic development over time.
- Defining policies that promote continuous improvement and positive impact.

**We are aligned with the Paris Agreement on climate change and are working to achieve the 2030 Agenda for Sustainable Development Goals (ODS).**



# Interest Group

(GRI 2-28, 2-29)

Stakeholders play a fundamental role, as their actions can be affected by or, in turn, influence our organization's decisions. Collaboration and open dialogue with these groups are essential for building strong relationships and for continuous improvement in sustainability.

The following are the stakeholders that have been identified and defined as the most relevant:



SHAREHOLDERS



CUSTOMERS



EMPLOYEES



SUPPLIERS



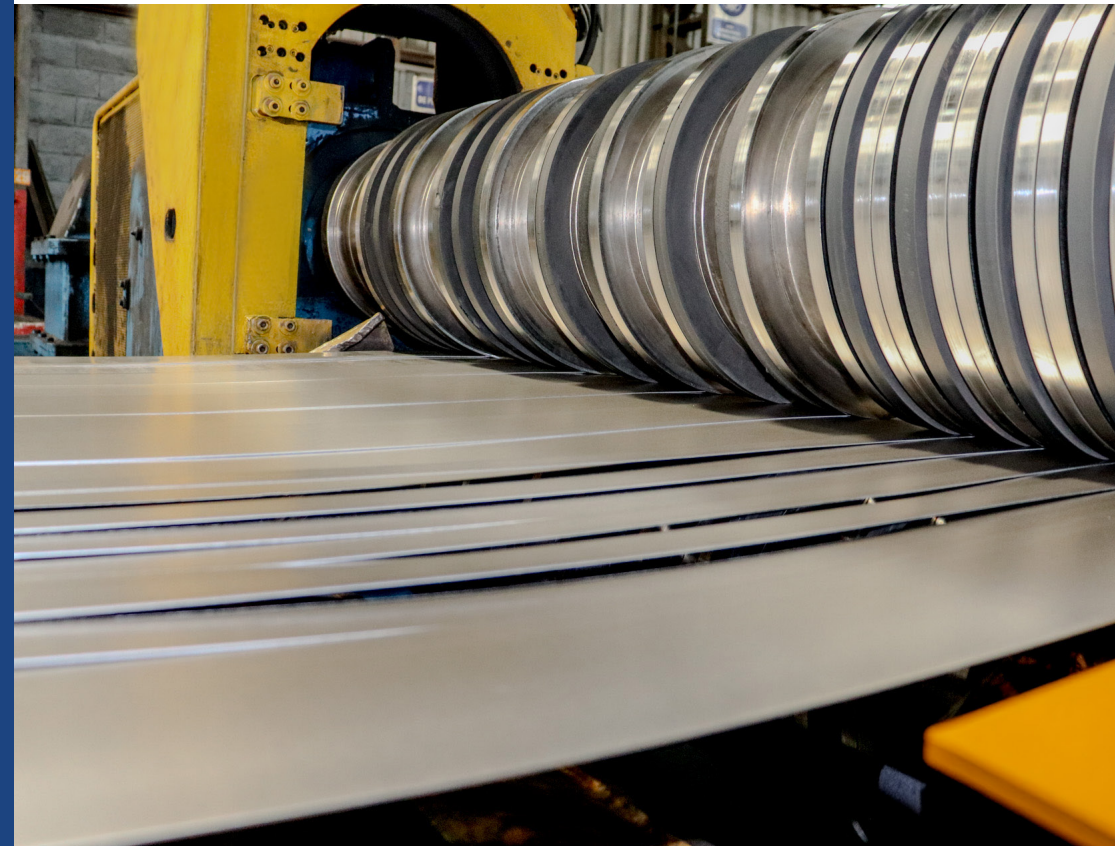
COMMUNITY



GOVERNMENT

We have adequately engaged with each of our stakeholders to build strong relationships and ensure the sustainable success of our organization. To this end, we develop various communication programs such as meetings, visits, social media, sustainability reports, and others. We encourage active listening and respond to their concerns, generate value through mutually beneficial programs, **develop synergies with communities, NGOs, governments, and universities for projects with social and environmental impact**, and foster ongoing dialogue with each of them.

This allows us to improve the company's reputation and trust, reduce risks and conflicts, strengthen sustainability and social responsibility, increase customer and employee loyalty, facilitate regulatory compliance, and obtain certifications.





# Materiality

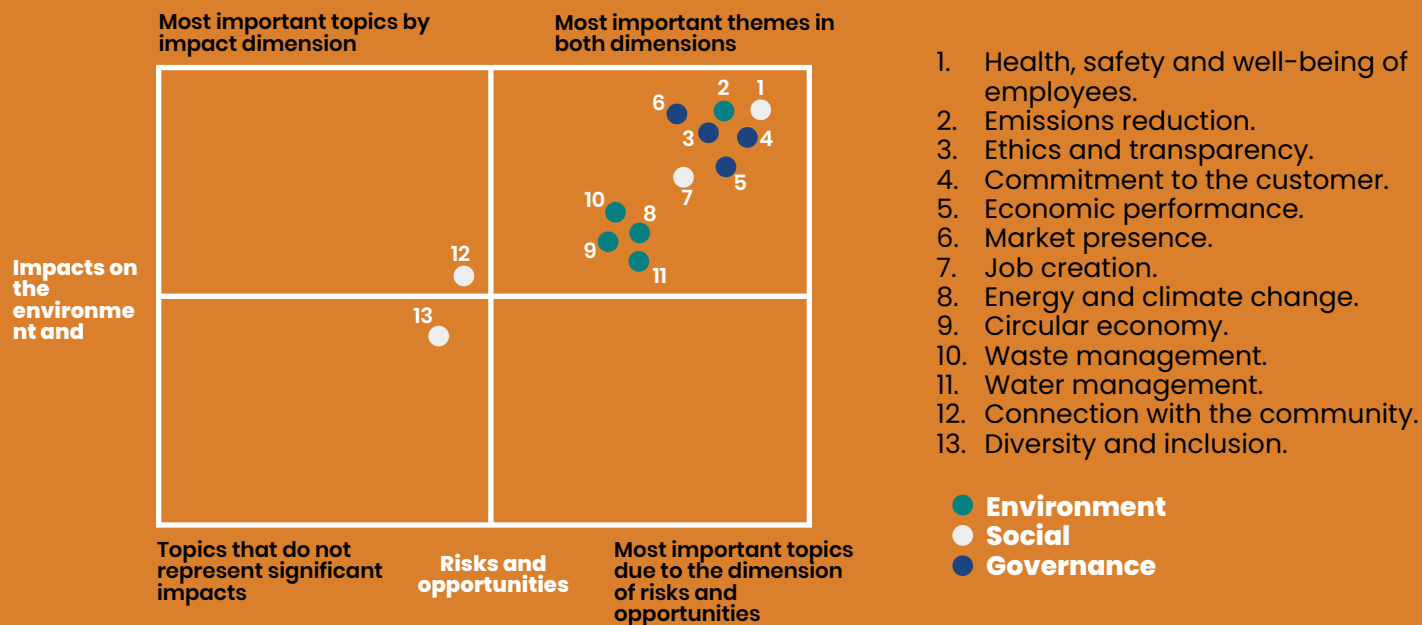
(GRI 3-1, 3-2, 3-3)

The dual materiality of this Sustainability Report addresses the most relevant and significant topics for our organization and its stakeholders: those that have a significant impact, risk, and opportunity on our ability to operate sustainably, and how the company's activities impact the environment, society, and other *stakeholders*.

Based on the **Materiality Matrix**, we have identified the most relevant environmental, social, and governance (ESG) topics for our business. To do so, we applied a regulatory analysis (CSRD, GRI, SASB), stakeholder consultation (employees, customers, regulators, investors, NGOs), and benchmarking with companies in our sector.

In this way, we evaluate the impact and risks from the perspective of financial materiality, or how ESG issues affect the company's financial stability, and impact materiality, or how the company impacts the environment, society, and the economy.

The most relevant issues for the company and its stakeholders were prioritized, highlighting commitment, the health and safety of our employees, emissions reduction, ethics and transparency, our commitment to our customers, economic performance, and our environmental commitment to managing emissions and waste reduction and using renewable energy.



**Materiality analysis** is a fundamental tool for companies to prioritize key topics for their sustainability strategy, ensure alignment with stakeholder objectives, comply with **international standards (GRI, ASASB, IFRS)**, and make strategic decisions based on real impact.

# Commitment to Sustainable Development

(GRI 2-25, EM-IS-110a.2)

In 2024, we prioritized our efforts toward an ESG approach, actively working on the three pillars: **Environmental, Social, and Governance**. To this end, we carried out the following activities:



- Implementation of a circular economy. Reduction, reuse, and recycling of materials and waste.
- ISO 14001 certification (Environmental Management System) and implementation of ISO 50001 (Energy Management System).
- Energy efficiency and sustainable water use.
- Emissions reduction, carbon footprint reduction.
- Recycling and recycling of organic waste from the company cafeteria (composting).
- Training on marine protection and environmental management in community schools.
- Environmental volunteer days: Reforestation, beach cleanups, mangrove cleanups.
- Creation of an energy efficiency program and committee.
- Internal campaigns to reduce paper and plastic.
- Expansion of a photovoltaic plant, increasing the generation and use of our own renewable energy sources.
- Support for biodiversity initiatives, creation of the Blue Horizons initiative, with the aim of repopulating and maintaining a protected area with a coral reef on the Ecuadorian coast.



# Social



- Education fair for employees. Promoting their professional development.
- Training program for employee families' entrepreneurship.
- Training program for women in the community.
- Internal entrepreneurship fairs for employee families.
- Health fair with a focus on disease prevention.
- Wellness program: Nutrition, mental health, sports.
- Team-building sessions.
- Training for organic family gardens in the community.
- School library management.
- Redesign of health infrastructure in community schools.
- Training programs for better internal and external customer management.
- Social volunteering session: support for foundations and shelters for children with cancer.
- Equity and inclusion: Promoting the inclusion of women in pre-professional internships, talks, and training with a gender focus.
- University visits that allow future generations to visualize a balance between sustainable production and management.
- Community outreach programs.
- Occupational health and safety programs.

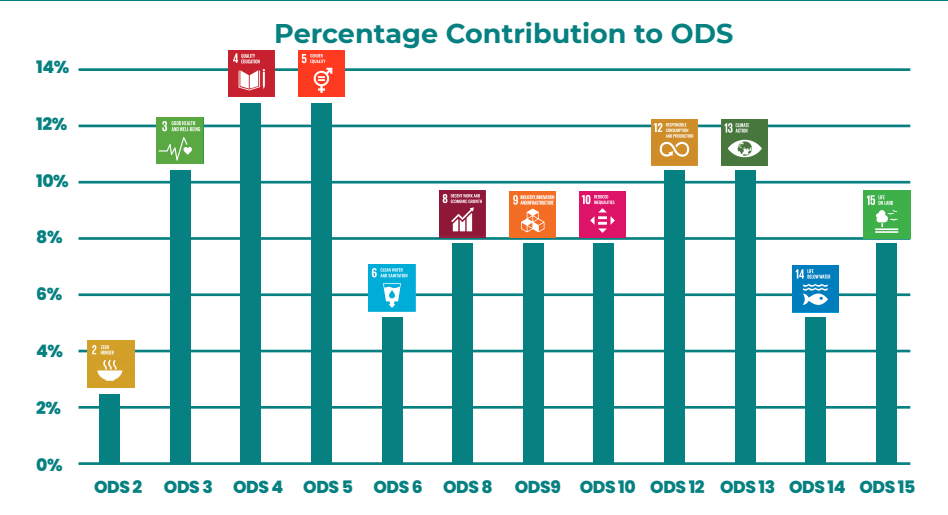
# Governance



- Implementation of policies that reaffirm the organization's ethics and transparency.
- Compliance with national and international regulations.
- Risk management, internal controls, and audits.
- Compliance programs, reporting channels, and anti-corruption measures.
- Diversity, inclusion, and human rights policies.
- Stakeholder engagement events.
- Implementation of the Compliance Officer program.



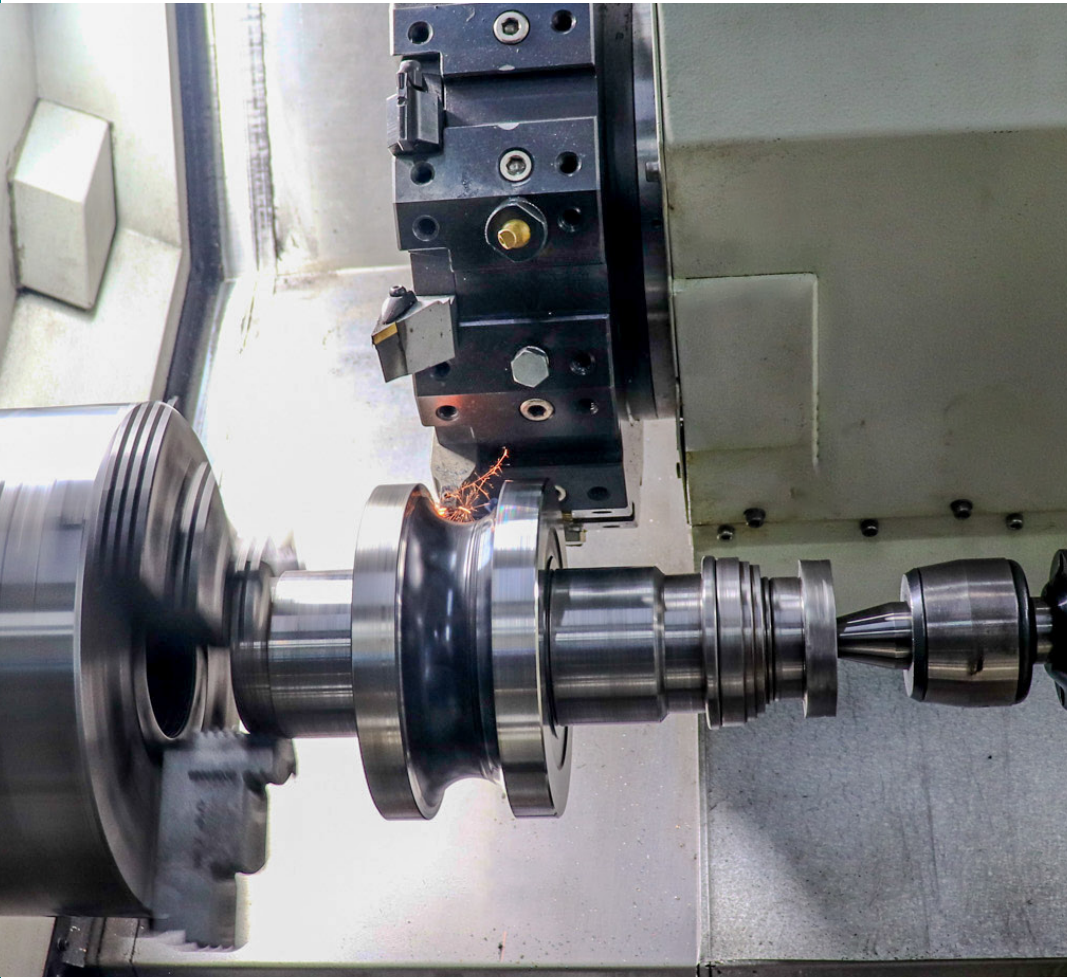
Through our strategies, operations, policies, programs, and activities, we actively contribute to the **Sustainable Development Goals (ODS)** according to the following distribution:



The plan to reduce the impact of our operations and the actions to achieve this are shown below:

Initiative	Description	Extent	Base 2021	2024	2025	2026
<div>Reduction of CO<sub>2</sub></div>	Reduction of total plant emissions (direct and indirect)	Ton/CO <sup>2</sup>	7.851	-33%	-36%	-37%
	Reduction in electricity purchases due to the implementation of the second phase of the photovoltaic plant	MWH	6.490	-13%	-25%	-25%
	Emissions avoided by consumption of solar-powered electricity	Ton/CO <sup>2</sup>	774	-13%	-25%	-25%
	Office automation, implementation of technology to reduce energy consumption	KWH	2.000	-5%	-7%	-10%
	Waste reduction (Steel scrap). Circular economy	MT	4.739	-24%	-30%	-30%

Our production process generates environmental impacts, so we have implemented various strategies and actions to help us reduce this impact. These **include an environmental management system based on the ISO 14001 standard**, which allows us to identify, manage, and reduce our environmental impact, optimize resource use, and minimize pollution. We also implement more efficient technologies, generate and utilize our own solar energy, implement energy-efficient systems, and implement ISO 50001. We also implement more efficient water use, reusing it in all plants, implement a circular economy, reduce waste, and raise employee awareness.





## CHAPTER 3



# Environmental Management

**Environmental Pillar:** Emissions Reduction and Climate Change Mitigation, Reduction of Natural Resource Consumption, Circular Economy, Biodiversity Protection.





# Emissions Management

(GRI 305-1, 305-2, 305-3, 305-4, 305-5, EM-IS-110a.1, EM-IS-120a.1)

Climate change mitigation management is one of the pillars of our **Sustainability Strategy**. The main strategies for mitigating climate change include the transition to renewable energy, such as the use of solar energy, the reduction of fossil fuels, the promotion of energy self-consumption, the implementation of energy efficiency systems and consumption reduction, the use of efficient technologies in plants, transportation, and buildings, more efficient lighting and air conditioning systems, the circular economy and waste reduction, the recycling and reuse of materials, the reduction of the use of non-biodegradable plastics and packaging, sustainable production with a lower environmental impact, reforestation and ecosystem protection, and the measurement and reduction of the carbon footprint.

Among the preventive and corrective actions developed, the following stand out:



Establishment of a  
**Energy Policy**



Evaluation of the  
**Energy Performance**



Establishment of  
**Energy Objectives and Goals**



Identification and Evaluation of  
**Opportunities for Improvement**



Implementation of  
**Corrective Preventive Actions**







### Training and **Staff Awareness**



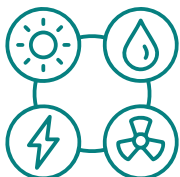
### Monitoring and Measurement of **Energy Performance**



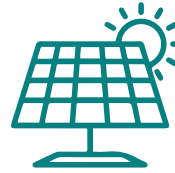
### Process Optimization for the **Reduction of Natural Resource Use and Waste Reduction.**



### Incorporation of new technologies focused on operational efficiency and **Emissions Reduction.**



### Establishment of a **Energy Efficiency Committee.**



Energy transition to clean energy: Expansion of our own photovoltaic plant

### **Migration from Diesel to LPG Gas.**

The identification and quantification of greenhouse **gas (GHG) emissions** allowed us to identify the most relevant areas on which to focus our efforts and prioritize actions.

In 2023, we achieved Carbon Neutral certification, meaning we were able to neutralize the amount of CO<sub>2</sub> emissions the company generates through reduction and offset measures. In 2024, we maintained our Carbon Neutral status, confirming our firm commitment to environmental care, reducing greenhouse gas emissions, and mitigating climate change.

### **Regarding emissions management policies, the following guidelines have been followed:**



**Rule 14064-1:** Measurement, Reporting and Verification of greenhouse gas (GHG) emissions.



**The Green House Protocol:** Provides guidelines for the measurement, management and reporting of GHGs.



**The Carbon Neutral Protocol:** Global standard for carbon neutrality programs.

**During 2024, the following achievements were made in relation to emissions management:**



Reduction of emissions, scopes 1 and 2, by implementing an EnMS based on the ISO 50001 standard.



Reduction of emissions associated with replacing diesel with LPG at the galvanizing plant.



Reduction of emissions related to the consumption of electricity purchased from the public grid by replacing it with and consuming our own energy generated at our photovoltaic plant.

It's important to mention that the conversion factors published by the governing body can vary significantly from year to year, depending on the composition of the country's energy generation mix. For example, in a drought year like 2024, greater reliance was placed on thermal generation, which is more polluting, which modifies the factor and increases the associated emissions level.

**Direct GHG emissions (Scope 1)**

Gross value of direct GHG emissions (Scope 1) in metric tons of CO<sub>2</sub>.

Issue type	Ton/CO <sup>2</sup> e
CO <sub>2</sub>	1.046
CH <sub>4</sub>	6.27
N <sub>2</sub> O	6.35
HFC	0
Biogenic emissions CO <sub>2</sub>	1.4
No emissions of: PFC, SF <sub>6</sub> and NF <sub>3</sub> are generated	

**Standards, methodologies, assumptions and calculation tools used:**



Guidelines of the Intergovernmental Panel on Climate Change IPCC.



Assumptions: Fuel consumption in generators (parent and local), fuel consumption is calculated based on the hours worked by the generators and their consumption coefficient as indicated in the technical sheet.



## Indirect GHG emissions associated with energy (Scope 2)

Gross value of indirect GHG emissions associated with energy (Scope 2)

Issue type	Ton/CO <sup>2</sup> e
CO2	542
No emissions of: CH4, N2O, HFC, PFC, SF6, NF3 or biogenic CO2 emissions are generated.	

### Standards, methodologies, assumptions and calculation tools used:



CO2 emission factor for the Ecuadorian National Interconnected System. (Fe 2023 = 0.092; Fe 2024 = 0.12 Tons of CO2e/Mwh).



Calculation according to forms issued by the regulatory entity (CNEL).



Assumptions: Electrical energy of commercial premises due to data availability, certain IPAC premises (8 of 19) are subject to estimates accepted by verifying entities.

## Other indirect GHG emissions (Scope 3)

Gross value of other indirect GHG emissions associated with energy (Scope 3)

Issue type	Ton/CO <sup>2</sup> e
CO2	3.507
CH4	0,54
N2O	42.24
No emissions of: PFC, SF6, NF3 or biogenic CO2 emissions are generated.	

### Standards, methodologies, assumptions, and calculation tools used:



Defra GHG conversion factors (of the reporting year).



ICAO Emissions Calculator.



Assumptions: electricity consumption of some sales locations (8 of 20), due to data availability, subject to estimates accepted by the verifying entity.

Intensity of GHG emissions

20.04  
kgCO2e/ton  
processed steel

The organization's emissions intensity ratio 2024.

Carbon Offsetting:

Amount invested in carbon offset projects (e.g. reforestation, renewable energy).

Carbon Bonds:	6,500	CERs	(Certified Emission Reductions)
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During 2024, we will focus our efforts on reforesting areas affected by fires within our area of influence, thus contributing to carbon sequestration and strengthening ecosystems.

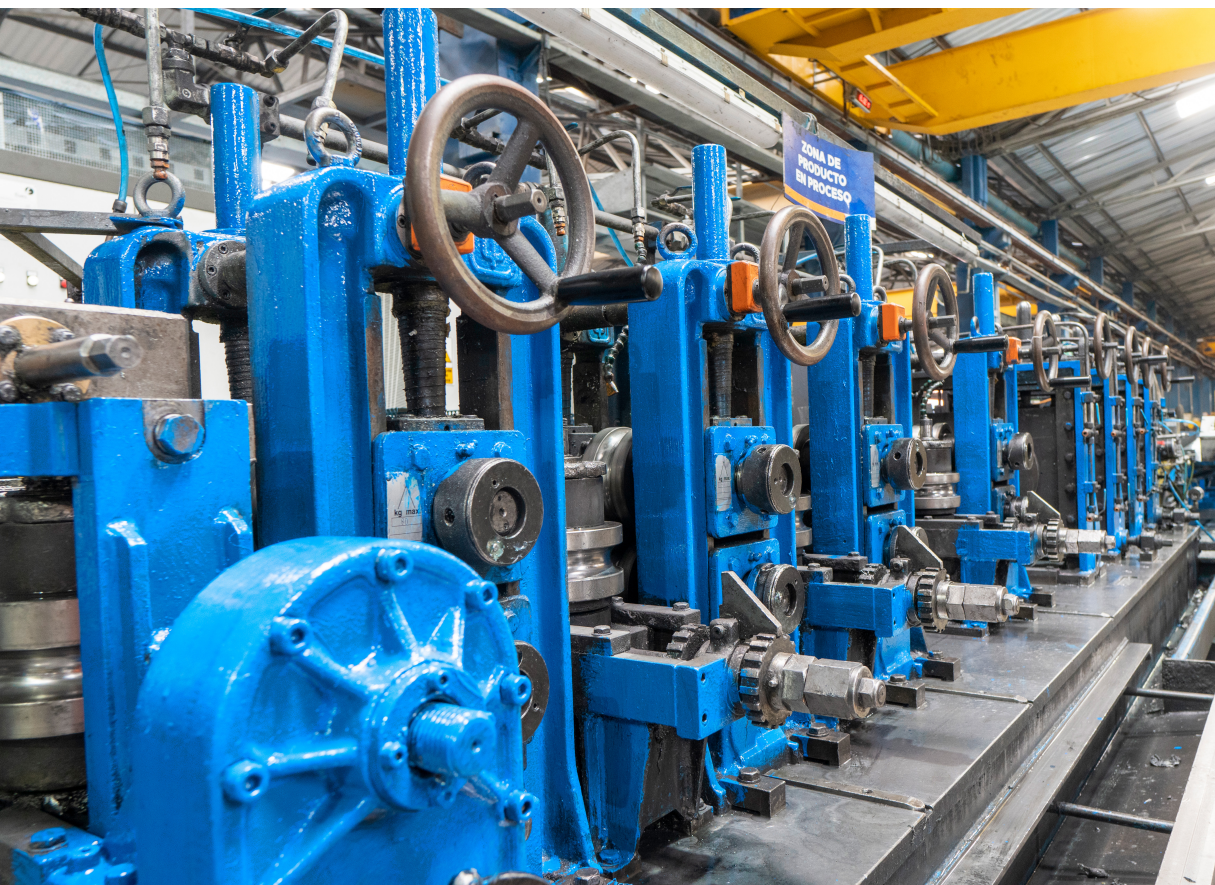
Aware of the impact our operations have on the planet, we are focusing our efforts on constant innovation and optimization of our operations. We are identifying opportunities for improvement and are in the process of continuous improvement.





# Natural Resource Use Management

Responsible management of natural resources is essential to **ensure their availability for future generations and reduce negative environmental impacts**. As part of our strategy for sustainable natural resource management, we have focused on efficient energy use, efficient water use, the circular economy, waste management, and biodiversity protection.







## Energy

(GRI 302-1, 302-2, 302-3, 302-4, 302-5, EM-IS-130a.1, EM-IS-130a.2)

2024 was a challenging year for energy issues nationwide. Given the drought and dwindling water reservoirs for hydroelectric generation, the country had to resort to increased thermal generation, varying the conversion factors to estimate how much electricity consumed is transformed into tons of CO2 equivalent, an indicator of the country's carbon footprint. Although electricity consumption was reduced by 21% in 2024, the new factor resulted in higher GHG emissions than the previous year.

**Total consumption of fuels from non-renewable sources within the organization:**

Unit of measurement: Thousands of MJ

	DIESEL	7,0
	GLP	7,6
	ELECTRICITY PURCHASED	16,3
	GASOLINE	62,8

## Total consumption of fuels from renewable sources within the organization

CONSUMPTION	MJ
Electricity	2,7

### Total energy consumption (MJ)

33,7

## Standards, methodologies, assumptions and calculation tools used:



### Regulations:

ISO 50001 Energy Management and manufacturing process scope at IPAC.



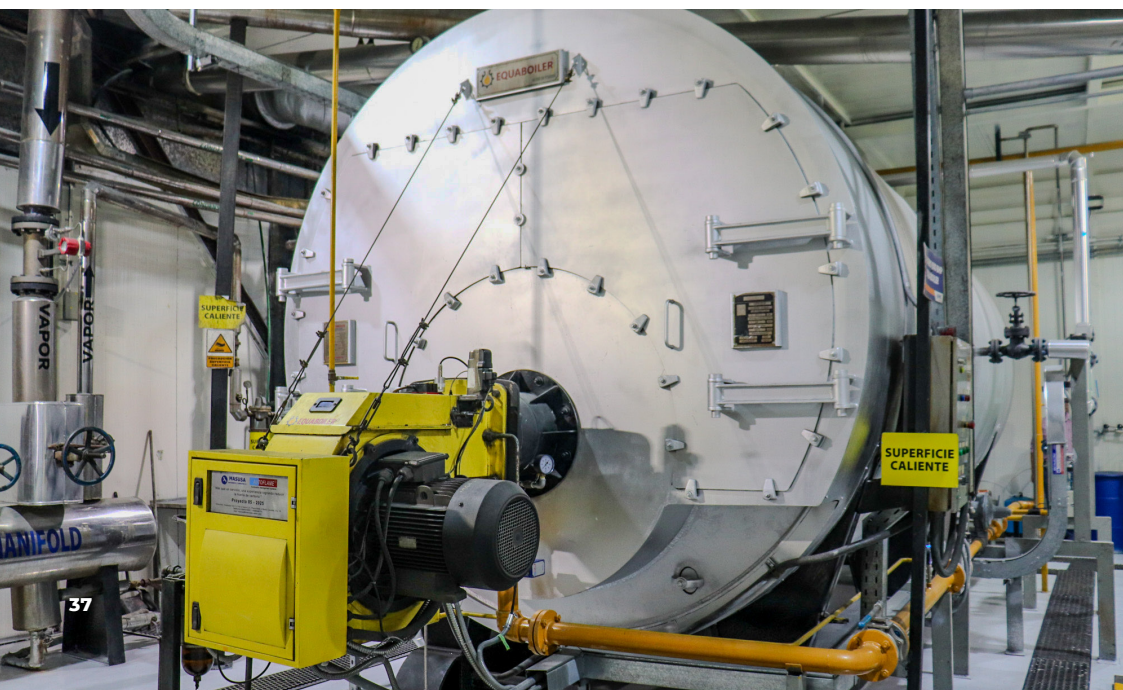
### Energy Units and Factors:

Those provided by fuel suppliers, and international conversion units.



### Information Source:

Electricity - electricity bills provided by CNEL; Diesel and LPG energy: Fuel consumption according to internal accounting records.







**(GRI 303-1, 302-2, 303-3, 303-4, 303-5, EM-IS-140a.1)**

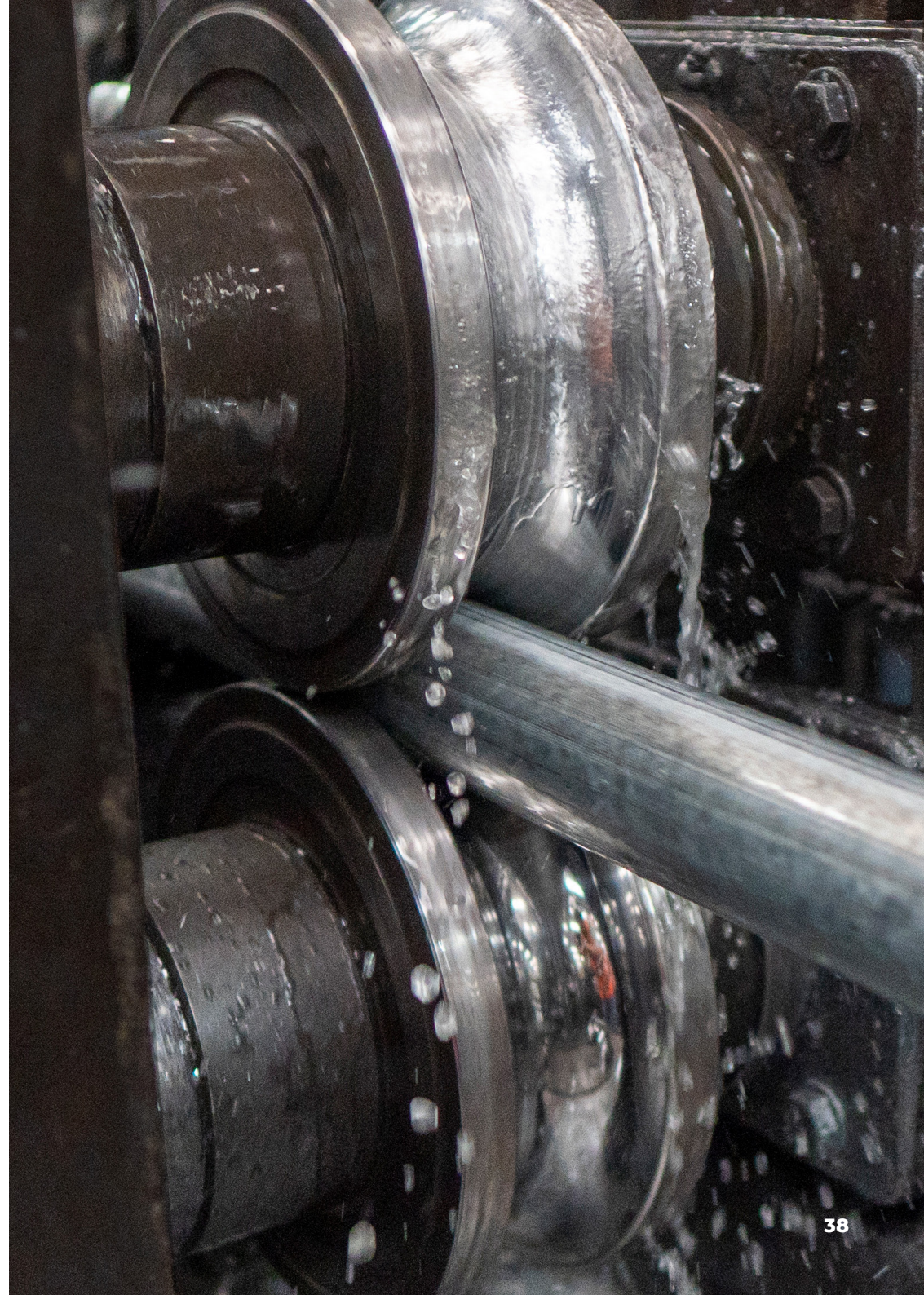
Within our operations, water is an essential resource for manufacturing processes. Aware of its importance, we are working on its efficient use and reducing our water footprint through treatment and reuse systems at each of our production plants.

A key example is the Wastewater Treatment Plant (WWTP), which in 2024 allowed the reuse of 212 m<sup>3</sup> of water, achieving a 10.2% savings compared to previous years. This progress reflects the effectiveness of the improvements implemented and the optimization of consumption in the highest-demand processes.

These actions are complemented by the collection of condensation water for subsequent reuse, as well as the installation of energy-saving equipment in bathrooms, dressing rooms, and general facilities, which contributes to more efficient consumption in all areas of the organization.

Looking to the future, we plan to implement a domestic wastewater treatment plant, which will allow us to use this resource to irrigate green areas, thus completing a comprehensive water management and reuse cycle.

With these initiatives, we reaffirm our commitment to sustainability, innovation, and the protection of natural resources.



## Water Consumption Figures

Total water  
consumption in the 3  
plants



**13,9**

Megaliters

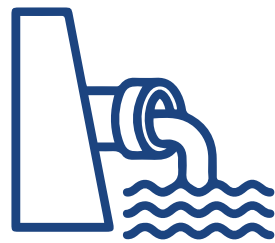
Total water consumption  
in galvanizing plant



**2,5**

Megaliters

## Total Discharges of the Organization



**2.1** Megaliters  
**Fresh water**

(Public sewer)

*We do not have discharges into surface,  
underwater or marine waters.*

## Volume of Water Recycled and Recirculated



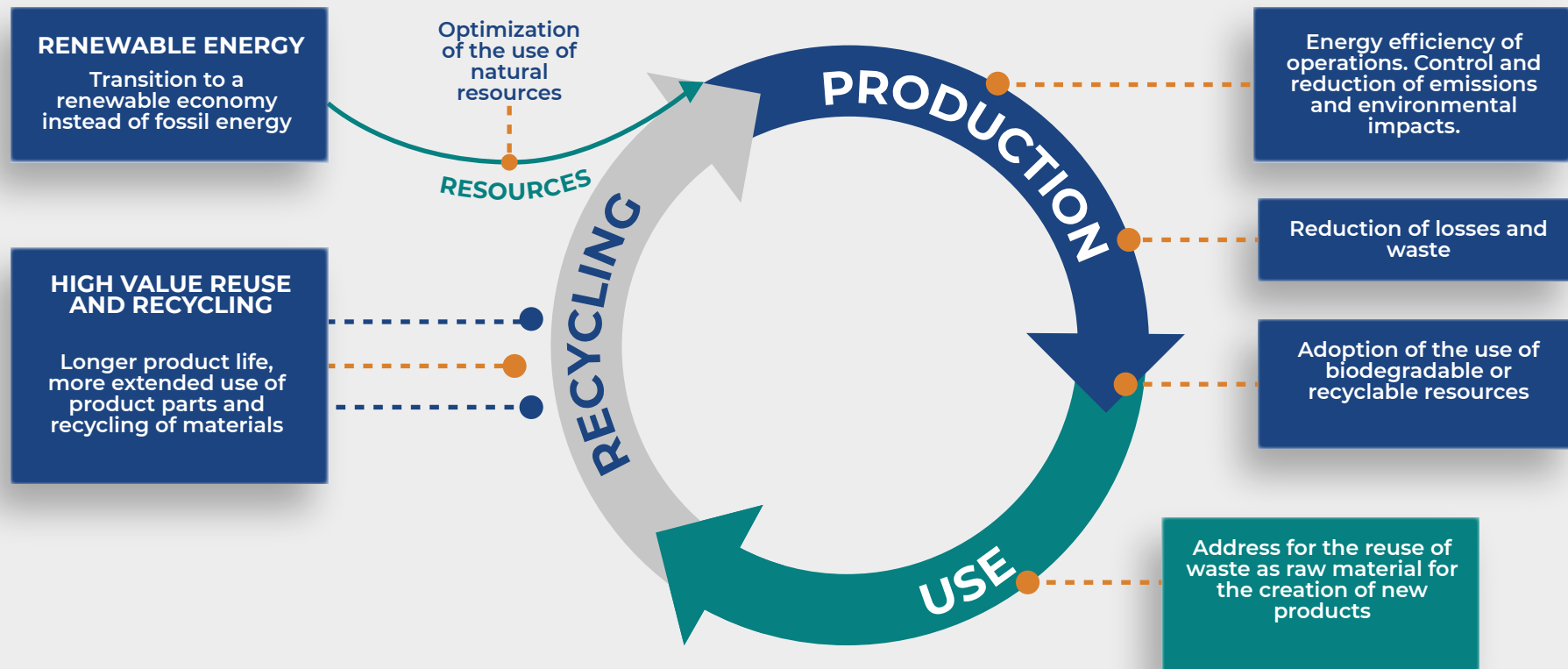
**212 m<sup>3</sup>**

of water  
reused annually



# Circular Economy

The implementation of a circular economy strategy, focused on recycling and reusing materials, using longer-lasting products, replacing non-renewable materials, and incorporating biodegradable and recyclable materials, along with practices such as waste reduction, composting, and reuse, **aims to optimize resource efficiency**, reduce operating costs, conserve biodiversity and ecosystems, and minimize environmental impact.





**5.075**

Tons of Recycled  
Waste

**93,52%**

Waste  
Recycled

**5.426**

Tons of Total  
Waste Generated





# Waste Management

(GRI 2-27, 306-1, 306-2, 306-3, 306-4, 306-5, EM-IS-150a.1)

We carry out adequate waste management through:

**Waste reduction:** implementation of a policy to minimize waste generated in all production and consumption processes.

**Composting and Reuse:** we segregate, collect, and reuse organic waste from our dining room to produce compost and other useful products.

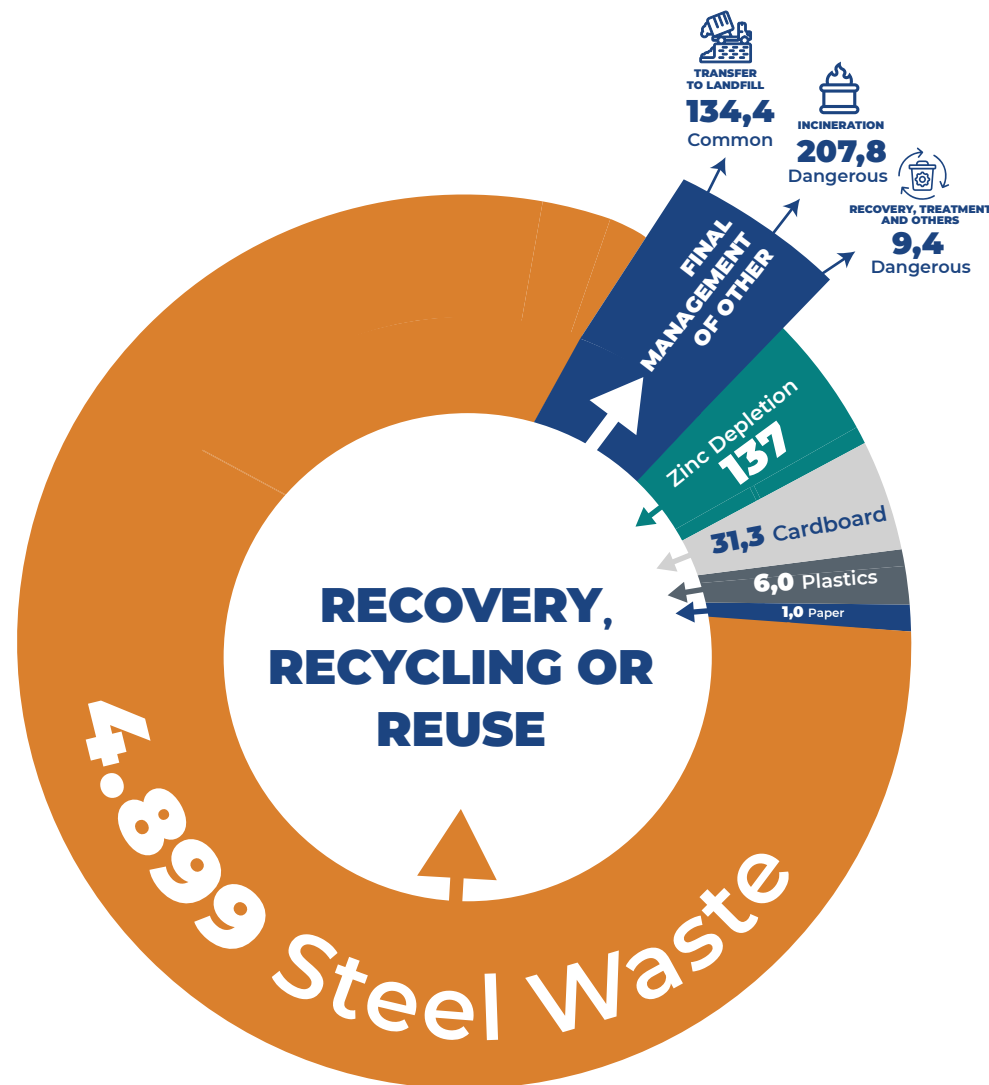
**Safe Disposal of Hazardous Waste:** through an authorized disposal company, they are safely disposed of to avoid harm to the environment.

In 2024, **5,426 tons of waste were generated, of which 93.52% (5,075 tons) were recovered**, recycled, and reused, primarily in the form of steel, zinc, cardboard, and plastics.

The remaining **6.48% (352 tons) was allocated for specialized** treatment, incineration, or safe landfill disposal, ensuring environmentally responsible management.

This result reflects the company's strong commitment to sustainability and the circular economy.

The graph is represented in tons.



## Biodiversity Protection

# Blue Horizons

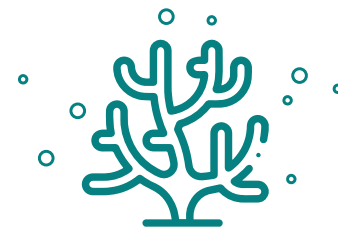
(GRI 304,2, 304-3)

Biodiversity protection plays a key role in our **Sustainability Strategy**, and to strengthen our efforts, we have joined the Latin American network **Business for Nature** and established a partnership with the **NGO CONMAR** (National Association of Biodiversity and Conservation) to restore marine ecosystems, conserve species, promote education and awareness, and collaborate with communities.

Through our partnership with the **NGO CONMAR**, we have begun an active participation through our BLUE HORIZONS project to restore marine habitats in protected sites along the Ecuadorian coast. We create artificial reefs using our steel products as a base structure, fostering the development of corals that later transform into a complete, healthy reef system, home to diverse species. This protects coasts from erosion, provides jobs for local communities, promotes ecotourism, improves the quality of life, and inspires future generations to pursue environmental sustainability. Coral reefs play a crucial role in regulating atmospheric carbon dioxide levels, helping to capture greenhouse gases.







## 234 Fragments

Of corals installed in coral nurseries in Salango, Manabí.



By 2025, we will strengthen our actions to protect these types of marine ecosystems, along with the participation of our corporate volunteers (Volunteers of Steel).

This program, called **Blue Horizons**, seeks to distinguish us as a pioneer and leader in biodiversity preservation, and marine biodiversity in particular.

Regarding the restoration of terrestrial ecosystems, we have carried out reforestation activities, planting more than 200 native species through our volunteers. These seedlings will restore an area affected by a forest fire in Guayaquil, near our facilities.

We will continue to work in areas where forest fires have affected the ecosystem, improving biodiversity and mitigating the effects of climate change.



## CHAPTER 4:



# SOCIAL DIMENSION

**Social Pillar:** Diversity and Inclusion, Occupational Health and Safety, Education and Training, Well-being, Stakeholder Engagement.

**Governance Pillar:** Human Rights.





# Occupational Health and Safety

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10, 404-1, EM-IS-320a.1)



Our commitment focuses on the well-being of people and communities, ensuring that economic and environmental development has a broad reach.

Our **Occupational Health and Safety (OHS)** actions seek to prevent occupational hazards and guarantee safe and healthy working conditions for employees, key factors in improving our workers' productivity and well-being.

The main **Occupational Health and Safety** actions consist of:



**Risk Identification and Assessment:** Regular inspections are carried out to identify all types of risks, and a prevention plan is then designed.



**Implementation of Prevention Measures:** Use of appropriate Personal Protective Equipment (PPE) (helmet, gloves, goggles, masks, earmuffs, etc.), emergency signage and procedures, preventive maintenance of machinery and tools, improvements to external infrastructure with armored systems, and reinforcement of electronic and physical security.



**Worker Training and Awareness:** Training on the safe use of equipment and tools, accident prevention talks, evacuation drills and emergency plans, first aid training, and fire extinguisher use, among others.



**Ergonomics and Well-being at Work:** Adapting furniture and tools to workers' needs, promoting active breaks and exercises to prevent muscle injuries, and controlling posture and workloads to reduce stress and fatigue.



**Emergency Management and Rapid Response:** Creation of emergency brigades, provision of first aid kits and stations, doctors and nurses providing continuous care, evacuation protocols, and fire plans.



**Continuous Monitoring and Follow-up:** Periodic medical evaluations for all employees, accident investigation and corrective measures to prevent their occurrence, and safety audits for continuous improvement.

Our approach and action plan have significantly reduced workplace accidents and illnesses, increased employee productivity and satisfaction, reduced costs, and improved the work environment and corporate reputation.



### **Our Occupational Health and Safety Management also complies with the following regulations and guidelines:**

- Constitution of the Republic of Ecuador
- Social Security Law and IESS Regulations
- Labor Code
- Occupational Health and Safety Regulations (Executive Decree 255)
- Standards of the Ecuadorian Standards Institute (INEN)
- Fire Prevention Regulations
- ISO 45001



### **The reduction in accidents in 2024 will reach 57%.**

- Number of work accidents: 4
- Days lost due to work-related accidents: 63
- Hours invested in training: 11.657 h
- Number of fatalities or disabilities: 0
- Security-related expenses: USD 299.810

During 2024, we implemented "**Dynamic Challenges**," events that **actively engage** operational staff and recognize their participation through non-monetary incentives.

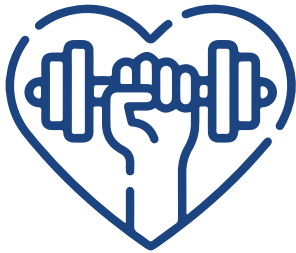
Additionally, for **Occupational Health and Safety Day**, a fair was held with activities that reminded employees of the importance of ensuring their own safety and that of their colleagues.





# **Employee Well-being**

Our employee welfare measures include:



## **Physical Well-being:**

Providing a safe and ergonomic work environment, encouraging active breaks and stretching exercises, nutrition and physical activity programs, preventing workplace accidents with appropriate safety measures, preventive measures, and enhanced surveillance outside and around the workplace.



## **Mental and Emotional Well-being:**

Providing psychological support and emotional counseling, promoting an environment of respect and effective communication, implementing mindfulness or stress management measures



## **Organizational Wellbeing:**

Fostering camaraderie and teamwork, ensuring a positive and harassment-free work environment, promoting work-life balance, offering opportunities for professional growth and development, and organizing events such as the Health Fair, with free services, including ultrasounds, exams, X-rays, therapies, and more.

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Thanks to this approach and measures, we have achieved greater employee satisfaction and commitment, reduced work-related accidents and illnesses, decreased absenteeism and staff turnover, and improved the work environment and organizational culture.

# Human Resources Management

(GRI 2-7, 2-8, 401-1, 401-2, 404-1, 404-2, 405-1)

Our Human Resources Management is a priority within our strategy, since thanks to our human resources team we can ensure growth and the fulfillment of corporate objectives.

## This management is divided into the following



### Talent Retention:

Development of attractive career plans, appropriate incentive policies, and evaluation of team satisfaction and commitment.



### Development and Training:

Training and skills development programs, career and professional growth plans, and technical and soft skills training.



### Performance Evaluation:

Establishing performance goals and metrics, providing ongoing feedback and periodic evaluations, identifying opportunities for improvement, and recognizing performance.



### Motivation and Organizational Climate:

Implementation of employee incentives and benefits, creation of a positive work environment, promotion of organizational culture and corporate values.



### Occupational Health and Wellbeing

Physical and mental wellness programs, workplace safety policies, and work-life balance.



### Attraction and Recruitment:

Identification of personnel needs, effective selection processes, and talent acquisition.



Our team is made up as follows:

462

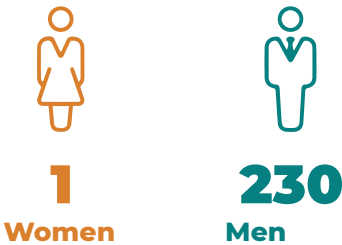
Total number of  
employees  
Full time

With disabilities



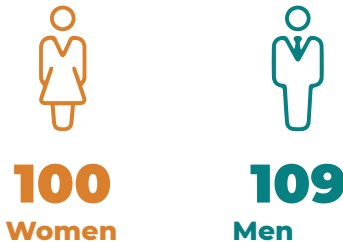
Total: 17

Operational



Total: 231

Administrative



Total: 209

Managers

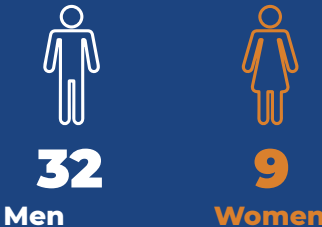


Total: 5

We do not have any part-time employees.

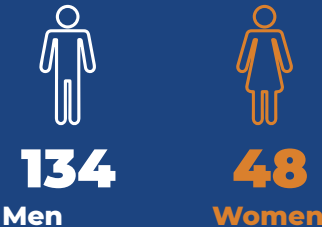
Age range of employees

Less than 25



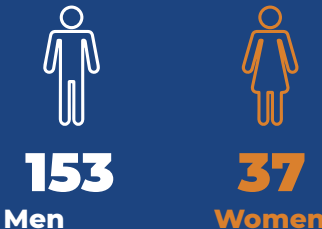
Total: 41

Between 26 and 36



Total: 182

Between 37 and 49



Total: 190

More than 50



Total: 49

Age range of hires

18 to 30  
years old



18 to 30  
years old



31 to 40  
years old



Total male employees: 360

Total female employees: 102

Total employees: 462

## Social Benefits Provided:



Life insurance

**USD 36**  
thousands



Private health insurance

**USD 153**  
thousands



Personnel transport

**USD 187**  
thousands



Feeding

**USD 320**  
thousands

## Training and Development:

**USD 33,2 THOUSANDS**

Amount invested



**8.685**

Total training hours



**18,8**

Training hours per employee



**6%**

Staff turnover rate

Our Human Resource Management has increased productivity and efficiency, reduced turnover and hiring costs, improved motivation and job satisfaction, strengthened organizational culture and teamwork, and contributed to the company's sustainable growth.





# Diversity Strategies and Equity

(GRI 405-1)



**Our diversity and equity strategy is based on promoting inclusion, strengthening the organizational ambience, implementing effective strategies allowing all people to have access to the same opportunities,** regardless of gender, age, origin, abilities, or any other difference.

To achieve this, we implement inclusive recruitment policies, an open and respectful organizational culture, the promotion of diversity in leadership, equitable representation in decision-making, equity in opportunities for promotion and leadership, flexibility in the workplace, adapting working conditions to the needs of employees with disabilities, and equitable pay policies, among others.

Our Gender Equality Policy aims to guarantee the **equal opportunities between men and women within our organization.** This policy is based on the Violet Law, promoting equality in all our operations. To ensure effective implementation, we have established an Equality Committee that will ensure the timely implementation of resolutions, covering everything from our internal communications to our operating procedures.

**Additionally, we believe that differences enrich our team, and we encourage inclusion:**



**17**

Employees with  
**Disabilities**



**49**

Employees over  
**50 years old**



**22,1%**

Employees are  
**women**

# Engagement With the Community

(GRI 2-29)

Our connection with the community is based on **strategies and actions that we develop to interact and engage with the community**, seeking to generate a positive impact and promote sustainable development, strengthening relationships with the environment and contributing to social well-being.

We carry out various social responsibility programs, partner with local organizations and institutions, promote education and knowledge, and implement sustainability and environmental projects, among others:



**+USD 45.000**

**Of profit for families participating in internal entrepreneurship fairs**



**+750** Students received academic visits



**200** Beneficiary families  
Remodeling of park structure in our community



**26** Beneficiary women  
Workshop for women entrepreneurship



**25** Beneficiary families  
Workshop for creating organic family gardens



**Involvement of local entrepreneurs**  
In our line of business.





## **3.800** Beneficiary children

Bathroom remodeling in schools in our area of influence



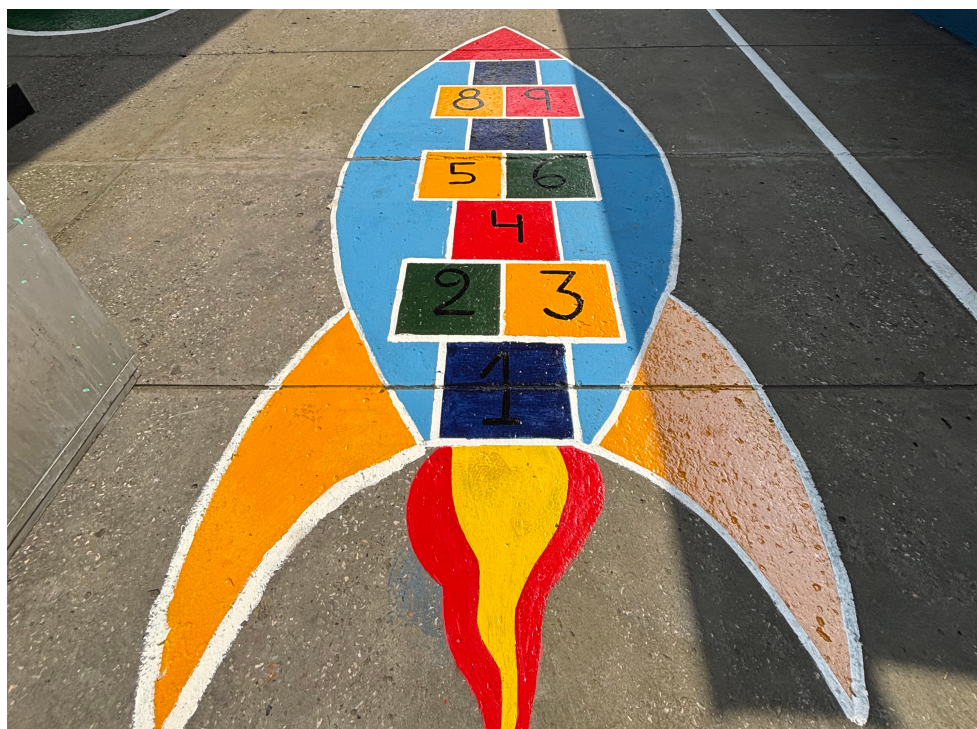
## **1.200** Beneficiary children

Environmental talk in schools



## **50** Beneficiary families

Deep cleaning of the Child Development Center



### **Painting and cleaning of the Child Development Center:**

In addition to performing a deep clean and donating cleaning supplies, diapers, and educational toys, we have positively impacted 26 children and their teachers/caregivers.



### **Book collection for school libraries:**

We have collected books with the purpose of creating school libraries in our community, **benefiting 1,200 students.**

# Volunteering Corporate

(GRI 2-29)



Our corporate volunteering, nicknamed **Steel Volunteers**, It responds to a strategy in which we encourage our employees' participation in activities with social, environmental, and community impact, benefiting not only the community but also strengthening the commitment and organizational culture.

This corporate volunteering program extends to family members, who also join and actively participate in the various activities planned throughout the year.

## Among them:



### Support to the “Soldaditos de Dios” Shelter:

This shelter welcomes children undergoing cancer treatment and their mothers. Thanks to our donations of nutritional supplements, educational materials, and support for activities such as the children's fun morning, Children's Day, children's First Communion, and the Christmas celebration, we have provided support to more than 55 children and their mothers.



### Visit to the Ser Feliz Foundation:

Also focused on children fighting cancer, this foundation received our donation of nutritional supplements and educational supplies, in addition to providing support for an educational morning. Additionally, thanks to the initiative of one of our collaborators, we supported the collection of plastic bottle caps, which the foundation exchanges for nutritional supplements, benefiting 22 children.



### Toy collection and donation:

For the children at the Child Development Center in our neighborhood, we were able to benefit 26 children through toy donations.





### Reforestation in Samanes Park

We participated in the reforestation of an area affected by fires in Samanes Park, achieving a positive impact with the planting of 200 native seedlings.



### Beach cleanups on World Beach Cleanup Day:

During this event, we collected 395 kg of waste, contributing to the care of our marine ecosystems.



### Mangrove Cleanup on World Water Day:

Through this action, we support the conservation of Guayaquil's mangroves, promoting proper waste management in this ecosystem.

**Thanks to our volunteering, the commitment and motivation of the employees has been increased,** to foster teamwork and leadership, improve organizational culture, increase employee satisfaction and sense of purpose, to improve emotional well-being by contributing to a social cause, to create networks and connect with the community, that receives direct support in education, the environment, health, and other areas.





## CHAPTER 5:



# GOVERNANCE

**Governance Pillar:** Ethics and Business Integrity.





# Culture Organizational

Our organizational culture is based on a firm corporate commitment and the values that govern our business. These values guide the actions and behavior of each and every member of this organization.

Ethics and responsibility toward our planet and future generations are the guiding principles of our corporate commitment, guiding our decisions and practices in all areas of our operations.

"We build a better world by focusing on the ***well-being of people and care for the planet***"



Our corporate values have been updated, promoting the organizational culture with which we want to be recognized by all our stakeholders:



We make things happen



We exceed expectations



We act with integrity



We seek to constantly evolve and improve



We are people of steel



We protect our surroundings and the environment

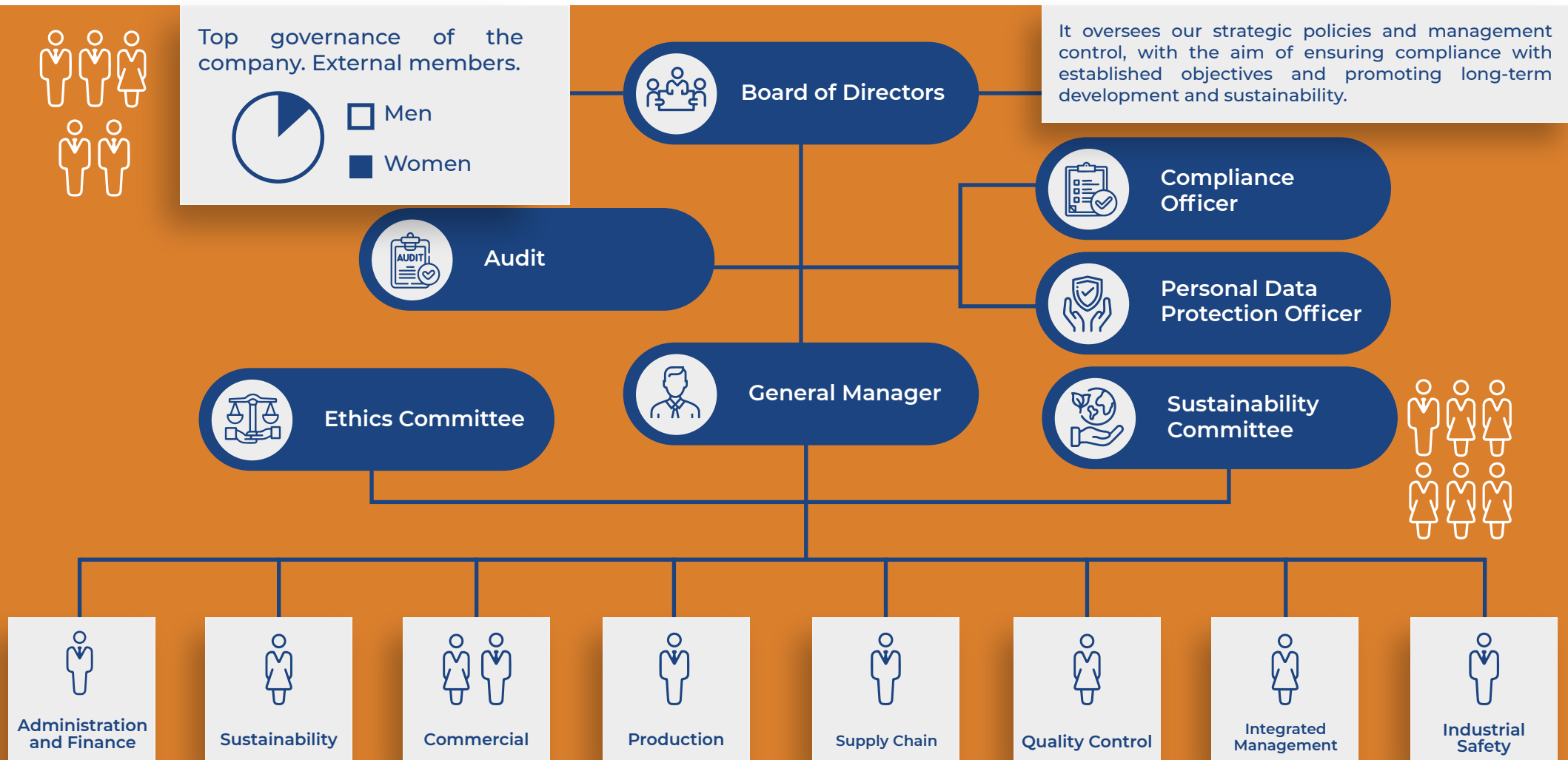


We are leaders

# Government Corporate

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, SASB-AST-01)

Our management is guided by a robust governance system, the main purpose of which is to ensure informed decision-making, transparency and ethics, accountability, the protection of stakeholders' interests, and the promotion of sustainable practices. Through this structure, we achieve an appropriate balance between economic development, social equity, environmental preservation, and the responsible use of resources.





## Members of the Board of Directors



The **Shareholders' Meeting** is where key decisions are made, such as the election of Board members, approval of strategic policies, and distribution of dividends, among others. The Board of Directors is also responsible for defining the company's long-term purpose and strategies, aligned with shareholder interests and sustainability.

The **Board of Directors** oversees the performance of Senior Management, ensuring that established strategic, financial, and operational objectives are met, as well as ensuring that the company has clear policies regarding risk management and compliance with regulations and standards.

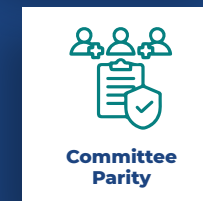
The Board of dir - has appointed an external firm to assume the role of **Compliance Officer**, with the goal of ensuring that the company complies with laws, regulations, codes of ethics, internal policies, and international standards, minimizing legal, reputational, and financial risks.

The practices implemented for effective Corporate Governance include promoting transparency and open communication, ensuring diversity on the Board of Directors, implementing social responsibility policies, and establishing oversight and control mechanisms.

This **Corporate Governance** allows us to make ethical and responsible decisions, provides us with the necessary structure to manage risks, ensure regulatory compliance, and promote transparency and trust among different stakeholders.

To ensure that the company operates responsibly and that decisions made by senior management are aligned with the interests of shareholders and regulators, a series of control and external oversight mechanisms have been implemented.

The following specialized Committees have been established as a control mechanism:



**External Audits:** Ensure the accuracy of financial information and adherence to ethical and legal standards

**Internal Audits:** Internal audits are conducted periodically to ensure the accuracy of information on raw material and finished product inventories, cash, accounts receivable, bank balances, reconciliations, and all types of assets in general.

# Guidelines of Governance

(GRI 2-16, 2-23, 2-24, 2-26)

**Governance** encompasses all the processes and structures through which decisions are made and operations are controlled to ensure that the organization meets its objectives, complies with regulations, and acts ethically and responsibly toward all its stakeholders.

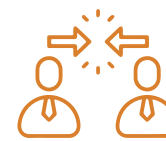
**Governance Guidelines** are the guidelines and principles that provide the structure and define appropriate procedures. The following policies have been established as guidelines:



**Code of Conduct**



**Code of Ethics**



**Declaration of Conflict of Interest**



**Whistleblower Channel**



**Donation Policy**



**Progressive Discipline Policy**



**Sustainability Policy**



**Human Rights Policy**



**Gender Equality Policy**



**Environmental Policy**



**Anti-Corruption Policy**



**Anti-Bribery Policy**



**Information Security Policy**



**Integrated Management**



**Health and Safety Policy**



**Policy on Interaction with Public Officials**



**Due Diligence Policy**

These policies and guidelines are documented and have been disseminated and communicated throughout the organization and stakeholders through in-person and virtual meetings, the intranet, internal newsletters, digital platforms, and ongoing training workshops. These policies are reviewed annually (or earlier if required by new regulations) and updated to adapt to legislative, social, or technological changes. Any changes are communicated clearly and promptly.



**Transparency and Ethics are fundamental pillars of our Governance**, that ensure responsible, legal, and sustainable operations. Key principles of Transparency include accessibility of information, clarity in decision-making, timely disclosure of information, clear, regularly audited financial reports, regular newsletters and communications, and progress reports on projects and initiatives.

Our Governance Ethics consider the application of moral principles and integrity in the organization's decisions and actions, acting with honesty, responsibility, and respect for the rights of all stakeholders, in addition to complying with established legal and regulatory standards.

The key principles establish the importance of acting honestly in all interactions, avoiding deception or manipulation of information, and encouraging fair decision-making. They also promote equitable treatment of all stakeholders, impartially and without discrimination. Furthermore, social and environmental responsibility are highlighted as an essential part of ethical behavior.

Good practices for promoting institutional ethics include the implementation of the Code of Ethics, periodic training, reporting channels, the adoption of an Anti-Bribery Management System (ISO 37001), the Code of Conduct, and the Conflict of Interest Declaration, among others.



**Training hours invested in governance topics (per employee)**

**5**



**Total training hours invested in Ethics and Transparency**

**832**







# Management of Risks and Impacts

(GRI 2-13, 2-25)







**Risk and Impact Management** is a crucial part of Corporate Governance, and we have identified, assessed, and mitigated the risks and impacts that may affect our organization.









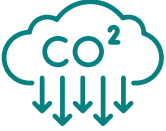



Once the risks and impacts have been identified, they are assessed, mitigation strategies are implemented, and monitoring is implemented.

All types of risks are considered: financial, operational, reputational, legal, social, environmental, and strategic. Proper management ensures long-term sustainability and the organization's ability to adapt to change.

Material theme	Subtopic	Risk	Impact	Aspect ESG	Action to take	Tracking indicator
 <p>Economic performance</p>	Financial results, distributed economic value, tax payments.	Rising energy/raw material prices may negatively impact our financial results and impact (in whole or in part) our sales prices to customers.	Impact on the company's economic performance.		Optimize production/efficiency and commercial strategies.	Annual growth in revenue (%).
 <p>Market presence</p>	Market position and presence, diversification of products and services.	Political, social, and economic instability can affect our operations, the environment, our products, our facilities, our assets, and our reputation.	Product and brand availability/displacement.		Monitor the political environment and anticipate potential events.	Market share (%).



Material theme	Subtopic	Risk	Impact	Aspect ESG	Action to take	Tracking indicator
 Commitment to the customer	Customer satisfaction and loyalty.	Being perceived as a company that is not attentive to the needs of its customers.	Reputation - Loyalty.	G	Implement loyalty programs and improve customer service.	% Customer Satisfaction.
 Operational efficiency and product innovation	Product innovation, compliance with technical specifications.	Market: Customers unwilling to pay for sustainable products. High prices for technologies that boost efficiency.	Use of natural resources.	G	Develop new products and improve existing ones.	Product acceptance in emerging marketsEDGE/LEED.
 Business ethics and transparency	Good corporate governance practices, anti-bribery practices.	Discrimination and harassment, safety-related abuses and violations, child labor in the value chain.	Corporate reputation.	G	Strengthen ethics and transparency policies.	Number of complaints received.
 Job creation	Hiring and training employees.	Possible increase in employee turnover.	Employee well-being.	S	Increase training, welfare and employment programs.	Employee retention rate (%).
 Diversity, equity and inclusion	Gender equality, diversity and inclusion.	Instability in equality and diversity due to the construction sector being a sector with low participation of women.	Diversity and gender equality.	S	Implement inclusion and diversity policies and programs.	Percentage of diversity in the workforce.
 Health, safety and well-being	Physical and emotional health programs.	Increased absenteeism rate, increased accidents and injuries.	Employee well-being.	S	Improve occupational health and wellness programs.	Number of workplace incidents reported.

Material theme	Subtopic	Risk	Impact	Aspect ESG	Action to take	Tracking indicator
 Community Connection	Volunteer activities and programs.	Conflicts with communities where we operate, closure of branches, production plants.	Reputation.		Strengthen relationships and support for the local	Number of community activities carried out. People benefited.
 Energy	Energy efficiency and clean energy.	Energy, political transition and regulatory risks: CO2 emissions.	Use of natural resources.		Implement efficiency programsenergética.	Reduction in from the grid energy consumption (%).
 Waste and debris	Comprehensive waste management.	Misuse and wear and tear of natural resources.	Use of natural resources.		Improve waste management and reduction.	Recycling rate (%).
 Water	Water consumption and treatment.	Misuse and waste of natural resources.	Use of natural resources.		Optimize water use and treatment.T	Reduction in water consumption (%).
 Emissions	Emission reduction.	Misuse and waste of natural resources.	Use of natural resources.		Implement technologies to reduce emissions.	Reduction in emissions ofCO2 (%).
 Circular economy	Recycling and resource management.	Misuse and waste of natural resources.	Use of natural resources.		Promote the circular economy in production.	Percentage of recycled materials.

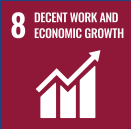


## CHAPTER 6:



# INDICATORS OF ECONOMIC PERFORMANCE

**Governance Pillar: Economic Performance**  
(GRI 201-1, 201-2, 201-3, 203-1, 204-1)



**Economic Performance** is a key aspect that reflects our organization's ability to generate value, maximize profits, and remain viable over time.

The following is an overview of the economic value generated in 2024:

### Total Income:



**USD 168,8 million**

Total revenue generated from the sale of steel products and related services during the reporting period.

### Operating Profit (EBITDA)



**USD 13,4 million**  
EBITDA

### Operating Costs:



**USD 160,5 million**

Operational costs



**USD 10,2 million**

Salaries and benefits



**USD 150,3 million**

Supplier



**USD 4,2 million**

Taxes



## Our Competitive Strategy is based on the following key approaches:



### Cost leadership:

We strive to be the most efficient producer in the industry, offering the highest quality products and services at competitive prices. This approach involves minimizing costs in all areas of the value chain, from raw material procurement to distribution, process optimization, and the use of advanced technology.



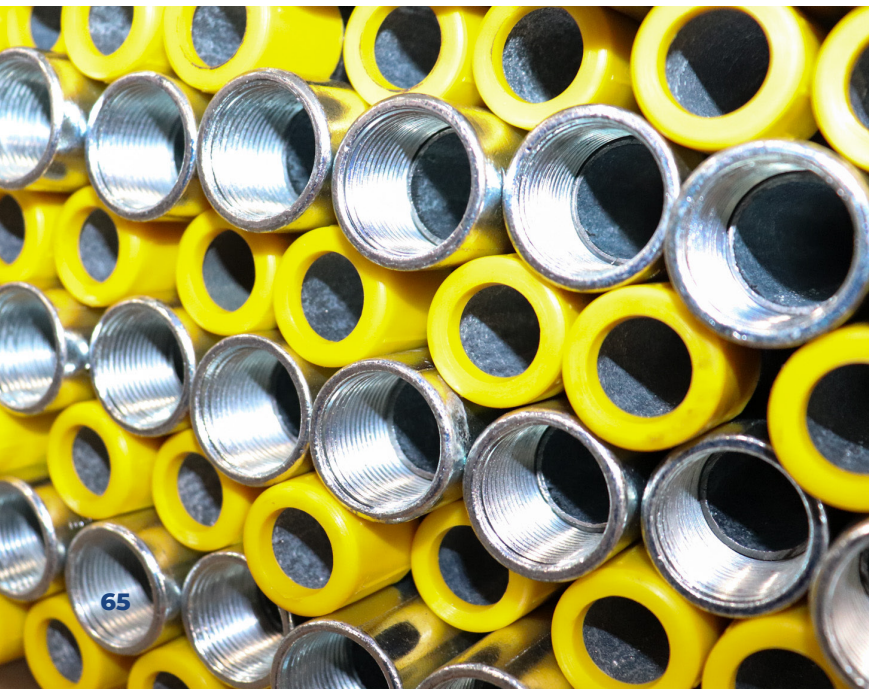
### Differentiation:

We distinguish ourselves by offering high-quality products with special properties, customized to our customers' specifications, more precise tolerances, superior finishes, greater traceability and regulatory compliance, manufactured with solar energy and with a lower carbon footprint. We also offer personalized service, express delivery, after-sales service, and effective consulting.



### Segmentation:

We specialize in niche markets, served by professional and specialized salespeople, with specialized and customized products, integrating the customer's value chain with Just In Time (JIT) deliveries, meeting specific requirements and unique solutions.



In this way, we offer a wide range of products, many of them unique in the market due to their high level of specialization, along with an exceptional level of service.

A key differentiating factor that gives us a sustainable, long-term competitive advantage is our constant pursuit of excellence in all our processes. We are committed to continuous improvement to optimize resources, reduce waste, and minimize environmental impact. The implementation of the latest technology, along with constant innovation in processes and products, further strengthens our competitive advantage.

Our highly qualified and experienced team, with a customer-centric approach, ensures that our strategies and action plans are successfully implemented.

## Investments related to Environmental Management, Operational Efficiency and Emissions Reduction:

### Investing in Sustainability



**Total investment: USD 1,35 Millions**

This investment includes continuous improvement processes aimed at strengthening our environmental management, increasing operational efficiency, and advancing emissions reduction.

The actions implemented include the expansion of our photovoltaic plant, the migration from diesel fuel to LPG gas technology, support for Carbon Neutral certification, and the contracting of specialized services in hazardous waste management, environmental audits, and monitoring.

In addition, we have promoted the acquisition of international certifications such as ISO 50001, 27001, 37001, and 28000, which reinforce our commitment to safety, transparency, and energy efficiency.

All of this responds to a comprehensive sustainability strategy that seeks to minimize our environmental impact and ensure compliance with the highest standards in our operations.





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