ENVIRONMENTAL PROTECTION & SUSTAINABILITY POLICY

Version 1.1

CARBONIA INDUSTRIES SAC

Lima, Peru

1. Introduction

The purpose of this Environmental & Sustainability Policy is to establish the framework within which CARBONIA INDUSTRIES SAC conducts its operations in an environmentally responsible and sustainable manner.

This policy applies to all business units, employees, contractors, and stakeholders engaged with CARBONIA INDUSTRIES SAC in Peru. The policy is aligned with Peruvian national environmental legislation, international agreements, and the company's own vision of promoting sustainable industrial growth.

Our aim is to minimize environmental risks, enhance the positive impacts of our operations, and ensure compliance with all regulatory requirements while striving for continuous improvement.

Peru's Environmental Protection Initiatives

Peru has a strong commitment to environmental protection, reflected in its policies, actions, and partnerships. The country actively works to conserve biodiversity, mitigate climate change, and promote sustainable practices. Key areas of focus include forestry management, renewable energy, sustainable agriculture, and addressing illegal activities like deforestation and illegal mining.

Key Environmental Protection Efforts:

- **Biodiversity Conservation:** Peru, a biodiversity hotspot, prioritizes protecting its diverse ecosystems, including the Amazon rainforest.
- **Climate Change Mitigation:** Peru has made commitments under the Paris Agreement, aiming to reduce greenhouse gas emissions significantly by 2030. The government is also working towards net-zero emissions by 2050, as evidenced by its commitment to renewable energy and clean transportation.
- **Sustainable Agriculture:** Peru is promoting climate-resilient and sustainable farming practices, including agroforestry, to reduce deforestation and improve land management.
- **Forestry Management:** The government has implemented laws and strategies to protect forest ecosystems, including combating illegal logging and promoting sustainable forestry practices.
- **Renewable Energy:** Peru is investing in renewable energy sources like solar, wind, and hydropower to reduce reliance on fossil fuels and lower carbon emissions.
- **Combating Environmental Crime:** Peru is actively working to combat illegal mining, logging, and other environmental crimes, including through training and capacity building.
- **International Cooperation:** Peru collaborates with international organizations and partner countries, such as Germany and the United States, to enhance its environmental protection efforts.
- **Protected Areas:** Peru has established numerous national parks and protected areas, including the Sierra del Divisor National Park, to safeguard biodiversity and indigenous communities.

Challenges and Considerations:

Deforestation: Despite efforts to combat deforestation, it remains a significant challenge in Peru's Amazon region.

Illegal Mining: Illegal mining activities continue to cause environmental damage and social unrest, requiring ongoing efforts to control and regulate.

Climate Change Impacts: Peru faces the impact of climate change, including droughts, floods, and glacial melting, necessitating adaptation measures.

Public Awareness: Raising public awareness about environmental issues and promoting a culture of environmental responsibility is crucial for long-term sustainability.

Enforcement and Compliance: Ensuring that environmental laws and regulations are effectively enforced and complied with is vital for achieving environmental protection goal

2. Company Vision & Mission for Sustainability

Our Vision: To be a leading industrial company in Peru recognized for sustainable practices, innovation, and environmental stewardship.

Our Mission: To deliver high-quality products and services while reducing environmental impacts and contributing positively to society.

Core Values: Integrity, environmental responsibility, innovation, stakeholder engagement, and transparency.

3. Regulatory & Legal Framework

CARBONIA INDUSTRIES SAC complies with Peruvian environmental laws including those issued by MINAM, OEFA, and SENACE.

We adhere to international conventions such as the Paris Agreement on climate change, the Basel Convention on hazardous waste, and ISO 14001 standards for environmental management.

Our operations are regularly monitored to ensure compliance with these frameworks.

4. Environmental Management System (EMS)

Our Environmental Management System is based on ISO 14001 principles. It integrates environmental considerations into decision-making processes, risk assessments, and performance evaluations.

The EMS includes risk identification, mitigation strategies, emergency preparedness, and regular training for staff.
Objectives and Key Performance Indicators (KPIs) are established annually to track progress.

5. Resource Efficiency & Climate Action

CARBONIA INDUSTRIES SAC is committed to improving energy efficiency and reducing greenhouse gas emissions.

We will transition progressively to renewable energy sources where feasible and implement fuel-efficient transport practices.

A roadmap towards carbon neutrality will be developed and updated regularly.

6. Water Stewardship

Water is a vital resource for our operations and the communities around us. We commit to efficient water use and reducing our freshwater consumption.

We implement water recycling, reuse, and treatment systems to minimize wastewater discharge. Monitoring of water usage and reporting ensures accountability and improvement.

7. Waste Management & Circular Economy

Our waste management approach follows the hierarchy of reduce, reuse, recycle, recover, and dispose.
We have strict procedures for handling hazardous waste in compliance with Peruvian regulations.

Circular economy initiatives such as product take-back schemes and recycling partnerships are promoted.

8. Pollution Prevention & Control

We continuously monitor air emissions, soil quality, and noise levels associated with our activities. Pollution prevention measures include emission reduction technologies, spill containment systems, and regular equipment maintenance. Emergency response protocols are in place to address accidental releases.

9. Biodiversity & Ecosystem Protection

Our company respects Peru's rich biodiversity and seeks to minimize impacts on ecosystems where we operate.
We support reforestation projects, habitat restoration, and biodiversity conservation initiatives. Biodiversity monitoring programs are developed in collaboration with local experts and authorities.

10. Sustainable Supply Chain & Procurement

Suppliers are required to adhere to our Supplier Code of Conduct, which includes environmental and social criteria.
Preference is given to suppliers who demonstrate sustainable practices in sourcing, packaging, and logistics.
We actively engage with suppliers to promote continuous improvement in sustainability performance

11. Product Responsibility & Innovation

Products and services are designed considering their life cycle impacts on the environment. We conduct Life Cycle Assessments (LCA) to identify opportunities for improvement in product design and delivery. Innovation in sustainable technologies is encouraged and supported through R&D initiatives.

12. Employee Engagement & Training

Employees at all levels are encouraged to participate in sustainability initiatives. Regular training programs on environmental management, safety, and resource efficiency are provided. Recognition and incentive programs reward employees for outstanding contributions to sustainability.

13. Community Engagement & Social Responsibility

We engage with local communities to promote environmental awareness and sustainable development. Programs supporting education, health, and capacity-building are implemented in partnership with stakeholders.
Special emphasis is placed on respecting and collaborating with indigenous communities.

14. Stakeholder Engagement & Transparency

We maintain open communication with stakeholders, including customers, employees, regulators, and communities. Annual sustainability reports are published following GRI standards. Independent audits and external verification strengthen transparency and credibility.

15. Climate Risk & Resilience Strategy

We assess climate-related risks and integrate them into strategic planning and risk management.
Adaptation measures include infrastructure improvements, water conservation, and resilient supply chains.
Business continuity plans consider potential impacts from extreme weather events.

16. Sustainable Development Goals (SDGs) Alignment

Our initiatives support the UN Sustainable Development Goals, particularly SDG 6 (Clean Water), SDG 7 (Affordable Clean Energy), SDG 12 (Responsible Consumption), SDG 13 (Climate Action), and SDG 15 (Life on Land).
We map our actions against these goals annually and report progress in our sustainability report.

17. Monitoring, Reporting & Verification

KPIs and performance metrics are tracked and reported regularly to management and stakeholders. Internal audits are conducted semi-annually, while external audits are scheduled annually. Corrective actions are implemented based on audit findings and performance reviews.

18. Governance & Accountability

The Board of Directors oversees the implementation of this policy. A Sustainability Committee monitors progress and ensures alignment with corporate strategy. Employees are encouraged to report concerns via established compliance channels.

19. Review & Continuous Improvement

This policy is reviewed annually and updated as necessary to reflect changes in regulations, best practices, and company goals. Feedback from stakeholders is incorporated into policy updates. Continuous improvement is achieved through innovation, training, and collaboration.

20. Local Communities Support

The Company takes its responsibility to the community very seriously and intends to pursue the business activities in line with their interests by proposing a credible industrial plan that can transform and decarbonize industry.

- ✓ **Public Health and Safety**: focused on enhancing public health services, including the implementation of new health initiatives to benefit the community.
- ✓ **Environmental actions:** investment in new technological equipment and projects to decrease polluting sources and increase of green economy to allow the recovery of areas.
- ✓ **Development of local economy**: to maximize involvement and links with the local business system (including the port cluster), support for start-ups related to green energy, which would help develop local economy.
- ✓ **Boost local employment**: maximize involvement and links with the local community and businesses to create more jobs and support the start-up companies related to green initiatives.
- ✓ **Socio-economic actions**: initiatives to safeguard and enhance the local community development, training of youth and increase of competitiveness of the host area.
- ✓ **Cultural and educational actions**: support to local community, local universities, sports, food and cultural events, theaters, museums, arts towards the realization of a desired future, particularly of a culturally rich and vibrant community.

21. Sustainable Development

Key initiatives and Responsibilities

Responsibility is the foundation of our business culture. It is the core that defines how we work, what decisions we make and how we interact with clients, suppliers and contractors. We act responsibly, always striving to do the right thing for employees, for the community, for the environment.

Quite simply, sustainability makes good business sense. From continuously improving operational efficiency and the environmental performance of our facilities, to pursuing low carbon energy solutions, and strategically investing for growth, we view sustainable practices as the best way to ensure our business remains viable for the long-term.

Energy efficiency

We recognize that the quality of life for future generations will depend on how well we all manage energy consumption today. We recognize that the quality of life for future generations will depend on how well we all manage energy consumption today. So we are adopting and implementing energy efficient technologies and practices across our company to reduce energy consumption in our buildings, transportation, and communities.

Environmental performance

We consider environmental performance integral to sustainable business performance. Sometimes, making an impact is about reducing your impact. For us this means pushing the frontiers of knowledge and the boundaries of technology to deliver creative and innovative engineering solutions that enhance our productivity and efficiency while minimizing the environmental impact of our operations.

Operational excellence

There is no short cut to excellence. It takes vision, passion, and most of all, hard work. Our companywide Operational Excellence (OE) program helps us achieve and sustain excellence by raising performance standards through continuous improvement of the company's business processes, systems, and policies. Implementation of our OE framework enables organizations across the company to reach leading levels of efficiency, reliability, and safety in a cost-effective manner.

Health and safety

The foundation of a sustainable company is safe and healthy employees. Mitigating health and safety risks, both on and off the job, is our top priority. We actively promote a culture that values employee health and well-being and we enforce strict safety protocols in all of our facilities and workplaces. Supplying the world with the still, energy and chemicals products it needs is important work. But taking care of the health and safety of our people is the most important work of all.

Commercial ecosystems

We support the long-term vitality of our commercial ecosystem. We believe focused innovation programs provide unique opportunities for entrepreneurs and ventures to expand their business. These programs can help boost job creation and economic growth, and offer them opportunities to participate in our expanding energy and chemicals supply chain. For us, localized supply chains mean we can maintain the reliability and efficiency of our operations.

Human capital development

Turning great aspirations into reality requires great capabilities. We emphasize continuous development and skill building to drive performance through a wealth of courses, training centers, internships, and mentorship programs.