



**ACEROS
AREQUIPA**

**Corporate
Risks Report
2023-2024**



Contents

Based on a global and local trends study and its correlation with internal factors, we carried out a comprehensive analysis of the variables that can influence the achievement of our strategic goals. This analysis is the starting point to identify and assess our strategic and emerging risks under the annual Strategic Planning process.

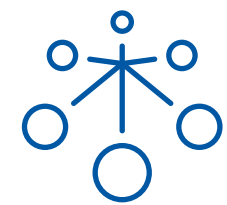


STRATEGIC ENVIRONMENT /



TRENDS

We identify and analyze the main world trends provided by the World Economic Forum (WEF) and other external sources, to select and investigate the most relevant ones for Aceros Arequipa.



CONNECTIONS

We associated the trends and connections to the business to build a Trends and Connections map to consolidate the global variables that have an influence in our context.

INTERNAL SYSTEMS



STRATEGIC MANAGEMENT CYCLE

During the strategic management cycle, we monitored the main trends and connections of our environment to identify, assess and deal with the strategic risks and opportunities.



GIRO METHODOLOGY

The Integrated Risk and Opportunity Management (GIRO for its acronym in Spanish) methodology provides a framework to manage different types of risks following common organization criteria.

11
STRATEGIC
RISKS

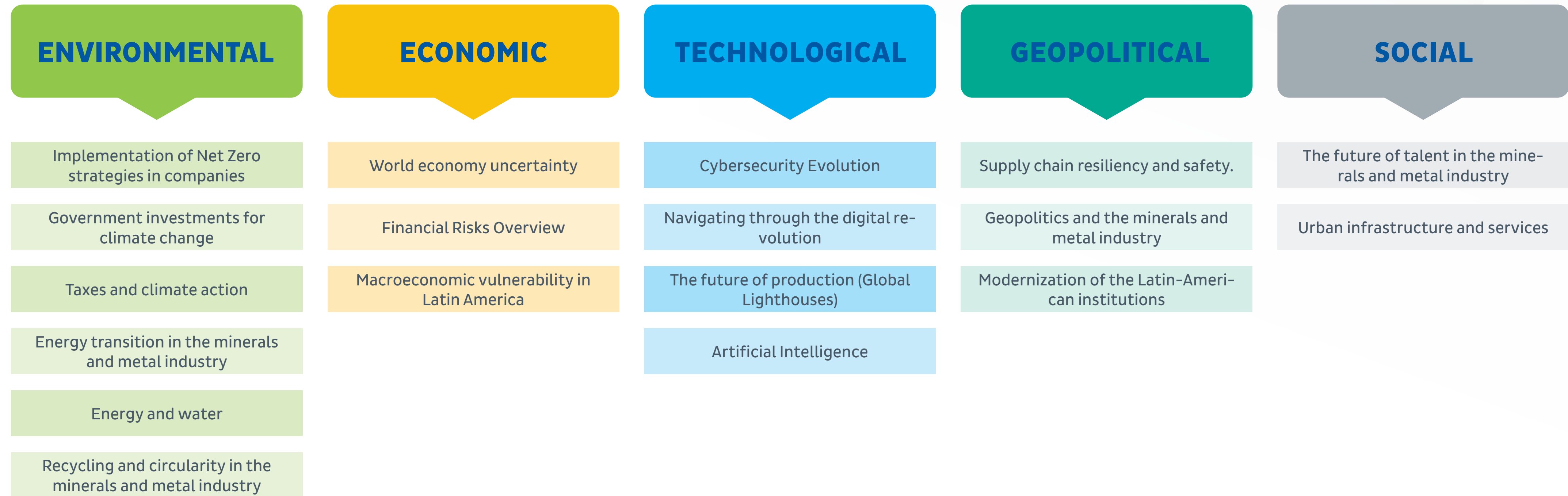
5
EMERGING
RISKS

D1

GLOBAL AND LOCAL TRENDS



We identify the global and local trends that may have significant impacts in our operations and in our capacity to meet our strategic goals. We therefore analyze the information available in the World Economic Forum Strategic Intelligence platform, the trends described in the Global Risks Report and other industry sources such as WorldSteel, OECD, IMF, among other to select the relevant trends for Corporación Aceros Arequipa described below:

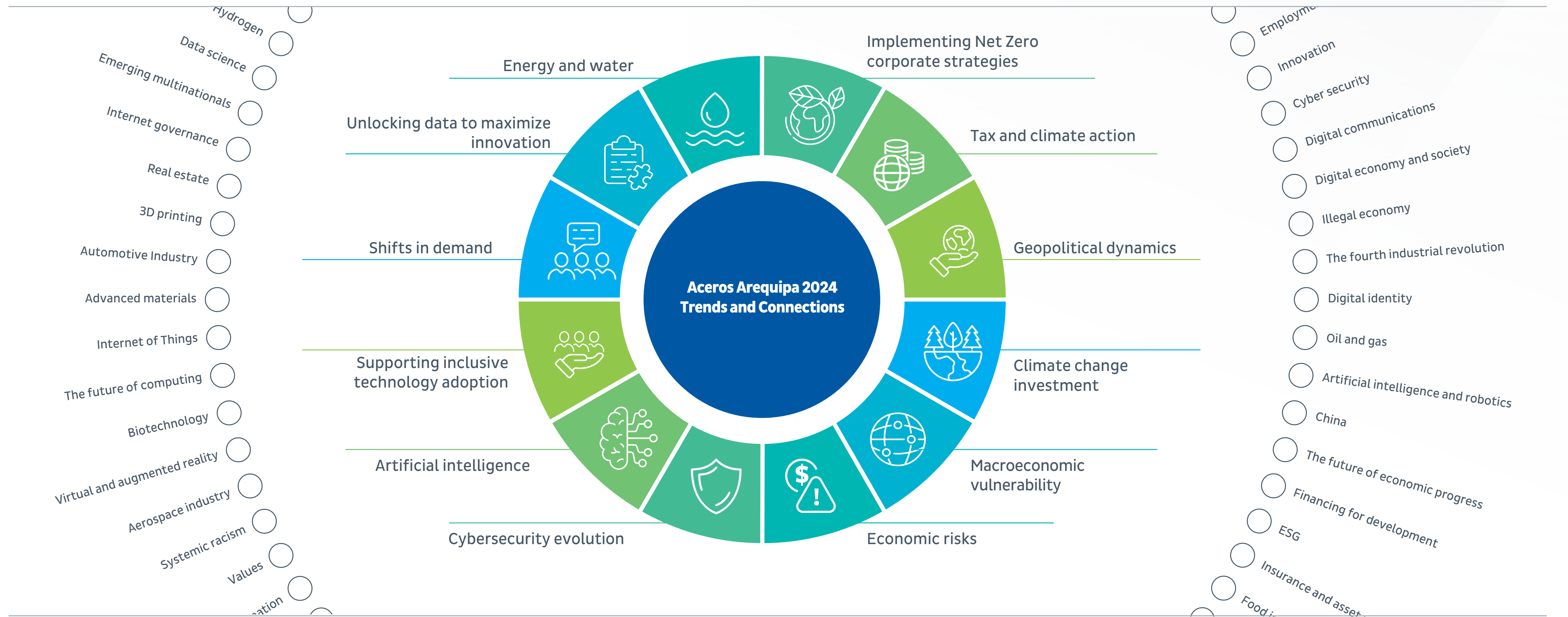


02

CONNECTIONS



The World Economic Forum business intelligence tool shows the number and complexity of connections between the different variables and world trends. We build an information baseline with the trends and connections and use a visualization tool as support to build a map of trends and connections for Aceros Arequipa, selecting the most relevant ones for the Company.



03

TRENDS AND CONNECTIONS





We summarized the Trends and connections map into 5 categories:

ENVIRONMENTAL

According to the 2024 World Economic Forum Global Risks Report, the four more critical long term global risks are related to climate change, among them, extreme climate events, changes in ecosystems and the scarcity of natural resources, generating a growing concern for the implementation of measures to counter the effects of climate change. World steel industry plays a key role in this process for it is accountable for approximately 7% of the CO₂ global emissions, according to the IEA. Therefore, **there is an increase in the expectations about the strategies that the industry companies will implement to achieve carbon neutral levels**, including energy transition to less polluting energy sources such as green hydrogen, efficiency in the use of natural resources and environmental and biodiversity care.

On the other hand, Latin America is a region that faces **great challenges regarding climate action**, for it is a vulnerable zone with respect to the effects of climate changes and is lagging on the implementation of effective policies and investments to face this situation. Although there is an option to implement government measures to discourage the generation of GHG, such as the price of carbon, taxes on use of electricity from non-renewable sources, taxes on vehicle fuel, and an increase in regulations, currently these measures are not viable because first it is necessary to have the necessary infrastructure and conditions for the companies to effectively develop energy transition and the route to decarbonization.

For Aceros Arequipa climate change is a risk, but it also represents a strategic opportunity because our productive process uses the Electric Arc Furnace (EAF) technology which generates much lower CO₂ emissions, compared to Basic Oven Furnace (BOF) technologies. All the same, we deploy several initiatives to reduce CO₂ emissions, therefore, we rank well below the industry mean, **75% less CO₂ emission intensity than the global industry average**. Although great progress has been achieved to reduce our climate impact, we have the challenge ahead of us to continue implementing measures to become carbon neutral.

ECONOMIC

In the past few years, the global scenario has been affected by a series of disruptive events such as the COVID19 pandemic, geopolitical tensions, and extreme weather events, as well as by the disruption of the supply chains, worldwide. These events have posed **severe challenges to the global economy and stability**, given the dramatic increase in inflation, and consequently, the increase in the cost of living and in the interest rates. Also, there has been a reduction in investments and a slowdown in China's economic growth, together with a real estate crisis, which has led to a general economic cooldown.

These factors have had a **considerable impact in the steel industry**. On the one hand, there has been an increase in financial, logistics, and supply costs. On the other hand, the contraction in steel demand has generated an increase in inventories in the market, leading to a fall in steel products margins.

TECHNOLOGICAL

The 4.0 industrial revolution promotes the adoption of technologies such as Artificial Intelligence, the Internet of Things (IoT), Cloud Computing and Big Data, which allow for greater efficiency in production and data management. Also, industrial process automation is improving production accuracy and speed, simultaneously reducing costs, and increasing safety in steel plants. **These innovations are deeply transforming the steel industry**, creating opportunities to increase efficiency, safety, and sustainability.

All the same, cybersecurity emerges and the fourth most critical risk for the next two years, according to the World Economic Forum Global Risks Report, the new information technologies call for **more sophisticated cybersecurity tools**. Although this risk has been acknowledged for some years now, the growing digitalization level of our processes, combined with the sophistication of the cybercriminals' tactics, and the increase of cyber-attacks globally could make us more vulnerable to these threats. This vulnerability becomes even bigger with the Company's strategy to strengthen digital transformation and to adopt new technologies, both in our information networks as in our industrial ones, through the use of 4.0 industry tools.





GEOPOLITICAL

Given the current outlook, geopolitical risks have become more relevant due to armed conflicts, inefficacy of the international cooperation measures and economic sanctions among the largest world powers, bringing about uncertainty about the future of the global supply chains. These conflicts can affect the flow of raw materials and finished goods, which highlights the importance of **diversifying the supply sources and strengthening strategic trade relations**.

On the other hand, in Latin America, institutional weakness poses a great challenge to the future of companies, underlining the need to modernize the institutions in the region to improve political and economic stability, and **promote a favorable environment for productive industries**.

SOCIAL

The steel industry faces challenges and opportunities in the global social panorama. With more than 50% of the world population living in cities, and a trend in the growth of migration towards "megacities", it generates greater demand for infrastructure and services, creating **opportunities for the steel industry**. However, the World Economic Forum warns about the possible shortfall in highly skilled workers to run the plants as technology advances and becomes integrated into productive processes.

On the other hand, political and social instability, especially in Latin America, represent important obstacles for the companies, with constant risks such as strikes, changes in labor regulations and fluctuations in the political arena.

Trends, connections, and risks

We analyzed the more relevant trends for Aceros Arequipa, and we related them to the business to identify the strategic and emerging risks.

STRATEGIC

01 Scrap supply at required cost and quality	A F N O
02 Concentration of results in specific products and segments	G I R
03 Greater competition in the markets we operate in	G I K L
04 Integrity of our workers and contractors' safety and health	K L M
05 Contingencies related to legal and regulatory compliance	A B C D E P
06 Financial sustainability to support our growth	G H I
07 Macroeconomic vulnerability, political and social instability in the countries of influence	B C G I P
08 Deterioration of relationships with stakeholders	G I P Q
09 Investments that do not meet return and goals	B G H I
10 Harm to the Company's reputation and image	J M P
11 Interruptions in business continuity due to internal and external factors	E I J K L M N O



TRENDS

A Implementation of Net Zero strategies in the companies	B Government investments for climate change
C Taxes and climate action	D Energy transition in the mineral sand metal industry
E Energy and water	F Recycling and circularity in the minerals and metal industry
G World economy uncertainty	H Financial Risks Overview
I Macroeconomic vulnerability in Latin America	
J Cybersecurity Evolution	K Navigating through the digital revolution
L The future of production (Global Lighthouses)	M Artificial Intelligence
N Supply chain resiliency and safety	O Geopolitics and the minerals and metal industry
P Modernization of the Latin-American institutions	
Q The future of talent in the minerals and metal industry	R Urban infrastructure and services

■ Environmental
 ■ Economic
 ■ Technological
 ■ Geopolitical
 ■ Social

Trends, connections, and risks

We analyzed the more relevant trends for Aceros Arequipa, and we related them to the business to identify the strategic and emerging risks.

EMERGING

RE.1. Lower market growth and surplus production capacity	G O
RE.2. Increase in competition due to acquisition of recycled steel and its cost	A F O
RE.3. Laws to mitigate climate change affecting our operations or business continuity	A B C D E O P
RE.4. Disruptive events in world supply chain triggered by geopolitical and economic tensions between countries	N O



TRENDS

A Implementation of Net Zero strategies in the companies	B Government investments for climate change
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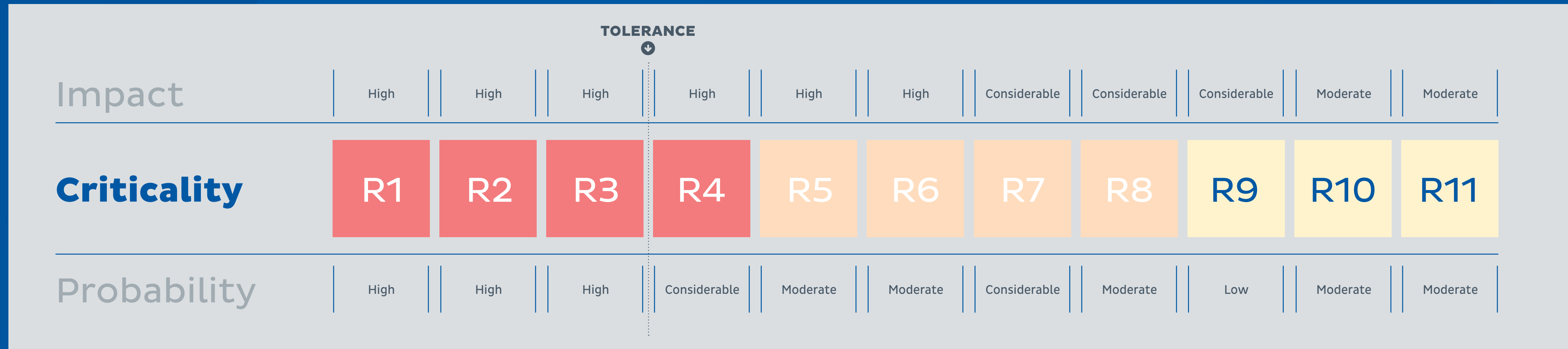
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STRATEGIC RISKS



Starting with the study of global trends and connections and following with the guidelines of our Integrated Risk and Opportunity Management, we identified and assessed the company's strategic risks that can affect the fulfillment of our vision, mission, and strategic objectives, and which have a changing nature due to their close relation with global trends and surrounding factors. These risks are managed through the Strategic Management Cycle and are reviewed at least once a year.

High Considerable Moderate Low



- R1** Scrap supply at required cost and quality
- R2** Concentration of results in specific products and segments
- R3** Greater competition in the markets we operate in
- R4** Integrity of our workers and contractors' safety and health

- R5** Contingencies related to legal and regulatory compliance
- R6** Financial sustainability to support our growth
- R7** Macroeconomic vulnerability, political and social instability in the countries of influence
- R8** Deterioration of relationships with stakeholders

- R9** Investments that do not meet return and goals
- R10** Harm to the Company's reputation and image
- R11** Interruptions in business continuity due to internal and external factors (including cybersecurity)

R1 Supply of recycled steel at the required cost and quality


DESCRIPTION

Recycled steel is the main input to produce billets in our melt shop, therefore its availability at a reasonable cost is important to maintain a competitive transformation cost. All the same, better quality of recycled steel allows for greater production yield and requires less power and other inputs such as refractories. As our production volume grows, our need for recycled steel increases proportionally.

Therefore, fluctuations in prices and availability of this input, which varies according to external variables, have an impact on our financial results.

IMPACT

- Lower availability of recycled steel.
- Increase in supply costs.
- Production yield reduction, greater use of power and inputs.



TREATMENT ACTIONS

- Increase of local recycled steel procurement at the best possible price.
- Optimization of international recycled steel supply at competitive prices.
- Development of new supply sources.



High Considerable Moderate Low





R2

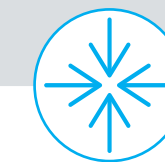
Concentration of financial results in specific products and segments

DESCRIPTION

The dependency of our sales to a specific market and of a specific family of products makes us more vulnerable to fluctuations in demand, changes in consumer preferences or in the case of unforeseen events in this market, such as modification of trade policies or economic crisis.

IMPACT

- Fall in sales and repercussion in the financial statement.



TREATMENT ACTIONS

- Services and portfolio diversification in the local and international markets.
- Strengthening of our brand and presence in the international market.
- Permanent assessment of new markets and businesses



High Considerable Moderate Low

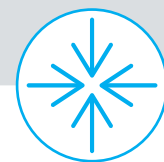
R3 Greater competition in the markets we operate in

DESCRIPTION

Repercussion in our financial statements due to changes in the main markets we compete in, due to the entrance of new players, changes in duties and tariffs and para-tariff measures, among other.

IMPACT

- Reduction in sales volumes and loss of market share.
- Failure to meet sales and financial forecasts.
- Increase of customs and logistic costs.



TREATMENT ACTIONS

- Strengthening our commercial strategies to consolidate our brand and ensure coverage.
- Expand product and services portfolio.
- Investments to strengthen our competitiveness in the markets we participate in.



High Considerable Moderate Low





R4

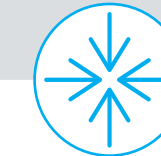
Integrity of our workers and contractors' safety and health

DESCRIPTION

Impact on the physical integrity and/or health of our workers and contractors due to accidents or unexpected events related to the safety in our operations.

IMPACT

- Temporary and/or permanent injuries of our workers and contractors.
- Fines and/or sanctions.
- Impact on the company's reputation.



TREATMENT ACTIONS

- Strengthening leadership and safety culture.
- Improvement of safety and health management processes, methodologies, and tools
- Increase of process automation and engineering controls to reduce the workers exposure to risks
- Focus on improving third parties Occupational Health and Safety management
- Sensitivity analysis of the Steel Plant critical equipment to identify limits in the variable related to physical properties that could entail generate safety risks



High Considerable Moderate Low


R5 Contingencies related to legal and regulatory compliance

DESCRIPTION

Legal contingencies due to unexpected changes in labor, tax, environmental, and other laws and regulations, that rule our operations, as well as lack of institutionality affecting the integrity environment of the businesses in Peru.


IMPACT

- Failure to comply with corporate and legal basis guidelines.
- Impact on the company’s reputation due to media exposure.
- Impact on the continuity of the operations due to sanctions by regulatory bodies.
- Costs increase due to adequation to regulatory changes



TREATMENT ACTIONS

- Ongoing monitoring of possible regulatory changes and timely adequacy.
- Control review and strengthening.
- Permanent update of licenses and permits.



High Considerable Moderate Low





R6

Financial sustainability to support our growth

DESCRIPTION

Impact on the Company's liquidity and solvency due to market fluctuation; demand reduction, interest rate increase, reduction of prices and /or margins, creating difficulties to finance our growth.

IMPACT

- Increase of financial costs.
- Failure to comply with bank covenants.



TREATMENT ACTIONS

- Monthly update of the financial forecasts, EBITDA, and investment requirements sensitivity analysis.
- Ongoing measurement of leverage indicators, indebtedness, and rates.
- Sale of assets that are not used.



High Considerable Moderate Low

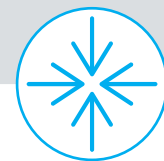
R7 Macroeconomic vulnerability, political and social instability in the countries of influence

DESCRIPTION

Lack of capacity to develop our growth plan, loss of sales and competitiveness in the market due to macroeconomic and tax vulnerability, political and social instability of the countries in the region.

IMPACT

- Sales reduction due to economic crisis of countries in the region.
- Impact on margins due to currency devaluation in the countries of influence.
- Costs increase due to restrictions to commercial operations, fees and/ or new laws and regulations.
- Suspension of large infrastructure projects.
- Increase in informality.



TREATMENT ACTIONS

- Monitoring of the surroundings and review of our forecasts and investment plans.
- Strategy to expand to new markets and businesses.
- Permanent financial assessment to measure variables that may impact on our results.



High Considerable Moderate Low





R8

Deterioration of relationships with stakeholders

DESCRIPTION

Impact on the continuity of our operations due to conflicts in the relations with the workers, the community, suppliers, unions, among others, triggered by changes in regulations or other social factors.

IMPACT

- Changes in regulations affecting cost structure, competitiveness, and business continuity.
- Stoppage of works or activities due to social conflicts or strikes.
- Increase of legal complaints against the Company.
- Increase of fines or sanctions by regulatory bodies.
- Premeditate participation of Company officers of workers in irregular events.



TREATMENT ACTIONS

- Stakeholder mapping, evaluation, and management.
- Ongoing cooperation and communication with the communities in the areas of influence.
- Labor relations management



■ High ■ Considerable ■ Moderate ■ Low

R9

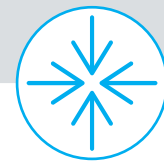
Investments that do not meet return and goals

DESCRIPTION

Deviation from the expected results and objectives in investment projects because of unexpected changes in market conditions or an increase in competition.

IMPACT

- Impact on the return on investment.
- Production capacities underused.
- Financial cost overruns.



TREATMENT ACTIONS

- Evaluation of long-term strategic plan and forecasts.
- Policies and controls to manage the investment cycle.
- Continuous monitoring of investment results



High Considerable Moderate Low





R10

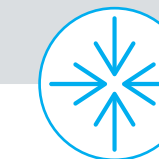
Harm to the Company's reputation and image

DESCRIPTION

Impact on the Company's image due to environmental pollution, accidents, leaking of confidential information, product quality, corruption, among others.

IMPACT

- Impact on the brand.
- Loss of commercial opportunities.
- Impact on the Company's environment and pride of the Company workers.



TREATMENT ACTIONS

- Preventive environmental controls in all our operations.
- Supplier assessment and development.
- Strengthening of the security management system.
- Information security controls, including access restrictions according to roles and encryption systems.
- Certified and accredited management systems.



■ High ■ Considerable ■ Moderate ■ Low

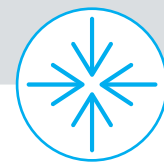
R11 Interruptions in business continuity due to internal and external factors (includes cybersecurity)

DESCRIPTION

Impact on the continuity of our operations due to incidents related to cybersecurity, fire, equipment failure, natural disasters, interruption in the supply of critical inputs, strikes and vandalism, among other.


IMPACT

- Shortage of key supplies such as electric power, gas.
- Stoppage of operations.
- Company assets affected.
- Economic losses.



TREATMENT ACTIONS

- Information security policies and procedures.
- Technologic controls and architecture for operational security of information and malware.
- Firefighting systems in all our operations.
- Preventive maintenance to our equipment.
- Diversification of suppliers and geographical source of supplies.
- Decentralized distribution network with broad geographic coverage.



High Considerable Moderate Low



SUSTAINABLE GROWTH
for a lasting impact

05

EMERGING RISKS



Main emerging risks

Emerging risks respond to multiple trends that may affect the Company's strategy in the future, but they can also create opportunities to increase the value we offer to our clients and the society. For Corporación Aceros Arequipa, emerging risks are those that meet the following aspects in line with the methodology established by S&P Global:

01

The risk is new, emerging or is growing in importance.

02

The potential impact of the risk is long term.

03

The potential impact of the risk is significant.

04

The source of risk must be an external variable.

05

The risk and its impact on the Company are specific.



RE1

Increase in steel imports and/or investments, coming from other countries due to a smaller market growth and an excess of productive capacity.

DESCRIPTION

The world economy slowdown ranks among the 10 main risks of the 2024 Global Risks Report, designed by the World Economic Forum, added to the geopolitical clashes, inflation, high interest rates, wars, real estate crisis, among other; generate high uncertainty about the future of the world economy, and the forecasts of Steel demand.

Despite the challenging economic context, and the less favorable forecasts for the growth of Steel demand, world Steel production capacities continue to grow without the support of an increase in demand, which causes that countries with large production capacities to look for new markets to trade their surplus capacity at marginal prices, affecting the results of the Company in those countries where we compete.

Another significant factor that could intensify this risk are possible regulations aimed at mitigating climate change, such as carbon taxes on imported products, the most advanced measure being the Carbon Border Adjustment Mechanism (CBAM) in the European Union. While this may present opportunities for companies with low emissions levels, such as Aceros Arequipa, it also carries risks, as it could divert high-emission steel production volumes to regions that do not apply such regulations, such as Latin America. This would increase the risk of oversupply and falling prices in the markets in which we operate.

IMPACT

- Loss of market share
- Margin reduction
- Impact on local investments
- Potential job losses

TREATMENT ACTIONS

- Continuous monitoring of market variables.
- Strengthening union actions
- Reinforce our competitive position.
- Continuous update of the strategic plan and long-term projections.



RE2

World trend in the steel industry towards the use of less polluting production technologies such as electric arc furnaces would increase competition to acquire recycled steel and its costs.

DESCRIPTION

According to the Global Forum on Steel Excess Capacity (GFSEC) it is estimated that due to climate change, the trend will be a greater migration towards electric arc furnaces (EAF), which use recycled steel as main raw material, and by 2050 this technology could account for 76% of the production. Also, according to the 2024 OECD report on steelmaking capacity, it is estimated that during the period 2024 – 2026, the steel production capacity using EAF technology will expand in 62.5 MM Tn, accounting for 53% of the total new steel production capacity in the world during this period.

This situation could lead to increased competition for recycled steel worldwide, and laws regulating the trade of recycled products in various parts of the world could be implemented to ensure the local supply of recycled steel. Also, it could bring about an increase in the cost of recycled steel as its use spreads.

Given that our production process uses Electric Arc Furnace (EAF) technology, and our main raw material is recycled steel, if this risk becomes materialized, it will have a strong impact in our costs and in the continuity of our supply.



IMPACT

- Greater global demand increases competition and reduces recycled steel availability.
- Recycled steel cost increase.
- Impact on the continuity of our recycled steel supply.

TREATMENT ACTIONS

- Continuous monitoring of our environment.
- Keep in touch with local recycled steel suppliers to ensure domestic supply at the best possible cost.
- Develop new raw material supply sources.

RE3

Sudden changes in policies, laws, technologies, and the market to mitigate climate change that may affect our operations or business continuity.

DESCRIPTION

The risk of extreme weather events ranked as the second most critical one worldwide and in Peru, according to the 2024 World Economic Forum Global Risks Report. Also, in the long run, it is considered the main world risk together with the ecosystem collapse, loss of biodiversity and scarcity of natural resources.

The growing concern about climate-related risks on top of the fact that Peru has established 2023 as the deadline to implement the Nationally Determined Contributions (NDCs) without making any significant progress to date, increases the risk that the Government may implement abrupt measures to reach such goals and discourage the generation of GHG, such as carbon pricing, taxes on the use of electric power from non-renewable sources, taxes on vehicle fuel and increase of regulations. This situation would impact on the Company as regards a sudden increase in production costs, loss of competitiveness, and market share, among others.

IMPACT

- Increase in production costs due to the implementation of carbon pricing.
- Loss of market share as a result of failing to meet the expectation of customers of low carbon products.
- Increase of production costs due to policies that discourage consumption of materials or supplies that release GHG.
- Reputational impacts for failing to comply with voluntary commitments.

TREATMENT ACTIONS

- Optimization of natural gas consumption for lime production through technology renewal.
- Cleaning recycled steel before the fusion process to achieve efficiency in electric power consumption and emissions reduction by using less scorifying agents.
- Implementation of an energy efficiency system management based on ISO 50001 standard.
- Procure electric energy supply from a certified renewable source.
- Consumption optimization of materials that release GHG in liquid steel production (pig iron, ferroalloys, and electrodes).
- Initiatives that allow us to be more circular in our raw materials and generation of industrial by products towards the certification "zero residues".
- Biodiversity care program in the area of influence of our operations.
- Evaluation to reduce category 3 GHG from multimodal transportation (sea, land) logistic activities through third parties.
- Implementation of operational improvement projects generating less CO₂ emissions.
- Optimization of the hot load in the steel rolling process to generate efficiencies and reduce CO₂ emissions.

RE4

Interruption in the supply of critical inputs and/or impact in our financial results due to disruptive events in the world supply chains resulting from geopolitical and economic tensions between countries.

DESCRIPTION

Geopolitical risks and economic clashes between the main world powers, armed conflicts, inefficient international cooperation measures continue to be the most important risks that generate uncertainty about the future of global supply chains. Over the past years we have observed a trend of the main economic powers of the world towards the consolidation of their scope of influence, deploying monetary measures, investment controls, sanctions and energy, mineral and technology trade control.

Aceros Arequipa would be affected due to its strong dependency on imported raw materials, inputs, and supplies for our operations. Therefore, the interruption of any of our supply chains would increase our logistic costs and /or the continuity of our operations resulting from the lack of critical inputs.



IMPACT

- Impact on the business continuity due to lack of key inputs for the operations.
- Increase in the cost of supply of materials and critical inputs such as ferrous recycled steel, spare parts, among other.
- Impact on our growth in sales due to regulation restriction to sell our products in countries of interest.

TREATMENT ACTIONS

- Continuous monitoring of our environment.
- Keeping close to local recycled steel suppliers to ensure domestic supply at the best possible cost.
- Develop new raw material, inputs, and supply sources.
- Diversification of suppliers and geographic supply sources.

ANNEX

Risk appetite – assessment criteria

Impact	Low	Moderate	Considerable	High
Economic (Operational profit > 50 MM) Applicable if average operational profit over the past 3 years is greater than 50 million soles	Lower than 0.25% of the average operational profit over the past 3 years.	Between 0.25% and 0.5% of the average operational profit over the past 3 years.	Between 0.5% and 1% of the average operational profit over the past 3 years.	Greater than 1% of the average Operational profit over the last 3 years.
Economic (Operational profit < 50 MM) Applicable if average operational profit over the past 3 years is lower than 50 million soles	Less than 250 mil soles.	Between 250 thousand and 500 thousand soles.	Between 500 thousand and 1 million soles.	Greater than 1 million soles.
Impact on the operations and information systems (qualitative)	Interruption of operations under 1 hour. The integrity and/or timeliness of the information is not affected.	Interruption of operations between 1 and 8 hours. The integrity and/or timeliness of the information is affected.	Interruption of operations between 8 and 24 hours. Loss of CAASA or third parties' non-critical information that cannot be recovered.	Interruption of operations greater than 24 hours. Loss of CAASA or third parties' non-critical information that cannot be recovered.
Impact on the reputation and image (qualitative)	Minimal public awareness and little or no company responsibility.	Moderate public awareness. Responsibility may exist	Broad media repercussion. Perception of corporate responsibility.	Massive public knowledge, and wide frequency or permanence in the media. Receives political interest. Perception of corporate responsibility.

Impact	Low	Moderate	Considerable	High
Regulatory and legal Impact (qualitative)	Could result in non-compliance with internal or legal, sector, labor, or tax regulations.	Causes non-compliance with legal, sector, labor, or tax regulations, but does not generate payment of fines.	Non-compliance with legal, sector, labor, or tax regulations, determines payment of fines. Ethical misconduct that does not comply with internal regulations, does not constitute a crime.	Severe non-compliance with legal, sector, labor or tax regulations determines payment of fines, could generate criminal sanctions for the company or representative, and/or the regulator's intervention. Systematic ethical misconduct that does not comply with internal regulations, and/or constitute a crime.
Environmental Impact (Nature of the event/impact)	The scope of the impact is at the activity level. Damage to the company's facilities and infrastructure on pavement.	The scope of the impact implies the entire process. Impact on one environmental factor (Air, Soil, Water, Flora, and Fauna).	The scope of the impact implies other processes. Impact on two or more environmental factors (Air, Soil, Water, Flora, and Fauna).	The scope of the impact exceeds the company's boundaries. Impact on sensitive natural environment or population (natural reserves).
Occupational Health and Safety (Nature of the incident and damage)	Very minor injuries, may cause discomfort or discomfort.	Minor injuries, without disabilities, may require first aid.	Temporary disability. Reversible health damage.	Total or partial permanent disability Irreversible / mortal injury.





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