

An aerial photograph of a city street, likely in Bogotá, Colombia, showing a wide road lined with trees and flanked by various high-rise buildings. The image is partially obscured by a dark blue diagonal overlay on the left and a green diagonal overlay on the right.

A NEW PERSPECTIVE ON CONSTRUCTION

SUSTAINABILITY REPORT 2022



Aceros de Guatemala is a corporation ("Sociedad Anónima") of Guatemalan origin established in 1980, which is part of a group of companies whose origin dates to 1953. Since 2018, it has been known commercially as Corporación AG (hereinafter referred to as the "Corporation" or "AG").

At AG, we are leaders in Central America in the manufacture and sale of steel-derived products, and we are committed to offering comprehensive and sustainable solutions for construction.

Through its products, the Corporation is present mainly in 9 countries: Guatemala, El Salvador, Belize, Honduras, Nicaragua, Panama, Mexico, and the United States. Our production plants are located in Guatemala and Honduras.

In 2021, AG designed its Sustainability Strategy: "Sustainable Future Plan," in which we defined our environmental, social, and governing sustainability goals for 2025.

This is the Corporation's second report, but it also presents the results achieved during the first year of advancement to the goals for 2025.



In 2021, the Corporation made three major acquisitions:



Tubex, S.A.

a Guatemalan company commercially known as **Tubac**, dedicated to the sale of pipes and flat steel products in Central America and the Caribbean.



Tubos y Perfiles, S.A. de C.V.
(Typsa)

a Honduran company, dedicated to the production and sale of structural tubing, zinc sheets, Aluzinc sheets, and other flat products for different uses across the region.



Mega Productos, S.A.
(Megaproductos)

a Guatemalan company with integrated solutions for construction like blocks, retaining walls, tubing, and concrete tanks.



It is worth mentioning that the sustainability goals of these three companies will be measured annually and each will present their own report to their interested parties in accordance with international practices. In addition, acquiring Tubac, Typsa, and Megaproductos responds to the AG Corporation’s growth strategy.

The integration of processes began for these companies in 2022. However, the process was not finalized during the time period covered in this report. Given that there is no complete integration of these companies into AG Corporation, only the economic spillover resulting from their operations and the certification process ISO 37001 for the new companies will be considered in the report, aligned with our ethics and compliance culture, which reinforces our zero-tolerance for acts of bribery. Nevertheless, the environmental, social, and human resources performance results are excluded from the report, since these will be integrated in 2023.

It is important to mention that the environmental, social, economic spillover, and human resources results from the 11 Distun dealerships in Guatemala are considered throughout the report.

Aligned to GRI Standards

Preparing the Sustainability Report for the second consecutive year is part of the commitments to sustainability of the highest corporate governing body, and since at AG all management processes are certified by experts in their respective fields and sustainability is no exception, an independent firm was sought to guarantee the quality of the applied standards.

Unlike the first Sustainability Report, which was prepared under the guidelines of the referred Global Reporting Initiative (GRI) report, our second report has been audited externally (Consult page 91) in accordance with the GRI 2021 standards, as set forth by the CentraRSE organization, which is a GRI Partner in Guatemala and Latin America.



2023



About this report



Reporting period:

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With our values at the center of our strategy and decision-making, we continually seek ways to generate greater value for our stakeholders, employees, suppliers, communities, customers, and shareholders. As a Corporation, we are convinced that integrating a sustainability strategy into our business model is the best way to ensure that shared value.

At AG, we built the strategy from the Sustainable Future Plan in 2021; however, our Corporation has been driven by high standards in their operations since 1953, which have, in turn, been converted into management systems that have made us known for our operational excellence and the quality of our products.

In 2022, we defined our corporate goals in consideration of the ambitions of the Sustainable Future Plan's four main pillars: Product, Planet, People, and Prosperity and Impact. This allowed us to evaluate new investments through a different perspective, beyond financial yield.

Regarding the first pillar, Product, and directly considering the needs of our customers, we committed to supporting and promoting sustainable construction in the region by joining Guatemala Green Building Council (GGBC) through their "Construction Material Accelerator" program. This program allowed us to obtain the only product verification ecolabel for sustainable construction applicable to G60 and G80 Iron. In turn, this will provide our customers with better access to information regarding our manufacturing process and the use of raw materials, energy, and water. It will also allow our customers to measure the contribution of our materials to sustainable construction. Lastly, with this program we can support our customers

that are seeking certifications like LEED, EDGE, or CASA GUATEMALA

. Regarding the second pillar, Planet, we took a step forward in our commitment to the transition towards a low carbon economy. In 2022, we strengthened our carbon footprint measurement with better accounting of Scope 3, in addition to Scopes 1 and 2, and the support of a specialized consultant that granted us access to information that will allow us to set challenging goals.

Compared to the world average emission, determined to be 1.91 tCO₂/ton for crude steel by the World Steel Association (WSA) (2021), AG has a carbon footprint of 0.85 tCO₂/ton for produced and distributed steel. One of the main ways we lowered our carbon footprint was by using an electric arc furnace (EAF), where we process over 390,000 tons of metal waste per year. We also have an electric energy supply matrix comprised of up to 85% renewables on average annually.

Diversity and Inclusion goals strengthened our third pillar: People. These goals, in turn, will allow us to retain and attract diverse talent. Our decision to continue with the Great Place to Work (GPTW) survey reaffirms our commitment to focus on our employees and continue with the cultural transformation that we began a few years ago. At AG, we obtained a score of 84% in the GPTW survey, placing us among the best 20 companies in Guatemala.

During 2022, we had zero fatalities and a frequency rate of 0.79, which places us at the same level of the best steel companies in Latin America. However, we remain focused on finding new ways to protect the health and integrity of our employees.

Message from the General Director

Lastly, regarding our Prosperity and Impact pillar, we believe that prosperity in our region depends on transparency and the need to ensure that our processes comply with the anti-bribery policies to which we have submitted the systems management. This year we also achieved another milestone by achieving the ISO 37001 certification for our entire Distun network.

The challenge of integrating the operations of Tubac, Tysa, and Megaproductos into our Corporation directed our focus towards improving our communication channels and reviewing our processes. This led to decisions that take advantage of the synergies of these companies and, above all, ensure that the integration of cultures is aligned with our values. Therefore, during the integration process, one of the first actions was to ensure that all the new acquisitions adhere to our Code of Ethics, which includes the ISO 37001 certification.

Although the steel industry has been affected by issues such as the health crisis, supply chain disruption, and inflation, among others, these factors led us to constantly employ a resilience strategy, and inspired by the sentiment, “we seek to be the best, day by day,” we were able to reach production and commercial records in our operations.

At AG, we are convinced of the need to work on our strategy in alliance with other actors that have accompanied us on this path, and who have made it possible for us to learn how to further the development that started 70 years ago. Together, we will reach unimaginable places.

This is our second Sustainability Report prepared under the Global Reporting Initiative (GRI) standards and aligned with the Communication on Progress (CoP) as a company adhering to the Global Pact, where we share the advances and challenges we face as we work with steel steps.

Rodrigo Gabriel
General Director





Gender statistics
by position

	Women		Men	
	2021	2022	2021	2022
Directors and Managers	22%	30.5%	78%	69.5%
Administrative	31%	34%	69%	66%
Operatives	2%	1%	98%	99%

Other Employees

Additionally, given that certain roles require specific knowledge and competencies outside the scope of the Corporation's domains, **177** employees provide supporting services through third party companies in areas such as janitorial, cafeteria, and property security.

Despite the fact that the percentage of employees representing each gender has remained similar to 2021, there were important changes at the management level. This year saw an **8.5%** increase in women at the management level, and a **3%** increase at the administrative level.

Given that this year the number of women in operative positions decreased to 1% compared to 2021, the challenge in the upcoming years will be to develop the mechanisms needed to increase the number of women in operative positions and generate initiatives that encourage greater diversity in leadership.





Payment to Suppliers

In 2022, AG invested:
175 million dollars in local purchases:



\$109.4 million
Large enterprises



\$41.9 million
Medium-sized enterprises



\$23.7 million
Small enterprises



Direct Tax Payments

46.42 million dollars invested



Payments to Direct Employees

25 million dollars invested in payroll

Production Enhancements

During the year, the production capacity of the rolling mill at the LBA plant in the Sidegua Industrial Park increased by **42%**.

Closer to our Suppliers

In 2022, we began measuring our supplier's net promoter score (NPS) to assess the level at which they refer us to other potential suppliers and, accordingly, get closer to this group, which constitutes the beginning of our value chain.

To achieve this, we used a matrix of 100% of our active providers to approach them and open listening channels. Likewise, we conducted quarterly measurements to assess our progress, identify opportunities to enhance our processes, and respond to the pressure points manifested by this group.

Furthermore, our collective effort in all relevant areas was evident in the NPS measurement of all our suppliers, which increased by an average of 12% by the end of the year.

The focus and closeness to our suppliers motivated us to establish a program called "Recycling Agents," focused on our metallic suppliers. The program has many components, such as Industrial Safety and Occupational Health, Ethical Training, and Human Rights. This program will allow us to cater to the existing opportunities directly, thus developing our supply chain and enabling the inclusion of small recyclers into our network.

Anti-bribery Management System ISO 37001:2016 recertification of all the Aceros de Guatemala operations, including the network in the Anti-Bribery Management System

In recent years, we have worked to align all the processes involved in the Corporation's production chain. In 2022, we were aligned with a culture of ethics and compliance, reinforcing zero-tolerance for acts of bribery. Following this path, **ISO 37001:2016** was recertified, which ensures the compliance and upholding of our Anti-Bribery Management System. It is worth mentioning that the scope of this alignment did not include the acquisitions from 2021.

This is a relevant milestone because, since as a Corporation, we are committed to ethics, transparency, and high-standard management that guarantees compliance with laws and values.

100% of active providers

obtained the information

AENOR

ANTISOBORNO

ISO 37001





Employee Education

In 2010, AG identified the need to close the educational gap of more than **500 employees** who abandoned their studies in early childhood and still had to finish elementary school.

Since 2011, we allied ourselves with educational centers specializing in flexible education for adults. One such alliance is with Liceo Mixto en Computación “Rotterdam,” where 531 employees graduated with a high school diploma in 2022, closing the educational gap.



Diversity and Equity Specific Rule

In 2022, a new policy named “Diversity and Equity Specific Rule” was designed and approved to align with the goals of the Sustainable Future Plan. Through this policy, AG reaffirms its commitment to equal opportunities and, above all, the non-discriminatory treatment of people. With this policy, we vehemently reject all behaviors, attitudes, and practices related to the persecution, prejudice, and judgment of our personnel.

At AG, we promote understanding of diversity and inclusion principles and we aim to develop a global mentality in our employees, to create a work environment that promotes dignity and respect for all.

Heading to a Sustainable Future

In 2022, we worked with organizations that advised us in the development or identification of standards to offer customers category II and III product ecolabels, which allows developers to recognize the contribution of our materials to the construction works that are designed according to sustainable construction principles and with certifications such as LEED, EDGE, or CASA GUATEMALA.

For this, AG received the Sustainable Raw Material Certification ecolabel, designed and proposed by the Guatemalan Center for Cleaner Production (CGP+L). AG was also granted the Verification of Preferred Materials for Sustainable Construction ecolabel by the Guatemala Green Building Council (GGBC).



WWTP Implementation

In line with legal requirements, and with the aim to operate under controlled environmental impact, the Corporation invested over US\$700,000.00 in the construction of a Wastewater Treatment Plant (WWTP) for the Sidegua Industrial Park. The plant started operating in April 2023. This investment complies with the parameters established by the Ministry of Environmental and Natural Resources (MARN, for its acronym in Spanish).

Moreover, this project is a joint effort with two specialized companies that provided guidance during the process, which was supervised by the Corporation’s Project Management.

¹**Ecolabel Category II:** In this case, it is the company itself, through the well-known "self-declarations", who certifies the environmental performance of products without validation from an impartial third party. They are governed by the ISO 14021 Standard and by the regulations relating to environmental aspects and organic products from each country. Some examples of these ecolabels indicate that a product is recyclable, biodegradable, or compostable.

Ecolabel category III: The ecolabels in this category are governed by the ISO 14025 Standard and require verification by an impartial body. These take into account factors such as the flow of material, energy, waste, emissions and discharges generated both in the production and the supply chain of the products, and indicate the CO2 emissions, their energy cost, and water consumption in their manufacture. In addition, they are linked to concepts such as Environmental Product Declarations (EPD) and the life cycle or carbon footprint of the product.

Operations and Presence in the Market

Supply Chain

The supply chain is made up of over 1,400 vendors, both national and international, distributed amongst the three categories.

Each vendor is attended to by a specific management with relevant specialists that lead negotiations and direct the relationship according to the supplier's characteristics and our needs.

The main countries we purchase and import raw materials, equipment, and supplies are:



Positive Impact

In June 2022, AG inaugurated the first Metal Collection Center in Huehuetenango to promote metal recycling at a lower level and boost purchases from small and medium sized vendors. This also aligns with our growth plans.

At AG, we cooperate to promote formalizing the metal waste sale/purchase market so that it complies with current legislation. For this reason, we are continuously exploring new approaches to train vendors in competent practices.

With these actions, we seek to positively impact market development where we operate, based on honest and respectful relationships.

The Corporation works with three different vendor categories:



General supplies vendors



Metallic suppliers



Transport providers

AG Corporation operates in three countries:

- Guatemala
 - 9 production plants
 - 11 distributors
- El Salvador
 - 1 distributor
- Honduras
 - 1 production plant
 - 2 distributors

These operations distribute mainly in nine countries::

- Guatemala
- Belize
- Costa Rica
- United States
- El Salvador
- Honduras
- Nicaragua
- Panama
- Mexico

Our Products



Iron

- Billet
- Corrugated Rod
- Wire Rod



Wire

- Galvanized Wire
- Barbed Wire
- AG Tie Wire



Profiles

- Galvanized Pipe
- Black Pipe
- Industrial Pipe
- Black and Galvanized Trim
- Structural Pipe
- Mechanical Black and Galvanized Pipe
- Banana Pipe
- Fencing Pipe



Pre-assembled

- AG Electro-welded Wire Mesh
- Standard Wire Mesh



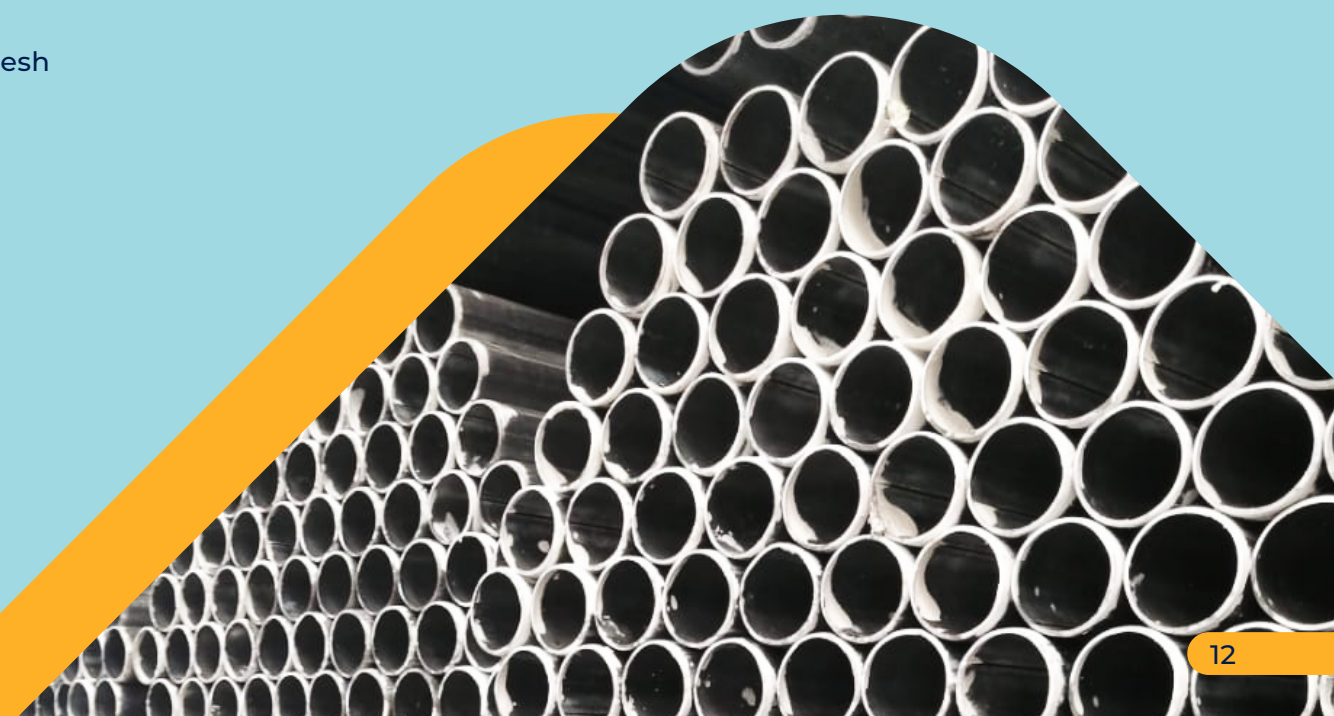
Trans-metal

- Wheelbarrow
- Straight Hand Truck
- Curved Hand Truck
- Plastic Roofing Panel



Fasteners

- Sheet Metal Nails
- Wood Nails
- Staples



Operation and Distribution Centers



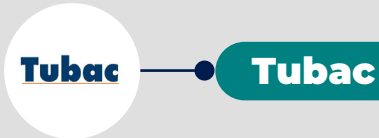
Siderúrgica de Guatemala (Sidegua), located in Masagua, Escuintla, is the largest steel industrial park in Central America. In 1994, this park began its operations by producing steel billets, which are used as raw material in the manufacture of corrugated rods, profiles, pre-assemblies, and fasteners.

Currently, Sidegua has the capacity to produce **1 million tons per year** and counts with **6 production plants** to manufacture the following products:

- Billet
- Corrugated rod, wire rod, and corrugated coil
- Profiles
- Fasteners (nails, staples, barbed wire, galvanized wire, tire wire, and cyclone mesh)
- Pre-assembled (electro-welded mesh and high-resistance rod)
- Trans-metal (wheelbarrows)

In order to guarantee compliance with national and international standards and ensure we offer reliable products of the highest quality, each plant has its own quality control laboratory.

Moreover, Sidegua has a team of **1,100 employees** that comply with the environmental and industrial safety regulations of Guatemala.



In 2021, AG acquired the entire shareholding of Tubex S.A., the proprietor of the Tubac production plant, located in **San Miguel Petapa**, Guatemala. Tubac is made up of **two production plants** and has a production capacity of **84,000 tons per year**.

These plants manufacture the following products:

- Structural Pipes
- Conduction Pipes
- Mechanical Pipes
- Industrial Pipes
- Electrical Pipes
- Well Pipes
- API Pipes
- Banana Pipes
- Specialized Pipes
- Trims
- Sheets

The acquisition of Tubac is part of AG Corporation's growth plan. It is also important to mention that Tubac's carbon steel products are manufactured according to the ASTM standard, which has made Tubac stand out for its quality, broad product portfolio, and specialized attention to its customers.



Distribuidora Universal (Distun) is the distribution and logistics center in charge of distributing AG products. It is located in Guatemala and was founded in 1956.

Currently, Distun has 11 offices in the country:

- 5 in Guatemala
- 6 in El Progreso, Quetzaltenango, Huehuetenango, Chimaltenango, Escuintla, and Retalhuleu

Each of these offices is responsible for meeting different region's needs:

Metropolitan Distun

- Metropolitan region in zones 7, 11, 12, and 17, and kilometer 22.5 in Carretera a El Salvador.

Distun El Rancho

- North and east regions of certain places like Coban, Salamá, Barrios, Zacapa, Chiquimula and Peten, amongst others.

Distun Chimaltenango

- Metropolitan, central, and southwest regions of places like Guatemala, Chimaltenango, and Sololá.

Distun Xela

- Western region.

Distun Escuintla

- Southern region.

Distun Retalhuleu

- Southern and western regions.

Distun Huehuetenango

Distun Huehuetenango was inaugurated in 2022 as part of our ongoing process to strengthen our logistics and distribution strategy. This center serves the hardware stores' wholesale market and construction industries in the area.

Due to the opportunities available for economic and

agricultural growth, Huehuetenango is an ideal place for AG Corporation to expand its operations. Our expansion into Huehuetenango will allow us to enhance the services to our customers in the fields of hardware stores, construction businesses, and developing industries.

This office will allow us to be the best business partner to the construction industry in Central America and to offer high quality products across the market.



Typsa is a company dedicated to the production and sale of steel products. This company has been operating in Honduras since 2008.

Initially, Typsa manufactured carbon steel products, but in 2013 it launched its continuous galvanizing product line. This made **Typsa the first galvanizing plant in Honduras** and now it supplies all of Central America, Mexico, and the Caribbean.

- Industrial Pipes
- Structural Pipes
- Round Pipes
- Gutters
- Zin, aluzinc, and iron sheets
- Coils
- Strapping

Typsa has three offices:

- 1 Production plant
- 2 Distribution Centers, located in Tegucigalpa and San Pedro Sula

Currently, AG Corporation has over **120 employees** in Honduras working in the production plant and in the distribution centers.



AG también cuenta con 2 centros de distribución en Centroamérica:
• 1 en El Salvador
• 2 en Honduras

Adjacencies

Megaproductos

In 2021, AG Corporation acquired the majority shareholding of Megaproductos, S.A. Megaproductos has five production plants in Amatlán, Villa Nueva, Xenacoj, Azacualpilla, and Quetzaltenango. All production plants also function as distribution centers and points of sale.

Its products are:

- ✦ Additives and waterproofing
- ✦ Blocks
- ✦ Decorative (cobblestones, sidings)
- ✦ Precast slab
- ✦ Retention walls
- ✦ Perimeter walls
- ✦ Premixed
- ✦ 2G Construction system
- ✦ Specialized products (tanks, pipes, fences)



Certifications and Credentials



Our commitment is to ensure all our products are certified and comply with all applicable regulations, in order to offer our customers the best quality possible. In addition, we are focused on operational excellence and systems management, and not only on the quality of our products.

Currently, we are headed towards documenting the processes that certify the manufacture and distribution of our products under principles of circular economy, as well as the highest standards of environmental sustainability.



Continuity of the Quality
Management Systems
-AENOR-



Continuity in the Product Certificate of
Conformity for corrugated rod grade 40,
60 and 80
-INTECO-



Granting of the Recycled Product
Certification for the family of corrugated
rod grade 60 and 80 - Guatemalan Center
for Cleaner Productiona
(CGP+L)



Seal of approval for sustainability of
construction material for the family of
corrugated rod grade 60 and 80, through
the program "Accelerator for Construction
Materials" - Guatemala Green Building
Council (GGBC)

Memberships and Associations

Having the support and guidance of different trade associations and other organizations has been fundamental to reaching the Corporation's goals for 2022.





Our Vision

Being in every single construction site in Central America.



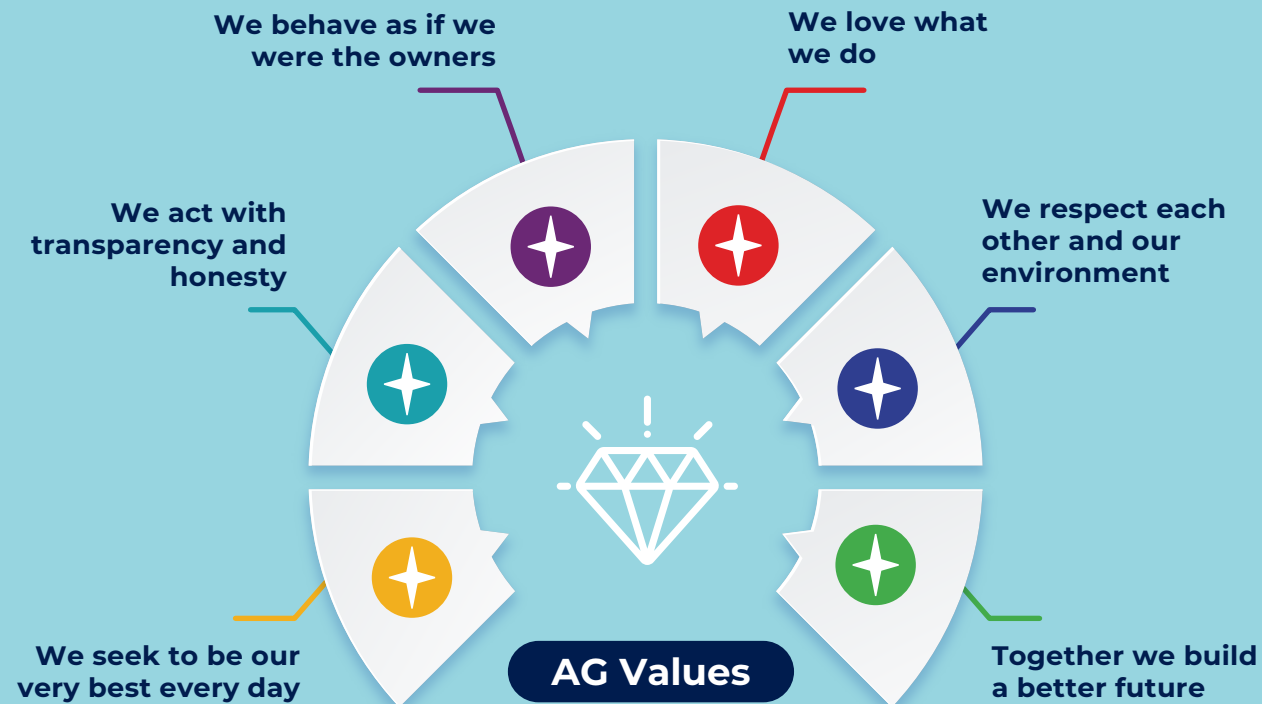
Our Mission

We are a team committed to offering integrated and innovative solutions with quality products and the best customer service, creating a preference amongst our customers, as we continue to be socially responsible.



Purpose

Transforming the present to build the future of our dreams.



AG Values and Culture

We recognize our employees and culture as the basis for the long-term sustainability of our business; therefore, we are committed to the success of our teams by setting challenging goals and providing the necessary resources and development to reach them.

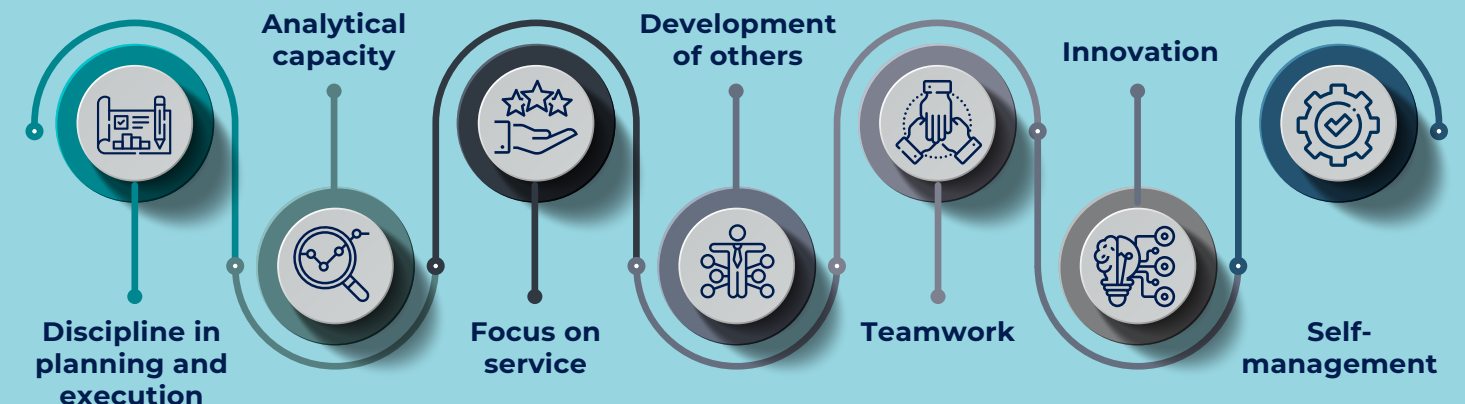
AG Corporation fulfills its responsibilities towards all the stakeholders through the following mechanisms:

- ✦ Code of Ethics (CE AG)
- ✦ Integrated Management Policy
- ✦ Anti-bribery Management System
- ✦ Gift Policy
- ✦ Conflict of Interest Policy
- ✦ Concerns are disclosed through the following channels:
 - ✓ Compliance Officer and Human Resources Department



AG Competencies

In order to reach our strategic goals, the following set of competencies was updated in 2022:



Organizational Governance Structure



Corporate Committees

Each committee specializes in discussing, analyzing, and making decisions on different subjects:



President of the Highest Governing Body

The Chairman of the Board of Directors of AG Corporation is not part of the executive team and does not exercise any operational role within the organization. However, he participates in several committees that, by virtue of their nature, are steering, not executive committees.

Executive Team

The Corporation's decision-making and action plans are in charge of our seven specialized divisions, which are aligned with the guidelines set forth by the General Director and governance committees.





Rodrigo Gabriel
General Director

Rodrigo has been a part of AG for 12 years. He started as Director of the Supply Chain, and for six years has been the General Director of the Corporation. Since he assumed this role, he has led the transformation of the Corporation, implementing expansion and growth plans, placing great emphasis on the professionalization of the team and excellence of our processes. Additionally, he has served on several national and regional Boards of Directors.

Rodrigo obtained a degree on Business Administration and Economics from Rice University in Houston, and an MBA with a specialization in Finance and Strategy from ESADE Business School in Barcelona, Spain.



Jacobo Alvarado
Supply Chain Director

Jacobo has been with the Corporation for 20 years. Throughout his career, he has held several sales positions in Guatemala, El Salvador, and Belize, and has led our Supply Chain Department since 2017. He exercises managerial roles in trade associations related to the steel industry.

Jacobo is a Civil Engineer and has a Master's Degree in Commercial Management and Marketing from Universidad Carlos III de Madrid and Universidad Autónoma de Barcelona (IUP). In addition, he has a postgraduate degree in Supply Chain from INCAE Business School in Costa Rica, as well as specializations in Supply Chain Management, Price Optimization, and Finance.



Estuardo Forno
Finance Director

Estuardo has a trajectory of three years in the Corporation. He previously held positions as Director of Finance and Controllershship in the poultry industry. Since joining the Corporation, he has held the position of Finance Director.

Estuardo graduated in Industrial Engineering from Universidad Rafael Landívar, got a Master's Degree in Business Administration from INCAE Business School in Costa Rica, and is a certified Chartered Financial Analyst.



Carlos Fuentes
Commercial Director

Carlos has been with the Corporation for 18 years, where he has been part of the administrative, commercial, and marketing teams. He has led the Commercial Department since 2020 and has been a director of trade associations in the construction sector.

Carlos is a Civil Engineer from Universidad de San Carlos de Guatemala and has specializations in the construction of Bailey bridges and foundations for machinery. He received a Master's Degree in Finance (MBA) from Universidad Francisco Marroquín



Gabriela Roca
Director of Corporate Affairs and Sustainability

Gabriela joined the Corporation in 2021. Previously, she was a partner in a law firm, where she led the energy and infrastructure areas. Since she joined the Corporation, she has held the post as Director of Corporate Affairs and Sustainability. She also has participated in several associations connected with the industry.

She is a Lawyer and Notary from Universidad Rafael Landívar, and has a Master's Degree in Business Law from Pontificia Universidad Católica de Chile and a specialization as CCO (Chief Communication's Officer) from Corporate Excellence-Centro de Reputación Corporativa de Madrid.



Ramiro Castillo
Director of the Transformation Office

Ramiro has been part of AG for six years. He initially held the position of Director of People and Sustainability and is currently the Director of the Transformation Office..

Ramiro is an Industrial Engineer from Universidad del Valle de Guatemala and has an MBA with a specialization in Marketing from Acton – The Entrepreneurial Journey Course, by Universidad Francisco Marroquín



Antonio de Faria
Director Industrial

Antonio joined AG's Executive Team in 2022 and has more than 20 years of experience in metal mechanics, steel, and manufacturing. Before joining our company, he held the posts as Industrial Director in Mexico, Plant Manager in the United Arab Emirates, and Plant and Process Manager in Brazil .

Antonio is a Mechanical Industrial Engineer from Universidad Federal de Sao Joao del Rei/MG in Brazil, has an MBA from Universidad Fundacao Getulio Varga , and an Executive MBA from instituto de Ensino e Pesquisa INSPER/SP, also in Brazil.



Rodolfo Guzmán
Human Resource Director

Rodolfo joined the Corporation in 2022. He has more than 21 years of experience in human resource management, recruiting, and compensation in Mexico, Brazil, Venezuela, Peru, Colombia, Chile, and Panama. He has extensive experience in talent management, culture, organizational design, and remuneration and benefits.

He is an Industrial Engineer from Universidad del Valle in Guatemala.

Responsibilities on the Action Plans

At AG Corporation, all business decisions are based on our principles, and we implement changes aimed at building together the new AG Culture, therefore, preparing for scale growth.

At AG Corporation, we have designed a structure based on our vision that has given us greater focus, clearer responsibilities, efficiency, and the ability to grow without losing sight of our core purpose.

As of 2022, we have a new organizational structure aimed at generating scale growth, having a greater focus on our core business, and building capacities to expand the business effectively.

This structure enables our growth and allows us to conquer new markets and consolidate our position in the existing ones.

This new structure is designed by units and supported by cross-sectional areas, which will support the business.

For AG Corporation, this change in the organizational structure implies a move from a centralization culture to a self-management culture, from a culture of monitoring tasks to a culture of monitoring responsibilities and impact plans.

The corporate structure at AG Corporation is defined in business units:

- +

Industrial Steel Directorate
- +

Adjacencies Directorate
- +

Areas of Cross Support: Supply Chain, Commercial, Finance, Corporate Affairs and Sustainability, Human Resources, Industrial, and Transformation Office.
- +

Commercial Steel Directorate

This organizational structure enables AG Corporation to move towards scale growth with the certainty that our teams are focused on fulfilling critically important goals with consistency and reapplication of best practices throughout the company.

Managers / Responsibilities	Industrial Steel Director	Commercial Steel Director	CDS Director	Finance and Administration Director	Human Resources Director	Corporate Affairs and Sustainability Director	IT Director	Strategies and New Businesses Director
	Patio and collection centers	Guatemala	Distun	Accounting	Design, C&B, and employee services	Legal	Data	Strategies
	Steel plant	El Salvador	OTD	Treasury	Human management and culture: BPs steel and adjacencies	Quality	TI	Transformation / Integrations
	Laminators	Honduras	Procurement	Financial planning, BPs steel and adjacencies	Culture	Communications	BPs steel and adjacencies	PMO
	Wire drawing	Marketing	Metallics	Financial processes		Sustainability		
	Transmetal and mesh	Market intelligence	Logistics			Risk, Audit and Control Manager		
	Maintenance					Compliance Officer		
	Tubac, Tipsa (Intupersa)					SISO		



Responsibility for our social and environmental impacts

During 2021, the Corporation restructured the scope of the Corporate Affairs and Sustainability Directorate. One of these changes was to design a new job descriptor for Sustainability Management, in order to comprehensively address the social and environmental issues of the corporation. Since July 2022, the structure has been strengthened by a:



- ✦ **Sustainability Manager**
- ✦ **Environmental Specialist**
- ✦ **Environmental Analyst**
- ✦ **External Coordinator of Social Development**
- ✦ **Internal Manager of Social Development**

During 2022, the corporate risk matrix was updated under sustainability criteria, which will be managed by each department, according to their respective areas.

Role of the Highest Corporate Governing Body

The Corporation's Executive Team aids in the collection and validation of information provided by each area. This information is the result of management in each of the areas, according to the new environmental, social, and governance (ESG) criteria that was integrated into the corporate strategy.

The Sustainability Department is in charge of collecting and validating information for the development of internal and external sustainability reports, and this information is validated by management in each area.

The services provided by the department are:

Development of an environmental and social management strategy for new projects

Development and execution of budgets for the Social Responsibility and Environmental Management System

Maintenance and management of the corporate environmental legal matrix

Attention to requests for donations and complaints

Liaison with government organizations for construction, environmental, operation, and other licensing arrangements

Development of volunteer work based on internal and external requests

Pillars of the priority strategic map:

1.

Achieving profitable growth:

We focus on driving our growth and expansion objectives, seeking to be financially solid.

2.

Having the best talent:

Our employees are the ones who execute and make our strategy successful. Therefore, assisting their development and empowering their talent is part of our objectives.

3.

Improving the proximity with and service to key stakeholders:

AG prioritized improving the service rendered to two of our main stakeholders (customers and suppliers), measuring the level at which they refer us to other others, as well as other factors that allow us to develop solid and lasting relationships.

Reports of breaches to the Ethics Committee are managed through three reporting channels: our own email, a telephone line, and an email managed by Ethikos Global. These channels are confidential, protected against retaliations for good faith disclosures, and available to suppliers, customers, and employees.



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AG Integrated Management System

AG Corporation expresses its strong determination to work for the development and sustainable growth of the company, recognizing as our pillars: Achieving profitable growth, having the best talent, and improving the proximity with and service to key stakeholders through the following management systems:



During 2022, the corporate risk matrix was updated under sustainability criteria, which will be managed by each department, according to their respective areas.

Scope of the Integrated Management System

Below is a breakdown of the scope of each of the management systems, as well as details of the type of certification or assistance it offers to us:

The Quality Management System

Has as its objectives:

- ✚ Provide products that meet the required specifications
- ✚ Avoid or reduce nonconforming products and services
- ✚ Achieve customer satisfaction
- ✚ Improve process efficiency

Certified by AENOR, under the standar:

ISO 9001:2015

Corrugated rod for concrete reinforcement, grade 60 and 80, with measurements 3/8", 1/2", 5/8", 3/4", 7/8", 1", 1 1/8", 1 1/4", 1 3/8", complying with the national and international standards:

1. ASTM A706
2. COGUANOR NTG36016

The Anti-Bribery Management System

Has as its objectives:

- ✚ Identify, detect, and respond to potential bribery threats
- ✚ Prevent, detect, and deal with bribery
- ✚ Comply with legal, regulatory, and/or voluntary obligations
- ✚ Help combat the risks associated with bribery that affect the organization and its stakeholders
- ✚ Promote a corporate culture loyal to the principles and fulfillment of the company

Certified by AENOR, under the standar:

ISO 37001:2016

During 2022, TUBAC, MEGAPRODUCTOS and TYPsa were integrated into this system.

The Occupational Health and Safety Management System

Has as its objectives:

- ✚ Build healthy and safe work environments for our employees
- ✚ Promote the perception of occupational risk in our employees, in order to prevent health and safety hazards in the workplace
- ✚ Build a culture of health and safety at the workplace, based on the foundation that, in our Corporation, health and safety come first
- ✚ Maintain the integrity of our employees, by adopting safe practices at work

Certified by AENOR, under the standar:

ISO 45001:2018

The Environmental Management System

Has as its objectives:

- ✚ Protect the environment
- ✚ Mitigate environmental impacts
- ✚ Comply with legal requirements

Starting in 2021, the Corporation strengthened the team in charge of environmental management, so that in 2022 it would have 100% control of its environmental commitments, since the previous team had depended heavily on external consultants. Currently, the work is based on an environmental legal matrix that is the responsibility of the operational areas, following the recommendations of a specialized team.

By 2023, this system will be integrated into Tubac and Typsa's operations.

The Corporate Social Responsibility Management System

Has as its objectives:

- ✚ Identify, prevent, and control the environmental impacts generated by the activities, services, and products of our organization
- ✚ Establish environmental policies that promote the fulfillment of our environmental objectives
- ✚ Develop and maintain relationship plans with our stakeholders

CentraRSE helped document the results of the Sustainable Future Plan throughout 2022, with a view to preparing this report. Additionally, he trained the team in charge of this system on trends and priorities in the region on the consideration of ESG criteria in corporate strategies..



It is important to highlight that 100% of the employees that joined the company in 2022 received training on the Integrated Management System of the AG Corporation.

Fiscal Strategy Approach

Compliance with all applicable tax obligations in the countries in which we operate contributes to their economic and social progress and is coherent with our commitment to create long-term value for our shareholders and for society, in general.

Payment of taxes, both our own and those collected on behalf of third parties (for example, indirect taxes passed-on or withheld from income paid to third parties), is in accordance with the regulations of each obligation and its own operability. In this respect, we help by providing complete, truthful information and complying with the deadlines.

Taxes are one of the most important instruments that the State has to promote economic development, mainly because -through these- it is possible to influence the distribution of revenue amongst the population, either through a certain level of taxation between the different social classes or through social spending, which largely depends on the level of collection achieved.

On this matter, at AG we are committed to maintaining a responsible and reliable transfer price policy for all operations between the related parties and entities, which guarantees the principles of free competition and creation of added value, according to the functions, assets, and assumption of risks and benefits in the jurisdictions in which we operate.

Furthermore, we have certain procedures for the detection, assessment, control, and management of tax risks generated as a result of our economic activities, and mechanisms that establish different levels of approval and communications for operations with special tax risks or significant operations due to their high values or particular characteristics.

For commercial decision-making, we always perform an exhaustive analysis of the tax-related issues involved. It is important to highlight that, if there are several tax alternatives available to achieve the same objective, we will always opt for the most tax-efficient one.

The mechanism to evaluate this effectiveness is through well-organized control and tax management procedures and optimization of our technologies, in order to guarantee the quality, veracity, accuracy, and adequacy of both the data included in tax returns and the fiscal information that may be published in other reports.

In uncertain tax positions, in which the legislation is unclear or is subject to interpretation, a reasonable interpretation of said regulation is made by applying the criteria expressed by the doctrine and jurisprudence. However, if doubt persists, an expert opinion may be sought, or an inquiry presented before competent tax authorities to affirm.



Results and Outstanding Achievements



Use of tax incentives in a transparent manner, in accordance with existing regulations in the different territories in which we operate.



Development of a close collaborative relationship with tax authorities, based on mutual respect, transparency, trust, and dialogue.



Engaging in constructive dialogues with stakeholders, enabling the development of tax systems and tax legislation, and promoting the exercise of responsible tax practices.

Challenges

● The ongoing regulatory and technological changes will continue to exert pressure on tax functions, which should react effectively.



● Fiscal authorities will need to be on the frontline to prevent tax controversies or, in the event of their occurrence, promptly respond.

The Corporation enforces compliance with national and international laws, regulations, and regulatory obligations in the fiscal environment, respecting the letter of the law, its spirit and purpose. Likewise, it makes a reasonable interpretation of the rules, considering the will of the legislator, in accordance with the interpretative criteria established by the competent tax authorities and the legislative background.

The governing body is the highest authority of the Corporation and, as such, is responsible for determining the general policies and strategies of the group, amongst other things. Thus, and in the exercise of its functions, the governing body is responsible for approving the corporate tax policy, with the objective of setting basic principles and guidelines that will direct a tax strategy that is coherent with its mission and values, as well as its corporate strategy.

Principles of the Corporate Tax Strategy



Adopting, through the establishment of an anti-bribery prevention policy, the necessary measures to guarantee the reduction of significant tax risks and the prevention of behaviors that may generate them.



Implementing an effective system of information and internal control for fiscal risks, contemplating mitigation measures and, regarding this issue, establishing internal rules of corporate governance.



Rejecting the use of opaque structures for tax purposes



Building relationships with tax authorities, based on the principles of good faith, collaboration, and transparency.



Collaborating with public entities in the markets in which it is present, to aid in the detection of fraudulent tax practices and search for solutions in this regard.



Adopting decisions in tax matters on the basis of a reasonable interpretation of the rules, under the principles of prudence and responsibility and, where appropriate, avoiding possible conflicts of interpretation through the use of instruments established for the effect by the tax authorities.

Sustainability Strategy 2022 - 2025

Background

In 2021, AG conducted the first materiality study under the guidance and advice of Sustainable Strategies, whose expertise guided and directed the identification and prioritization of environmental, social, and corporate governance issues for the stakeholders and the organization, as a whole.

The process was as follows:

Phase I

- Identification of stakeholders
- Recollection of information regarding the material issues
- Prioritization of material issues
- Prioritization of the assessment of each issue
- Definition of the Sustainability Pillars

Phase II

- Definition of Sustainability Goals and Indicators
- Definition of the 2022 – 2025 roadmap



Materiality Map

The materiality matrix was the guide to define the work route towards 2025, considering the issues that in 2022 would be a priority to move forward. According to the materiality methodologies in 2023, a review will be carried out to assess the level of interest of the stakeholders, as well as the effect that the results have on the business to recalibrate the approaches of our actions.



- 1 Innovation
- 2 Responsible supply chain
- 3 Digital transformation
- 4 Customer experience
- 5 Recycling
- 6 Water
- 7 Climate change and energy
- 8 Waste and coproducts
- 9 Healthy and safe workplace
- 10 Diversity and inclusion
- 11 Responsible employer
- 12 Cultural transformation
- 13 Investment and social impact
- 14 Sustainable construction
- 15 Trustworthiness with the stakeholders
- 16 Ethics and compliance

Goals and Results

First year of execution of the Sustainable Future Plan 2022–202



In the first quarter of 2022, we announced the 35 goals developed with the consulting firm Sustainable Strategies and the leadership team from AG, including directors and managers.

During the definition of goals, it was identified that 18 of them were part of the short and medium-term internal plans each department already had. Therefore, 17 priority and strategic goals from within the four pillars and 16 material issues were selected. These goals were not under the scope of any department and required the allocation of specific human and economic resources, which were budgeted under capital expenditure (CAPEX).

SUSTAINABLE FUTURE PLAN GOAL		MATERIAL ISSUE	2025 GOAL	2022 GOAL	% OF ADVANCE 2022	PREVIEW OF RESULTS 2022	
	PRODUCT	Responsible Supply Chain	33% of suppliers are trained annually in development programs by 2025.	Train 100% of metal suppliers.	43	43% of metal suppliers received training to strengthen internal programs.	 
		Customer Experience	80% of customers know the sustainability attributes of AG Products.	Collect baseline information from customers who associate sustainability attributes to the corporation.	60	Information was collected on the customer baseline and 35% of them recognize sustainability attributes of AG products.	
		Recycling	Maintain the volume of steel produced from metal waste.	Formalize the evidence of the content of the G80 rod	100+	Evidence of the content of metallic residues in Grade 80 rods was formalized and the Recycled Product Standard was established, through an audit to validate compliance with said standard for Grade 60 and 80 rods. In addition, these rods received certification from Seal of Sustainable Raw Material by the CGP+L and the Seal of Verification of material for sustainable construction of the GGBC.	
	PLANET	Recycling	Zero ordinary recyclable waste to landfills by 2025.	Modify 100% of recycling centers in Sidegua.	90	The design and execution of the renovation project of 100% of recycling centers for offices and plants in the Sidegua Industrial Park was carried out. Additionally, 100% of the collaborators who work permanently in the facilities were trained through face-to-face workshops.	  
		Water	<2 m3 water consumed per t of steel by 2025.	Compilation of inventory information of flowmeters in Sidegua.	25	The budget for the execution, in 2023, of the renovation and systematization project of the water management system in Sidegua was approved.	
		Water	Reach 92% water recirculation in production processes.	Gathering Baseline Leakage Information from the Existing Recirculation System Design an action plan for the collection and reuse of purge water.	50	Information on the baseline of water leaks in the recirculation system was collected and the action plan will be carried out in 2023.	
		Climate change and energy	<10 energy intensity [Gj/t of steel].	Compilation of information on the energy intensity baseline.	100	The energy efficiency baseline was obtained with the support of a specialized consultancy, Sustainable Strategies, who measured Scope 3 in addition to Scopes 1 and 2.	
		Climate change and energy	>65% of our energy comes from renewable sources.	Guarantee that the supplier will increase the % of renewable energy that it provides in 2022.	100	In 2022, 85% of energy came from renewable sources and renewable energy consumption was exceeded by 18% compared to 2021.	
		Climate change and energy	<1 CO2 Emission Intensity [t CO2 / t steel].	Compile the information of the baseline of the carbon footprint of scope 1, 2 and 3 aligned to the methodologies of the World Steel Association.	100	0.85 t CO2 / t of steel produced scope 1, 2, 3	
		Waste and co-production	50% of the co-production of the process is valued by 2025.	Find opportunities and execute the valorization of zinc slag (either in AG or by third parties).	100	100% of the zinc slag was exported and there is a certificate according to the process authorized by the Regional Agency for Prevention, Environment and Energy (ARPAE).	
		Waste and co-production	We measure and improve air emissions.	Annual measurement of key atmospheric emission parameters (i.e. Particulate Matter, Sulfur Dioxide, Nitrogen Oxides).	100+	The definition of parameters for maximum limits allowed on the emissions of particulate matter from the 3 steel furnaces was carried out, based on international standards. Also the monitoring of atmospheric emissions and the elaboration of a comparative analysis of monitoring results versus maximum permissible parameters.	
		Health and Safety at Work	Zero fatalities annually.	Zero fatalities annually.	100	Zero fatalities were reported during the year	
		Diversity and inclusion	Three key initiatives to promote diversity and inclusion implemented by 2025.	Identify, design and execute an initiative focused on diversity and inclusion.	100	A policy was drawn up that was internally named the "Specific Diversity and Inclusion Rule" which is the basis for designing and promoting initiatives in the coming years and will allow us to achieve our diversity and inclusion objectives.	
	PEOPLE	Decent job	100% of employees have quality of life improvement programs by 2025.	100% of employees have health insurance, as a quality of life program.	100	Progress in decent work: 94% of the Corporation's collaborators in Guatemala participated in a survey "Housing and Economy" that will allow us to know their needs, and thus design a suitable program for 2025.	  
		Ethics and compliance	100% of our operations have ISO 37001 Certifications in all our operations by 2025.	Distribution Centers certified in ISO 37001.	100+	As part of the senior management commitment, the new acquisitions of the corporation were certified and the existing offices were recertified.	
		Investment and social impact	100% of priority operations have a relationship plan, impact mitigation and social investment.	Development of the relationship plan, impact mitigation and social investment of Sidegua.	100+	The social and community relationship protocol was carried out for Sidegua, Distun and Tubac.	
	PROSPERITY AND INCIDENCE						  

Sustainability Training

Sustainability Week October 24 to 29, 2022

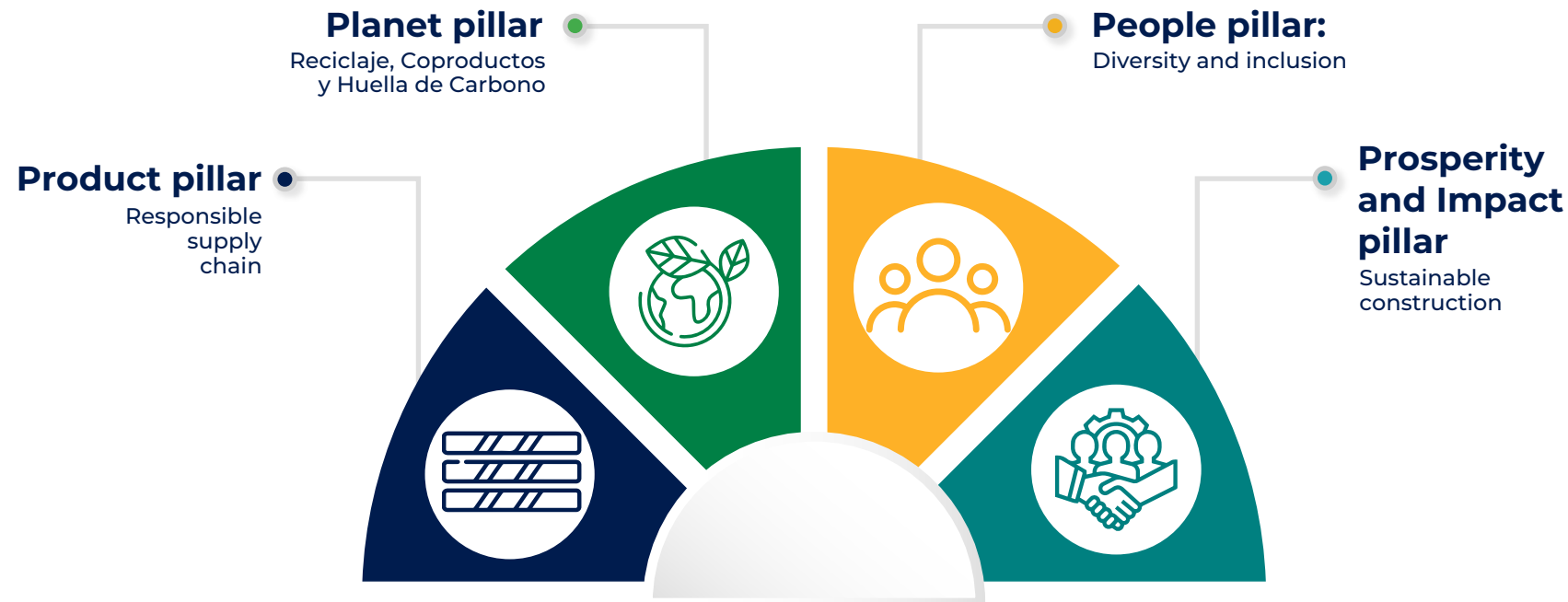
During 2021, at AG we set out to explore a new way of doing business and, after an in-depth analysis, identified for the first time the material issues of the company, with the aim of defining a management path based on environmental, social, and governance (ESG) criteria that represented a before and after in our history.

The Second Sustainability Report allows us to share important milestones, mainly the results achieved in the first year of execution of our 2025 Sustainability Strategy. It also allows us to reflect on the great advances in our AG Culture, since we were able to observe notable changes in just nine months: our leaders, for one, showed more interest in learning about sustainability, knowing how to have a positive impact, and how to exceed the goals the Corporation had set for itself.

And, thus, this gave rise to the Sustainability Week, in which the directors of each of the Corporation's units encouraged their leadership teams and middle managers to put on hold their daily activities and join the presentations we had prepared in response to the concerns expressed throughout the first months of execution of the new strategy.

This week reflected the needs of one of our most significant stakeholders, our employees, whose effort is crucial for achieving and, possibly, surpassing the goals we have established for 2025. All the presentations were led by the director in charge of the material issue to be addressed.

In line with the four pillars of the Sustainable Future Plan, the following subjects were prioritized:



The Corporation invested more than 1,200 hours in Sustainability training, which was coherent with our prioritized goals for 2022.

All the presentations held during the AG Sustainability Week were aligned with our 17 Sustainable Development Goals (SDGs) and had the support of different companies and organizations who share the same experience with us and urge others to join in making decisions under ESG criteria.

Empresas y organizaciones que nos apoyaron:

1. Green Development Guatemala
2. Sherwin Williams CA
3. Bayer Guatemala
4. ADELCA Ecuador
5. Guatemala Green Building Council
6. Ninoshka María Linde (leader in economic and social transformations)
7. Rossana Pacheco (sign language interpreter)



**SHERWIN
WILLIAMS**



adelca
Acería del Ecuador

**GREEN
DEVELOPMENT**



Product

Responsible Supply Chain



AG operates with vendors who supply ferrous material, raw materials, spare parts, and transportation services. The requirements for the evaluation and incorporation of these suppliers may be found in our Anti-Bribery Management Handbook, Supply Purchasing Policies, and Metal Purchasing Policy.

It is important to mention that all suppliers must meet the minimum requirements we have set forth, in order to enter into a commercial relationship with us. This process is supervised by Procurement, which is responsible for the management of all our products and services.

Prior to incorporation, all potential suppliers must be subjected to an evaluation that includes their legal and fiscal registration, ethical and anti-corruption practices, relationships with politically exposed persons (PEPs), and involvement in legal processes. Furthermore, all of our suppliers are required to accept and commit to the compliance of our ethical and anti-bribery practices, as well as those related to health and safety.



Transportation providers are required to sign a commitment of no child labor, while metallic suppliers must guarantee compliance with their tax obligations by providing proof of their tax solvency.

At the beginning of a commercial relationship, a supplier must provide documentation of its compliance with our requirements. When a supplier fails to provide the requested information, we have established due diligence processes to verify its existence, legality, and no association to crimes. If an association is detected, a risk assessment is conducted through an approval flow that involves the leadership of each process, in order to evaluate the potential impact of starting or maintaining a commercial relationship with this supplier.

A random review of supplier records is performed every six months to verify ongoing compliance with these requirements. The review is conducted by Compliance.

During 2022, there were no incidents related to negative impacts on the supply chain, due to our preventive management approach and more frequent monitoring in our operations around the Sidegua headquarters and in Honduras.



Our achievements in 2022:



Improvement in our suppliers' net promoter score (NPS), through quarterly evaluations and biweekly follow-ups of each need and vulnerability expressed.



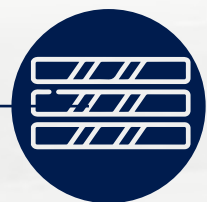
Creation of the Recycling Agents Program aimed at our metallic suppliers, which allows us to maintain and develop our relationships with them. Aspects in the program include topics related to SISO compliance, and ethics and process training, amongst others.

New suppliers that meet selection processes according to social criteria



100% ✓

of our suppliers are subjected to the process of incorporation and compliance with our requirements.



Product

Responsible Supply Chain



The Integrated Management System surveys the level of customer satisfaction by reviewing the monthly indicators of product returns, quality complaints, and others. Additionally, referrals and satisfaction level surveys are conducted to receive feedback and create action plans that respond to customer needs or concerns.



Material issue: Customer experience

2025 goal: 80% of customers aware of sustainability traits in the AG products.

2022 results: Information was recollected on the customer baseline and 35% of them acknowledged the sustainability traits in the AG products.

- In 2022, the metallic purchasing department included in the supplier evaluation criteria that 10% of the qualification would be obtained based on compliance with health and safety criteria, and this allowed suppliers to access benefits focused on developing companies and consolidation of relationships.

- The results are:

Did you know that Corporación AG is the largest metal recycler in Guatemala and Central America?

• 35% yes and 65% no.

Do you consider that this feature adds value to your business?

• 80% yes and 20% no.

Social impacts in the supply chain and measures taken

In 2022, **421** suppliers were evaluated in relation to social impacts. No negative cases were detected, given that we were at a stage of raising awareness before rejecting a supplier. However, this year we have proceeded to the commercial termination of two suppliers due to anti-bribery issues.



Material issue: Responsible supply chain

2025 goal: 33% of suppliers trained annually in development programs by 2025

Resultados 2022: 43% of our metallic suppliers received training to strengthen our internal programs.

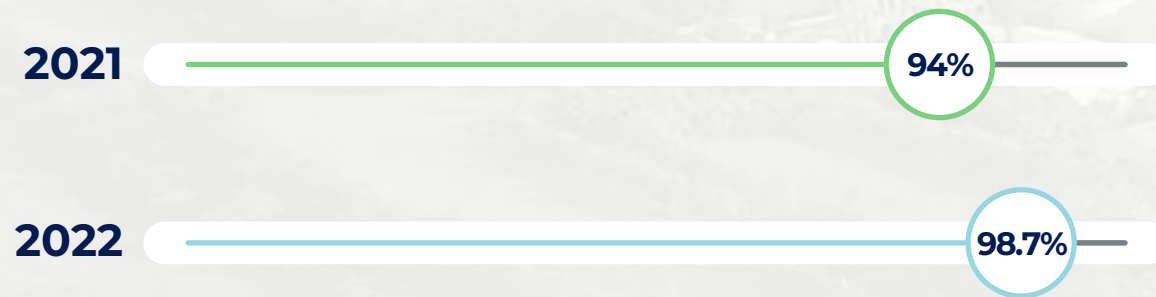
- In 2022, the metallic purchasing department included in the supplier evaluation criteria that 10% of the qualification would be obtained based on compliance with health and safety criteria, and this allowed suppliers to access benefits focused on developing companies and consolidation of relationships.

- As a result of good communication, 43 national and international suppliers were trained and learned the details of the evaluation.

- Of the 43 providers trained, 32 received benefits throughout the period in question.

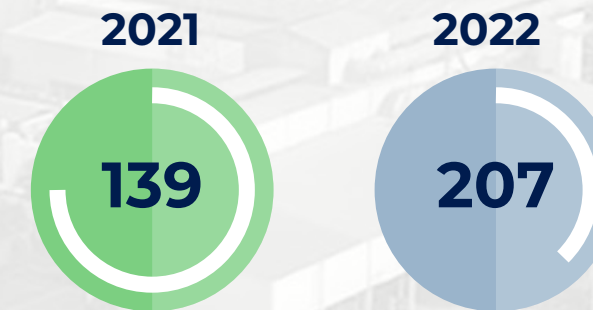
Quality Results

The calculation methodology of 2021 versus the methodology used in 2022 had a change, so when making the equivalence of the result of 2022 to the 2021 methodology, an increase of 4.7% is displayed.



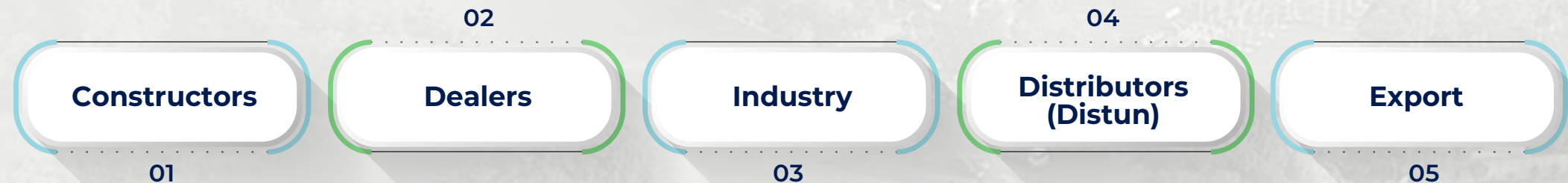
Claims

32% of the 207 claims received in 2022 corresponded to missing weights, which increased from the year before. Amongst the main causes, it was identified that some products were weighed manually; as a mitigation measure, weighing will be automated in 2023.



Quality Results

At AG, we work with 5 groups of clients:



In our negotiation process with customers, they are required to provide certain legal information, which is safeguarded by a specific area of our organization. On the other hand, before entering into a business relationship with the Corporation, future employees of all our branches are required to sign a confidentiality agreement, and one of its clauses states their responsibility concerning the management of our business partners' information. We are committed to maintaining the veracity and confidentiality of the information supplied, as described in article 7 of our CE AG Code of Ethics.



Planet

Reciclaje



Material issue: Recycling

2025 goal: Maintain the volume of steel produced from metallic waste.

2025 results: Evidence of the content of metallic residues in Grade 80 rods was formalized and the Recycled Product Standard was established, through an audit to validate compliance with said standard for Grade 60 and 80 rods. In addition, these rods received the Seal of Sustainable Raw Material certification by CGP+L and the Seal of Verification of Material for Sustainable Construction by GGBC.

Challenges for 2023:



Action plan to meet the recommendations derived from the Guatemalan Center for Cleaner Production (CGP+L) audit.



Close the gaps detected in the audit performed under the Recycled Product Program Verification, in order to opt for the recycled raw material certification.

Materials (weighted results from auditing)

	Requirement	Maximum Score	Result	Weighted Result	Final Score
3.1	General requirements	10	8.00	5.0	4.00
3.2	Program officers	10	7.50	5.0	3.75
3.3	Scope of the program	10	6.88	5.0	3.44
3.4	Environmental policy	10	9.09	5.0	4.55
3.5	Environmental aspects and impacts	10	10.00	15.0	15.00
3.6	Compliance with legal and other requirements	10	9.33	15.0	14.00
3.7	Baseline	10	7.00	15.0	10.50
3.8	Recycled material	10	9.44	15.0	14.17
3.9	Value chain	10	5.00	10.0	5.00
3.10	Follow-up, survey, and evaluation of results	10	10.00	10.0	10.00
				100.0	84.41

Source: Verification report from the Recycled Product Program.

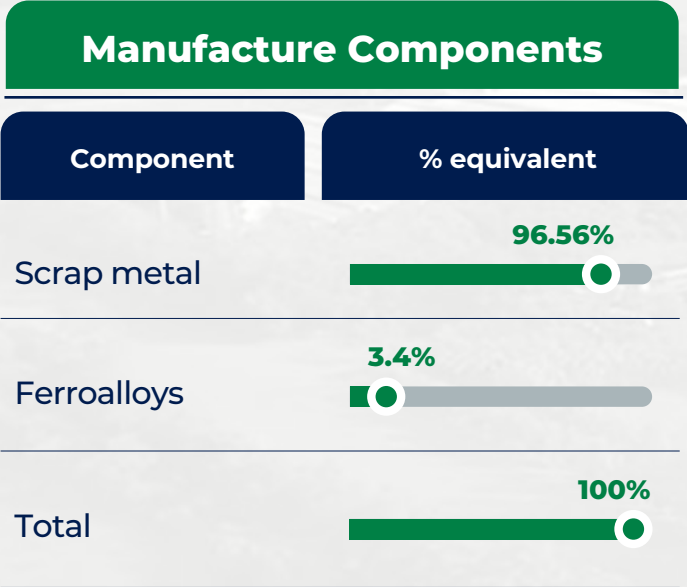
Recycled purchases in 2022

96.56% of metallic waste used for the manufacture of G60W and G80W AG rods.

More than **300,000** tons of recycled metallic waste.



Materials used by weight or volume
(Components used for the manufacture of
AG G60W and G80W rods)



Source: Components used for the manufacture of G60W and G80W rods by Aceros de Guatemala (2022).

The information contained in the Sustainability Report has been recollected through the verification of data when opting for the green seal under the recommendation of the Recycled Product Program Verification Report.



Material issue: Recycling

2025 goal: Zero ordinary recyclable waste to landfills by 2025.

2025 results: The project to renovate 100% of the recycling centers in our offices and plants in the Sidegua Industrial Park was designed and executed. Additionally, 100% of the employees who work fulltime in the facilities were trained through in-person workshops.

At AG, we have been promoting the recycling of common waste (paper and cardboard, PET, aluminum cans, glass, and scrap metal), as well as other plastics (helmets, goggles, safety masks, disinfectant containers, and other high-density plastics) for more than two years. However, the number of containers and the distribution of recycling centers lacked the capacity to adequately classify the recovery of waste.

In 2022, we executed the project to renovate all the recycling centers at Sidegua Industrial Park and conducted in-person training of our fulltime personnel, in accordance with Governmental Resolution 164-2021: "Regulation for the Integral Management of Waste and Common Solid Waste."

In 2023, we will upgrade the recycling centers at headquarters, Distun, and Tubac.

Challenges for 2023:

- Complete the Central Office, Distun and Tubac recycling centers for secondary classification.
- Awareness Program to reduce the percentage of waste that reaches the landfill.





Planet

Water



AG Corporation has its own wells from which we extract water for our operations; additionally, we have a water recirculating system for the production processes of our plants.

As part of the Planet pillar goal contained in the 2022 Sustainable Future Plan, we advanced the construction and installation of a wastewater treatment plant (WWTP) by 90%, allowing 100% of wastewater to be treated, reused for irrigation of the green areas in the industrial park, and discharged in compliance with national standards.

The challenge for 2023 is to get the WWTP running and renew the flowmeters in the steel plant, which represents 50% of Sidegua's water consumption. With this renewal, AG intends to reinforce and automatize the data collection and quantification system, through a water management plan that includes an annual hydrological balance and a more exact control of the extraction from our wells.

A group effort

For the Corporation, teamwork is an AG competence that is put into practice every day; therefore, when an environmental accident occurs, there are internal mechanisms known as Unsafe Acts and Conditions and Incidents (ACII, for its acronym in Spanish) to report the event within Sidegua. On the other hand, Social Development works jointly with Environmental Management and our surrounding communities to ensure proper water management inside and outside the industrial park.

All these actions are part of the Sustainable Future Plan, which defines our yearly goals.

Water Extraction

Total groundwater extraction

2022



981,392.35 m3

Support for our Community

In 2022, we received a request from our community for assistance cleaning the river, where the waters from our pluvial channel converge. As part of our commitment to environmental protection, we will be executing a plan in 2023 to remove waste from the river, improving water flow, and avoiding negative effects to the neighboring communities.

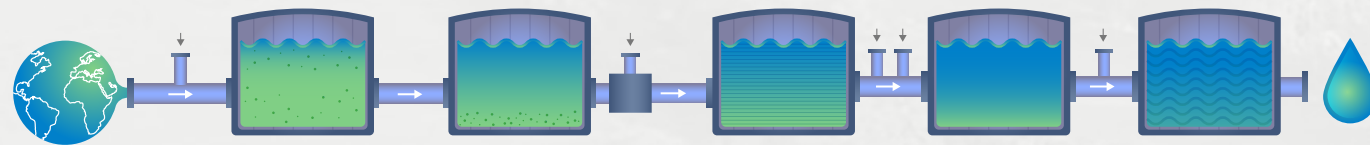
In addition, we are working on other projects for the efficient use of water resources in all our processes, such as water reutilization in the steel casting process and water accountability from the extraction in our wells, to be proactive in managing the Achiguate River basin and its water recharge.

In addition to these efforts, we are committed with other companies in the area to ensure the maintenance of surface water and its sustainable use and, consequently, have worked together with CGP+L in terms of water balances for Sidegua and the plants it comprises.

Water treatment and circulating system

The water treatment plants of our production processes have several systems that allow water reutilization, managing circulation flows of up to 800m³/h in each plant. Our systems contain:

- Cooling towers and sand filters that are responsible for cooling, filtering, and the final reconditioning of water before reincorporating it into the processes.
- Pools and sludge settling tanks and sweeping cars responsible for the separation and extraction of solids.
- A chemical conditioning program to keep water within the required operating parameters.



Our production plants used **89.2%** recirculated water and **10.8%** water extracted from our wells.

Water Spills

Currently, we do not have a permanent monitoring system on the discharge of water on other sources. What we do is annual punctual monitoring, however, this type of monitoring is contemplated to have it as part of the water management system by 2025.





Emissions

Energy Consumption

In 2021, 65% of the energy we consumed was derived from renewable sources generated, mostly, from the burning of biomass, but also from hydroelectric plants and others. However, one of the environmental goals in our Sustainable Future Plan is to increase this amount.

In 2022, thanks to the work of our energy providers, we received a certificate stating that 85% of the total energy consumed at Sidegua was sustainable during the reporting period, and reached 100% in other months, derived from sources such as geothermal, wind, solar, hydroelectric, and biomass.

2021

65%

renewable energy

35%

fossil fuels

2022

85%

renewable energy

15%

fossil fuels

Goals



Material issue: Climate change and energy

Goal 2025: <10 energy intensity [Gj/ton of steel].

2025 results: With the aid of the consulting firm Sustainable Strategies, who measured Scope 3, in addition to Scopes 1 and 2, we obtained an energy efficiency baseline.



Material issue: Climate change and energy

Meta 2025: : >65% of our energy derived from renewable sources

Resultados 2022: En 2022, el 85 % de energía provino de fuentes renovables y se logró superar en 18% el consumo de energía renovable en comparación al 2021.



Material issue: Climate change and energy

2025 goal: <1 la Intensidad de Emisión de CO2 [t CO2 / t de acero].

2025 results: 0.85 tons of CO2/ton of steel produced from Scopes 1, 2, and 3.

Results

At AG, our commitment to the transition to a low-carbon economy means that it is vital for us to monitor and assess risks and opportunities related to climate change. Therefore, the Corporation's Board of Directors assigned the Directorate of Corporate Affairs and Sustainability, through its Sustainability Department, the task of developing and supervising the actions regarding the material issue of climate change and energy.

Carbon Footprint

In 2022, with the aid of the consulting firm Sustainable Strategies, we strengthened our carbon footprint measurement by better accounting of Scope 3, in addition to Scopes 1 and 2.

The carbon footprint measurement included the operation and production of steel at Sidegua Industrial Park and its distribution in Distun. Measurements were taken using the sector-wide approach of the World Steel Association, complemented by the following:



The methodological guidelines of the American Iron and Steel Institute and the methodology of the World Steel Association, aligned to the ISO 14064 standard for the quantification of Greenhouse Gas (GHG) and the ISO 14404 standard, which establishes the method of calculating the intensity of CO2 emissions when producing iron and steel.



Considering that the value chain of Scope 3 includes a certain amount of imported raw material in its processes, we used the GHG Protocol Corporate Accounting and Reporting Standard guidelines.



For Scope 2 inventories, we used the calculated and applied local context emission factor, (rather than the world average that the World Steel Association suggests in cases where the local factor is unknown).

In this manner, we were able to consolidate internationally recognized techniques and methodologies to create a solid approach for measuring GHG emissions on the three Scopes (1, 2, and 3), which adapts to the production and business context of AG Corporation. Thus, we can define Science-Based Decarbonization Goals that are achievable.

Two other opportunities were also visualized:



Energy Efficiency program design



GHG Emission Reduction Strategy design

Both of these ideas aim to maintain a specific energy consumption of less than 10 GJ/ton of steel, use at least 65% renewable energy in its energy supply matrix, and maintain a CO2 emission intensity of less than 1 ton/ton of steel.

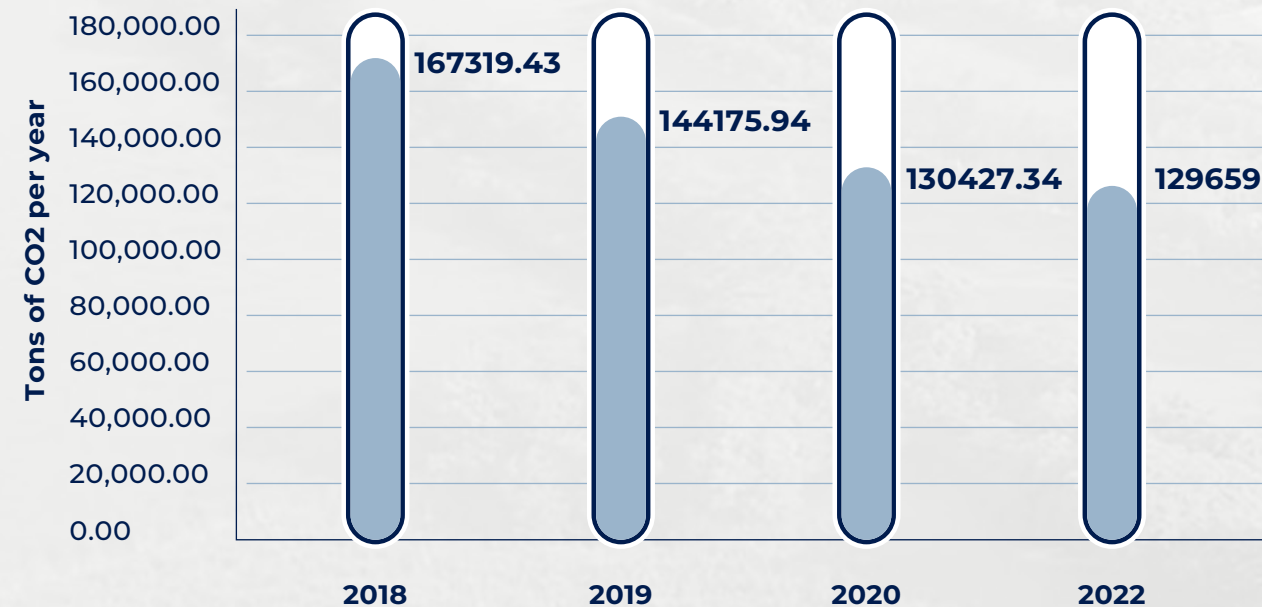
Our goal in 2023 is to develop and execute an Energy Efficiency Plan and a GHG Emission Reduction Strategy. In order to achieve this, we are evaluating the specific terms of the reduction goal based on the Science Based Targets Initiative (SBTi) and defining the details of our Science-Based Decarbonization Objectives. All of this together will allow us to increase the production of steel products with a low carbon footprint.

Steel Production Carbon Footprint

Scope 1 and Scope 2

The following graph represents the Scope 1 and Scope 2 carbon footprint as it was reported from 2018 to 2022. This graph reports the results for CO₂, CH₄, and N₂O gases.

Carbon Footprint - Scopes 1 and 2 (Carbon dioxide equivalent)



Carbon Footprint 2022

Scopes 1, 2, and 3

Emission Intensity Scope 1	CO ₂ -eq/ton of steel	0.14
Emission Intensity Scope 2	CO ₂ -eq/ton of steel	0.09
Emission Intensity Scope 3	CO ₂ -eq/ton of steel	0.63
Emission Intensity	CO ₂ -eq/ton of steel	0.86

Energy Efficiency

Energy Intensity	GJ/ton of steel	7.11
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Other Emissions

During 2022, particulate emissions complied with the general guidelines on environment, health, and safety. However, Guatemala has no specific regulations regarding air emissions and air quality for liquid fuels. In those cases, plants complied with the regulations enacted by the World Health Organization (WHO).

These results represent the baseline for atmospheric emissions, which we will use to determine alternatives to reduce emissions by 2025.

Parameters	Units	Plants					Reference
		Bar Rolling	Profiles	Steel Works	Fasteners		
Total particulate matter (TPM)	mg/Nm ³	8.98	--	0.89	14.62		50
Sulphur dioxide (SO ₂)	mg/Nm ³	1,858	1,954	1.86	108.40		2,000
Nitrogen oxide (NO _x)	mg/Nm ³	282	--	7.22	0.78		460



Planet

Waste and Coproduction



Waste and Coproduction

AG Corporation has a plan to reuse waste and coproducts generated during several production processes. For example, steel dust and slag can be used in place of certain minerals when producing cement, blocks, tiles, and other products.

It is important to note that this initiative does not include everyday waste, as this type of waste is handled by a different recycling initiative. Everyday waste is covered under Governmental Resolution 164-2021. This agreement inspired our recycling plan, comprised of a waste recovery approach and the recycling of paper and cardboard, PET bottles, high-density polyethylene EPP, and aluminum cans.

Production Waste

The communities near Sidegua are not affected by steel dust, since said dust is stored within our facilities and is later transferred. None of the other residues or co-products represent an impact on the area of influence, since they are all managed internally or with certified companies.

Internal Control System

The administration oversees the control of weight registration to guarantee that waste production management is accurate. More so because some types of production waste represent an income for the Corporation and others represent a cost, meaning that keeping an accurate control of production wastes also represents an economic responsibility.

Regarding common waste, it has been found that the personnel in charge of internal collection often report to Environmental Management that waste containers are incorrectly categorized in both the offices and the industrial area. For this reason, we plan to reinforce training for personnel regarding the proper classification of waste.

In addition, we have proposed a new communication strategy to educate the personnel on common environmental issues. This strategy involves discussing the following points:

- ✦ Reports of waste being incorrectly classified, shown through a series of environmental incidents.
- ✦ The importance of the three Rs (Reduce, Reuse, Recycle) and how to use them.
- ✦ The correct way to separate waste according to the categories suggested by law.

Amongst our achievements for 2022, we highlight the implementation of waste classification according to Governmental Resolution 164-2021. Similarly, we are almost a year ahead of the deadline (August 2023) set by the Ministry of Environment and Natural Resources (MARN, for its acronym in Spanish) for the implementation of a secondary classification system. .

So far, we have identified some challenges related to household waste. However, we have delineated a timeline for dealing with the same:

- ✦ By 2023, we expect to begin the recovery of cardboard and paper, PET bottles, aluminum cans, and high-density polyethylene generated by PPE and supply boxes.
- ✦ By 2024, we expect to start composting organic waste. .
- ✦ By 2025, we aim to avoid taking any recoverable waste to the landfill.



Material issue: Waste and coproduction

2025 goal: 50% of process coproduction valorized by 2025.

2025 results: We were able to export 100% of the zinc slag, and the process was certified by the Regional Agency for Prevention, Environment and Energy (ARPAE).



Material issue: Waste and coproduction

2025 goal: Measuring and improving air emissions.

2025 results: We defined the parameters for maximum allowed limits for particulate matter emissions in the three steel furnaces, based on international standards. We also monitored the air pollution levels and prepared a comparative analysis of these monitoring results versus the maximum allowed levels. By 2025, we aim to find mechanisms to reach a nitrogen oxide level of less than 5 mg in the Corporation's production plants.



Waste Incineration

Currently, waste contaminated with fat and oil is incinerated in one of the process furnaces, which does not represent a significant advantage in calorific or energetic terms. The weight is 71,140 kg.

Waste Disposal

Waste disposed of by third parties is listed in an inventory to identify and control its generation. On this basis, providers are sought annually who have the necessary licenses and permits to carry out these controlled final disposal works.

Our Process

For the extraction of waste and co-products, a weight control is carried out and final disposal certificates are issued for each extraction of co-products in all the sites where they are generated.

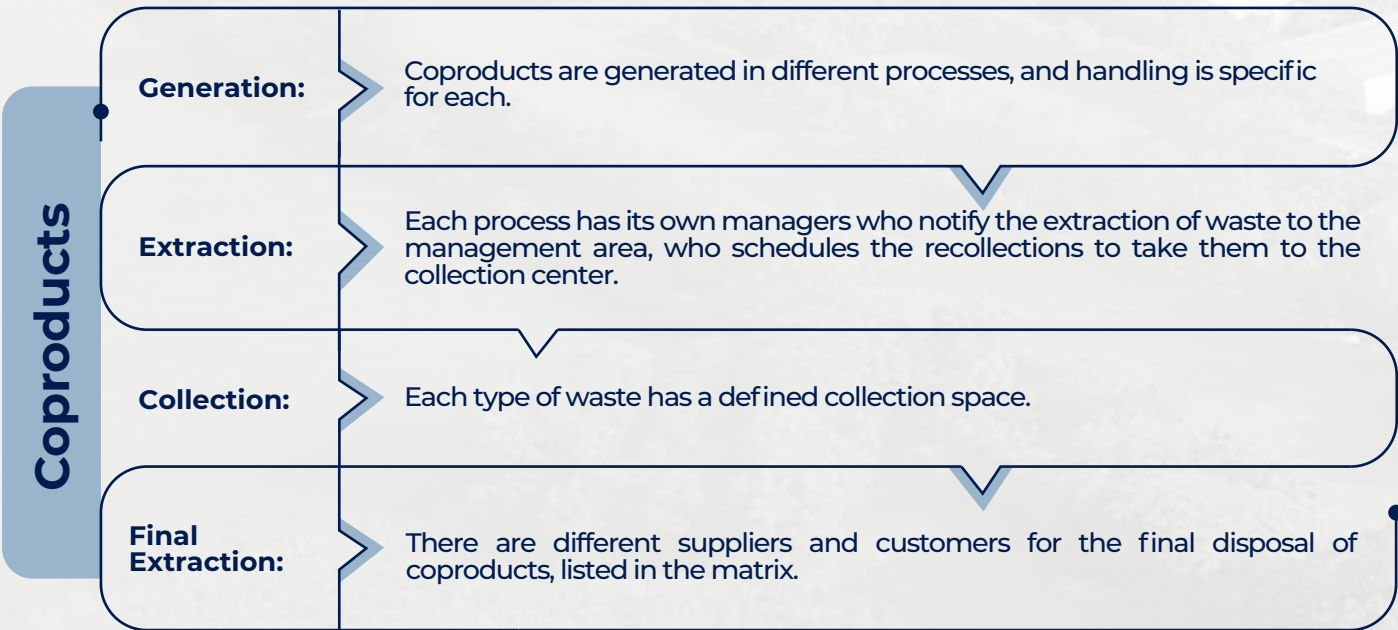
Transport vehicles enter the facility and open weight on the scale. This is recorded and, when loading again, the weight is measured, so the difference constitutes the total extraction. In addition, it records what type of waste is being extracted.

Generation of coproducts

One of the steel mill coproducts is dust that is stored inside Sidegua until transferred to its final disposal; however, a percentage escapes into the environment. Therefore, as part of our 2025 commitments, the Industrial Department will prioritize the mitigation of its potential environmental impact.

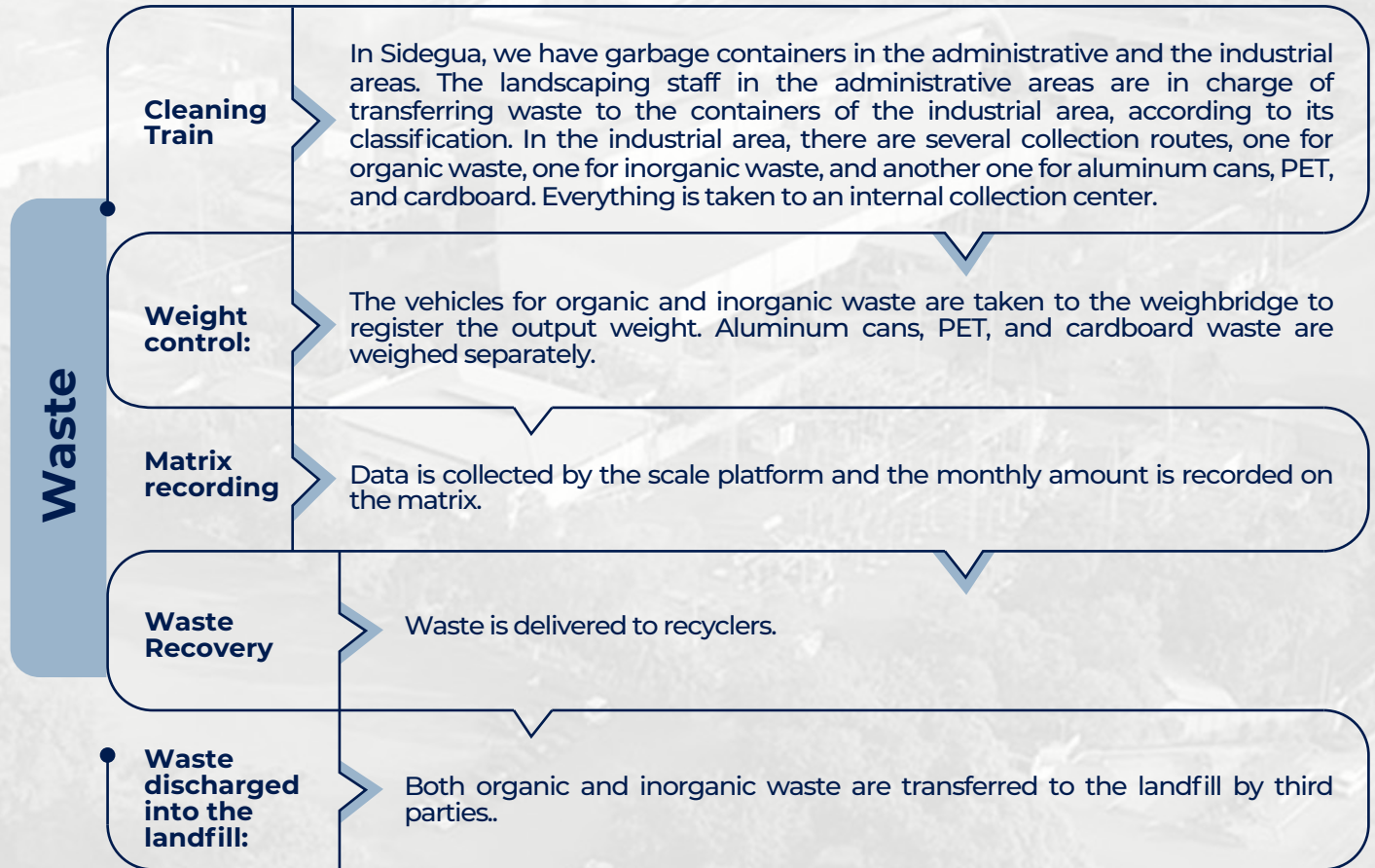
It is relevant to mention that none of the other residues or coproducts, such as black slag and zinc slag, are harmful to our area of influence, since they are all managed internally or with certified companies.

Waste Management Procedures



Investment in Extraction and Waste Treatment

1 million Quetzals has been assigned for the extraction and treatment of common and industrial waste.



Glossary of Terms

Waste

The combination of organic waste and inorganic waste constitutes an environmental risk, since the production of methane gas (CH_4) by organic waste plus the combustible material in inorganic waste create the right conditions to ignite a fire. In addition, disposing of these wastes directly on the ground contaminates the soil and the groundwater table through leaching.

Coproducts

Coproducts are generated through different processes during industrial production and can have a negative environmental impact if not disposed of properly. However, as previously mentioned, specialized companies are hired to supervise the disposal of these.

Supplies

Metallic waste as raw material can cause a negative environmental impact during the collection stage, as it tends to be found incorporated into the soil. In 2023, part of the evaluation to monitor possible environmental liabilities will focus on infiltration studies to determine if there has been any negative impact on the groundwater table.

Regardless of the results of the infiltration studies, another component of the evaluation will focus on developing a mitigation plan in case the results are unfavorable.

1. Collection of metallic waste
2. Steel casting
3. Use of offices by operative and auxiliary personnel



Co-product:
Steel slag



People

Dignified Work



At AG Corporation, we care for the well-being of our employees and their families. Therefore, when we hire new employees, we give them a package of benefits designed to help them in a personal, family, professional, and work setting.

Our benefits package seeks to impact areas where national labor laws fall short, and steps up the promotion of human dignity, starting with life insurance benefits and corporate medical expenses, facilitating high-quality medical attention for the employee and his dependent family.

Legendary Program

Along the lines of benefits designed to advance and dignify our employees, there is the “Legendarios” retirement program, aimed at:

- ✦ 63-year-old operative employees
- ✦ 65-year-old administrative employees
- ✦ Employees 60 and older who request to join the program voluntarily

To be part of this retirement plan, the employee must have at least 15 years at AG. The main objective of the program is to grant senior employees a dignified retirement, where their efforts to achieve the Corporation's goals through the years are recognized.

Achievements

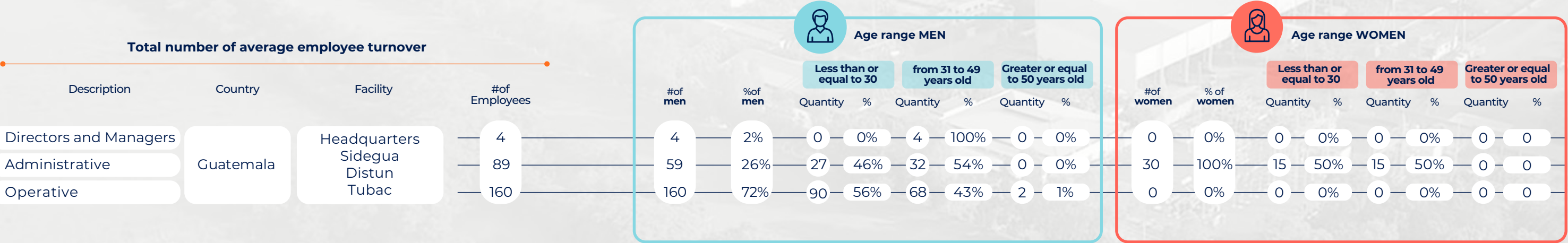
- ✦ The implementation of the benefit "Advance salary in case of emergency," to be applied to AG employees in Guatemala, El Salvador, and Honduras.
- ✦ The design and standardization of the catalog of benefits for employees in El Salvador and Honduras.



Annual Employee Recruitment

Part of the commitment that Corporación AG assumes when hiring new employees and active employees, is to ensure a favorable and positive work cycle for the employee. This is achieved through internal policies that promote and seek the welfare of workers.

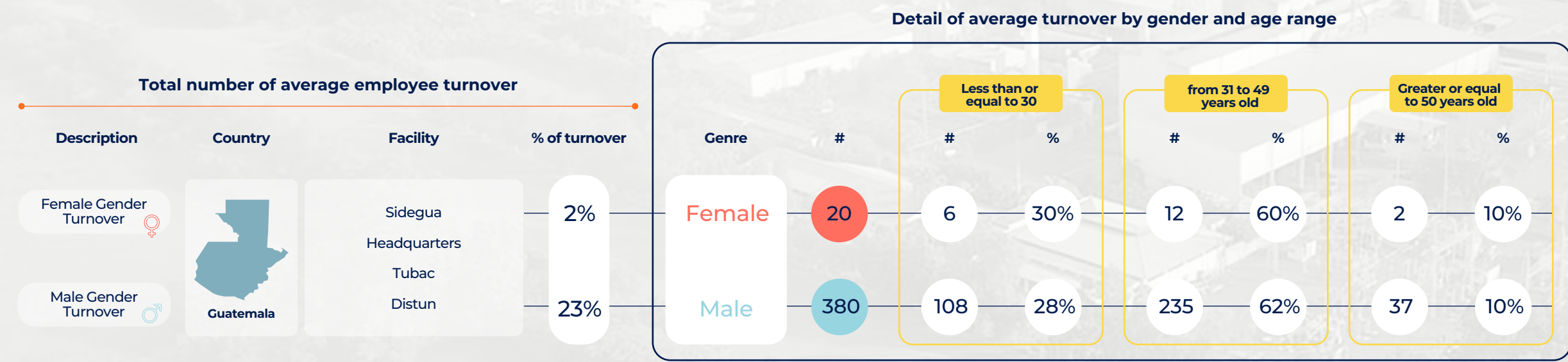
Among the most important points contained in these policies that dignify the collaborator's stay in the Corporation, is the Benefits policy. Within said document, all the eligible options for collaborators are expanded and documented.



In 2022, 223 employees representing 88% and 30 female employees representing 12% were hired

Rotación de empleados

Employee turnover in 2022



During 2022, there was an increase in rotation compared to 2021. However, for the next period, the implementation of actions that allow the decrease of this data is considered, especially retaining high-performance employees for 2023

Employee Benefits

At Corporación AG, we work for the well-being of our collaborators and their families. For this reason, during the contract, the collaborator receives a package of benefits that are designed to favor them in the professional, family, work and personal spheres.

Our benefits package seeks to impact areas where national labor legislation does not have coverage and take a step forward in the dignity of human resources, starting with the benefit of life insurance and corporate medical expenses, where medical attention is promoted for quality for the collaborator and his family (dependents).

	Description	Total	Directors and managers	Administration	Operation
	Vacations				
	Annual holiday	15	✓	✓	✓
	January 1st	1	✓	✓	✓
	Holy thursday to easter saturday	3	✓	✓	✓
	May 1st	1	✓	✓	✓
	June 30th	1	✓	✓	✓
	Holiday with salary				
	September 15th	1	✓	✓	✓
	October 20th	1	✓	✓	✓
	November 1st	1	✓	✓	✓
	December 24th noon	0.5	✓	✓	✓
	December 25th	1	✓	✓	✓
	December 31st noon	0.5	✓	✓	✓
	Local fair	1	✓	✓	✓
	May 10th (Only mothers))	1	✓	✓	✓
	Frontline family death	3	✓	✓	✓
	Paid License				
	Civil marriage	5	✓	✓	✓
	Birth of son/daughter	2	✓	✓	✓
	Employment Benefits				
	Christmas box / 14 Bonus		✓	✓	✓
	IGSS, IRTA E INTECAP		✓	✓	✓

Social benefits by law applicable to all collaborators without distinction of gender or position

Additional benefits to those applicable to AG employees



General Benefits



Circumstantial Benefits



Deal

Description

Directors and managers

Administration

Operation

LIFE INSURANCE AND MEDICAL EXPENSES/CATEGORY I, II, III



HALF A DAY OFF PER MONTH (ADMINISTRATION)



DAY OFF FOR ANNIVERSARY (ONE DAY IN THE YEAR)



ADVANCE FOR UNPLANNED EMERGENCY



AG PRODUCT SALE



UNIFORM



FOOD SUBSIDY (Q6, Q7, Q8, Q9 FOR LUNCH TIME, NO SNACKS)



BIRTHDAY GIFT



LOVE DAY GIFT



CHILDREN ´S DAY ACTIVITY



DAY OFF FOR GRADUATION



DAY OFF FOR DAD (BY BIRTH OF CHILD) (AN ADDITIONAL DAY)



SUSPENSION AT HEADQUARTERS (BETWEEN 1 AND 3 DAYS W/INTERNAL MEDICAL SUPPORT)



LEGENDARY RETIREMENT PROGRAM



NEWBORN GIFT



MOURNING DAY (TWO ADDITIONAL DAYS)



FATHER ´S DAY GIFT



MOTHER ´S DAY GIFT



ECONOMIC BENEFIT FOR RESIGNATION



ECONOMIC BENEFIT FROM RESTRUCTURING



GAIA (MASTER)



GAIA (BACHELOR)



GYM (MONTHLY SUBSIDY TO REGISTERED COLLABORATORS)



OPHTHALMIC ALLIANCE



BANCO INDUSTRIAL ALLIANCE (INTEREST RATE FROM 8% TO 12%)



DENTAL ALLIANCE



Parental Leave

Maternity Suspensions

22 female employees enjoyed the benefit of maternity leave during 2022, and 100% were reincorporated into work after the mandatory period by law.

Paternity Suspensions

As part of AG's special benefits, an additional day was granted to employees for the purpose of being present and accompanying their partners at the birth of their children. In 2022, the benefit was granted to forty-eight administrative and operational collaborators, investing a total of three hundred and eighty-four hours in this benefit.



Material issue: Dignified work

2025 goal: 100% of employees having quality of life improvement programs by 2025.

2025 results: 100% of our employees have health insurance.

A total of 63 suspended cases were reported, where 100% returned to work

Description	Country	Facility	#of Suspended	#of reinstatement	% of reinstatement
Directors and managers		Sidegua	1	1	100%
Administrative		Headquarters Sidegua Tubac	16	16	100%
Operative		Sidegua Tubac	46	46	100%



Description	Country	Facility	Maternity leave
Directors and managers	 Guatemala	Sidegua	1
Administrative		Headquarters Sidegua Tubac	16
Operative		Sidegua Tubac	3
TOTAL		20	
REINCORPORATED		20	
% OF REINCORPORATED		100%	

Durante el 2022, veinte colaboradoras recibieron el beneficio de baja por maternidad y el 100% se reincorporó a sus labores después del período establecido por ley.



Description	Country	Facility	Paternity leave
Directors and managers	 Guatemala	Sidegua	0
Administrative		Headquarters Sidegua Tubac	0
Operative		Sidegua Tubac	43
TOTAL			43
REINCORPORATED			43
% OF REINCORPORATED			100%

As part of AG's special benefits, an additional day was granted to employees for the purpose of being present and accompanying their partners at the birth of their children. In 2022, the benefit was granted to forty-three employees, investing a total of three hundred and forty-four hours in this benefit.



People

Diversity and Inclusion



As part of the activities to promote diversity and inclusion, Human Resources and Sustainability organized two events aimed at women:



Presentation: How does AG live the value of "We respect each other and our environment"?
October 2022

This talk was part of the Sustainability Week program, with the aim of reinforcing the values of our culture, especially that of "We respect each other and our environment." Another objective was to raise awareness to reduce inequality and provide opportunities without discrimination based on gender, disability, ethnicity, or origin. In addition, the importance of Sustainable Development Goals (SDG) such as number 5, Gender Equality, and number 10, Reduction of Inequalities, was stressed.

In the activity, the Human Resources director emphasized the importance of maintaining responsible and respectful relationships without discrimination, and highlighted that AG is looking to launch projects that will increase the number of women in leadership roles by 2023.



Presentation: Networking and sharing experiences amongst Women of Steel "The role of women at a professional level"
October 2022

In order to promote women's empowerment, we presented the conference "Networking and sharing experiences amongst Women of Steel - The role of women at a professional level."



More than 100 women attended, and the guest speaker was Ninoshka Maria Linde, director and creator of Strategic Marketing projects. She shared her professional experience, including the challenges she has faced and achievements she has attained, and how she reached such a high-ranking position in a work environment mainly occupied by men. Topics such as the role women play at a professional and personal level beyond being leaders at work and at home were also discussed.

With our Human Rights Policy and Code of Ethics, we seek to create an environment of equal opportunities. We are committed to generating dignified work in a safe and non-discriminatory environment, through fair, inclusive, and equitable processes of recruitment, hiring, promotion, and retirement.



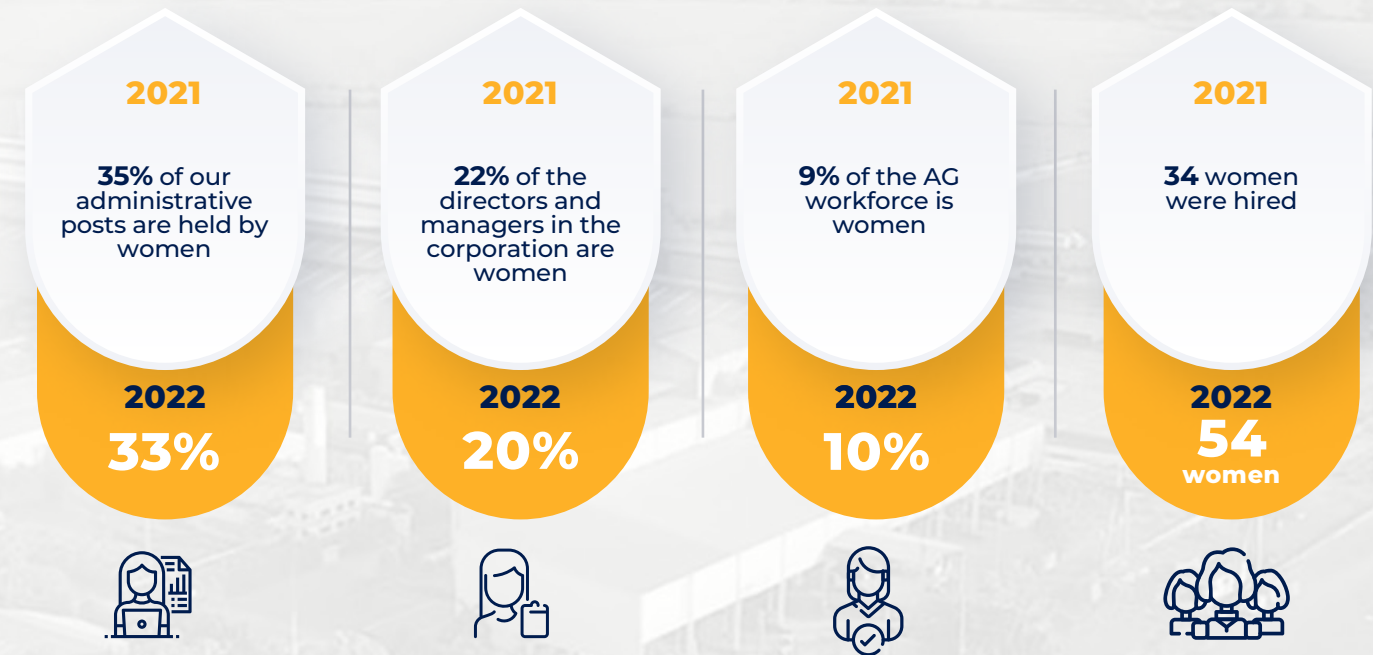
Material issue: Diversity and inclusion

2025 goal: Implement three key initiatives to promote diversity and inclusion by 2025.

2025 results: A policy was drawn, known internally as the "Specific Diversity and Inclusion Rule," which will be the basis for designing and promoting initiatives in the coming years and will allow us to achieve our diversity and inclusion objectives.

2022 Results

- ✦ 35 women were favored with promotions to higher hierarchy positions.
- ✦ 13 women from the recognition program were awarded for their compliance with the core values of the Corporation.
- ✦ 3 women were recognized for developing transformation initiatives for the business.



2023 Challenges

- ✦ Comunicar los logros de nuestras colaboradoras.
- ✦ Fomentar espacios de exposición y diálogo de diversos temas de crecimiento personal y profesional.
- ✦ Habilitar espacios de lactancia materna en el centro de trabajo.

AG Stories

During the last quarter of 2022, we reached our goal of diversity and inclusion positions. Here are some AG Stories that reflect this criterion:

Francisco Saenz has been a part of the Distun team in zone 17 since the first quarter of 2022, occupying the position of Sales Assistant. Despite his physical disability, because he only has one hand, at AG Corporation he has had the opportunity to use his skills, abilities, and knowledge to perform the activities assigned to him, which is important to him and to us.

Wilmer Álvarez, who works at Typsa in Honduras, also has proven that his hearing disability is not an impediment to perform his daily tasks and work as a team member. Both Wilmer and his colleagues have shown us that, with respect and a good attitude, results are achieved and new ways to communicate can be learned. Wilmer and his team use sign language, which is an inclusive means of communication.

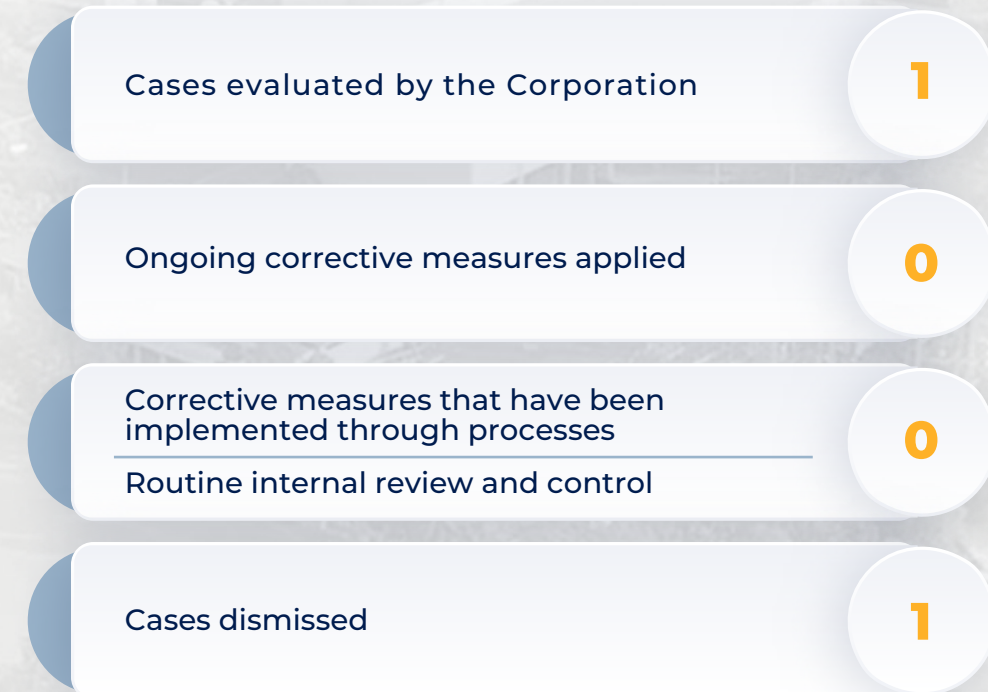
Sergio Ramirez works in Sidegua. Years ago, he lost a phalanx in his left hand (physical disability), which was difficult to overcome. Yet, his work in the Corporation helped him through this situation because his coexistence with his superiors, colleagues, and family has given him many positive moments full of learning experiences.



Complaints and sanctions

In 2022, a discrimination complaint was received; however, the case was dismissed and, consequently, did not obtain a sanction due to its lack of evidence.

Discrimination cases and corrective measures





Training and development are educational activities within the Corporation, which are designed to improve the performance of our employees. In general, these programs promote improvement in the employee's knowledge and skills and instill greater motivation to improve their performance and provide stability to the company. These activities are designed to retain our employees and transmit their knowledge to new ones.

One of our greatest potentials is the opportunity for development, which is available at all levels, from operational personnel to the executive team. With our professional development opportunities, the Corporation benefits regardless of the positions or facilities where the employees work. It is important to highlight that, at AG, we have a virtual platform that gives us a competitive edge in training management.

We are committed to developing and expanding the knowledge, skills, and competencies of our employees to improve the execution of their tasks within the Corporation, in order to achieve better and greater organizational results in the short, medium and long term, through their professional and personal development.

Most of our mandatory courses and those that mitigate the critical risks to which our employees may be exposed have their own respective assessments. Likewise, the standards used to measure the efficiency of our training work receive measurements that determine the actions to follow, according to the definition or type of training received by our employees.

Cultural Formation Measurement of the Training Efficiency

Scale	Percentage	Definition		Action
N/A	N/A	Acquiring new knowledge	None	
Level 1	0-25%	No evidence of application	Talk aimed at improving performance/Professional	
Level 2	26-50%	Some evidence of application	Talk aimed at improving performance/Professional	
Level 3	51-75%	Shows application	Set goals or key performance indicators	
Level 4	76-100%	Outstanding application	Set goals or key performance indicators	

In addition, our internal training programs have strategic alliances with renowned business schools in the country.

During 2022, 260 new employees attended our Induction Program, which included 97.5 hours of training. An average score of 84 was obtained in the satisfaction surveys. The tour offered throughout the Sidegua plant, visualizing every process from scrap casting to manufacture of rods and other products, was one of the most appreciated aspects of the induction process. Our history, strategy, values, competencies, and purpose are fundamental aspects of it, as well.



90% of our employees participated in mandatory courses, and 84% in leadership courses

One of our challenges for 2023 is to build a new strategic alliance to coach our internal trainers. In addition, the use of the virtual classroom has been automated, making it more self-manageable so that each student may generate his own diploma of participation as proof of the courses attended.

Continuous Training

During 2022, we had an average of 4 hours per employee.



Average Annual Training per Employee

Description	Country	Facility	Average training per employee	Average training per male employee	Average training per female employee
Directors and Managers	Guatemala	Sidegua Headquarters Distun Tubac MEGA	 HOURS	 HOURS	 HOURS
Administrative	Guatemala				
Operative	Guatemala				

Trainings

The Training Program was developed with the aim of improving the skills of employees. The industrial safety and corporate curriculum attendance for 2022 was as follows:

Training description for industrial safety, through the AG Academy platform	Total number of employees trained in 2022
General induction on security	673
Golden rule on hand neglect	673
Work at height	479
Overhead cranes	563
Confined spaces	148
Pilot induction	2092
Contractor induction	985
Mobile equipment	50
Preliminary risk assessment and work permit	362
Control of hazardous energy	791
Emergency brigades	55

Training description through the AG Training platform	Total number of employees trained in 2022
Induction on core values	260
ISO 37001	39
SIG	1536



Employees trained with the Corporate Curriculum during 2022			
Level	General	Women	Men
Leaders	109	38	71
Administrative	331	162	169
Operative	129	22	107

Performance Evaluation

In 2022, we conducted an evaluation of our employees and discovered that 81% received periodical performance and professional development evaluations, according to the impact generated annually to the business and the Corporation.

Description	Country	Facility	# evaluated	% evaluated	# male	% male	# female	% female
Directors and Managers	Guatemala	All AG	43	98%	32	74%	11	26%
Administrative	Guatemala	All AG	355	79%	242	68%	113	32%

398

81% of employees who received periodical performance and professional development evaluations

Commitment to Human Rights

As part of our commitment to Human Rights and following our value "We respect each other and our environment," as of the last quarter of 2022, we had trained 20 physical security guards to take part in the Sidegua security team. They participated in our "Customer Service and Assistance" program, which encourages the respectful and dignified treatment of others.





Peoole

Healthy and Safe Workplace



During 2022, we continued to promote the culture of accident prevention at our different facilities, through communication campaigns such as "For me and for those who are waiting for me at home," within the framework of the World Day for Safety and Health at Work. The objective of this campaign was to make employees aware of the importance of caring for themselves and for others.

Another action we undertook was the publication of the Occupational Safety and Health (SST, for its acronym in Spanish) handbook, which seeks to protect our employees and third parties through control measures to emphasize the culture of a healthy and safe workplace. The SST handbook offers a means of learning and consultation for employees to grasp the main concepts of our preventive tools, aimed at reinforcing the physical conditions of our settings, our work standards, and the expected behavior of our employees through the understanding and application of these concepts. These efforts were developed in our headquarters, Sidegua, and Distun (11 locations).

Likewise, we complied with the existing local regulations by building our Occupational Safety and Health system based on the above-mentioned concepts and having bipartite committees at our headquarters to encourage the participation and consultation of employees on health and safety issues.

Every year, national regulatory entities such as the Ministry of Labor and Social Welfare (Mintrab, for its acronym in Spanish) and the Guatemalan Social Security Institute (IGSS, for its acronym in Spanish) conduct audits in our facilities to attest to our adherence to the law. In addition, we conduct both internal and external audits to obtain the certification of our SST Management System, and possibly hear of opportunities for improvement regarded as relevant by these external entities. Also, these audits are indispensable to verify if our regulations, tools, and policies are meeting their objectives.

In addition, we have indicators within our own SST Management System, which help us achieve our objectives. These are assessed every year and presented to senior management on a regular basis to give visibility to the health and safety management.

Regarding our core value of "We seek to be better every day," in 2022 we were able to launch phase 1 of adherence to the SST Management System at the Tubac (Guatemala) and Tysa (Honduras) plants, where we conducted an initial diagnosis to reveal improvement opportunities and start working on them. Thanks to the commitment of everyone within the Corporation, we once again concluded the year without fatalities. We also reached the goal to close the actions generated by reports that seek to correct unsafe acts or conditions, which led us to obtain ISO 45001 recertification in a first stage for production processes in Sidegua, which is part of the Integrated Management System (SIG, for its acronym in Spanish) that also includes ISO 9001 and ISO 37001 Quality Management.

One of our challenges for 2023 is the incorporation of the SST Management System in our new business units: Tubac, Tysa, Distun Honduras, and El Salvador.



Material issue: Healthy and safe workplace

2025 goal: Zero fatalities per year.

2025 results: Zero fatalities were reported in the year.

Health and Safety Come First

The focus of our system is oriented towards improving or strengthening our physical conditions, methodologies, and work procedures, as well as the behavior of our employees. This is accomplished through various strategies and management tools that promote that all our employees, starting from senior management, keep in mind that, in AG, health and safety come first.

Therefore, we encourage training and participation of employees of all levels in all our facilities in matters related to a healthy and safe workplace, involving them -as applicable- in different courses of health and security through the AG Academy, such as: Daily dialogues on safety, daily safety hour, joint monthly hour on safety, planned inspections, bipartite committees, brigades, critical risks in the steel industry delegates, 5S committees, incident investigation committee, safety precaution inspections for equipment and tools, preparation for preliminary risk assessments, preparation for high-risk work permits, unsafe act and condition reporting through our online platform, approaches to behavioral observations, review and analysis of health and safety statistics, and progress reviews by senior management.

Commitment to SST

Our occupational safety and health system aims at securing the identification of significant hazards that could compromise the health and safety of our employees. This practice establishes the procedures to identify and control the risks associated with the different stages of the production processes, critical risks of the steel industry, practices employed by third parties or contractors, and any other tasks.

These processes are elaborated together with AG Leadership and our employees. Under management from this multidisciplinary team, the resources and the necessary personnel for the implementation of the controls is guaranteed. By involving the personnel that will execute these tasks, awareness of the associated dangers is increased and contributes to the establishment of a culture of improvement in relation to the Corporation's risks. The findings of these risk assessments are essential to prioritize planning and control, and ultimately ensuring that all risks are being effectively controlled.

Good practices in the safety and health system aid in identifying hazards, assessing risks, and establishing control mechanisms, through:

- 1 Hazard and risk identification matrix by stages of the process.
- 2 Recognition of critical risks in the steel industry and the responsibilities involved in the circulation of vehicles and people, mobile equipment, work at height, confined spaces, overhead cranes, control of hazardous energy, handling of scrap, trail of liquid steel, and protection of machinery.
- 3 Establishment of responsibilities for third parties or contractors and other activities beyond our control, which require a preliminary risk evaluation and, if regarded necessary, a work permit.

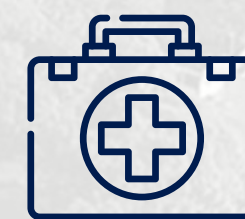
In addition, there are preventive tools such as reporting unsafe acts and conditions, planned inspections, and precautions that are available to employees at all hierarchical levels of our organization.

Occupational Health Services

Occupational Health is a fundamental tool in AG, because it helps us secure and reinforce the Occupational Health and Safety Management System. For this reason, the Corporation has services and resources aimed at meeting the health needs of our **1,709** active employees and around **177** workers from third-party companies who continuously interact and perform their duties within our workplace.

- 1 We have a clinic equipped for the provision of primary care services and assistance, located in the Sidegua Industrial Park. Its continuous services are available to employees who work in the different shifts of the company's operations and who require assistance due to health concerns and/or diseases, emerging and/or chronic conditions, and single care or chronic monitoring. Attention is provided 24 hours a day, 365 days a year.
- 2 Trained health professionals, according to the number of employees in each facility, as established by Guatemalan legislation.
- 3 The provision of healthcare services includes third-party transport workers, who have at their disposal the use of our primary care clinic in Sidegua. Currently, we have a total of 42 direct transportation providers, representing an average of 200 pilots, who enter Sidegua on a daily basis and take advantage of our medical facility.
- 4 Emergency response brigades, made up of employees distributed amongst the different facilities and with rotating schedules in the different work centers. These brigades are constantly being updated and trained on emergency response and care, and provision of first aid.

- 5 Bipartite Committees by work center, which are organizations made up of employer and employee representatives, plus representatives of the Health Team in each location. In accordance with the law, they are entities in charge of coordinating and promoting actions aimed at ensuring occupational health and safety in the workplace.
- 6 Plans, protocols, processes, and procedures which are part of the Integrated Management System of the Corporation and represent the minimum actions that the company must have regarding health and safety at work and the requirements under ISO Management System 45001. As a result of the efforts and activities carried out by these areas, we acquired recertification in 2022. These plans and protocols are standardized with the national Occupational Health and Safety Regulations. .
- 7 A vehicle for the internal transfer of patients who require urgent attention and transport within Sidegua, due to the meaningful extension of land. Also, first aid kits in each operations floor, rescue teams, and immobilization equipment, all for the use of brigade members or trained personnel.
- 8 In addition to these internal resources, all the employees of AG Corporation are affiliated to IGSS and have private insurance coverage for their medical expenses and life insurance, depending on the individual need for specialized care.



Safety Hour

As we have mentioned before, for AG Corporation, health and safety come first. This is reflected in our ongoing commitment to risk prevention, which we have promoted in recent years in an effort to encourage a culture of prevention within our employees. For this, we have the Industrial Safety and Occupational Health Management, conformed by 21 employees who develop Occupational Health and Safety management in our different business units.

We know that in order to achieve a culture of prevention, we need to get all employees on board, and provide them with the necessary tools to promote this culture. In 2020, we migrated to a digital platform so that employees can report unsafe acts and conditions, as this is an essential element for preventive management. Under the employee participation approach, the “Safety Hour” continued in 2022, in which the leaders of each area approach employees to promote this culture of prevention.

employees received training on communication and safety at work



Safety Committees

At AG, we have safety committees in our different business units, where we seek to guarantee and offer orientation and active participation to our employees, to establish health, safety, and well-being opportunities in an adequate and favorable work environment. Our committees are made up of an equal number of employer and employee representatives, with varying numbers in each unit, depending on its needs.

Among the main functions of each committee are:

- 1 Participation, orientation, and promotion of the health and safety plan, holding meetings to discuss issues related to the identification and prevention of risks in the workplace.
- 2 Promotion of prevention initiatives and enhancement of working conditions, giving relevance to the contributions made by workers that promote risk prevention.

Learning about Health and Safety

Currently, AG has a training program called "AG Academy", which teaches a series of courses focused on health and safety. Likewise, there are other trainings directly related to the nature of the work, with the aim of improving knowledge, skills, attitudes, and behaviors of people in the workplace.

Courses in the AG Academy



Occupational Health

Informative capsules with the following contents:

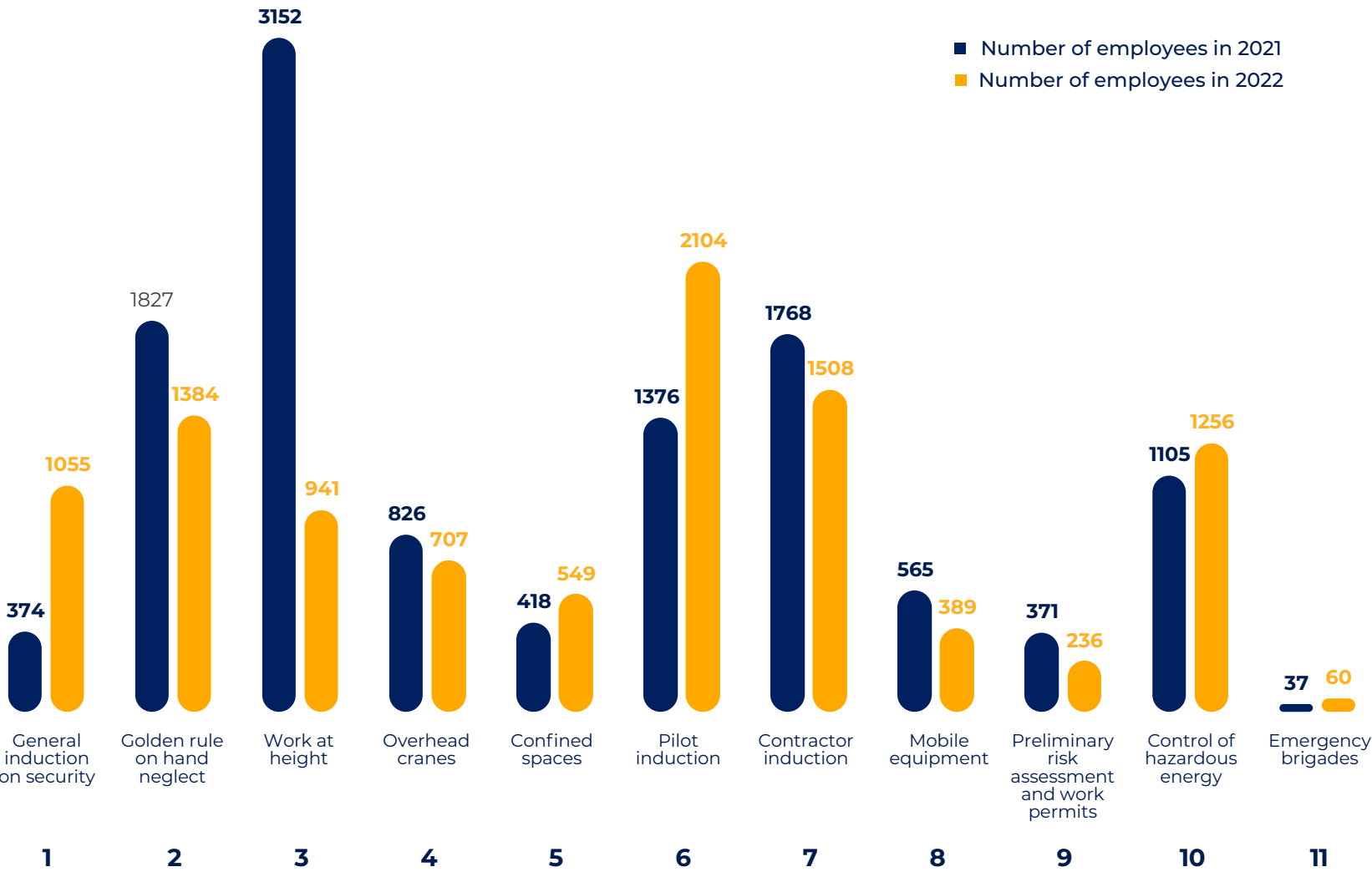
- ✦➤ **HIV:** What is HIV? How is it spread? And how can I prevent it?
- ✦➤ **Ergonomics:** What is ergonomics? How can I apply it in the work environment? And what are the consequences of the lack of ergonomic conditions and prevention strategies?
- ✦➤ **Manual handling of loads:** The concept of manual handling of loads; its characteristics; placement; push, pull, or displacement; and maximum capacity supported to lift a load, according to gender and/or age of the employee.

Industrial Security

- ✦➤ **General Induction on Security:** An introduction to AG Corporation's Industrial Safety Management System.
- ✦➤ **Golden Rule on Hand Neglect:** Series of modules that illustrate the importance of complying with the four golden rules of hand care in different scenarios within the company.
- ✦➤ **Work at Height:** This course establishes the basic guidelines that must be followed when working on jobs that carry an inherent risk of falling from a height equal to or greater than 1.80 meters. v

- ✦➤ **Overhead Cranes:** This course is designed to aid employees in developing skills necessary to safely operate overhead cranes and avoid situations that put employees and third parties at risk.
- ✦➤ **Confined Spaces:** This course demonstrates the necessary preventive measures to be used when working in areas classified as Confined Spaces.
- ✦➤ **Pilot Induction:** The objective of this program is to train employees on entry, driving, and task execution at AG Corporation's facilities, with specialized training directed at the Corporation's Contracted Pilots.
- ✦➤ **Contractor Induction:** The objective of this program is to train employees on entry and task execution at AG Corporation's facilities, with specialized training directed at the Corporation's Contractors.
- ✦➤ **Mobile Equipment:** This program establishes all guidelines that must be followed when handling mobile equipment. Mobile equipment is defined as the equipment used for transportation and to move cargo, as well as cranes.
- ✦➤ **Control of Hazardous Energy:** This program establishes minimum requirements to safely intervene in energized machines and equipment, by effectively controlling the energies present.
- ✦➤ **Preliminary Risk Assessment and Work Permits:** This program aims to educate employees on the different methodologies, when to apply each methodology, and who should be in charge of applying the methodologies. Furthermore, it teaches employees the proper process to fill out forms, so the risks are mitigated as much as possible according to the hazard control hierarchy.
- ✦➤ **Emergency Brigades:** This program combines theory and practice to strengthen the ability to respond to emergency situations such as First Aid, Rope Tying, Firefighting Equipment Use, and Emergency Evacuation.

Training of workers on occupational health and safety



There is also specialized training specific to activities in the steel industry:

- Trail of Liquid Steel:** This program relates to safety procedures during casting, refining and formation of steel billets in the steelmaking process. 124 employees, who take part in the steelmaking process, go through this program.
- Scrap Handling:** This program is oriented to the processes at the metallic patio. This program instructs employees on the risks and controls involved in the handling and processing of scrap metal. Employees learn about receiving, classifying, flame cutting, and shearing scrap metal, as well as the detection and radiological control. This training is given to the 79 employees who are part of the metallic patio process.



Healthcare Promotion

Among the health promotion, prevention, conservation, and rehabilitation activities that are carried out with employees, the following stand out:

- 1 Medical Evaluations:
 - ✚ For new intakes or pre-employment
 - ✚ Yearly evaluation for employees working in high-risk areas
 - ✚ For employees returning to work after an incident or suffering an illness
 - ✚ For common illnesses, emergency care, first aid, and pre-hospitalization care
- 2 Work with delegates from Industrial Health to lead educational activities in the Corporation's work centers to promote occupational health and industrial safety.

Some of these activities are developed in conjunction with personnel from third-party companies and intermediaries who interact with the Corporation or whose offices function as work centers for the company.

SarS-CoV2 Outbreak Prevention,

Mitigation, and Management Program

In 2022, we created and complied with protocols and procedures for mitigation, prevention, initial approach, monitoring, and confinement for cases arising from the spread of COVID-19, to provide the necessary support to employees who have been affected by the pandemic. Within the Management Program for suspected and confirmed cases of COVID-19, we implemented activities such as:

- ✚ Early screening (using tools such as questionnaires and case reporting protocols)
- ✚ Swab testing for SarS-Cov2 Antigen at a medical clinic to detect positive cases early
- ✚ Treatment for symptomatic patients at the onset of symptoms
- ✚ Referral to hospitals in moderate to severe cases
- ✚ Remotely monitoring employees to comply with the governmental and ministerial guidelines and agreements, which govern the management of the pandemic and the return to work in the industrial sector



COVID-19 Relevant Information

Confirmed cases at the corporate level

287

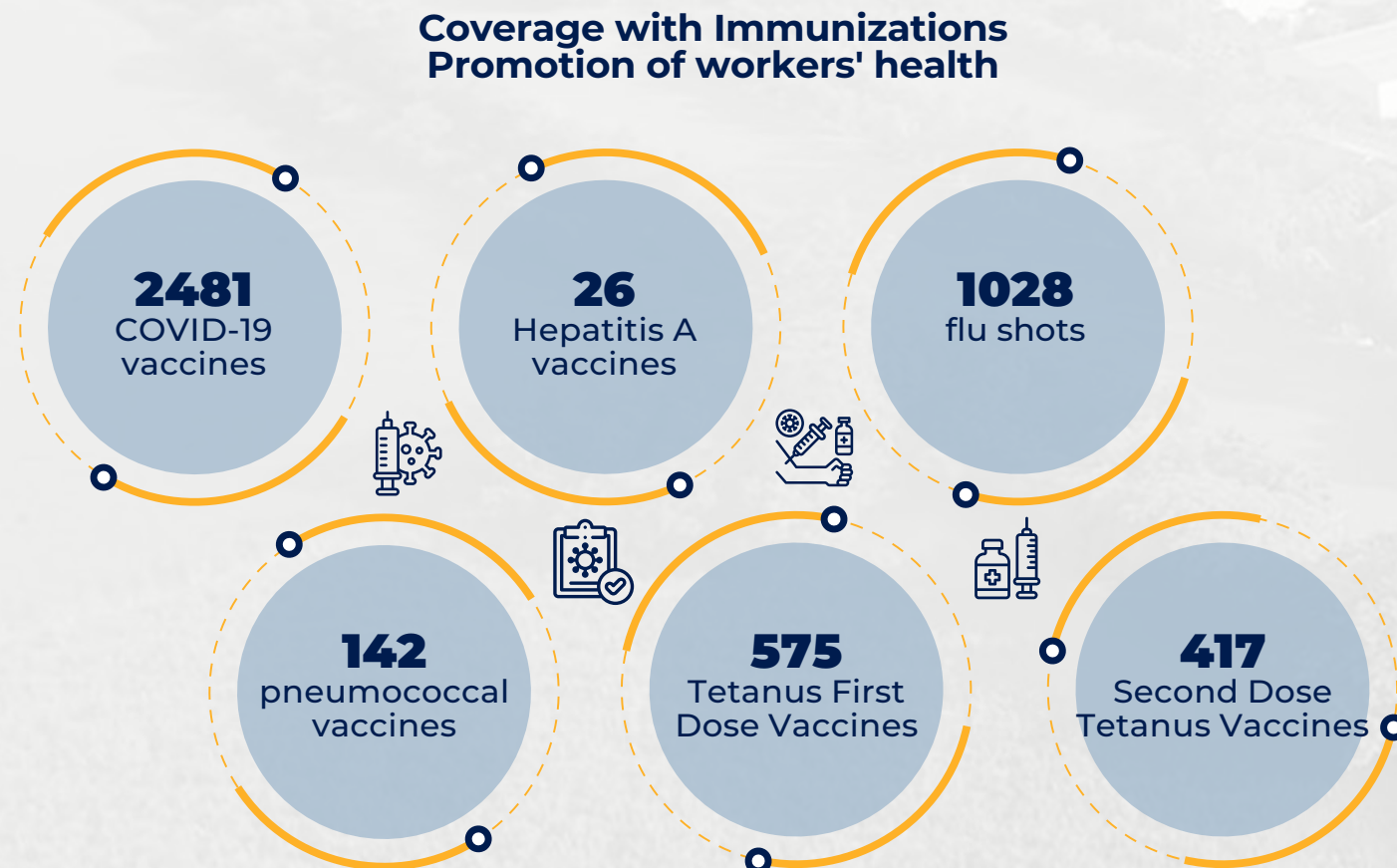
Incidence rate

17 positive cases for every **100** employees

This chart reflects the efficacy of our preventive measures and our employees' commitment to mitigating and controlling SarS-CoV2 outbreaks at the Corporation.

In 2022, AG Corporation and the Guatemalan Social Security Institute (IGSS, for its acronym in Spanish) organized vaccination campaigns against COVID-19, influenza, hepatitis A, pneumococcus, and tetanus. Regarding the tetanus vaccine, 575 people received their first dose and 289 people received their second dose.

Immunization coverage, as part of preventive health activities:



Critical Risk Assessment

En la Corporación hay posiciones que implican la realización de tareas con cierto riesgo hacia la salud y la seguridad del colaborador. Estas posiciones son llamadas: “Puestos con Tareas de Riesgo Crítico”, que al inicio de la relación laboral y periódicamente se les realiza una evaluación médica, para promover y/o valorar la aptitud para continuar realizando las tareas que implican este tipo de riesgo.

Health Promotion in our Employees (Critical Risk Assessment)

Critical Risk Duties	Set of tests and evaluation conducted	
- Control of hazardous energy - Confined spaces - Overhead cranes - Work at height - Trail of liquid steel - Handling of scrap - Mobile equipment	- Electrocardiogram - Complete Blood Count - Optometry - Glucose - Anti-doping Panel - Creatinine	- Audiometry - Complete Urine Analysis - Spirometry* - Physical Medical Evaluation And Interpretation Of Clinical Studies

*In 2022, we continued these medical evaluations and once again included the spirometry test, which we had ceased to perform in order to prioritize the prevention of SARS-CoV-2 infections.

Medical evaluations for employees in Positions with Critical Risk Tasks were distributed by plants. In total, 565 medical evaluations were carried out, which represent over 40% of the employees evaluated in relation to 2021.

CRITICAL RISK ASSESSMENTS FOR 2022

Area	Evaluations
Steel Plant	123
Central Maintenance	80
Lamination	66
Metallic Patio	64
Profiles	60
Logistics	50
Wire-drawing	45
Distun	20
Supplies	16
Trans-welded Wire Mesh	15
Green Spaces	14
Trans-metal	7
Other	5
TOTAL	565

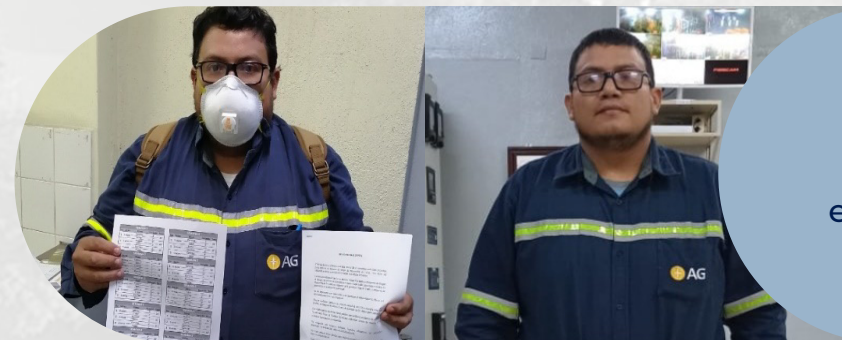
Healthy Life Program

At AG, we are committed to the health and safety of our employees, and to promoting and educating our employees to adopt a healthy lifestyle. That is why we created the Healthy Life Program, to guide employees that have alterations, deviations, or decompensations that can risk their health and integrity. This program aims to help employees achieve a better quality of life, disease control, and to continue feeling productive in their work environment.

This program consists of providing space for physical activity within the company's facilities, during employee working hours, for three hours a week.

AG History: In 2022, one of our team members, Ricardo Asturias, enrolled in this program and thanks to the fact that he followed the recommendations relating to physical activity, lost weight (from 134.73 Kg/ 48.38 BMI to 101.3 Kg/ 36.3 BMI) and is now healthy.

Promotion of workers' health



The healthy lifestyles program consists of providing space to perform physical activity within ag's facilities, during work hours for employees. Performing at least 3 hours a week physical activity, divided into 1 hour per day.

Fomento de la salud de los trabajadores

Name of the employee: Ricardo Antonio Asturias Pineda					
Control program healthy lifestyle					
Date	Weight LBS	Weight KG	Height	BMI	Observations
1/07/2021	296.4	134.73	1.67	48.30	Case detection in annual medical evaluation of critical risks
4/08/2021	270	122.70	1.67	44.00	Start of consultation with endocrinologist
16/09/2021	259	117.70	1.67	42.20	Follow-up with endocrinologist / medical clinic follow-up
25/10/2021	234	106.36	1.67	38.13	Follow-up with endocrinologist / medical clinic follow-up
28/02/2022	228	103.64	1.67	37.00	Follow-up with endocrinologist / medical clinic follow-up
29/03/2022	223	101.3	1.67	36.3	Medical clinic monitoring

Health and Safety Impact

Prevention and Mitigation

Distribution centers are not only a workplace, but also a place to meet with clients. For this reason, the programs mentioned above are also in effect to identify hazards and control risks.

In addition, it must be mentioned that specific rules are implemented for Warehouse, Parking, Product Stowage, and Overhead Crane Operation. Distribution centers also have Personal Protective Equipment (PPE) available for clients that must enter the warehouse. Clients entering the warehouse must also receive a brief orientation on entry and while they remain inside.

Coverage

The Health and Safety Management System, according to standard and legal requirements:

Coverage of the Occupational Health and Safety Management System

Description	Number of persons	Percentage	Scope
Employees and third-partis under supervision from the organization	1,709	100%	Covered by the system
	964	58.81%	Subject to internal audit
	964	58.81%	Subject to external audit

The information on this chart was extracted from the Corporation's database and organized according to the processes of the internal and external control Management Systems.

Injuries From Work-related Accidents

The following table shows work-related injuries for employees and contractors during 2021 and 2022:

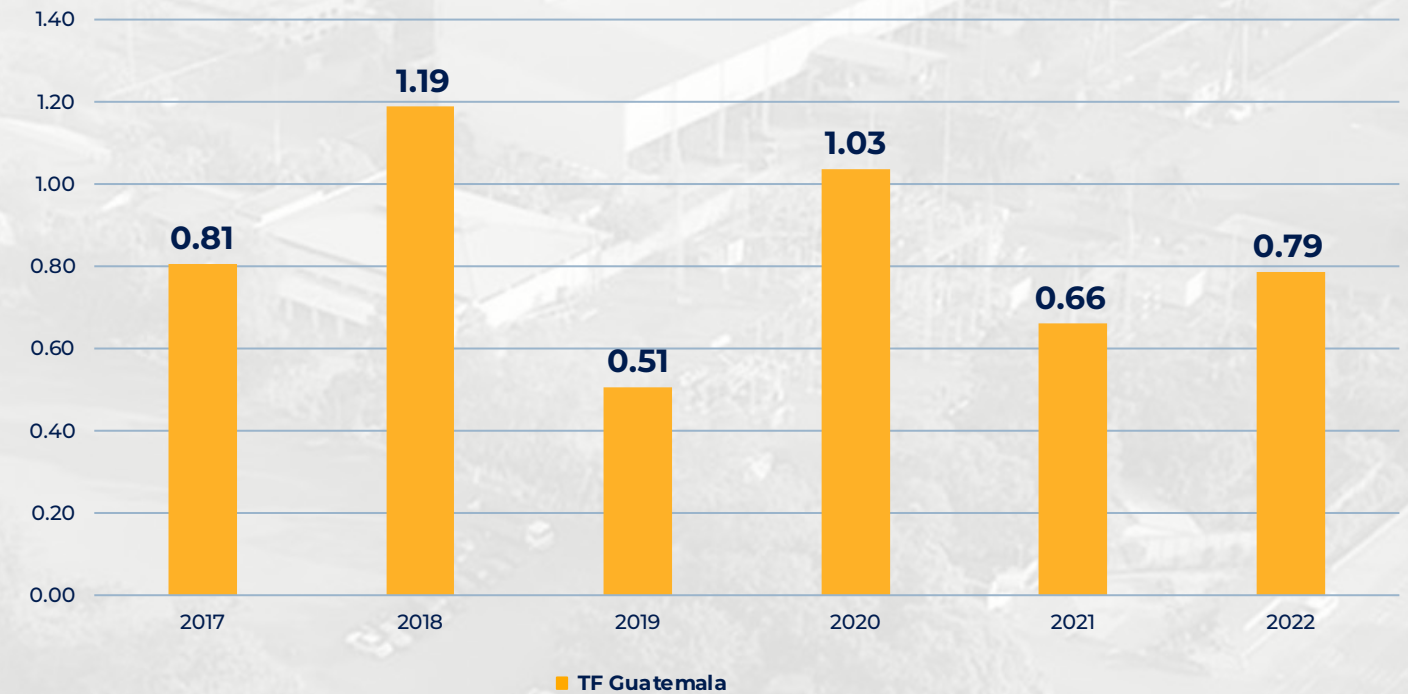
Injuries From Work-related Accidents

Description	2021	2022
Number of deaths and rate resulting from an injury from a work-related accident	0	0
Number of serious injuries and rate resulting from a work-related accident (excluding deaths)	0.66	0.79
Documented number of injuries from work-related accidents	65	42
Main type of lesion from a work-related accident	Hand lesions	Hand lesions
Number of hours worked	5,819,153	5,090,024
	Employees and contractors	Employees and contractors

Even though 2021 and 2022 had the same number of disabling injuries, because less worked man-hours were logged-in in 2022, the frequency rate for disabling injuries is higher in 2022.

This graph shows the frequency rate of work-related injuries for the last 6 years:

Corporative Historical Data, 2017-2022



In order to eliminate, mitigate, and prevent events that could result in workplace accidents, our Occupational Health and Safety Management System has developed a method to identify hazards and evaluate risks associated with the different stages of the production processes. Additionally, nine specific activities have been identified as critical in the steel industry and are managed accordingly to mitigate injuries and damage to the facilities and the equipment.

We follow an investigative process to understand the events before and during workplace injuries, determine the causes of said injuries, and establish corrective measures to avoid repeat incidents. In 2022, we have continued to reinforce safety barriers and enhance the physical conditions and the procedures at the workplace.

The basis for prioritizing risk control is the control hierarchy within our management systems. When the investigation is finalized, we analyze the results to eliminate potential dangers and substitute processes, materials, or activities as needed. We have also reinforced and implemented new engineering controls using specialized equipment to reduce the risks. We utilize fall restraint systems, remote operation devices, physical barriers, emergency stop systems, administrative controls, and personal protective equipment amongst others.

To minimize risks at the workplace, we have taken special measures to manage the nine activities identified as high-risk. One of the measures in place is the requirement of periodic medical evaluations to ensure the health of our employees. Another measure requires virtually training employees to reinforce their knowledge and enhance their ability to perceive risks in the workplace. Additionally, we monitor employees to ensure that they comply with administrative controls, such as following the correct procedures and verifying that the facilities and equipment are in optimal condition. Leaders in all departments within the Corporation are involved in the follow-up relating to any investigation into workplace injuries.

Occupational Diseases

No deaths relating to an illness or occupational disease have been reported at AG Corporation.

The main illnesses treated at the Corporation's medical clinics:

Healthcare and Occupation Statistics

The first ten causes of morbidity in employees and contractors during 2022:

Ailments And Diseases At The Workplace

MAIN PATHOLOGIES ASSESSED - CORPORATIVE 2022		
Main Pathologies	Number Of Cases	%
Respiratory Pathologies	1129	25.82%
Reconsult/follow-up And Control	627	14.34%
Digestive Pathologies	455	10.40%
Critical Risk Assessments	447	10.22%
Musculoskeletal Pathologies	424	9.70%
Pre-employment Evaluation	156	3.57%
Dermatologic Pathologies	127	2.90%
Preliminary Evaluation	115	2.63%
Ophthalmologic Pathologies	11	2.54%
Non-work-related Incidents	94	2.15%
Total	3685	84%

Data only includes collaborators from Sidegua, Distun, Headquarters and Intupersa offices.



AG Code of Ethics

Our main impact occurs within our facilities, where we have established a culture of ethics through our AG Code of Ethics (CE AG), making employees aware of their actions, based on our core principles and values. Our Code of Ethics has been approved by the Board of Directors. In 2022, the Integrated Management Policy was updated and shared with all our employees. This update reflects the strategic changes in the Corporation.

The scope of the CE AG goes from senior management to employees and seeks that the relations with our business partners and interested parties are ethical and transparent. At AG, we are committed to living by our values and complying with the code, working transparently every day, and cultivating respectful, honest, long-lasting relationships.

Conflicts of Interest

AG has a policy by which relationships that may represent potential conflicts of interest are identified, from the recruitment process on. The information regarding conflicts of interest is updated annually, including disclosures from our employees of possible cases.

Reports of potential conflicts of interest are evaluated by Human Resources and the Compliance Officer and, in cases involving managers, the Ethics Committee is involved to establish actions intended to find solutions to potential conflicts.

Complaint Channels

Our work ethic is described in the Code of Ethics (CE AG), which is a guide that provides clarity in the application of our organizational principles and values. It generates the reference framework for our behavior, habits, and attitudes, and incorporates integrity, honesty, and transparency into our culture. We are all protagonists and responsible for building the AG Culture into our values.

The CE AG applies to all our employees; from on-boarding, at the beginning of the employment relationship, all employees receive orientation on the Code of Ethics and are required to sign an agreement. This represents a commitment to live by and comply with the rules of conduct consistent with the code.

Starting in 2022, employees have received annual training on CE AG, and we gradually have begun training suppliers as well. Our goal for 2025 is that all our suppliers are trained and adhere to our code.

At AG Corporation, we have three open and confidential channels to report complaints (email, phone line, and email managed by Ethikos Global), which are available to our employees, customers, and suppliers. The channels are managed under an outsourced system that seeks to ensure that users feel comfortable and confident in sharing their concerns. It is important to mention that only the Ethics Committee has access to the details regarding the complaint, since it is the entity in charge of directing investigations and establishing sanctions for unethical breaches.

Our reporting channels have been disclosed through our Code of Ethics, website, direct email, internal training, and internal and external information capsules.

2022 Achievements

- ✦ The first annual ethics workshop was organized, with the participation of 75% of the AG Leadership.
- ✦ We held the first week of commemoration of the AG Values, with the participation of two guest speakers to lecture on anti-corruption and good practices.
- ✦ 93 complaints were received with an average closing time of 81 days, obtaining a significant improvement over the 2021 results, in which 79 complaints were received and closed in 137 days
- ✦ 100% of the employees of the new companies of the Corporation received induction on CE AG, resulting in the adherence of 578 employees
- ✦ 100% of the new employees received induction, resulting in the adherence to CE AG.

Anti-Corruption

Our anti-corruption practices are certified under the ISO 37001 standard, which allows us to identify risks, incorporate control measures, and establish corporate policies that regulate zero tolerance for bribery and conflicts of interest.

According to an evaluation conducted during the last period, it has been identified that the most common complaints were for abuse of power and, secondly, for the risks of bribery in commercial negotiations with suppliers, as well as handling and classifying non-ferrous material. The risk assessment is conducted at least once a year, jointly with the process to update any changes in our operations. Together this allows us to maintain constant identification and mitigation of risks.



Material issue: Ethics and compliance

2025 goal: 100% of operations being ISO 37001 certified by 2025.

2022 results: As part of the senior management commitment, the new acquisitions of the corporation were certified, and the existing offices were recertified.

Operations Evaluated for Risks related to Corruption

The 2022 risk assessment was conducted jointly with the process to update any changes in the operation. This allows us to maintain constant risk identification and mitigation. The evaluation was carried out in 16 points of operation and is performed annually.

Operations	Country	# of risk assessments	% of risk assessments
Sidegua	Guatemala	1	100%
Intupersa	Guatemala	1	100%
Headquarters	Guatemala	1	100%
Distun zona 7	Guatemala	1	100%
Distun zona 11	Guatemala	1	100%
Distun zona 12	Guatemala	1	100%
Distun zona 17	Guatemala	1	100%
Distun CAES	Guatemala	1	100%
Distun Chimaltenango	Guatemala	1	100%
Distun Escuintla	Guatemala	1	100%
Distun El Rancho	Guatemala	1	100%
Distun Xela	Guatemala	1	100%
Distun Retalhuleu	Guatemala	1	100%
Distun Huehuetenango	Guatemala	1	100%
Distribution Center	Guatemala	1	100%
Distribution Center	Guatemala	1	100%

In this review, the level of risk was reassessed considering the internal and external aspects of each of the processes.

Training on Anti-Corruption Policies and Procedures

1,542 persons participated, representing **90%** of employees trained in ethics, compliance, and anti-corruption:

Communication and Training on Anti-Corruption Policies and Procedures

Level of employess	Trained employees	%	Time	Region where the group of interest is located
Directors and Managers	1542 employees participated, representing 90% of our workers trained and skilled on the matter of ethics, compliance, and anticorruption	69% of directors and managers were trained.		Guatemala
Administrative		82% of administrative staff were trained.		El Salvador
Operative		94% of the operatives were trained.		Honduras

Confirmed Cases of Corruption and Measures Taken



93 complaints with an average closing time of **81** days

In the reported cases, the Ethics Committee implemented changes in security agents, internal controls of areas, and establishment of a new research methodology.

Confirmed Cases of Corruption and Measures Taken

Type of claim or accusation	Number of events reported or consulted	Status: a. Open in process of verification b.Closed
Abuse of power	25	Closed
Bribery	14	5 open being verified
Theft	13	2 open being verified
Conflict of interest	6	2 open being verified
Third party dissatisfaction	6	Closed
Harassment	4	Closed
Breach of duties	4	Closed
Bias	2	Closed
Fraud	2	Closed
Work discrimination	1	Closed
Non-conformity of quality	1	Closed
Complaints by neighbors	1	Closed
Others	14	3 open being verified
Total events reported or consulted	93	



Prosperity and Incidence

Trust with Stakeholders



In accordance with the Prosperity and Advocacy pillar of our Sustainable Future Plan, trust with stakeholders is one of the material issues identified. This is a part of the operation that serves as a model of relationships with our stakeholders: government, customers, providers, and communities.

For the 2022 goal, the Sustainability Management held various meetings with the Marketing, Sales, and Metal teams, to provide a context, foster, and cultivate long-term relationships of trust, and to develop communication strategies to establish, maintain, and defend this relationships of trust. For the organization, the quality of its relationships determines its cohesion and, consequently, its effectiveness.

The Corporation uses metallic material discarded by society, to transform it into liquid steel and use this to manufacture and then market its products.

Our management results in Trustworthiness with the Stakeholders occurs in our Sidegua and Tubac operating plants. However, through Community Relations, together with public institutions, a constant approach is maintained through the Social Development Coordinator, whose objective is to maintain open communications and generate trust with the interested parties.

AG, putting into practice the value “We respect each other and our environment,” establishes a commitment to maintain responsible and respectful relationships with whom we interact, without any sort of discrimination. In addition, we guarantee to be assertive and objective when talking or referring to the issues, defining for everyone the way we communicate with our stakeholders. In 2022, we prepared a community relations plan for the Sidegua plant and a protocol for handling social complaints for Distun. These documents are a guide to

structure and direct the leadership in order to solve situational problems in each place. By 2023, both documents should be socialized for their application, reinforcing the management of trustworthiness with stakeholders.

It is important to highlight that, currently, 66% of the 2021 - 2025 prioritized actions for social impacts identified in the AG Social Impact study have been achieved. The follow-up for this derives from the community relations plan that has been prepared. The challenge is to reach 100% of the actions before 2025.

By 2023, the indicator of complaints received and addressed by leadership will be conducted both for the Sidegua and the Distun plants. This provides valuable information for the creation of our action plans and to consolidate the trust of our stakeholders.





Protocolo de relacionamiento

Scope: Community, institutions, transportation providers, customers, and private entities located within a radius of less than 5 kilometers from each facility.



No.	Action	# Response time (8 days)	Claimant	Distun Supervisor	Distun Head	External Social Development Coordinator	Distun Sales Manager	Supply Chain Director	Sustainability Manager	Head of Logistics	Environmental Specialist	Head of Industrial Security	Notes, suggestions or proof of evidence
1	Exposes the claim by any means: Telephone, letter, in person, social media, or dedicated channels	1											Acknowledge receipt of a complaint by responding promptly.
2	Validate the complaint	2											* Identify the area where the complaint originated from; have the leader corroborate its validity. * The complaint is dismissed if it does not merit a process of investigation and analysis, and results in a process if the leader corroborates it.
3	Respond promptly	1											After corroborating the complaint, the interested party is notified of its status.
4	Analyze the complaint	2											* The supervisor of operations responds to the complaint and directs it to a representative of the area in question (logistics, environment, SISO, or social development). * Define the following steps to notify the interested party. Write minutes with the agreements reached.
5	Prepare a response	1											Define when to notify the interested party and how (in writing or orally, in person or by telephone).
6	Respond to the interested party that reported the complaint	1											Be grateful for the report, generating trust to make amends. Apologize, expressing appreciation and empathy, and giving the interested party respect. Recognizing our mistakes generates honesty and integrity and inspires trustworthiness.
7	Transmit the resolution	1											Transmit the company's resolve; write minutes with the information shared and the agreements reached.
8	Feedback on the approach from the interested party from AG	1											Hold a meeting with the leadership involved, clarifying the complaint. Share the minutes containing the agreements reached and define the roadmap for their fulfillment.
9	File the complaint												
10	Follow-up to the agreements												



Investment and Social Impact Management

Group of interest	Channel of Communication	Frequency of Communication per each Channel	Topic of Interest and Expectations
Communities	Direct communication by means of the external social communicator, whose role in AG is to keep ongoing communications with community representatives. The external social communicator receives the complaints from the community via telephone. An open dialogue is available for everyone.	All the forms of communication are permanent.	Contribute to sustainable development. Through our value, "We respect each other and our environment," AG recognizes the value of the human being and liberty as the cornerstones to protect life, dignity, equality, and others.

The Corporation has identified the communities of Asentamiento La Bendición, Villas de San Juan, San Juan Mixtán, and Los Lirios, classifying them as primary communities. In addition, contractual relations are maintained between the Corporation and Aldea El Milagro as a secondary community with indirect impact.

Community participation in development programs

The Corporation has identified the communities of Asentamiento La Bendición, Villas de San Juan, San Juan Mixtán, and Los Lirios, classifying them as primary communities. In addition, contractual relations are maintained between the Corporation and Aldea El Milagro as a secondary community with indirect impact.

Constant communication is maintained with the primary communities, since they are located within a radius of less than one kilometer from the operations plant at Sidegua Industrial Park, This facility, due to its operational context, contemplates the creation of a much broader plan to meet or support the social needs of the communities.

According to the 2021 Social Impact study, issues to be considered in 2022 were:

1 Roadway risks for drivers and passersby, due to Sidegua's vehicles and operations:

- ✦ We provided support by placing traffic signals in the area near the entry points.
- ✦ Rounds were implemented or services contracted to supervise that no scrap or products are found on the road. An approach was made to the scrap buyers located in front of the Sidegua plant, to keep the area clean.
- ✦ Driver Education was added to the training curriculum.

2 Delay and inconformity of suppliers and individuals by the protocols and treatment received when entering Sidegua:

- ✦ The entry procedure was disclosed to the interested parties.
- ✦ Security personnel received training on proper behavior and respectful treatment of visitors.

3 Local authorities and authorities have a distant and non-cooperative perception of the company:

- ✦ There is a relationship plan with a list of interested parties, their representatives, and updated contact information, including communities, collaborators, NGOs, governmental entities (health, education, mayor's office, environment, and others from the Municipality of Masagua).

- ✦ By 2023, we plan to continue mitigating the effects of the precarious coexistence between employees and suppliers within Sidegua.

A positive impact created by AG has been recognized by members of the communities at La Bendición, Villas de San Juan, and San Juan Mixtán, and the metallic buyers located in front of the plant, because they were proactive about the recommendations of the consulting company that conducted the study and have achieved great results based on the fulfillment of their acquired commitments.

AG has a Donation Policy that allows contributions to investment and social impact management in our communities of influence, depending on the plant where we operate. This policy responds to the commitments that have been acquired through established institutional relationships.

The policy establishes four pillars of work: health, education, environment, and infrastructure, created in order to contribute with sustainable actions for the advancement of the main needs of the communities and interest groups.

Currently, the company does not assess the effectiveness of the social management guidelines. However, by 2023, with the implementation of Distun's relationship and complaint protocols, it is intended to record indicators such as frequent complaints, number of requests attended or received, and agreements, commitments, or alliances reached to execute specific projects.

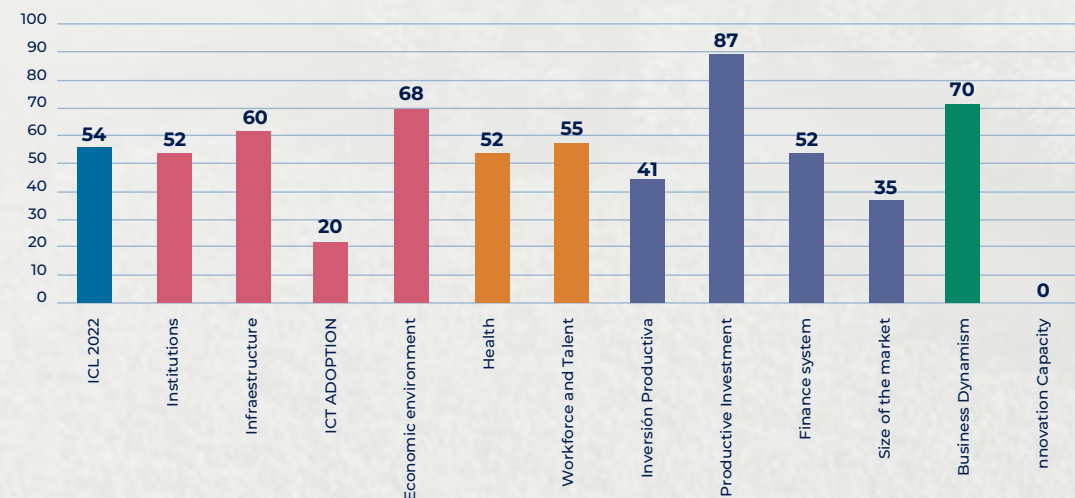
AG Corporation participated in the study "Local Competitiveness Index" (ICL, for its acronym in Spanish) for 2022, published by Fundación para el Desarrollo de Guatemala (FUNDESA, for its acronym in Spanish). The Municipality of Masagua falls within the scope of the study.

According to ICL 2022, the study is constituted as a tool to evaluate -in a comparative way- the competitiveness in the country at a subnational level. As such, the study provides information on the existing gaps to the factors that directly contribute to increasing productivity nationally. The Municipality of Masagua has a strong labor market, which means that the supply and the demand for work converge in the municipality, creating an attractive economic environment for companies that want to migrate to the southern part of the country, and fostering its economy.

The report for 2023 to 2025 will make it possible to identify the obstacles for the implementation of social projects, so that AG may contribute socially with the primary and secondary communities of influence.

Local Competitiveness

According to a study by the Local Competitiveness Index of 2022, the presence of companies and industries that moved their operations to municipalities in southern Guatemala have caused changes in the Municipality of Masagua.



The study showed the three main factors that increase competitiveness in Masagua: the labor market, business mechanisms, and economic environment. This data proves that companies' social investment projects have positively affected Masagua's productivity. Participating in this study and understanding this data allows AG Corporation to continue developing new projects and programs that invest in the surrounding communities.



Material issue: Investment and social impact

2025 goal: 100% of prioritized operations having relationship, impact mitigation, and social investment plans for the Sidegua Industrial Park.

2025 results: Sidegua, Distun, and Tubac executed social and community relationship protocols.

Contributions to Education

Regarding infrastructure and public support services, in 2022, social investments were made by:

- Contributing AG materials to improve the structure of the Uaxactún community school in Flores, Petén.
- Contributing AG materials to Villas de San Juan school in Masagua, Escuintla.

Both of these contributions fall under the Education and Infrastructure pillar. This pillar aims to improve conditions for girls and boys by ensuring they have access to a place to study. This investment is part of the Corporation's corporate strategy and reaffirms our commitment to invest in the communities influenced by Sidegua.



Local Communities

According to the Policy, AG Corporation contributed to the following projects and programs:

Projects:

1 Contributed AG materials to PACUNAM Foundation

The Mayan Cultural and Natural Heritage Foundation (PACUNAM, for its acronym in Spanish) initiated DESC Program's pilot project in the community of Uaxactún in Flores, Petén. This program aims to enhance the infrastructure and the equipment available in community schools.

- ✦ AG Corporation coordinated with the Directorate of Corporate Affairs and Sustainability to contribute materials to build windows and sideboard fasteners at the community school. This contribution positively affected over 150 children who belong to the community of more than 154 families.

2 Contributed a submersible pump to La Bendición community in Masagua, Escuintla

AG Corporation coordinated with the External Social Development Coordinator to install a submersible pump and electrical system in La Bendición's well. The aim of this project is to migrate the community's water extraction system from a manual system to an electrical system.

- ✦ This project aided over 160 inhabitants of the community comprised of more than 40 families.

3 Contributed AG materials to the Villas de San Juan school in Masagua, Escuintla

The Escuela Oficial Rural Mixta of the San Juan community requested support to construct the Computer Laboratory.

- ✦ AG Corporation and the neighboring company Luz y Fuerza de Guatemala (Lufgua) delivered construction materials. This project supported 119 pre-primary and primary school children who belong to a community of more than 100 families.

- ✦ This project is ongoing and will culminate in April 2023.

4 Delivered office equipment to the Municipal Volunteer Firefighters of the municipality of Masagua, Escuintla

AG Corporation recognizes the work volunteer firefighters do in Masagua and that prompted us to contribute office furniture for the visitor meeting areas of the station.



5 Contributed mattresses for victims of the Achiguate River overflow in Masagua, Escuintla

- ✦ The Mayor's Husband's Social Work requested support after the river's overflow in October 2022. They requested mattresses for the families that were affected the most by the resulting floods. AG Corporation, through the Coordination of External Social Development, delivered 20 mattresses.



6 Donated trees to the Municipality of San Miguel Petapa, Guatemala, and Masagua, Escuintla

- ✦ AG Corporation, through the Coordination of the Environmental Area, delivered 50 fruit trees and 190 ornamental plants to the representatives of the Municipal Management Unit of San Miguel Petapa and Masagua for municipal nurseries and recreational gardens.

Programs:

1 Sowing Seeds of Transparency Program in partnership with the General Comptroller of Accounts of Guatemala

Este es un programa de orientación pedagógica, que tiene como finalidad abordar temáticas de ética pública, principios y valores morales, que contribuyen a la formación de la ciudadanía. Practicando el valor “Actuamos con Transparencia y Honestidad”, se fortalece el compromiso de construir juntos el futuro que todos soñamos.

- ✦ This is a pedagogical orientation program, whose purpose is to address issues of public ethics, moral principles, and values to contribute to the formation of citizenship. This program follows the principle, “We act with Transparency and Honesty,” and by practicing this principle we strengthen our commitment of building the future of our dreams.

2 Better Families Program in alliance with the Municipality of Masagua and Fundazúcar

This is a pedagogical orientation program, whose purpose is to address issues of public ethics, moral principles, and values to contribute to the formation of citizenship. This program follows the principle, “We act with Transparency and Honesty,” and by practicing this principle we strengthen our commitment of building the future of our dreams.

- ✦ AG Corporation followed the principle, “Together we build a better future,” by contributing to the installation of training facilities and contributing food for the Better Families’ field technicians. This program is promoted by Fundazúcar in the communities of influence in Masagua.

- ✦ The objective of the program is to increase the quality of life of the community inhabitants by training nine technicians and one facilitator in Nutritional Food Security.



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External verification report



Informe de Verificación Independiente

Hemos realizado una verificación independiente sobre los contenidos de información, datos e indicadores del Informe de Sostenibilidad 2022 "La construcción desde una nueva mirada" de Aceros de Guatemala, como ejercicio de proporcionar una opinión sobre la calidad de la información divulgada y para generar confianza a los grupos de interés de la organización informante.

Responsabilidad de la administración del informe de sostenibilidad

Los administradores de Aceros de Guatemala son los responsables por la preparación y elaboración del informe de sostenibilidad de conformidad a los estándares que han adoptado y declarado, así como el contenido de este; del cual también es responsable de la implementación de procesos de gestión y mecanismos de control interno para obtener la información libre de incorrección material, fraude o error.

Nuestra responsabilidad como verificador independiente

Nuestra responsabilidad es emitir una opinión de seguridad limitada, por medio del informe de verificación independiente basándonos en el trabajo realizado.

Hemos realizado nuestro trabajo de verificación de nivel moderado, en función de la aplicación de los estándares universales del Global Reporting Initiative 2021, para verificar si el reporte ha sido elaborado Conforme (accordance) a los Estándares GRI, para presentar una visión global de sus impactos significativos y cómo los aborda.

Procedimiento realizado para el ejercicio de verificación independiente

Realizamos las siguientes actividades para el proceso de verificación:

- Revisión de cumplir los 9 requerimientos de informe en la modalidad de Conformidad a los Estándares GRI.
- Análisis de la materialidad y su determinación de Aceros de Guatemala con el contenido reportado.
- Los contenidos de los estándares temáticos GRI y Non GRI para cada tema material de la estrategia de sostenibilidad.
- Lectura y revisión exhaustiva del contenido del informe de sostenibilidad según la materialidad definida y en sus aspectos significativos.
- Entrevista de alcance con administradores del control y elaboración del reporte de sostenibilidad.
- Revisión de los instrumentos de recopilación y control de información.

Opinión

De conformidad al trabajo de verificación independiente y los procesos descritos en este informe, se concluye que el Informe de Sostenibilidad 2022 de Aceros de Guatemala, ha sido preparado en sus aspectos significativos y en cumplimiento con los requerimientos de Conformidad (Accordance) a los Estándares del Global Reporting Initiative.

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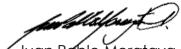
Por tanto, para este ejercicio, no se ha puesto de manifiesto aspecto alguno que nos haga creer que la información y datos del informe, no ha sido preparada según la modalidad declarada en el reporte.

Resaltamos que Aceros de Guatemala ha reportado de forma amplia y exhaustiva la gestión de los temas materiales y metas de su Estrategia Futuro Sostenible; la existencia de un marco de políticas de Conducta Empresarial Responsable que está respaldado por el sistema de gestión integrado; y la innovación en distintas dimensiones de la sostenibilidad al incorporar tendencias relacionadas a la economía circular, co - producción, desarrollo del talento humano, entre otras.

Recomendaciones

En el próximo reporte de sostenibilidad generar comparabilidad, utilizando el informe actual como línea base. Así mismo como empresa de vanguardia integrar marcos o estándares ASG complementarios, que puede apoyar en la rendición de cuentas con grupos de interés y mercados.

Adicionalmente a este informe de verificación independiente, CentraRSE ha entregado a Aceros de Guatemala, un informe con los hallazgos y oportunidades de mejora para la elaboración del próximo informe de sostenibilidad.


Juan Pablo Morataya
Gerente General y Representante Legal
CENTRARSE



Guatemala, 14 de abril de 2023



CENTRARSE es el Centro para la Acción de la Responsabilidad Social Empresarial en Guatemala. Es una asociación no lucrativa, no gubernamental promotora de la RSE y sostenibilidad, es la organización más influyente del país y una de las más importantes a nivel regional, capítulo local del Consejo Empresarial Mundial para el Desarrollo Sostenible (WBSCD) y cuenta con nombramiento oficial por el Ministerio de Economía de la República de Guatemala como experto Intergubernamental en Normas Internacionales de Contabilidad y Presentación de Informes (ISAR) de la Conferencia de las Naciones Unidas para el Comercio y Desarrollo UNCTAD. Es Certified Training Partner, Community Member e Implementation Partner del Global Reporting Initiative. Su representante legal y el equipo verificador, cuenta con la certificación GRI Professional Certification emitido por el Global Reporting Initiative. Miembro activo y presidente para el periodo 2023 de la Alianza Regional para la promoción de los reportes de sostenibilidad y de ODS en Latinoamérica (ARL).

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A NEW PERSPECTIVE ON CONSTRUCTION

SUSTAINABILITY REPORT 2022

Guatemala, April 2023

