

2021 ANNUAL REPORT



ANNUAL REPORT 2021



Together we create development

*Approved by the Virtual Mandatory Annual General of Shareholders Meeting
held on March 30, 2022*

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Declaration of Responsibility

The following document contains truthful and complete information regarding the business development of Ferreycorp S.A.A. during the year 2021.

Without prejudicing the responsibility of the issuer, the signatories take responsibility for its contents in accordance with the applicable legal provisions.



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General Management



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Lima, March 30, 2022

1. Letter from the Chairman

In 2021, Bicentennial year of the Independence of Peru, Ferreycorp remained as a key element in the development of the country, together with its subsidiaries, with important contributions in the other countries where it operates and positive impacts on its stakeholders. The corporation demonstrates every day its purpose: "Together we create development", and it does so with its customers, suppliers, employees, represented brands and shareholders, though not only the products and services marketed, but also with a set of initiatives in different areas of society.

Economic Situation

Even in the midst of the health emergency and the successive waves of contagions generated by the COVID-19 pandemic, the Peruvian economy had a significant recovery by showing a growth of 13.3% in 2021, after the GDP experienced a drop of 11% in 2020. However, the recovery has not been equal across all sectors: construction grew 35.1% (16.4% versus 2019), followed by services (10.5%), trade (18%) and mining (9.9%), all below pre-pandemic levels (-0.4%, -0.9% and -5.6%, respectively, versus 2019). The hydrocarbons sector showed a retraction (-4.6%), but much less than that experienced the previous year (-15%).

The improvement of the economy was driven especially by the increase in domestic demand, private investment and goods exports, the latter with a historical record of growth in nominal terms, due to the recovery of local production and higher international prices. In particular, copper exports -the main Peruvian good for export activity- grew 58.7%.

Likewise, after a 16.5% drop during 2020, private investment grew 35.9% in 2021 -that is, a 13% growth compared to 2019-, mainly encouraged by the dynamism of infrastructure investment, the substantial increase in self-construction and the partial recovery of mining investment. As for public investment, growth was 24.5% due to its positive performance compared to a 2020 greatly affected by the pandemic, and additionally promoted by the execution of projects within the framework of the government to government (G2G) agreements signed in previous administrations.

This greater dynamism of public investment was an important boost for the corporation's business, despite its slowdown in the second half of the year. In that period, the GDP growth rate dropped to 7.2%, compared to 20.9% in the first half of the year, which was not sustainable because of the low comparison base in 2020. The electoral process and the subsequent establishment of a new Government, which also gave since the campaign messages of possible changes in the economic model and eventually a change in the Constitution, generated a scenario of great uncertainty, impacting the business climate and the country's perspectives.

In Chile, Guatemala and El Salvador, GDP growth in 2021 was lower than in Peru, with rates of 12%, 5.5% and 9%, respectively. The recovery of the economy in Chile was supported by high vaccination levels, the strong fiscal impulse through bond issuance and high mineral prices, counteracting the unfavorable political events that occurred in that country. In the case of El Salvador, despite the political crisis, the economic recovery in 2021 allowed it to slightly exceed pre-pandemic levels (0.4%), even though its fiscal vulnerability increased during the year due to its high debt levels. Guatemala's above mentioned growth added to the relative stability of the previous year, as it was one of the countries with the smallest decline during 2020 (-1.5%).

Corporate operations

In this macroeconomic context, the corporation's operations remained without interruptions, marking a clear return to normal pre-pandemic levels, and with a reduced number of employees requiring hospitalization or long periods of care after being affected by COVID-19. Consequently, Ferreycorp not only obtained substantially better results in terms of sales and profitability than those of the previous year, but also achieved other management goals and indicators, as will be reported in this Annual Report. Once again, the strength of its business model and the variety of sectors it serves stand out as the foundation of its performance. The diversification of the portfolio of brands represented by its subsidiaries through the supply of new and used capital goods, equipment rental, and the provision of spare parts and services as part of its value proposition, as well as its consistent leadership in the market, served by its main product lines, were key elements in achieving these results, together with initiatives aimed at seeking efficiencies and better use of its assets.

In 2021, sales of Ferreycorp and its subsidiaries will reach S/ 6,112 million, 30% higher than in 2020 (S/ 4,696 million) and 8% higher than in 2019, before the pandemic (S/ 5,662 million). With the fundamental drive of the main company Ferreyros, the importance of open-pit mining in consolidated sales in 2021 stands out, with 43% of the total; construction, with 18%; the industry, commerce and services sectors, with 13%; and underground mining, with 12%.

The subsidiaries of Caterpillar and allied brands in Peru - Ferreyros, Unimaq and Orvisa - showed an outstanding performance in 2021, contributing 77% of the corporation's sales. Its revenue levels in sales, in the order of S/ 4,695 million, were 31% higher compared to 2020 and 4% higher compared to 2019.

During 2021, Ferreyros' sales were S/ 4 billion, with a relevant expansion compared to 2020 volumes and reaching levels similar to those of 2019. Meanwhile, Unimaq and Orvisa's revenues showed growth compared to 2020 and the year prior to the pandemic. It is important to highlight the leadership in Peru of the main represented company Caterpillar, with a market share of 50%.

In open-pit mining, the successful start-up during the year of a relevant part of the first fleet of autonomous trucks in the national mining industry, in charge of Ferreyros, which will reach a total of 27 units in 2022, was highlighted. Our flagship company and our represented Caterpillar are honored to be part of this historic event, which is being developed in an important project in the south of the country. Also, the mines were interested in the recently introduced 400-ton electric drive trucks: The Cat 798 AC, in addition to the Cat 797F mechanical drive units, which have a consolidated presence in Peru. Meanwhile, in underground mining - which was characterized by a significant demand for new machinery, after a year 2020 of postponed investments - the advances in terms of autonomy are also noteworthy, since Ferreyros has been consolidating the start-up of the first underground mining Load Haul Dump (LHD) loader with autonomous operation in the haul and return cycles.

In turn, in the construction sector, the positive impact of public infrastructure works was appreciated, through the completion of major reconstruction works in the north of the country; the construction works of various magnitudes at national level, for example the continuation of the expansion of Jorge Chavez airport and Line 2 of the Lima Metro (Linea 2 del Metro de Lima) and the construction of Chinchero airport; as well as self-construction, among other factors that encouraged demand in 2021. This led to the arrival of more than 1,500 units for heavy construction, of different brands, higher than

in 2020 and 2019, with an outstanding participation of Caterpillar and increased sales of Ferreyros to the sector.

The dynamism of the aforementioned infrastructure development also had a positive impact on the performance of Unimaq, dedicated to the supply of Caterpillar light equipment. It is worth pointing out the integration of Cresko, a specialist in machinery of Asian origin, as part of the Unimaq organization during 2021, with a good reception from the market. For Orvisa, not only the construction sector, but also the government and forestry sectors were the most relevant.

The group of subsidiaries representing Caterpillar and other businesses in Central America had sales of S/ 572 million, 31% higher compared to both 2020 and 2019. This group of companies contributed 9% of Ferreycorp's consolidated sales. In the group, Gentrac, in Guatemala, stood out, in line with the demand of markets such as construction, non-metallic mining and agriculture, and General Equipment- Cogesa, in El Salvador, serving the development of medium-scale infrastructure works, agricultural activity and the automotive and commerce sectors. Both companies retained their leadership in the supply of machinery in their respective territories.

Sales of complementary businesses in Peru and other South American countries, excluding those of Motored, reached S/ 844 million and increased by 25% and 19%, respectively, compared to 2020 and 2019.

It should be mentioned that during 2021 the decision was made to deactivate three lines of vehicles that were managed in the Motored subsidiary in Peru, focused on the provision of heavy-duty vehicles and services, due to a restructuring of Ferreycorp's business portfolio. The corporation expresses its gratitude to the customers who have placed their trust in Motored over the years to make their investments, as well as to the brands represented, Kenworth, DAF and Iveco. The transfer of these representations to other local distributors took place in the most orderly manner to guarantee service and support to existing fleets, in addition to the supply of new units. Consequently, Motored's numbers are not included in the explanations of sales, margins and turnover, as they have been presented as the result of a discontinued operation.

Soltrak's sales in Peru were the highest reported in the company's history, consolidating its growth trajectory. It emphasized the dynamism of the industrial safety line, which has consolidated its leadership in the country and successfully introduced new products. Given its performance, Soltrak has become the second largest 3M industrial distributor in Latin America. It is also worth mentioning the performance of the lubricants division, with a high valuation of the Chevron portfolio and a relevant contribution to Soltrak's total sales. Additionally, the implementation of an online store to be launched in 2022 was highlighted

For its part, Trex continued to provide its complete lifting solutions in Chile, Peru, Ecuador and Colombia, facing a conservative attitude in making investments due to the political situation, not only in Peru but also in Chile, a relevant market for Trex, still below pre-pandemic levels. However, the company maintained an outstanding position in the market through its portfolio of Tadano, Terex, Demag, Genie, Konecranes, Donati and PM brands, together with alternatives such as rental and after-sales support.

The logistics companies that make up the corporation, Fargoline and Forbis Logistics, showed incremental sales compared to the financial years 2020 and 2019, despite the logistical challenges that will arise globally. Both companies - which worked uninterruptedly throughout the pandemic context - stand out in the market for aspects

such as agility, customization and the high quality of their services; during the year they continued to strengthen their capabilities to serve their customers.

At the same time, Sitech showed in 2021 a relevant growth compared to the previous two years, being able to install new solutions to mining customers.

Financial results

Together with a strategy focused on market coverage and the recovery of operating volume and growth, the corporation concentrated its efforts on controlling expenses and leveraging its operating leverage, improving the debt structure of the different companies, and reducing financial expenses. Gross profit grew 38% with respect to the previous year, mainly due to higher sales and the composition of those sales between machinery and spare parts and services. At the same time, the corporation continued to maintain its expenses at appropriate levels, representing 14.4% of sales compared to 16.5% in 2020. The operating margin was 12.7% in 2021, exceeding that obtained in 2020 (9.1%).

Regarding financial expenditure, the reduction in interest rates, both in soles and US dollars, and their return to pre-pandemic levels, as the period of health emergency and isolation stabilized, became a trend during 2021 and allowed net financial expenditure to be reduced by 31% with respect to 2020.

In this way, the higher margins and the reduction of financial expenses resulted in a financial year-end 2021 reported net income of S/ 376 million, 161% higher than that obtained in 2020 (S/ 143.9 million) and 53% higher than the net income in 2019 (S/ 246.4 million). This result was achieved despite the effect of the exchange loss, which was partially offset by its recovery through the gross margin, resulting in a net effect of S/ 48 million in 2021. It is worth mentioning that this effect is accounting, given the difference between the recording of the inventory in soles at the time of its acquisition and its sale, which is made in dollars, and therefore it is expected to continue to be recovered in the following months.

As for the debt level, it reached US\$ 502 million in 2021, lower (US\$ 511 million) than at the end of 2020 and below the average of recent years. On the one hand, higher sales, better margins, good collection levels, and expense control allowed us to generate positive operating cash flows, which limited debt growth, despite higher inventory purchases to sustain the increase in sales.

On the other hand, Ferreycorp saw the need to reschedule its debt in 2021, managing to establish 63% of it with long-term maturities (non-current debt) and match its obligations with the life of the assets it supports, under a conservative approach due to the country's situation. However, the average rate of the corporation's debt, at 2.77%, was lower than that recorded in 2020 (3.53%).

It should be noted that the corporation maintained its investment policy to maintain its infrastructure and technology capabilities, having made investments in fixed and intangible assets of S/ 149 million, corresponding to local, machinery and rental equipment, construction works, and an additional investment for the stabilization stage after the live release of ERP SAP S/4 HANA. In this regard, in January 2021, the live release of said ERP for Ferreyros and Ferreycorp was carried out, adding to the system already implemented in other subsidiaries in 2019. With this, since the project began in 2016, the corporation has invested S/ 254 million, which have already begun to be amortized as of 2021.

Shareholders

Ferreycorp's relationship with shareholders and investors remained active and fluid, thanks to the virtual channels that were developed since the previous year and consolidated in 2021. On March 31, 2021, the Mandatory Annual General Shareholders Meeting was held virtually, through the Cisco Webex platform, with a *quorum* of 79.51%. On this occasion, the Board approved the distribution of cash dividends corresponding to the year 2020, for S/ 86.4 million. Additionally, the Board approved the advance payment of dividends for a total of S/ 100 million, on account of the profits for the year 2021. This amount was equivalent to a cash dividend of S/ 0.1057 per share, which was paid to shareholders on October 29, 2021.

In November 2021, the General Shareholders' Meeting approved the redemption of 16,788,791 treasury shares and the consequent reduction of capital stock. The par value of the shares is S/ 1.00, so the capital stock decreased to S/ 958,894,238.00. This decision is part of the program to repurchase own shares for up to 50 million shares (5% of the capital), which has allowed the corporation to give the market a message of confidence. As of December 31, 2021, Ferreycorp holds in its portfolio 12,830,950 own-issued shares for a value of S/ 25,247,886 at an average price of S/ 1.97, equivalent to 1.34% of the capital stock.

Within the framework of the positive results obtained during the year and despite the economic and political uncertainty, Ferreycorp's shares had a positive performance in 2021, trading at S/ 2.05 at year-end after opening at S/ 1.72 and reaching its lowest point of the year in June, when it traded at S/ 1.37. With this favorable share performance and the cash dividends paid, the profitability for the shareholder (*total shareholder return*) was 31% in 2021.

Sustainability

During 2021, the corporation deployed a set of actions within the framework of its sustainability strategy for the management of its social, economic and environmental impacts, as well as its good corporate governance practices. In the social area, Ferreyros continued its contribution to the country through the Works for Taxes modality, by executing a water and sanitation project in Cusco and elaborating the technical file to make possible the improvement of the infrastructure of an educational center in the Ucayali region. To date, the corporation, through its company Ferreyros, has committed an investment of S/ 105 million in eleven Works for Taxes projects in the regions of Pasco, Junin, Ucayali, La Libertad and Cusco, benefiting more than 34,000 Peruvians.

On the other hand, in 2021, close to 7,600 students from universities and institutes nationwide benefited from more than 90 free educational events organized by the Ferreycorp Association. Its workshops and interviews with experts, carried out virtually given the context of the pandemic, brought together young people from more than 130 educational institutions. Thus, more than 40,000 students from universities and technical institutes, of final cycles, have already participated in the free educational programs of the Ferreycorp Association, which is about to celebrate its 25th anniversary. At the same time, in order to contribute to the training of heavy machinery operators in Peru, the Operators Club of Ferreycorp and its companies Ferreyros, Unimaq and Orvisa offered more than 40 free courses through virtual media, with a wide reach.

In environmental matters, it is worth mentioning the intense work of rebuilding machinery, a main activity of the corporation's companies, which contributes to the circular economy by giving several lives to the equipment and preventing the consumption of more materials. Thus, in 2021, Ferreyros overhaul three Caterpillar giant shovels, the largest

in its portfolio in Peru, and repaired dozens of machines and thousands of components. At the same time, the good practice of measuring, verifying, reducing and neutralizing carbon emissions from the main locations continued. Eleven headquarters of Ferreycorp and its subsidiaries in Peru managed to neutralize their 2020 emissions, in scopes 1 and 2, for a total of 2,502 tons of carbon. Likewise, the results of the management of 2020 and 2019 were appreciated: nine main headquarters, jointly, reduced 1,034 tons of carbon, equivalent to more than 35% of the emissions of 2018, in their scopes 1 and 2.

At the same time, the corporation and its companies are focused on acquiring renewable electricity for their operations. In 2021 and 2020, more than 55% of the electricity consumed by the corporation in Peru will come from hydroelectric sources, thanks to the implementation of this type of energy in key locations. It is expected that in 2022 this proportion will rise to 75%, due to the implementation of this type of energy in new locations.

Furthermore, at the end of 2021, the Compliance System for the prevention of corruption crimes was implemented in five companies of the corporation: the parent company Ferreycorp, Ferreyros, Unimaq, Soltrak and Fargoline. This process will continue with the implementation of five other subsidiaries by the end of 2022 and those located abroad by the end of 2023. In particular, Ferreyros obtained in 2021 the recertification of the "Anti-Bribery Certified Company" distinction, and the parent company Ferreycorp and three of its subsidiaries, Unimaq, Soltrak and Fargoline, also obtained this distinction in the year, which recognizes the existence and proper functioning of an anti-corruption regulatory system, and the commitment to the culture of integrity in the corporation and its subsidiaries.

Ferreycorp's commitment to maintaining a transparent, reliable and sustainable company, and its conviction that these good practices have an impact on value generation, have underpinned the company's incorporation in 2021 in the new ESG General Index, launched by S&P Dow Jones Indices and the Lima Stock Exchange, which seeks to provide an environmental, social and governance (ESG) benchmark that maintains the "best in class" approach for the Peruvian stock market. At the same time, in line with strategies focused on sustainable development, the corporation was included for the fifth consecutive year in the Dow Jones Sustainability Index for the MILA-Pacific Alliance region, reaffirming its position as the only Peruvian company present in all editions since its release in 2017.

Likewise, Ferreycorp and its subsidiaries Ferreyros, Unimaq, Orvisa, Soltrak and Fargoline once again received the Socially Responsible Company Distinction (DESR), awarded by Perú Sostenible, after an exhaustive evaluation that recognizes the organization's good performance in sustainability. Also in the area of human resources, the corporation maintained its strategy focused on developing its talent and ensuring a good place to work that attracts diverse teams. It is worth noting that Ferreycorp has a talent management model that is aligned with the business strategy. The model encompasses the attraction, development and retention of its human team, and includes a specialized program to link leaders throughout the organization with the digital and transformational competencies and skills defined by the corporation.

During the year 2021, much attention has been paid to the implementation of the performance management program, which was applied transversally to all the companies of the corporation and allowed us to measure the achievement of objectives and the development of the competencies of each of the employees, among other lines of action. The permanent improvement of the work environment is promoted through a Employees Value Proposition, to provide well-being, development and opportunities to employees, based on the fundamental pillars of diversity, inclusion, gender, ethnic

groups and generations, through the Peers (“Pares”) Program. The results of the Work Climate Survey in 2021 stand out. 82% of the more than 6,500 employees of the corporation considered that there is a good working environment, and 88% said they felt committed to the organization.

In 2021, we continued to promote the generation of synergies and efficiencies in all subsidiaries through meetings and channels to share better experiences, as well as the role played by the Shared Services Center. In conclusion, the strategy and actions in human resources were recognized with the certification of the Good Employers Association to eight companies of the corporation and with the placement of Ferreyros, for the eighth consecutive year, among the ten best companies to attract and retain talent in Peru, according to the renowned ranking Merco Talento 2021, occupying the eighth position in the overall ranking and first in the industrial sector. The ranking Merco Empresas placed Ferreyros among the ten firms with the best reputation in Peru, a position it has held for a decade.

The corporation Ferreycorp was recognized for the eighth time as one of the ten Most Admired Companies in Peru (EMA), a distinction awarded by PwC and the magazine G de Gestión. The recognition considers dimensions such as corporate governance, business reputation, strategic management, commercial and innovation management, talent management, financial management, gender equity, environmental management and social impact.

Future

The writing of this Annual Report marks the beginning of the year in which Ferreycorp celebrates its centennial, with a feeling of satisfaction with what has been achieved in these first one hundred years of institutional existence and, at the same time, with a great commitment to continue creating development, as has been embodied in its purpose, together with all our stakeholders. Throughout 2022, we will be sharing the corporation's trajectory, milestones and plans for the future.

Its vision of the future and transcendence has allowed Ferreycorp to update in 2021 its strategy for the coming years. Promoting profitable growth, not only through the creation of new solutions and businesses to expand its customer service, but also through the search for synergies and efficiencies, continues to be a relevant goal to ensure the corporation's value over time, together with a permanent commitment to develop talent and generate positive impacts among its stakeholders.

Today, as on other occasions in its history, Ferreycorp finds a context of great complexity in the country, which demands its utmost attention. Although the present is marked by a situation of great uncertainty resulting from political instability in Peru, Ferreycorp maintains the expectation that the solid fundamentals in terms of economic policy will be preserved, and that investments will materialize in the not too distant future, in order to take advantage of the excellent opportunities in the international market for export goods, as well as to address the urgent need to close the gaps in the country to enable equal access to development opportunities. Ferreycorp will continue to join efforts to contribute to this task, together with a broad group of businessmen of integrity and committed to the challenge of building a better country for all its citizens.

In this centennial year, on behalf of the Board, I must express our appreciation to the generations of employees and leaders whose dedication and adaptation have allowed us to face multiple challenges throughout our history, always finding the way to move forward and work as a team for the development of the country; to our shareholders, for the trust placed in our organization, reaffirming our willingness to maintain a fluid and

transparent relationship; to our customers, for their loyalty and continued preference, which have made possible the development of the company and the societies in which we operate; to Caterpillar and the other prestigious brands we represent, for their constant innovation and design of high quality products to promote productivity and efficiency for our customers, and for their invaluable support and trust in the corporation; to our financial partners, whose support has contributed to consolidating our leadership; and to society, to all the citizens who have allowed us to prosper in the countries where we operate over the course of one hundred years and to realize our vocation to create development.

I am pleased to present to the shareholders the management report for 2021, elaborated by the Management and approved by the Board on February 23, 2022, as well as the financial statements, in accordance with Conasev Resolution No. 141.98 EF/94.10, which establishes the presentation of the annual reports of companies, including the statement of responsibility required by this regulation.

Lima, March 30, 2022

2. We are Ferreycorp

2.1 Presentation



On the verge of celebrating a century of existence, after its foundation in Peru in 1922, Ferreycorp is a corporation specialized in the provision of capital goods and related services, which operates in Peru -where it generates close to 90% of its revenues-, in some Central and South American countries, through subsidiary companies focused on their respective businesses and with a high degree of specialization.

For almost 80 years, it has maintained a solid relationship with Caterpillar, a world leader in machinery, and is a distributor of other prestigious brands. It stands out for the quality of the machinery it offers and especially for the services related to capital goods, including maintenance, repairs, condition monitoring, consulting in the use of equipment, training and financing, among others. In this way, Ferreycorp's companies integrate a complete portfolio of solutions for their customers and enhance their market coverage.

It has a team of more than 6,000 employees and pays great attention to being a means of development for them and their families, standing out in human management practices and talent development, evidenced in excellent organizational climates.

Ferreycorp has been in the stock market for nearly 60 years, having listed its shares on the Lima Stock Exchange (BVL) in 1962. Today, this widely held company has local institutional investors (such as pension funds, mutual funds and insurance companies) and foreign investors, as well as a large number of individuals who allocate their savings to the capital market, seeing the corporation as an attractive investment alternative. Its track record is recognized in the capital market and it is a benchmark for its good corporate governance practices and responsible management, in the interest of sustainability.

It is widely recognized as one of the leading companies in the Peruvian market, for its value-based management, deployment of good business practices and financial management, which is why it is present in a number of business groups and initiatives, promoting the development of the country through such participation.

2.1.1 Mission and vision

MISSION

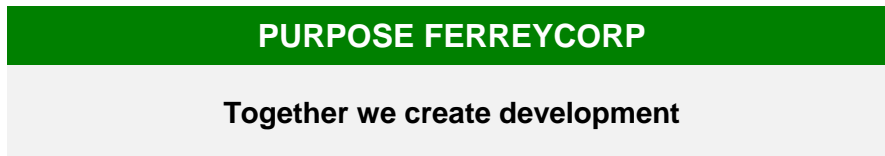
To operate, through its subsidiaries with focus and high degree of specialization, businesses of distribution of capital goods and supplies and services and support, for prestigious global brands with high standards, efficiency and profitability, achieving at the same time the development of its employees and being referents of modern and responsible companies.

VISION

To be recognized as a leading economic group in Peru, with presence in Latin America, and an excellent supplier of capital goods, inputs and related services, that contributes to increase productivity and profitability in the economic sectors in which it participates, that promotes the development of the countries and their different stakeholders, and that in turn is recognized by global brands as the preferred corporation to adopt new businesses and representations, in the fields in which it operates, due to its operational and financial capacity.

2.1.2 Purpose Ferreycorp

Ferreycorp defined its corporate purpose after a collaborative and inclusive exercise of reflection on its vocation and on the footprint left on the road travelled over the years and projected into the future:



This expression reflects the company's dedication to generating development in the places where it operates, not only through the services and capital goods and inputs it provides as part of its activities, but also in the breadth of the positive impact links it creates and maintains with all its stakeholders.

It is a vision that has been intimately present in Ferreycorp and its companies since its beginnings, and whose essence has been maintained over time, transcending the transformations of the organization. The Ferreycorp Manifesto, detailed below, puts this purpose into perspective:

“At Ferreycorp we provide services, capital goods and inputs that give our partners the tools they need to contribute to the growth of industries that are fundamental to the development of the countries in which we operate.

For almost 100 years, with integrity and under the highest quality standards, we have been a key agent in the development of infrastructure, impacting the quality of life of millions of people and generating greater access to opportunities. Thus, over time, we have become a leading corporation, with a presence in different countries and internationally recognized prestige.

*While we are proud of what we have achieved, we know that there is still much to do. Therefore, today more than ever we reaffirm our commitment to society and assume the responsibility of continuing to **create development**, seeking to constantly innovate and amplify our impact on society”.*

To outline the Ferreycorp Purpose, several reflection and co-creation workshops were carried out, bringing together the vision of a representative group of employees; the general managers of all subsidiaries; and the Strategic Planning Committee, in charge of articulating this definition process.

This included the application of a survey to 656 Ferreycorp employees, who answered questions such as: "What is Ferreycorp like today?", "What do we want it to be like?", "If you had the opportunity to change or improve something in society, what would it be?", "Imagine that 100 years have passed: what impact did Ferreycorp have on society?".

The results were quite positive: 89% of employees considered that Ferreycorp's companies have a transcendent purpose and seek to generate a positive impact on society, while 94% are committed to Ferreycorp and its purpose.

As a final part of the process, a campaign was launched to disseminate the Ferreycorp Purpose internally, within the framework of the recommendations of the Organizational Development Committee, with employees as the main protagonists.

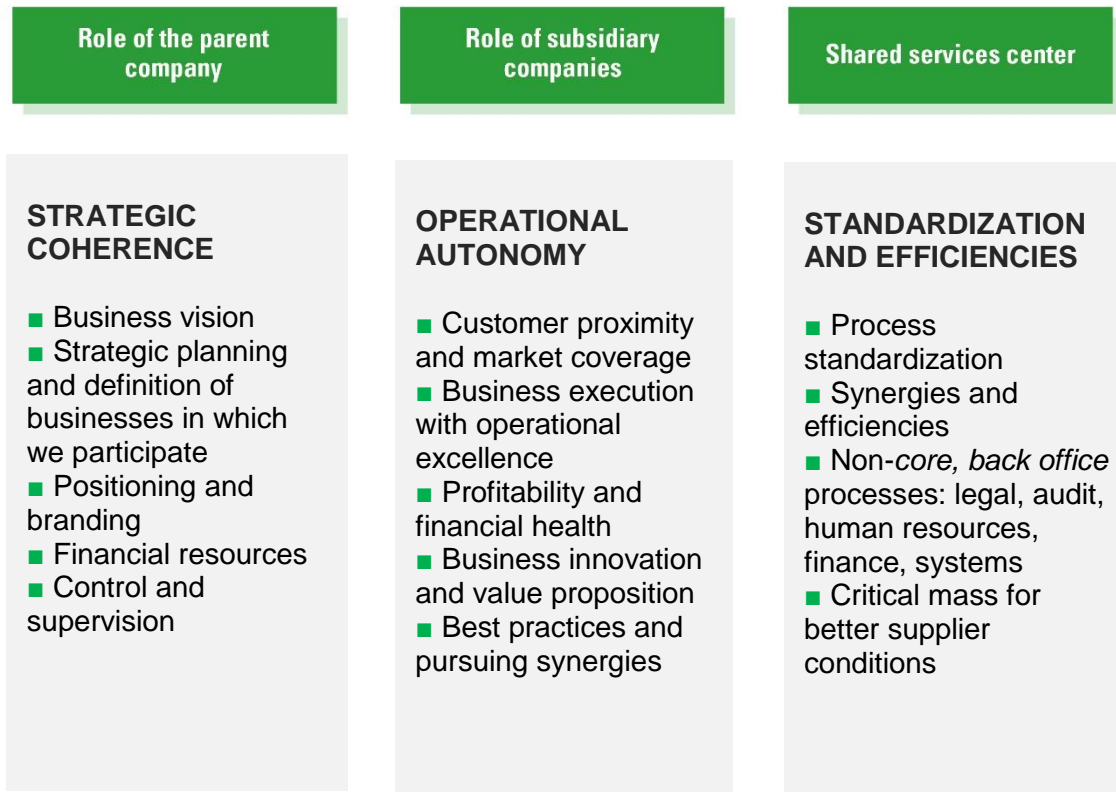
Corporate values

Together with Ferreycorp's Purpose, the importance of the corporation's values should be emphasized, as they are fundamental to everything it does, the definition of its strategy and its day-to-day execution. These are the pillars that guide the daily actions of the corporation's employees, maintain the ethical conduct of the organization and contribute to the sustainability of the business.

 <p>Commitment</p> <p>We recognize our role in society and work every day to generate greater access to opportunities and contribute to the growth and development of the region.</p>	 <p>Integrity</p> <p>We work with honesty and transparency, always taking responsibility for our actions.</p>	 <p>Respect</p> <p>We celebrate diversity and promote dignified and respectful treatment of all people.</p>	 <p>Equity</p> <p>Each of our interactions is based on fair treatment of all our stakeholders.</p>
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2.1.3 Corporation's operating model

Ferreycorp's operating model is one of strategic coherence with operational autonomy, which is provided by the corporate entity and the operational autonomy of the company's subsidiaries. There are three types of roles in the organization: that of the holding company of the economic group, which provides strategic coherence and guidelines; that of the subsidiaries, which are responsible for operating their business with operational autonomy within the corporate guidelines; and that of shared services, which promotes efficiencies and synergies among the subsidiaries, as shown below.



Within the framework of these roles, the parent company allocates funds for the growth and investment of the companies, defines guidelines to standardize management with time-tested practices, and creates spaces for the subsidiaries to share best practices and enhance their value propositions. At the same time, the subsidiaries contribute to the productivity and efficiency of their clients, through the provision of capital goods of leading and renowned brands, as well as related world-class services, with a vision of excellence and innovation.

As part of the revenue and profit generation they generate for the economic group, the subsidiaries deploy a broad market coverage and enrich the organization's solutions offering. They also complement each other's critical capabilities, such as national coverage and logistical deployment, generating synergies in favor of clients.















In this way, the corporation's vast portfolio of products and services maximizes the possibilities of meeting the varied needs of its customers, operating as a *one stop shop*. Thus, many customers of the flagship company Ferreyros receive goods and services from other subsidiaries of the group.

At the same time, the Shared Services Center contributes to increasing efficiencies and encouraging synergies in processes and activities in various areas of specialization, serving the various subsidiaries of the organization.

With this strategic perspective, we seek to boost the dynamism and growth of the corporation, with positive transversal impacts on its different stakeholders.

2.1.4 Companies of the corporation

Ferreycorp is comprised of the following subsidiaries and/or businesses:

Representatives of Caterpillar and allied brands in Peru			
 CAT heavy machinery and allies	 CAT light machinery and allies	 CAT machinery and allies in the Selva region	 Assembly and operation of power generation plants
Representatives of Caterpillar and allied brands in Central America			
 CAT machinery (Guatemala and Belize)	 CAT machinery (El Salvador)	 Consumables (Nicaragua)	 Spare parts for heavy transport (El Salvador and Honduras)
Complementary businesses in Peru and other countries in South America			
 Consumables	 Cranes, platforms and port equipment (Chile, Ecuador, Colombia and Peru)	 Light machinery (Ecuador)	
 Temporary, customs and bonded warehousing	 Freight forwarder	 Technological solutions	





In late 2021, Motored ended its commercial operations in Peru

The subsidiaries contribute to the development of the countries where they operate by directing their products and services to sectors such as mining, construction, industry, energy, oil, fishing, agriculture, trade and transportation.





Chapter 3- Business Management provides an extensive description of these subsidiaries, their businesses and operations.

For information on the economic group according to the denomination of the Superintendence of Securities Market (SMV) (Superintendencia del Mercado de Valores, SMV), see Appendix 2, section 2.1.3.







Following is more information on each subsidiary of Ferreycorp:

Representatives of Caterpillar and allied brands in Peru				
Name	Year of incorporation	Sectors served	Product / Service	Country / Region
Ferreyros  <small>UNA EMPRESA FERREYCORP</small>	1922	Construction, mining, hydrocarbons, energy, marine and fishing, government, agriculture, trade, industry and services.	Commercialization of heavy machinery and equipment. Rental and supply of spare parts and services.	Peru North: Piura, Tumbes, Lambayeque, Cajamarca, Trujillo, Chimbote Central: Cerro de Pasco, Huancayo, Ica, Ayacucho, Huaraz, Lima. South: Arequipa, Cusco, Moquegua and Puno.
Ferrenergy 	2006	Mining, hydrocarbons, government, energy, construction, fishing and industry	Power solutions from 1MW up to the unlimited amount required, with gas, diesel, solar and residual oil (HFO) generating equipment.	Peru Lima Brazil Recife Ecuador Francisco de Orellana- El Coca Guatemala Ciudad de Guatemala Its presence in countries in the region is on a temporary basis for the projects it serves.
Unimaq  <small>UNA EMPRESA FERREYCORP</small>	1999	Construction, mining, hydrocarbons, agriculture, government, trade, industry and services.	Commercialization and rental of light equipment.	Peru North: Cajamarca, Chiclayo, Piura, Trujillo Central: Cerro de Pasco, Huancayo, Lima, Huaraz South: Arequipa, Ayacucho, Cusco, Ilo, Moquegua, Puno
Orvisa  <small>UNA EMPRESA FERREYCORP</small>	1973	Construction, forestry, agriculture, government, river transportation, hydrocarbons and energy.	Commercialization of equipment, spare parts, services and consumables.	Peru North: Bagua, Iquitos, Tarapoto Central: Pucallpa, Huanuco South: Puerto Maldonado

Representatives of Caterpillar and allied brands in Central America

Name	Year of incorporation	Sectors served	Product / Service	Country / Region
Gentrac 	2010	Construction, aggregates, agriculture, government, mining, oil extraction, energy, industry and commerce	Commercialization of heavy machinery and equipment. Rental and supply of spare parts and services.	Guatemala Ciudad de Guatemala, Quetzaltenango, Teculután, Escuintla, Morales, Retalhuleu, Huehuetenango, Cobán and Peten Belize Ladyville
General de Equipos 	2010	Construction, housing, power generation, industrial, government, agricultural and automotive.	Commercialization of heavy machinery and equipment. Rental and supply of spare parts, services and lubricants.	El Salvador San Salvador, Sonsonate, San Miguel
Soltrak 	2013	Construction, industry, transportation.	Marketing of lubricants.	Nicaragua Managua
Motored 	2015	Construction, freight and passenger transportation, government, trade and services.	Supply of spare parts for trucks and buses; consumables; trucks and buses.	El Salvador San Salvador, Santa Ana, Sonsonate, San Miguel, Metapan, Lourdes, Santa Rosa de Lima, Soyapango, Zacatecoluca, Aguilares and Usulután Honduras Tegucigalpa, San Pedro Sula

Complementary businesses in Peru and other countries in South America

Name	Year of incorporation	Sectors served	Product / Service	Country / Region
Soltrak 	2007	Mining, construction, transportation, industry, energy and hydrocarbons, agriculture, fishing and forestry.	Comprehensive solution for tire management, lubricants, filtration, predictive maintenance and personal protective equipment and other industrial safety products.	Peru North: Piura, La Libertad Central: Lima South: Arequipa
Trex 	2014	Mining, port industry, commerce, services and construction, among others.	Cranes and other lifting solutions.	Peru Lima Chile Santiago, Antofagasta, Calama Colombia Barranquilla, Bogota Ecuador Quito, Guayaquil
Fargoline 	1983	Capital goods, consumer goods, energy, mining, construction, fishing, agriculture, trade and services.	Temporary warehouse for containers, loose and rolling cargo, customs deposit; simple storage; movement of project cargo; transportation and distribution.	Peru Callao and Arequipa
Forbis Logistics 	2010	Automotive, mass consumption, mining, energy, retail, industry, industrial.	International air and ocean freight forwarding for import and export, and cargo consolidation, inspection and processing services.	Peru Lima USA Miami Chile Santiago
Sitech 	2013	Mining, construction and hydrocarbons.	Integration of technologies to create solutions that enhance customer productivity	Peru Lima
Maquicentro 	2015	Construction, mining, oil, industrial, transportation and agricultural.	Commercialization and rental of light equipment.	Ecuador Guayaquil, Quito and Riobamba

2.1.5 Representation

In its first years of existence, the organization - founded nearly a century ago - was dedicated to the marketing of consumer products. However, in 1942, it marked a key milestone in its history: the beginning of its partnership with Caterpillar in Peru. This close relationship has been strengthened over the years, achieving wide recognition of this distinguished global brand, as evidenced by a series of awards received. The granting of the Caterpillar representation contract in Central America in 2010 is a clear demonstration of this relationship of trust.

Similarly, during its trajectory, the corporation and its companies took on the distribution of other prestigious brands, both in Peru and in other Latin American countries, to increase the scope of its service to customers in different economic sectors, exercising the capabilities and knowledge already developed and its alignment with those represented for the local deployment of initiatives that the factories intend to replicate around the world. This has allowed them to consolidate a prestigious portfolio of represented brands and generate excellent long-term relationships with all of them, becoming the undisputed leader in its field.



2.2 Looking ahead

2.2.1 Strategy 2022- 2026

During 2021, Ferreycorp undertook a review process of its corporate strategy for the next five years, setting ambitious goals for the five-year period 2022- 2026, which begins with the commemoration of its first century of operations, and with solid growth objectives in sales, profits and return on invested capital, along with a permanent commitment to generate positive impacts among its stakeholders.

The defined corporate strategy is based on many of the elements that characterized the previous strategy, since the aspiration to promote profitable growth, to drive customer-centric digital transformation, the strengthening of a corporate organization with greater synergies, among others, continues to be relevant and necessary to ensure the corporation's value over time.

The regrouping and realignment of the above elements has resulted in two main components of the strategy:

- a. **Strategic pillars**, which support the purpose of growing in those businesses and markets that ensure the expected profitability and value of the corporation over time, always centered on the development of solutions and services and knowledge of customer needs. These strategic pillars are:
 - **Business optimization**, which seeks to intensify efforts to add efficiencies in the business model, the organization, the use of assets, the composition of the portfolio of products and services, as well as to carefully manage capabilities and resources, in order to ensure an adequate balance with profitability and maintain a high-value offering for customers.
 - **Protect and transform**, which highlights the maximum use of the corporation's current capabilities and the continuity in the construction of new capabilities that will allow it to ensure the sustainability of its businesses; expand its value offering; and provide comprehensive solutions to customers, with the support of technology and best practices in operations.
 - **New businesses**, which promotes the growth of the corporation through the development of new lines or businesses, where opportunities and spaces are identified that have an adequate strategic fit with the current portfolio of brands and that present the opportunity to obtain significant synergies with it, either by serving markets in which Ferreycorp already operates, because they are based on capabilities that are already mastered, or because they generate economies of scale with the current structure of the corporation.
- b. **Enablers**, which will facilitate and enhance the achievement of the strategic pillars. They are:
 - **Analytics, digital and agility**, which contemplates the development of capabilities for data management and analytical models that can be replicated or deployed transversally in all subsidiaries and that can mean new services to customers.

- **Synergies**, which aims to maintain and further develop commercial synergies, as well as shared services between companies, with high levels of service. Collaboration between companies in processes linked to the core business is also promoted, where it is possible to aggregate value without losing segmentation and specialization.
- **Talent development**, which is based on ongoing training and development to strengthen competencies, as well as on the leadership development program. The incorporation of new talent and the improvement of existing talent in order to have digital, analytics and agility capabilities among employees. Ensuring the establishment of objectives and performance evaluation aligned with the strategy, as well as maintaining a good working environment based on the preservation of health, safety, good working conditions and development opportunities, enhance the conditions for the development of talent in the corporation.

To ensure the successful execution of this corporate strategy, Ferreycorp has defined a governance model that incorporates the supervision of a Strategic Planning Committee, with the support of the Corporate Strategy and Development Management.

The review process of Ferreycorp's corporate strategy in 2021 has also included the redesign of its visual identity, which will allow it to communicate in a simpler way the way in which the expected achievements will be obtained. Thus, at the center of the strategy and as a starting point is its purpose: **Together we create development**, hand in hand with Ferreycorp's employees, its customers, its represented brands and its suppliers, among other stakeholders.



The corporation's purpose is united by its four values: commitment, integrity, respect and equity, on which are anchored the sustainability commitments that Ferreycorp assumes with society and the management of the impacts it generates on its stakeholders, in harmony with the environment.

2.2.2 Innovation

Adaptation to change and innovation have been central characteristics of Ferreycorp in a century of trajectory and are part of its DNA, with the objective of anticipating the needs of customers to create the best solutions, with a long-term vision.

With the customer at the center of decisions, Ferreycorp has been deploying innovative practices with optimization or transformation objectives in new products and services, better processes, new business models and impact on the customer experience. In this direction, human talent and technology are the key enablers.

For the corporation, there are two important areas of action in innovation management: the development of customer-focused initiatives and the strengthening of internal digital transformation capabilities that accelerate the development of initiatives.

2.2.2.1 Priority customer-focused initiatives

A few years ago, Ferreycorp defined some business and operations fronts to prioritize transformation and innovation projects linked to these dimensions. With the customer as the central focus of innovation and transformation, the prioritized fronts were the advancement of the digital customer experience (including e-commerce), improvements in customer business productivity, supply chain efficiencies, and the development of new technology-based solutions and businesses. The initiatives that have been developed have incorporated agile innovation project management methodologies. The following are some of the deployments carried out in the 2021 period.

a) Advancing the digital customer experience and e-commerce

Digital interactions with customers and their online shopping experience with Ferreycorp companies showed significant growth during the year.

- Caterpillar's Parts.Cat.Com (PCC) e-commerce solution for spare parts has been used by Ferreyros, Unimaq and Orvisa in Peru, by Gentrac in Guatemala and by General de Equipos in El Salvador, with good results, generating combined sales of US\$ 53 million. At Ferreyros, this online channel accounted for 43% of the sales of spare parts made through the company's stores.
- As part of the development of its digital business, Soltrak recently implemented its new e-commerce store, which is currently in the white march stage. It is expected to be officially launched during the first quarter of 2022. It can be accessed through <https://tiendaonline.soltrak.com.pe/> and Soltrak's website, www.soltrak.com.pe.
- Cat dealers in Peru, Guatemala and El Salvador organized for the second year the Cat Live Festival, a streaming event created by Caterpillar Latin America, with offers and discounts on machinery, parts and services. In 2021, Ferreyros, Unimaq, Orvisa, Gentrac and General de Equipos generated business opportunities for more than US\$ 125 million in just one day.
- Fargoline continued to migrate its administrative procedures - previously carried out in person - to digital platforms; thus, 80% of its core operations will be carried out digitally by the end of 2021.
- Ferreyros incorporated new mining customers to the implementation projects of integrated purchasing systems (CAT IP). These integrations are personalized and generate efficiencies in the purchasing processes. Motored, in El Salvador, continued with its online commerce, generating sales of US\$ 900,000, higher than in the previous year.

- Fer, Ferreyros' *chatbot*, answered more than 5,000 different customer queries during the year. At the end of 2021, a new version was launched, which allows you to chat directly with Fer: it can now solve queries and assist customers not only through chat, but also through voice audio.

b) Productivity improvements in customers' businesses

During the year, we continued to contribute to the productivity of our customers and their teams, capitalizing on digital and technological resources.

- In 2021, Ferreyros and Caterpillar put into operation the first autonomous trucks in Peru in a major copper project in the south of the country, thanks to Cat Command technology for hauling, from Caterpillar's MineStar platform.
- Once again, the number of customers using the equipment management solutions portfolio doubled during the year. These solutions (Vision Link, My.Cat.Com, Ferreyrnet and Monthly Fleet Management Reports) are used by the majority of Ferreyros customers who have at least one machine connected in their fleet, from all productive sectors.
- Nearly 3,500 Cat machines and engines from various sectors reported information directly to customers, which in turn was analyzed remotely at Ferreyros' Monitoring and Planning Centers to contribute to decision-making.
- Sitech implemented a preventive fatigue monitoring solution in a Peruvian mining complex, with more than 1,500 smartbands that will mitigate the risk of microsleep in machinery operators.
- Soltrak introduced Chevron Express, an innovative retail service model. This is a mobile vehicle lubrication workshop that travels to wherever customers indicate to perform oil and filter changes, as well as other basic vehicle maintenance services. It focuses on sedans and vehicles of the sedan and SUV type, with the possibility of also servicing other types of vehicles in general.

c) Supply chain

From this vector, we promote the fulfillment of the delivery of products and services to customers at the time offered, exceeding their expectations.

- In 2021, a project for the purchase, storage and sale of spare parts began between Ferreyros and Unimaq, as part of a collaborative work between companies of the corporation to optimize processes and generate synergies, starting with the preparation of the pre-delivery of Unimaq's machines. This project transfers Ferreyros' economies of scale, which promote better operating costs: storage and operation, import costs and local transportation.
- In a pilot phase, Ferreyros implemented a new system for the optimization of central workshop planning. This system, whose final implementation is scheduled for 2022, will integrate the complete planning of the different workshops (Machine, CRC, Machining, Welding, Hydraulics, Rail) involved in the repair of machines and components.

- The implementation of strategies to reduce congestion and maintain order in its spaces helped Fargoline to handle its customers' containers in a timely manner. Thus, the company completed 70% of yard shipments within 40 minutes, less than the market average.
- During the year, the use of the traceability application (app), which is being used by the vast majority of Ferreyros' transportation units nationwide, was consolidated. Ferreyros established a dedicated work team, the Traceability Area, to get the most out of the information accessible by this means.

d) New products and services

Through innovative solutions, we seek to satisfy the needs of our customers through new products and services.

- In 2021, in its third year of activities, OperApp, the first job marketplace for machinery operators in Peru and Latin America, increased its reach compared to the previous year. Today it has more than 21,000 operators, 900 registered companies, 45,000 applications and 2,400 job offers published. This initiative, created by Ferreycorp, allows companies to publish job offers and connect with the best machinery operators.
- Soltrak has introduced a service in the line of personal protective equipment (PPE). This is a PPE management system that allows each company to carry out an adequate record and traceability, to facilitate safety management and achieve optimum control of the performance of each protective equipment. The initiative is in its initial stages and is expected to be available to customers by 2022.
- Sitech launched a new anti-collision system that was implemented in a large number of mining trucks in an important mine in the country. This integrated technology solution informs the machine operator about the type, position and distance of the different units, obstacles and people around them, significantly increasing safety and productivity levels in mining operations.

2.2.2.2 Internal digital transformation capabilities

In order to sustain and reinforce current and future new business initiatives, Ferreycorp has been making a great effort in the creation of internal technological capabilities.

One of the most relevant projects to emphasize is the implementation of the new ERP SAP S4Hana in Ferreyros and Ferreycorp, which went live successfully in 2021. It was previously implemented in the subsidiaries Orvisa and Unimaq and in the corporation.

Thanks to the Stabilization, Adoption and Support Plan, deployed for 3,500 SAP S4Hana users, all commercial, operational and support processes, under a new integrated operating model, were able to smoothly support the business movement and sales forecast for the year.

After six months of stabilization of this state-of-the-art technological platform, a first set of qualitative and quantitative benefits obtained by the corporation for the client, thanks to the deployment of digital solutions, have been identified.

Fargoline implemented the Gestor Documental platform, which operates as a repository of documents and digital files related to the management of the supplier approval file. Its purpose is to make the registration and archiving of supplier documentation more efficient, as well as to reduce the use of paper.

Forbis Logistics continued its efforts to optimize its management platforms in order to improve its internal processes, obtain new quality certifications and enhance the experience offered to its customers.

During fiscal 2021, Soltrak promoted the use of its customer relationship management (CRM) technology tool, which it launched in 2019. During the year, this solution enabled the company to record more than 3,700 deals worth US\$ 43 million.

To contribute to the work of support personnel, Ferreyros launched a new version of its app for field technicians at the end of 2021, through which 90% of work orders for this area are managed. Trex, in Chile, has been intensifying the use of technological tools to prepare documentation and technically audit customer equipment in the services it offers.

Likewise, Ferreyros consolidated, in sectors such as mining and construction, the use of Remote Technical Assistance, through the use of augmented reality glasses, which allows its technicians, located in remote operations, to connect with specialists from the company and Caterpillar to assist them in real time through the glasses.

In another area, it is important to emphasize that the program "For the next 100 years-Mindset of digital transformation" was conducted virtually in 2021, through the Google Classroom tool, with 23 sessions on business environment and leadership skills in the digital age.

This program, which Ferreycorp has been implementing for the third consecutive year, and which in 2021 had about 350 leaders of the corporation, arises to add knowledge and skills related to the Digital Transformation of the corporation, through the deployment of projects in this field.

To close the program, six representative innovations from different subsidiaries of the corporation were selected and presented: Ferreycorp's OperApp, real-time order traceability and benefits and evolution of FER (Bots) at Ferreyros, Fargoline's self-service portal, Sitech's mining safety and productivity success stories, and Motored El Salvador's e-commerce.

2.3 Board and Management

Ferreycorp's governance regime is entrusted to the General Shareholders Meeting, the Board and Management. The aspects related to the Board are regulated primarily by the Company's Bylaws and, in greater detail, by the Internal Regulations of the Board and its Committees.

This chapter presents relevant information on the two levels of direction and decision making in the organization: The Board and Management.

2.3.1 The Board

Composition of the Board

The number of members of the Board should ensure a plurality of opinions within the Board, so that the decisions adopted therein are the result of appropriate deliberation, always observing the best interests of the company and its shareholders.

The Board of Ferreycorp S.A.A. may be comprised of eight to twelve directors elected for a term of three years, in accordance with the provisions of the General Corporations Law and in compliance with Articles 31° and 32° of the Company's Bylaws.

At the General Shareholders' Meeting held on July 30, 2020, it was agreed that the Board would be comprised of nine directors, and the election was held after the list of candidates and their resumes had been made public with due notice.

The directors of Ferreycorp for the period 2020-2023 are:

Non-independent directors

Manuel Bustamante Olivares
Thiago de Orlando e Albuquerque
Mariela Garcia Figari de Fabbri
Raul Ortiz de Zevallos Ferrand
Andreas Von Wedemeyer Knigge

Independente directors

Humberto Nadal del Carpio
Gustavo Noriega Bentin
Javier Otero Nosiglia
Alba San Martin Piaggio

The members of the Board elected Andreas Von Wedemeyer Knigge as Chairman and Humberto Nadal del Carpio as Vice Chairman for the aforementioned period.

The Report on Compliance with the Principles of Good Corporate Governance provides information on the practices of the Board. These include its plural composition, the participation of independent directors and the operation through specialized committees, as well as the execution of its management, supervision and risk control functions.

The professional background of Ferreycorp's directors is presented below:

**Andreas von Wedemeyer Knigge
(Chairman)**

Chairman of the Board of Ferreycorp S.A.A. and Ferreyros S.A. since August 2020. Member of the Board of Ferreycorp S.A.A. since 2003 and of the Board of Ferreyros S.A. since 2012. He is also currently executive Chief and general manager of Corporación Cervesur, as well as Chairman of the Board of the various companies that make up that group (Creditex, Alprosa, Proagro, Servicios de Asesoría, Texgroup and Transaltisa, among others). He is Chairman of the Board of Euromotors; Altos Andes; Euro Camiones; Euroinmuebles; EuroRenting; and International Camiones del Peru. He is also Chairman of the Board of Alianza, Compañía de Seguros y Reaseguros and Alianza Vida, Seguros y Reaseguros (Bolivia). He is also a director of Corporación Aceros Arequipa; CFI Holdings S.A.; La Positiva, Seguros y Reaseguros; La Positiva Vida, Seguros y Reaseguros; and La Positiva Entidad Prestadora de Salud- EPS, among others. He is past- president of the Sociedad Nacional de Industrias; director of Comex Peru, being a member of the Executive Committee of both institutions; as well as director of the Peruvian-German Chamber of Commerce and Industry. He has been director and general manager of Cia. Cervecera del Sur del Peru, as well as Chairman of the Board of Profuturo AFP, Chief of the AFP Association and member of the Board of Tecsup. He is a business administrator, graduated in Hamburg, Germany, with studies at the Program for Management Development, Harvard Business School and the University of Piura.

**Humberto Nadal del Carpio
(Vice chairman)**

Vice chairman of Ferreycorp S.A.A. and Ferreyros S.A. since August 2020. Independent member of the Board of Ferreycorp S.A.A. and Ferreyros S.A. since March 2017. He is CEO and director of Cementos Pacasmayo, as well as CEO and vice chairman of Inversiones ASPI, holding company that controls Cementos Pacasmayo. He is CEO and director of Fosfatos del Pacifico and Fossal; director of the Cement Producers Association (Asocem); and former Chairman and current member of the Board of Trustees of Universidad del Pacifico. Previously, he was Chairman of the Board of Fondo Mi Vivienda. Member of the G-50 group. Economist from Universidad del Pacifico, with an MBA from Georgetown University.

Manuel Bustamante Olivares

Member of the Board of Ferreycorp S.A.A. since 2011, as well as member of its Innovation and Systems Board Committee (since 2016) and Chief of its Investment Committee (since November 2019); member of the Board of Ferreyros S.A. since 2012. Vice Chairman of the Board and member of the Risk Committee of La Positiva EPS (from 2017 to March 2019); Vice Chairman of the Board of La Positiva Vida Seguros y Reaseguros (from 2005 until March 2019) and alternate director (as of March 2019); Chief of the Investment Committee and member of the Audit Committee of La Positiva Vida Seguros y Reaseguros (from 2016 until March 2019); Vice Chairman of La Positiva Seguros y Reaseguros (from 1975 until March 2019) and director (as of March 2019); Chief of the Investment Committee and member of the Audit Committee of La Positiva Seguros y Reaseguros (from 2016 to March 2019); director of La Positiva Sanitas (2012-2015); director of Transacciones Financieras S.A. (since 2000); Chairman of the Board of Fundición Chilca S.A. (since 2010); Chairman of the Board of Inmobiliaria Buslett

S.A.C. (since November 2019); Chairman of the Board of Buslett S.A. (since 2013); director of Corporación Financiera de Inversiones S.A. (since 2005); director of Mastercol S.A. (from 2008 to August 2019); director of Dispercol S.A. (from 1998 until July 2018); director of Sociedad Andina de Inversiones en Electricidad S.A. (since 1996); founding partner and member of Estudio Llona & Bustamante Abogados (since 1963); and Chief of Fundacion Manuel J. Bustamante de la Fuente (since 1960). He is a benefactor member of Instituto Riva- Agüero (since October 2017); director of Futuro Invest S.A. and of Futuro Inmobiliario Camacho S.A. (since 1994); Chief of Profuturo AFP (1993- 1999) and member of its Executive Committee (1993- 2010); first Vice Chief of Banco Interandino (1991- 1995); Chief of Banco de la Nación and member of the Peruvian External Debt Committee (1980- 1983); member of the Board of Corporación Financiera de Desarrollo- Cofide (1980- 1983); and foreign trainer of Shearman & Sterling in New York (1962- 1963). Lawyer by profession, graduated from the Law School of the Pontificia Universidad Catolica del Peru.

Thiago de Orlando e Albuquerque

Member of the Board of Ferreycorp S.A.A. and of the Board of Ferreyros S.A. since 2020. He is a founding partner of Onyx Equity Management and has more than 18 years of experience in financial markets. He worked as an assistant professor of the Valuation course at the Graduate School of Finance at Insper. He holds an engineering degree from Universidade Federal do Rio de Janeiro and a master's degree in Business and Finance from Fundação Getulio Vargas. He is also a Certified Financial Analyst (CFA). He participated in programs at Harvard Kennedy School and Columbia Business School.

Mariela Garcia Figari de Fabbri

General Manager of Ferreycorp S.A.A. since 2008 and director since 2020. She has 33 years of experience in the corporation, having joined Ferreycorp in 1988 and held several positions in the Finance Division, being Finance Manager from 2001 to 2005. Subsequently, she served as Deputy General Manager of the company. She is a director of all the corporation's companies in Peru and abroad. She is a member of some of Caterpillar's advisory boards in which its dealers participate. She has been a director of the Foreign Trade Society of Peru (ComexPeru) since 2020; of Sustainable Peru (formerly Peru 2021) since 2011; of the American Chamber of Commerce (Amcham Peru) and its Chief in the years 2018-2020; and of InRetail since 2019. She is a member of the Advisory Board of some faculties of Universidad del Pacifico and Universidad de Ingenieria y Tecnologia (UTECH), member of the Board of Trustees of UP and of UTECH's angel investors network. She was a professor in the Master's Degree in Finance at Universidad del Pacifico.

She has been a member of the Board of Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Petroleum and Energy) since 2019; previously, between 2011 and 2013, of Procapitales and chair of its Corporate Governance Committee, as well as director of IPAE. She was Chief, during the period 2010- 2013, of the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle). Previously, she was a researcher and member of the Editorial Committee of publications published by Consorcio La Moneda. She holds a degree in Economics from Universidad del Pacifico and an MBA from Universidad Adolfo Ibañez in Chile and Incae in Costa Rica. She received a distinction from the latter as the 2016 Distinguished Graduate.

Gustavo Noriega Bentin

Independent member of the Board of Ferreycorp S.A.A. and of the Board of Ferreyros S.A. since 2017. He is currently central manager of Finance and Business Services at Delosi S.A. He was central manager of Administration and Finance at Grupo El Comercio (2017- 2019), as well as member of the Board of some of its companies, such as Coney Park, Amauta Impresiones Comerciales and Instituto Educativo Avansys. Previously, he was Vice Chief of Supply Chain at Backus (2011- 2016) and Vice Chief of Finance at Cerveceria Hondureña, a subsidiary of SABMiller in Honduras (2010- 2011). He led the Information Systems and Technology function (2006- 2010), as well as Financial Planning (2004- 2006), at Backus. His professional link with Backus led him to become a member of the Board of Club Sporting Cristal (2014- 2019). Additionally, he was vice Chief of the Peruvian Association of Logistics Professionals- Approlog (2014- 2016). He is a business administrator from Universidad del Pacifico and holds an MBA from IESE Business School of the University of Navarra, Spain.

Raul Ortiz de Zevallos Ferrand

Member of the Board of Ferreycorp S.A.A. since 2020 and between 2011 and 2017; member of the Board of Ferreyros S.A. from July 2012 to date, being also member of its Audit and Risk, and Innovation and Systems Committees Currently a partner of Ortiz de Zevallos Abogados SCRL; Chairman of the Board of La Parcela S.A.; director of Medlog Perú S.A., of Almacenera Grau S.A. and Agrícola Comercial & Industrial (ACISA); and advisor to the Board of Sindicato Minero de Orcopampa S.A., a company of which he was a director from 1999 to 2009. He has been Chief of the Textile and Apparel Committee of the National Society of Industries until May 2021; and previously vice minister of Tourism and Commerce and director of companies such as Inversiones Cofide, Fertilizantes Sinteticos, Prolansa (Armco group) and Cerveceria del Norte (Backus group). He was Chief of Club Nacional from 2002 to 2004. He is a lawyer from the Pontificia Universidad Catolica del Peru, where he has been a professor.

Javier Otero Nosiglia

Independent member of the Board of Ferreycorp S.A.A. and of the Board of Ferreyros S.A. since March 2017. He was a member of the Board of Nexa Peru and Nexa Atacocha until March 2018. He has been a member of the Board of AFP Prima and Visanet, as well as Chairman of the Board of Expressnet. Since 1978, he developed his professional career in several banking institutions, such as Wells Fargo and Banco Santander. During 1993 and 1994 he was General Manager of AFP Union and for the following 17 years he held various management positions at Banco de Credito del Peru. He holds a degree in Economics and Administration from the University of Malaga, Spain.

Alba San Martin Piaggio

Independent member of the Board of Ferreycorp S.A.A. and of the Board of Ferreyros S.A. since 2020. Since 2017, she has served as Director of Channels for Latin America at Cisco Systems; previously she served as General Manager of Cisco Systems Peru and Bolivia, as well as Commercial Manager for Peru, Ecuador and Bolivia. She has also worked at Microsoft Peru as commercial director; at Oracle Peru, as general manager director and as manager of Alliances and Channels; at Hewlett Packard, as manager of Channels for Peru, Ecuador and Bolivia; manager of Intel Servers for Peru, Ecuador and Bolivia; and manager of Sales & Marketing Services, among other positions. She holds a bachelor's degree in Administrative Sciences from the Universidad de Lima, a master's degree in Business Administration (MBA) from the Universidad del Pacifico, a master's degree in Corporate Social Responsibility and Environment from EUDE Business School (Madrid), a certificate in the Specialization Program for Directors from PAD/IESE School and Global Strategic Leadership from Wharton.

Special committees formed and constituted within the Board

The Board of Ferreycorp S.A.A. has four committees, three of which are chaired by independent directors:

- **Nominating, Compensation, Corporate Governance and Sustainability Committee:** Chaired by Humberto Nadal del Carpio.
- **Audit and Risk Committee:** Chaired by Javier Otero Nosiglia.
- **Innovation and Systems Committee:** Chaired by Gustavo Noriega Bentin.
- **Investment Committee:** Chaired by Manuel Bustamante Olivares.

For more information on the functions and attributions of each of the committees, please refer to the Report on Compliance with the Principles of Good Corporate Governance.

Board of subsidiaries companies

The governance system of the corporation also includes the Shareholders' Meeting and the Boards of the subsidiary companies.

The Board of the main subsidiary, Ferreyros, is composed of 10 directors elected for a period of three years, in accordance with the provisions of the General Corporations Law and Articles 31 and 32 of the Company's Bylaws.

The directors of Ferreyros elected for the period corresponding to the fiscal year 2020-2023, elected at the Annual General of Shareholders Meeting held on August 27, 2020, are as follows:

Ferreyros' Directors

Manuel Bustamante Olivares
Thiago de Orlando e Albuquerque
Carlos Ferreyros Aspillaga
Mariela Garcia Figari de Fabbri
Humberto Nadal del Carpio
Gustavo Noriega Bentin
Raul Ortiz de Zevallos Ferrand
Javier Otero Nosiglia
Alba San Martin Piaggio
Andreas Von Wedemeyer Knigge

The members of the Board of Ferreyros elected Andreas Von Wedemeyer Knigge as Chairman and Humberto Nadal del Carpio as Vice Chairman for the aforementioned period.

The boards of all of the corporation's subsidiaries, with the exception of Ferreyros, are chaired by Mariela Garcia Figari de Fabbri, Chief Executive Officer of Ferreycorp, and have Ferreycorp's corporate business managers or the general managers of other subsidiaries as their Vice Chairmen, depending on the activity carried out by each subsidiary.

Accordingly, these boards are composed of the following managers of Ferreycorp and/or some of its subsidiaries companies:

Name	Position	Subsidiaries of which it is a director
Mariela Garcia Figari de Fabbri	Chief Executive Officer Ferreycorp S.A.A.	Chief of all subsidiaries of the corporation, with the exception of Ferreyros S.A.
Luis Alonso Bracamonte Loayza	Corporate Business and Marketing Manager of Ferreycorp S.A.A.	Director in Soltrak S.A., Fargoline S.A., Forbis Logistics S.A. and Soluciones Sitech Peru S.A.
Emma Patricia Gastelumendi Lukis	Corporate Finance Manager of Ferreycorp S.A.A.	Director of all the corporation's subsidiaries, except Ferreyros S.A.
Jose Luis Gutierrez Jave	Product Support Division Manager of Ferreyros S.A.	Director of Unimaq S.A.
Rodolfo Wenceslao Paredes Leon	General Manager of Soltrak S.A.	Director of Fargoline S.A. and Forbis Logistics S.A.
Oscar Enrique Rubio Rodriguez	Corporate Business Manager of Ferreycorp S.A.A.	Director of Unimaq S.A., Orvisa S.A., Cresko S.A., Motriza S.A., Soltrak S.A., and companies of the Trex Group ⁽¹⁾ .
Gonzalo Diaz Pro	General Manager of Ferreyros S.A.	Director of Unimaq S.A., Orvisa S.A., Soluciones Sitech Peru S.A., Ferrenergy S.A.C. ⁽²⁾ , Motored in El Salvador and companies of the Gentrac group ⁽³⁾ .
Ronald Orrego Carrillo	Manager of Regional Accounts Division of Ferreyros S.A.	Director of Orvisa S.A. and Unimaq S.A.
Paul Ruiz Lecaros	Manager of the Energy Division of Ferreyros S.A.	Director of Orvisa S.A. and Ferrenergy S.A.C.
Enrique Luis Salas Rizo-Patron	National Accounts Division Manager, Ferreyros S.A.	Director of Unimaq S.A., Cresko S.A., Motriza S.A. and Soluciones Sitech Peru S.A.
Andrea Sandoval Saberbein	Deputy Audit Manager of Ferreycorp as of May 2021	Director of Fargoline S.A. and Forbis Logistics S.A.
Hugo Ernesto Sommerkamp Molinari	Central Finance Manager of Ferreyros S.A. until June 2018.	Director of Fargoline S.A., Forbis Logistics S.A., Soltrak S.A., Motored El Salvador, Mercalsa, companies of the Gentrac group, and companies of the Trex group.
Juan Alberto Fernando Garcia Orams	Corporate Manager IT Processes and Innovation at Ferreycorp S.A.A.	Director of Soluciones Sitech Peru S.A.

Luis Fernando Armas Tamayo	Manager of the Large Mining Division of Ferreyros S.A.	Director of Soltrak S.A.
Alberto Renato Parodi de la Cuadra	General Manager of Unimaq S.A.	Director of Orvisa S.A., Cresko S.A. and Motriza S.A.
Ricardo Ruiz Munguia	Gerente general de Gentrac S.A. y General de Equipos S.A.A.	Director de las empresas del grupo Gentrac.
Víctor Otero Pizarro	General Manager of Trex Latinoamerica S.p.A. and General Manager at Equipos y Servicios Trex S.p.A.	Director of Trex group companies.

- (1) Trex Group includes Equipos y Servicios Trex S.p.A., Trex Latinoamerica S.p.A., Trex Ecuador and Trex Colombia.
- (2) Ferreyros S.A. owns 50% of the shareholding of Ferrenergy S.A.C.
- (3) Grupo Gentrac includes Corporacion General de Tractores (Gentrac), Compañía General de Equipos (Cogesa), General Equipment Company (Belize), INTI (Panama), Mercalsa (Nicaragua), Transpesa (Honduras), among other Central American subsidiaries.

2.3.2 Management

The corporation's functions are to decide which businesses to enter into and through which subsidiaries; obtain financial resources for the corporation's growth projects; supervise and control the management of the subsidiaries; establish certain standardized processes for the subsidiaries; and provide certain shared services. To carry out these functions, Ferreycorp has general management and corporate management.

In turn, the structure of the subsidiaries is sized according to the complexity and size of their operations, and in all cases they have a general management.

The following are the principal officers of Ferreycorp and its subsidiaries in 2021. The professional trajectory of each of these officers is available in Appendix 2, section 2.4.1.

Officers of Ferreycorp S.A.A.

Mariela Garcia Figari de Fabbri
General Manager Director

Oscar Rubio Rodriguez (until January 2022)
Ronald Orrego Carrillo (since January 2022)
Corporate Business Manager

Luis Bracamonte Loayza
Corporate Business and Marketing Manager

Patricia Gastelumendi Lukis
Corporate Finance Manager

Alberto Garcia Orams
Corporate Manager IT, Processes and Innovation

Maria Teresa Merino Caballero
Human Resources Manager

Eduardo Ramirez del Villar Lopez de Romaña
Corporate Manager of Corporate Affairs

Tito Otero Linares (until December 2021)
Andrea Sandoval Saberbein (since January 2022)
Corporate Internal Audit Manager

Principal Officers of Ferreyros S.A.

Gonzalo Diaz Pro
General Manager

Luis Fernando Armas Tamayo
Large Mining Division Manager

Enrique Salas Rizo-Patron (until January 2022)
Alvaro Vizcardo Wiese (since January 2022)
National Accounts Division Manager

Ronald Orrego Carrillo (until January 2022)
Enrique Salas Rizo-Patron (since January 2022)
Regional Accounts Division Manager

Paul Ruiz Lecaros
Energy Division Manager

Angelica Maria Paiva Zegarra
Administration and Finance Division Manager

Jorge Duran Cheneaux
Human Resources Division Manager

Alan Sablich Nairn
Marketing and Digital Business Division Manager

Jose Gutierrez Jave
Product Support Division Manager

Principal officers of other subsidiaries and businesses of Ferreycorp corporation

Alberto Parodi de la Cuadra
General Manager of Unimaq

Cesar Vasquez Velasquez
General Manager of Orvisa

Ricardo Ruiz Munguia
General Manager of Gentrac (Guatemala and Belize) and Cogesa (El Salvador).

Gonzalo Romero Pastor
Deputy General Manager of Gentrac Guatemala

Rodolfo Paredes Leon
Soltrak General Manager

Victor Otero Pizarro
General Manager of Trex Latinoamerica

Carlos Ojeda Iglesias
Manager of Trex Peru

Jorge Devoto Nuñez del Arco
General Manager of Forbis Logistics

Raul Neyra Ugarte
General Manager of Fargoline

Carlos Calderon Torres
General Manager of Soluciones Sitech Peru

Ernesto Velit Suarez
General Manager of Ferrenergy

2.4 Main awards

Ferreycorp is constantly seeking to improve its operational performance and corporate management. This has led the corporation to be distinguished with a series of recognitions in different aspects of its management, either from the global companies it represents, or from associations and business entities.



Caterpillar 2021 Excellence Programs

Gold: Ferreyros (Service, Parts, Digital, Rental, Marketing and Sales), Unimaq (Rental, Marketing and Sales), Gentrac Guatemala (Marketing and Sales).

Silver: Unimaq (Service, Digital); Orvisa (Service, Marketing and Sales); Gentrac Guatemala (Services and Rental); General de Equipos (Digital).

Bronze: Orvisa (Digital); Gentrac Guatemala (Parts, Digital); General de Equipos (Service, Parts, Marketing and Sales).



Caterpillar's Five Stars in Contamination Control

Thirteen Ferreyros workshops (Arequipa; Cajamarca; Spare Parts Distribution Center (CDR); Training Center (CDT); Component Repair Center (CRC) in Lima and La Joya; Cusco; Chimbote; Huancayo; Lambayeque; Piura; Lima Machine Shop; Trujillo), as well as one from Orvisa (Tarapoto), have this distinction by the end of 2021.



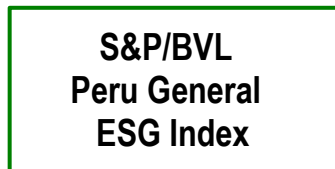
Caterpillar's World-Class Workshops Certifications

Ferreyros maintains the certification granted by the main represented Caterpillar to the company's two Component Repair Centers (CRC), located in Lima and La Joya (Arequipa), as world-class workshops.



Dow Jones Sustainability Indices | MILA- Alianza del Pacifico

Ferreycorp, the only Peruvian firm to be included for the fifth consecutive year in this index, which recognizes the leading companies in sustainability in the Pacific Alliance region.



S&P/BVL Peru General ESG Index

Ferreycorp integrates this new index of S&P Dow Jones Indices and the Lima Stock Exchange, which provides an ESG benchmark for the Peruvian stock market.



Merco Corporate Responsibility and Corporate Governance

Ferreycorp distinguished among the five companies with best social responsibility and corporate governance.



Socially Responsible Company Distinction (ESR)

Awarded by Perú 2021 to Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak and Motored.



Most Admired Companies of Peru Award (EMA)

The corporate community chooses Ferreycorp among the 10 most admired companies in Peru through the EMA 2021 Award, organized by PwC and G de Gestión.



Merco Companies and Leaders Ranking

For the tenth consecutive year, Ferreyros is recognized among the ten companies with the best corporate reputation in Peru and as a leader in the sector.



ALAS 2020 Awards

In 2021, the parent company Ferreycorp is recognized as a leading company in sustainability in Peru.



Merco Talent Ranking

Ferreyros is ranked among the top ten companies, and the leading company in its industry, for attracting and retaining talent in Peru, for the eighth consecutive year.

3. Business Management

In the year 2021, Ferreycorp and its subsidiaries obtained consolidated sales ⁽¹⁾ of S/ 6,112 million, which represented an increase of 30% compared to the previous year (S/ 4,695 million) and of 8% compared to 2019 (S/ 5,662 million), the year prior to the pandemic. In dollar terms, sales for fiscal year 2021 amounted to US\$ 1,581 million, 18% higher than in 2020 (US\$ 1,337 million) and 8% lower than in 2019 (US\$ 1,716 million).

The following is a broad overview of the business management and operations of Ferreycorp's subsidiaries in 2021, according to the three groups of companies described in Chapter 2- We are Ferreycorp.

3.1 Companies representing Caterpillar and allied brands in Peru

Ferreycorp, Unimaq and Orvisa, subsidiaries representing Caterpillar and allied brands in Peru, generated sales of S/. 4,696 million in 2021, which represented an increase of 31% compared to 2020 and of 4% compared to 2019. In dollars, such revenues stood at US\$ 1,216 million, an increase of 19% compared to 2020 and a decrease of 10% compared to 2019. As a whole, sales made by this group of companies contributed 77% of the corporation's revenues.

The main represented Caterpillar, through the management of these companies, maintained its leadership in the Peruvian market, with a 50% share in 2021, according to official information on imports in FOB values.

The leading company Ferreyros, leader in heavy machinery and services in our country, specializes in the largest machinery and equipment in the portfolio. In turn, Unimaq is dedicated to the light equipment line, while Orvisa focuses on the Peruvian Amazon, with the Ferreyros and Unimaq product portfolio, as well as other lines oriented to the needs of that region.

3.1.1 Ferreyros

Ferreyros, Ferreycorp's leading company in the provision of heavy machinery and services in Peru, recorded sales of S/ 4,006 million (US\$ 1,039 million) in 2021, higher than the previous year (S/ 3,039 million) and similar to the volumes obtained in 2019 (S/ 3,948 million), the year before the pandemic. These revenues include sales to almost all economic sectors, among which the mining and construction sectors stand out. Below is the evolution of business with each of the sectors it serves.

(1) Consolidated revenues do not include the Motored operation, as it was reclassified and its net income is presented as a discontinued operation during 2021.

Open pit mining

During the year, large copper mining in Peru began to recover its productivity with respect to 2020. The operation and maintenance activities of Caterpillar equipment in the country's large open pit mining operations were restored to levels similar to the pre-pandemic stage.

The reactivation of mining in Peru was boosted by COVID-19 control and vaccination policies in mining operations, as well as by the high price of copper -above US\$ 4 per pound-, which encouraged mining companies to seek the maximum operability of their equipment to recover production, with a utilization level that reached 100% in most mines.

The commercialization of Cat machines to large mining customers showed slightly higher volumes than those of 2020 and similar compared to 2019. Ferreyros obtained a leading market share, with close to half of the large open pit mining equipment required in the territory, according to official information on unit imports.

It is worth to highlight the execution of the delivery plan for a large greenfield project in Moquegua in 2021. After unloading and assembly, 14 794 AC trucks were delivered, with a loading capacity of 320 tons each; two 7495 electric shovels, Caterpillar's largest equipment for copper mining; and 12 auxiliary equipment. The units are part of a fleet of machines to be delivered by 2022.

Ferreyros successfully consolidated the continuous operation of the first fleet of 400-ton Cat trucks with electric drive in Peru, the Cat 798 AC model, with the highest power in its class. The equipment past 16 months of successful testing in an important mine, showing very good results; these trucks are appreciated for their performance, power, speed on uphill slopes and low maintenance load.

As a result of the good performance of this fleet, agreements were reached with four mining operations to incorporate 13 new Cat 798 AC trucks to the Peruvian market, mainly through trial delivery for subsequent acquisition. The new trucks will be assembled and will start operations in 2022.

In this way, the company stands out as the only distributor in the country that provides two models of 400-ton mining trucks: one with mechanical drive and the other with electric drive (Cat 797F and Cat 798 AC, respectively), to contribute to maximum productivity and safety in *open pit* mining.

In 2021, an event of maximum importance for the Peruvian mining industry stands out. Ferreyros and Caterpillar put into operation the first autonomous trucks in Peru in an important copper project in the south. During the year, the autonomous operation of 18 Cat 794 AC units, with a loading capacity of 320 tons each, became a reality, as part of a fleet that will reach 27 autonomous trucks by 2022. This is the largest scale project of its kind in the Americas.

Caterpillar mining trucks have the option to adopt autonomy with Cat Command haul technology from Caterpillar's MineStar platform. This allows the autonomous operation of trucks and auxiliary equipment to be managed at the mine site. Caterpillar's leading experience, proven on three continents, demonstrates that autonomy increases truck productivity and utilization while ensuring safe, controlled and predictable interaction between all equipment in the operation.

Meanwhile, the supply of spare parts and services for large mining customers generated sales in excess of 2020 and the pre-pandemic period- sales reached S/ 1,889 million during 2021. The company accompanied its clients in the mines themselves, as usual, under strict biosecurity measures, to offer full technical and logistical support. The company is present in eleven large open-pit deposits, providing expert support through an organization of close to 1,300 employees, including engineers, supervisors and technicians.

During the year, Ferreyros successfully carried out the total overhaul of three Cat 7495 electric shovels, which was a challenge for the company's operational and support areas, considering the importance of this type of project due to its magnitude and complexity. These machines, which are more than 20 meters high and weigh 1,400 tons, each capable of moving 120,000 tons of material per day, thus acquired a second life for mining production.

Ferreyros has gained knowledge and experience in each overhaul, with six shovels rebuilt to date. By optimizing the planning and repair processes and integrating the use of new technologies and high engineering work, it has achieved significant efficiencies in favor of customers, reducing equipment downtime by 18%. It is worth remembering that in 2017 it became the first Caterpillar dealer in the world to perform the rebuild of a Cat 7495 shovel.

Underground mining

During 2021, a significant reactivation of underground mining production was observed, driven mainly by an environment of favorable mineral prices and a framework of recovery of the global economy, but still without reaching pre-pandemic levels, given the challenges of working in the sanitary context and, for some operations, of the relationship with local communities.

Following the postponement of investments in 2020, during the year there was a significant demand for new machinery, both for fleet renewal and expansion of operations, doubling the 2020 requirements and even surpassing pre-pandemic levels. Among the most requested models were the Cat R1600H and R1300H underground mining Load Haul Dump (LHD) loaders, with a capacity of 6.3 yd³ and 4.1 yd³, respectively.

Ferreyros and Caterpillar achieved a 94% market share, considering the supply of LHD loaders larger than 4yd³. The preference for this equipment is based on its high productivity, safety, robustness and power, as well as low operating and maintenance costs.

It should be noted that Ferreyros is consolidating, in an underground mine in the south of the country, the commissioning of the first LHD loader with autonomous operation, which includes the haul and return cycles, while loading and unloading are carried out remotely from a remote station. The Cat R1700K is equipped with the Cat MineStar Command system, which aims to improve safety, increase production and reduce operating costs.

The German brand Paus, with its line of rock scalers, also maintained its leadership in the market, with more than 90% market share. It is worth mentioning that Ferreyros added to its vast portfolio the Elphinstone line of utility equipment, including the UG20K underground mining motor grader, for the most rigorous road maintenance work.

In terms of services, Ferreyros supported the activities of its customers during the year by providing mine support, assigning permanent technical personnel to attend to the units under strict biosafety measures. Likewise, there were consignments of spare parts and major mine support components.

To promote the circular economy of machinery, Ferreyros continued with the execution of Cat Certified Rebuilds (CCR) to give subway mining units a new useful life, with a new serial number and a new factory warranty period.

Construction

The construction machinery business in Peru showed a significant recovery during the year thanks to the economic reactivation, after an exceptional year in 2020 as a result of the impact of COVID-19 in the world.

The awarding of major works under the Reconstruction with Change program; the expansion and construction of international airports and the continuation of Line 2 of the Lima Metro; and the development of various sanitation, maintenance and development works -from highways to access routes and local roads- nationwide were some of the factors that boosted the demand for heavy construction machinery in 2021, both through sales and rentals.

Ferreyros' sales to the construction sector showed a marked growth compared to 2021 and exceeded the levels generated before the arrival of the pandemic, especially boosted by operations in the regions, both through the provision of Caterpillar equipment and services and spare parts throughout the country. It is worth noting that construction was the main driver of business with regional customers; this division's sales to the various productive sectors exceeded US\$ 200 million, the highest volumes in the last five years.

Ferreyros remained the market leader, with a 55% share with its represented Caterpillar, according to official information on imports in FOB values. It should be noted that during the year more than 1,500 units of different brands for heavy construction arrived in Peru, showing an increase compared to 2020 and 2019, when around 800 and 1,000 units were imported, respectively. Similarly, the Metso line, with crushers and mobile shakers for aggregate production, reached a 65% share.

The reestablishment of Caterpillar machinery utilization at pre-pandemic levels is noteworthy. In 2021, this indicator, measured in monthly hours of use, stabilized from an average of 154 hours per month at the end of 2020 to more than 200 hours per month in 2021, reaching a standard equivalent to that of 2019. Ferreyros permanently monitors its equipment thanks to connectivity.

In reference to the support service provided by Ferreyros to the sector, the number of equipment maintenance contracts (Customer Value Agreements or CVA) increased during the year. It is worth noting that more than 3,600 machines, both in construction and other productive sectors, are now managed under these contracts. At the same time, the company continued with various strategies for the provision of after-sales support with greater national coverage and programs with flexible rates to configure customized alternatives, with very good results.

At the same time, the Rentafer business unit, with a rental fleet of more than 200 heavy-duty Cat machines and engines with more than 200 kW of power, has been actively participating in the Jorge Chavez airport expansion project, the start of construction of the Chinchero international airport in Cusco and the construction of tailings dams for two important mines in the country, among other important projects.

Agriculture

In 2021, the development of the agriculture business at Ferreyros was mainly impacted by supply restrictions from manufacturing companies -which are expected to be reversed in the following fiscal year-. In this scenario, the company supplied around 220 new and used agricultural tractors in 2021, with a market share of 11% in FOB values, at lower levels than the previous year.

Despite the adverse economic situation, Ferreyros continued to be present in important agricultural projects with its Massey Ferguson brand. Highlights included the renewal of a fleet of 35 tractors and two self-propelled sprayers for an agro-exporting company; the sale to a major mining company of 14 agricultural tractors and 20 implements for farming communities; the delivery of 12 tractors to an agricultural company in the north; and the expansion of a fleet of giant sugar cane packers to an agro-industrial firm.

Likewise, during the year, the company continued to consolidate the Valtra brand nationwide. AGCO manufactures both Valtra and Massey Ferguson brands. Likewise, with its portfolio of allied lines, Ferreyros was present in a project of an important food company with a Kepler Weber grain drying and storage plant of 3,000 tons of installed capacity, in Tarapoto.

It is worth emphasizing the positioning of Value Added Contracts (VAC) for customers in the agricultural sector, which include specialized equipment service and the supply of spare parts, on which several customers relied during the year to keep their units in optimal condition.

Similarly, in 2021, the AgroPRO program for agricultural technicians was launched and greater emphasis was placed on the use of the digital channel for the marketing of spare parts and agricultural equipment, which is increasingly valued by customers.

Government

In 2021, Ferreyros supplied a total of 37 construction machines and three agricultural machines in response to tenders called by the Government sector, at levels lower than both those of 2020 and average levels of previous years. In the first nine months of the year, there were very few requirements from government entities for the acquisition of capital goods, preferring to contract third parties for the execution of works. It was not until the last quarter of the year that more activity began to be seen in the purchase of equipment. It is worth noting that in 2021 heavy machinery was tendered from municipal and regional governments, but not through ministries, as opposed to 2020.

Notwithstanding the lower level of machinery requirements from the State, Ferreyros maintained a significant participation in the supply of machinery to the Government nationwide, with 61% of the units awarded in 2021. The greatest activity in the number of processes awarded was in the central region and, to a lesser extent, in the north and the south of the country.

Energy

The commercialization of temporary power solutions in 2021 registered a considerable reduction compared to the previous year, due to the limited demand for generator sets, mainly in powers greater than 1,250 KW, due to the postponement of various projects. However, Ferreyros maintained its leadership in the supply of this equipment with its subsidiary Caterpillar, with a market share of 29%, measured in FOB import values.

In line with the changes incorporated in the regulations of the electricity sector, Ferreyros has been promoting solutions with natural gas generator sets, which allow it to meet energy supply needs, mainly for peak shaving scenarios.

During the year, an important business deal was concluded with a private electricity distribution company, which acquired five Caterpillar G3516H natural gas generator sets for a 10 MW plant located in the Ica region. The equipment will be delivered in the next fiscal year.

On the other hand, in 2021, the next introduction of the Caterpillar GC Line generator sets solution was enlisted, aimed at businesses for standby use, which will allow for greater competitiveness in retail products in the range of 220kW to 1250kW of power. Similarly, Ferreyros and its subsidiary Ferrenergy have been working together on several projects that combine the use of solar panels, generator sets, turbines and cogeneration and trigeneration solutions.

Ferrenergy, an expert in the assembly and operation of thermal and solar energy generation plants, achieved annual sales of S/ 42 million, higher compared to 2020 levels, achieving a relevant increase compared to 2019. The company, incorporated in 2006 in association with Energy International Corporation, SoEnergy, obtained a market share of more than 70%.

Businesses such as the sale of energy for the Petrotal project, in Lot 95, and for the Talara Refinery Modernization Project (PMRT) were the main drivers of the company's sales growth. In addition, Ferrenergy expanded its service offerings, such as renewable energy projects and new energy generation technologies (cogeneration and/or by-products).

Also noteworthy is Caterpillar's recognition of the operation of the solar photovoltaic plant, owned by Ferrenergy, which provides energy to a mining operation in Arequipa, with more than 2,400 Caterpillar solar panels. This plant, whose supply and assembly was executed by Ferreyros, supplies energy for the mine's lighting and ventilation, mineral processing and personnel facilities.

In Peru, Ferreyros and Ferrenergy have been working together on several projects that combine the use of solar panels, generator sets, turbines and cogeneration and trigeneration solutions. It is also important to mention the start of operations of Ferrenergy in Ecuador and Brazil, with a wide range of power generation solutions tailored to customer needs.

On the other hand, the hydrocarbon market as a whole showed a contraction during 2021, with a lower level of crude oil and natural gas liquids extraction, and a higher extraction of natural gas. In this context, Ferreyros maintained sales volumes to the sector similar to those of 2020.

During the year, the contractors that support the oil activity focused on maintaining and repairing their equipment in a timely manner in order to keep them operational; thus, the sale of spare parts and services was Ferreyros' main activity in the sector.

Fishing and marine

During 2021, partial operation by industrial and artisanal fisheries continued. However, anchoveta fishing volumes -for fishmeal production- were very similar to those of 2020, with 4,500,000 tons, which made for a good season. This scenario allowed the company to perform 36 complete repairs (*overhauls*) of marine engines during the closed seasons, reaffirming the market's preference for Ferreyros for this type of specialized services.

On the other hand, during the year there were limited vessel construction and vessel repowering projects, in line with the current fishing quota law, which led to a low demand for new marine engines for industrial fishing. Despite this scenario, the sale of new products (marine engines) in 2021 was higher than the previous year and equaled 2019 levels. In addition, the price of fishmeal remained close to US\$ 1,500 per ton, which represented a slight recovery in the sector compared to the previous period.

With the delivery of Cat marine engines and closed business, Ferreyros reaffirmed its leadership in the industrial fishing segment, with a 41% market share, measured in FOB values.

Progress in the areas of service, logistics and digital

A central part of Ferreyros' operations are logistics activities; therefore, infrastructure and systems improvements in this field are constant. Thus, the Spare Parts Distribution Center (CDR) opened an enlarged and remodeled infrastructure, which increases its storage capacity by 50%, contributing to the logistics capabilities throughout Peru. The CDR adds earthquake-resistant racks with a storage height of 11 meters and more than 58,000 storage locations for spare parts. It incorporates an eco-efficient LED lighting system and a super-flat slab that will allow the adoption of automated and robotic systems in the coming years, among other aspects.

During the year, operations in the logistics area were impacted by congestion at ports worldwide and the limited availability of vessels to ship machinery. However, thanks to a quick response from Ferreyros, its represented brand Caterpillar and Ferreycorp's Forbis Logistics subsidiary, it was able to supply inventory in time to meet local demand.

Ferreyros was also recertified as an Authorized Economic Operator, accrediting the security of its logistics chain before the customs authority, which increases the agility in import and export processes.

In terms of after-sales support, the two Ferreyros Component Repair Centers, located in Lima and La Joya, were once again certified by Caterpillar as world-class workshops. In particular, the Arequipa location started up a new Welding Workshop.

Similarly, the company continued with the continuous improvement of its processes and activities, to work more efficiently and agile, while maintaining quality. As an example of this, it implemented the extended reusability criterion, which allows for improved rebuilding times and equipment availability in the machining workshops, and developed internal digital solutions to optimize technical support in the workshops and the detection of quality events, among other aspects.

In 2021, the company's online sales of spare parts continued its growth trend, reflecting innovation in the way of doing business and its relevance in the new context. In 2021, sales via the Parts.Cat.Com (PCC) platform amounted to US\$ 42 million, which represented 43% of Ferreyros' spare parts sales through its stores, compared to 35% in 2020. In some cities such as Lima, Arequipa and Cusco, this proportion even exceeded 70%.

Likewise, during the year, the growing acceptance of the equipment management solutions portfolio was evident: once again, the number of clients using these technologies to optimize decision making doubled. Today, these solutions are used by the majority of Ferreyros customers who have at least one connected machine in their fleet, from all production sectors.

At the same time, support agreements, based entirely on the use of digital solutions, recorded significant growth in the period, and new and important mining clients were incorporated to the implementation projects of integrated purchasing systems (CAT IP).

For the second consecutive year, Ferreyros successfully held the Cat Live Festival *online* event, where it offered discounts and promotions on machinery, equipment, spare parts and services. This *online* fair, which was broadcast on the company's Facebook and Youtube channels, generated business opportunities for more than US\$ 100 million.

It is important to emphasize that Ferreyros achieved the highest rating -Gold- in the Caterpillar Excellence Programs, in all the categories in which it participates: Service, Parts, Digital, Rental and, for the first time, Marketing and Sales.

About Ferreyros

- Leader in the provision of heavy machinery and specialized services in Peru, Ferreyros distributes the largest equipment of the Caterpillar portfolio in the country, required by the different economic sectors.
- The products of its main representative Caterpillar are joined by other prestigious brands, such as Metso aggregate production equipment for construction; Paus underground mining equipment; and Massey Ferguson agricultural tractors, among others.
- With the most complete after-sales support in the market, it has around 50 service points in the country, including branches, offices and headquarters, as well as a permanent presence in its customers' projects.

3.1.2 Unimaq

In fiscal year 2021, Unimaq, supplier of Caterpillar and allied brands light equipment and services, reached sales of S/ 553 million (US\$ 142 million), achieving a relevant increase compared to 2020 and higher levels compared to 2019.

The greater dynamism of the construction sector during the year, especially from the second half of the year, mainly due to self-construction and the continuation of public and private works, boosted Unimaq's performance. In addition, the careful adoption - under very clear safety protocols - of mixed work modalities and visits to customers contributed to the fluidity of operations.

In this sense, Unimaq reaffirmed its leadership in its industry, with its represented Caterpillar, with a market share of more than 50%, according to information on imports in FOB values. Throughout the year, the construction sector demanded new and rented Caterpillar light equipment for small and medium-sized works related to sanitation and the construction of roads and sidewalks.

The Cat light machines most requested by customers in the construction and hauling industries, as well as by mining contractors, were backhoes and excavators, skid steer loaders, rollers and front loaders, among others.

Among the business highlights were the supply of a complete fleet of Cat machines and equipment from allied brands, such as SEM, Genie and Zoomlion, to an oil operator; the sale of Cat backhoe loaders to a company engaged in the transport of natural gas, liquefied gas and oil; the delivery of Cat excavators and backhoe loaders to construction companies and firms engaged in heavy load transport and machinery rental; and the supply of front loaders to a company in the explosives industry.

In reference to other lines, the demand for Carmix self-loading concrete mixers stands out, which, in spite of greater competition during the year, remained the market leader, with 67% of market share, measured in FOB values.

In terms of service, Unimaq was awarded a three-year light equipment maintenance contract with a mining company in the south of the country, while renewing a similar agreement with another client in the mining sector, assigning in both cases specialized technical personnel at its own operating sites.

In turn, the number of value-added contracts (VAC) with customers increased by more than 45% by the end of 2021 for Caterpillar machines and allied brands; in addition, tailored support packages were created for different types of customers. Finally, during the year, the Repair Options Program (ROP) for light equipment was consolidated, under which more than 40 major components of Cat machines were serviced.

It is worth emphasizing the collaborative work that Unimaq and Ferreyros have been developing to optimize processes and create synergies. In 2021, the project to purchase, store and sell spare parts from Ferreyros' Spare Parts Distribution Center (CDR) began; with the infrastructure and high service capacities of this facility, Unimaq can obtain better operating costs in storage, import and local transportation of its spare parts.

As part of its value proposition, Unimaq has a large light equipment rental fleet. At the end of 2021, it consisted of 219 units, both Caterpillar - including backhoes, skid steer loaders and excavators - and allied brands - for example, Carmix self-loading concrete mixers, Wacker Neuson light equipment, Genie aerial work platforms, among others. It also offers long-term forklift rental, with a fleet of about 400 units, which includes maintenance and renewal of the fleet for at least two years. Complementarily, it provides used equipment: in 2021, it sold 220 units from rental fleets, in lines such as forklifts, backhoes, skid steer loaders and excavators.

It is worth mentioning the official integration of Cresko, a specialist in Asian machinery, as part of the Unimaq organization during the year 2021. Thus, the SEM, Shacman and Shaorui lines, previously represented by Cresko, are now part of Unimaq's portfolio, constituting an important business unit. This corporate decision was accompanied by an intensive training and integration process, which will accompany the promotion of the Asian product portfolio.

As first results, it was observed that the coverage and infrastructure of Unimaq's branches throughout the country generated better responses in terms of product support, as well as higher sales, mainly in the SEM line. In addition, the Asian portfolio was well received by Unimaq's customers, as it complemented their portfolio and was an excellent option for customers in the sanitation, quarry, transportation and construction sectors, mainly.

Unimaq has consolidated a strong decentralized presence in Peru. Through a network of 14 branches and offices in the interior of the country, it serves the national territory; the regional activity, outside Lima, boosts 64% of the company's total sales and even 75% of the machine sales of the main represented company Caterpillar. In addition, Unimaq has a permanent presence in six large mining projects of its customers, supporting more than 1,300 machines, guaranteeing high mechanical availability and immediate attention to their needs.

On the other hand, to promote e-commerce, Unimaq's main website and other digital channels were enhanced, and a chatbot was implemented for customer service. The sale of spare parts through Parts.Cat.Com (PCC) generated sales of close to US\$ 4 million in 2021, higher than the previous year. Revenues from the digital channel are equivalent to 18% of the company's total parts sales through its stores.

For the second consecutive year, Unimaq participated in the Cat Live Festival, which was broadcast through its digital channels, with a series of offers and discounts on equipment and spare parts. This *online* fair allowed to promote proximity to customers and generate remote and secure purchasing options.

During the year, Unimaq received important awards, including the Excellence in Occupational Health and Safety Award from La Positiva. In addition, the company was once again certified as a Socially Responsible Company by Peru 2021.

In 2021, Unimaq was distinguished in Caterpillar's Programs of Excellence, with two Gold medals, in the Rental and Marketing and Sales categories, and two Silver medals, in Services and Digital.

About Unimaq

- Founded in 1999, Unimaq is the corporation's company dedicated to the sale and rental of Caterpillar and allied brands light capital goods. It serves the urban and light construction, industry, agriculture, commerce, services and mining sectors.
- In addition to the Cat General Construction line (compact equipment), it distributes allied brands such as Caterpillar forklifts, Caterpillar generator sets up to 220kw, Carmix self-loading concrete mixers, Wacker compaction equipment, Lincoln Electric welding equipment, CIFA concrete mixers and pumps, Blends mobile concrete plants, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Sullair portable compressors, Gardner Denver stationary compressors, Lincoln Industrial lubrication systems, Valtra agriculture tractors, among others.
- Of Cresko's incorporated lines, it is represented by SEM, manufactured by Caterpillar, with loaders, crawler tractors, motor graders and rollers. Its portfolio also includes Shacman trucks and Shaorui crushers and crushers, among other lines.
- It has branches in Piura, Cajamarca, Lambayeque, Trujillo, Huancayo, Arequipa, Cusco and Ilo, and is present in new locations in Ica and Moquegua. Unimaq also has offices in Cerro de Pasco, Huaraz, Ayacucho and Puno. Its main headquarters is located in Lima, where it also has a store in the southern area, dedicated to the service of Caterpillar and allied brands, rental of units and used equipment.

3.1.3 Orvisa

In 2021, Orvisa, the corporation's subsidiary focused on the Peruvian Amazon, representative of Caterpillar and allied brands, reached sales levels of S/ 156 million (US\$ 40 million), higher than those recorded in the previous year and, at the same time, surpassing the levels of 2019, prior to the pandemic.

The company maintained its leadership in the provision of capital goods and services for the Peruvian jungle. In 2021, the construction and government sectors were the most relevant in its revenues (64% of the total), added to the forestry sector, showing increased sales volumes compared to 2020.

The development of infrastructure projects especially drove the supply of new machines, such as excavators, backhoe loaders, road rollers and Cat motor graders, for fleet expansion and renewal, showing growth compared to the previous year. In the forestry sector, the focus during the year was on the supply of spare parts and services.

Orvisa served the agricultural sector in the Amazon with Massey Ferguson tractors, mainly for rice cultivation, although at lower levels compared to 2020. Likewise, attention to the hydrocarbons sector was focused on the provision of spare parts and services, due to a lower demand for equipment for its activities.

During 2021, Orvisa continued to provide the different sectors it serves with its service programs for the maintenance of Caterpillar machinery, such as Repair Options and Customer Value Agreements (CVA), with rates tailored to the needs of each customer in the Amazon region.

The company undertook several initiatives to develop its activities in the new context of the country. It continued to promote the e-commerce platform for Caterpillar parts, Parts.Cat.Com (PCC), and promoted the use of other digital tools among its customers. It also carried out the second edition of the Cat Live Festival event, via streaming, together with Ferreyros and Unimaq, which allowed it to generate equipment and spare parts sales and promote new business opportunities.

Similarly, Orvisa maintained a high level of activity in the development of virtual training for its sales force, and adopted the mixed work modality, combining remote work with face-to-face work, with careful biosafety practices.

In 2021, in the Caterpillar Excellence Programs, Orvisa obtained the Silver level in both the Service and Marketing and Sales categories, as well as the Bronze level in the Digital category.

About Orvisa

- A specialist in capital goods, services and consumables for activities in the Peruvian Amazon, Orvisa has Caterpillar as its main brand represented.
- Its portfolio consists of the same product lines and services as Ferreyros and Unimaq, as well as products for specific applications in the jungle area. It includes Cat machines, Massey Ferguson agricultural equipment, Terex cranes and Carmix self-loading concrete mixers, among other products for specific applications in the area.
- It serves sectors such as construction, river transportation, hydrocarbons, forestry, as well as agriculture and agribusiness.
- Headquartered in Iquitos, with branches in Tarapoto, Pucallpa, Huanuco, Bagua and Puerto Maldonado.

3.2 Caterpillar representative companies and other businesses in Central America

The companies representing Caterpillar and other businesses in Central America reached sales of S/ 572 million in 2021, an increase of 31% compared to 2020 and 2019. In dollar terms, revenues for 2021 totaled US\$ 147 million, up 18% compared to the previous year and 13% compared to 2019. During the year, this set of subsidiaries contributed 9% of the corporation's consolidated sales.

In 2010, the corporation expanded into Central America with the acquisition of Caterpillar's representative companies in Guatemala and Belize (Gentrac) and in El Salvador (General de Equipos). Subsequently, it acquired Soltrak (formerly Mercalsa), a wholesale distributor of Mobil lubricants in Nicaragua, and Motored (formerly Transpesa), dedicated especially to the supply of spare parts for heavy transport in El Salvador.

3.2.1 Gentrac (Guatemala and Belize) and Soltrak (Nicaragua)

Gentrac, Caterpillar's representative in Guatemala, recorded sales of S/ 282 million (US\$ 73 million) in 2021, showing increased volumes not only for 2020, but also for 2019.

During the year, the supply of new and used Caterpillar machinery in the heavy and light equipment lines for the construction, non-metallic mining, agriculture and government markets stood out. The company obtained a 28% market share, retaining its leadership in this segment. It also emphasized the sale of spare parts and the Mobil lubricants line.

It is also worth mentioning the performance of lines added to the portfolio in recent years, such as Caterpillar and Mitsubishi forklifts, which doubled their sales compared to 2020, and mixers Carmix, which increased their revenues by 55% compared to the previous year.

Likewise, customers had at their disposal the alternative of renting machinery, with the Caterpillar fleet and allied brands, to serve the industrial, agribusiness and construction sectors. Although the demand for this line remained at similar levels to 2020, its utilization time increased and high customer satisfaction indicators were achieved.

After-sales service for Caterpillar machinery also supported Gentrac's revenues during the period. In this sense, the equipment maintenance and repair contract, as well as the Cat Certified Rebuild, which it maintains with the country's main cement company, continued to be one of the main commercial agreements in technical support.

In terms of Internet business, the Cat Live Festival streaming event, held in October 2021, enabled the company to sell around US\$ 4 million worth of machinery and generate business opportunities for US\$ 6 million.

In 2021, the company maintained the 5-Star Certification in the Retail Experience evaluation for its main branch, in addition to its branches in Quetzaltenango, Teculután and Escuintla. It was also recognized in the region by Caterpillar for its excellent management of internal sales of spare parts to retail customers.

Gentrac's commitment to decentralization in Guatemala stands out, strengthening its broad national coverage. During the year, Gentrac opened three new offices in the cities of Huehuetenango, Petén and Cobán, with special emphasis on the marketing of spare parts and lubricants. As a result, the company now has 10 offices nationwide to bring its products and services closer to more customers.

Also, in the Caterpillar Excellence Programs, Gentrac achieved for the first time the Gold level in the Marketing and Sales category. At the same time, it obtained the Silver level in the Service and Rental categories, as well as Bronze in Parts and Digital.

Gentrac Belize, meanwhile, closed the year with sales of S/ 26 million (US\$ 6 million), higher than those obtained in 2020 and 2019 in all business lines, especially the sale of machinery, spare parts and services to the construction and government sectors. Equipment such as excavators and backhoes were sold, along with preventive maintenance services for road construction projects.

Likewise, the dynamism of the agricultural sector drove demand for agricultural equipment for use in sugar mills. The lubricants line also saw an increase in sales during the year.

The company is the local market leader with 100% market share, up from 90% in 2020, according to sales reports from distributors of the brands operating in Belize.

Similarly, Soltrak, Mobil's lubricant representative in Nicaragua, achieved sales of S/ 23 million (US\$ 7 million), which represents a significant growth compared to 2020, also above pre-pandemic levels.

This year's revenues were boosted by the gradual economic recovery after the health crisis, despite the challenges of product shortages.

The increase in sales of the lubricants line was presented in the sub-distributors or B2C segment, thanks to the demand of oil companies and auto parts, which has had an outstanding performance. Additionally, the supply of lubricants to customers in sectors such as construction, transportation and industry in general managed to maintain levels similar to those of 2020.

Under this premise, the company and its subsidiary Mobil obtained a share of around 14%, occupying second place in the domestic lubricants market.

About Gentrac (Guatemala and Belize) and Soltrak (Nicaragua)

- In Guatemala, Gentrac is the sole representative of Caterpillar brand machinery and equipment, national distributor of Mobil lubricants and representative of other brands such as Mitsubishi (forklifts), Marine Travelift, Kalmar, Mabey, Terex/Finlay, Genie, Valley, SKF, Alemite, Sullair, Wacker Neuson (light and compact), Lincoln Electric, Schwing, Carmix, among others.
- Maintains its main office and a parts store in Guatemala City. Branch offices in Quetzaltenango, Teculután, Escuintla, Morales, Retalhuleu, Huehuetenango, Cobán and Peten, as well as 14 mobile warehouses in customer operations.
- Operated since 1938 under other names and partners as the exclusive Caterpillar dealer in Guatemala, it was acquired by the El Salvador dealer in 1998 and subsequently by Ferreycorp in 2010.
- In Belize, Gentrac is the sole representative of Caterpillar, national distributor of Mobil lubricants and representative of Wacker, Sullair and Twin Disc brands, Mitsubishi forklifts and Olympian generators.
 - It is headquartered in Ladyville, where the country's international airport is located.
 - Established in 1998, when it acquired the assets and business of Belize Cemcol Limited, a Caterpillar dealer until then.
- Soltrak (formerly Mercalsa) is based in Managua, from where it serves the entire Nicaraguan territory.
 - It was incorporated into the Ferreycorp corporation in 2013. The foundation dates back to 2009, after Mobil de Nicaragua transferred its operations to a group of its executives, assuming the development of a national distribution network.

3.2.2 General de Equipos- Cogesa (El Salvador)

General de Equipos, the exclusive representative of Caterpillar and Mobil lubricants in El Salvador, achieved sales of S/ 170 million (US\$ 44 million), with a significant increase compared to 2020 and 2019, the year prior to the pandemic.

The company has shown sustained growth over the last two years despite the health crisis, thanks to the demand for new machinery, as well as rental equipment, spare parts and services.

In 2021, activity in the construction sector, which had suffered a significant contraction during the second quarter of 2020, was revitalized. Although no major infrastructure projects were started, work was reactivated on several medium-sized projects, which boosted sales. Sales were mainly of Cat equipment such as backhoes, skid steer loaders and excavators, as well as spare parts and after-sales services.

With this support to its customers, General de Equipos - Cogesa remained the market leader, with a 52% share of Caterpillar equipment, similar to that of 2020, measured in FOB values.

The agricultural sector was one of the main boosters of the increase in General de Equipos' sales. With the advance in the mechanization of the sugarcane harvesting process, the company increased its presence in this area with the supply of John Deere equipment, both sugarcane harvesters and agricultural tractors.

Among the most popular new agricultural equipment, the CH570 sugarcane harvester was the most requested in the rental fleet. In addition, agricultural tractors of the 6125 and 6155 models were sold. Thus, General de Equipos, together with John Deere, maintained its leadership among agricultural and agroindustrial customers, obtaining a 55% market share in FOB values.

In 2021, the distribution of Mobil lubricants generated lower sales volumes compared to the previous year due to limitations in the supply from manufacturers. However, the company accompanied its customers with after-sales support associated with this product line.

During the year, economic activities in El Salvador gradually returned to pre-sanitary crisis levels. As a result, and in conjunction with the appropriate biosecurity measures, the company reestablished on-site work at the national level.

It is worth noting that in 2021, General de Equipos celebrated 95 years of existence, which began with the distribution of John Deere in 1926 and continued with the exclusive distribution of Caterpillar in El Salvador in 1930.

Finally, in the Caterpillar Excellence Programs, the company was recognized with the Silver standard in Digital, and with the Bronze level in the categories Service, Parts, as well as Marketing and Sales.

About General de Equipos - Cogesa (El Salvador)

- Founded in 1926, it has been a Caterpillar distributor in El Salvador since 1930. It is the sole distributor of Mobil lubricants in its territory, as well as other top quality lines.
- It also represents lines such as Mitsubishi - Cat forklifts, Wacker compaction and lighting equipment, Lincoln Electric welding equipment, Olympian - Cat generator sets, Sullair compressors, Mack trucks, John Deere agricultural equipment and Michelin tires for construction, agriculture and trucks.
- It provides after-sales coverage nationwide, through its three branches located in San Salvador -central zone-, Sonsonate -western zone- and San Miguel in the eastern part of the country.

3.2.3 Motored (El Salvador)

The Motored subsidiary in El Salvador closed the year 2021 with sales reaching S/ 76 million (US\$ 20 million), higher than in 2020 and at similar levels to those recorded in the year prior to the pandemic.

The good performance in the supply of spare parts, batteries, lubricants and tires was especially promoted by the cargo transportation segment. Thus, Motored maintained its leading position, with a 55% share in the domestic market for spare parts and consumables for trucks and buses, according to import data.

In contrast, the supply of trucks, buses and minibuses did not perform as well as expected, due to a slow recovery in this segment, which prevented investment in new units. Despite the low dynamism, the company marketed lines such as the Kenworth T370 refuse compactors, used by local municipalities, and Higer brand buses and minibuses.

On the other hand, Motored has a small operation in Honduras, where it offers customers the same product portfolio as in El Salvador. The Honduran economy also showed recovery in 2021, especially in the cargo transportation sector. The passenger transportation segment is still in the process of returning to pre-pandemic levels.

About Motored (El Salvador and Honduras)

- Incorporated to Ferreycorp in 2015, Motored (formerly Transportes Pesados S.A. de C.V- Transpesa) has as its main business line the supply of spare parts for trucks and buses in El Salvador.
- It also distributes additional consumable lines, such as lubricants and tires, as well as Kenworth trucks and Higer minibuses.
- It has twelve branches in El Salvador, located in the cities of San Salvador, Santa Ana, Sonsonate, San Miguel, Metapan, Lourdes, Santa Rosa de Lima, Soyapango, Zacatecoluca, Aguilares and Usulután. It also has operations in Honduras.

3.3 Complementary business in Peru and other South American countries

Businesses that complement the supply of goods and services, in Peru and other South American countries, obtained sales in the order of S/ 844 million in 2021, representing an increase of 25% compared to 2020 and 19% compared to 2019. In dollar terms, the revenues of this group of businesses were US\$ 217 million, 13% higher than in 2020 and 5% lower than in 2019.

Thus, these businesses contributed 14% of the corporation's consolidated sales in fiscal 2021.

This group of businesses includes Trex, a supplier of cranes and other lifting solutions, present in Chile, Colombia, Ecuador and Peru; Maquicentro, dedicated to the supply of light equipment in Ecuador; Soltrak, a specialist in industrial safety, lubricants, tires and related services; the subsidiaries Fargoline and Forbis Logistics, in the logistics business; and Soluciones Sitech Peru, focused on the integration of technologies.

It should be noted that during the year, as part of a restructuring of the corporation's business portfolio, the automotive business operations of the Motored subsidiary in Peru were reduced. In response to lower growth prospects in its sales lines, the company ceased representing three global brands that it had marketed for several years. In 2021, the transition of these lines to other distributors in the country was completed, ensuring after-sales support for existing units and the continued supply of new fleets. Its sales have not been considered in the results of this group of businesses, given the reclassification of Motored as a discontinued operation for fiscal year 2021.

3.3.1 Soltrak (Peru)

Soltrak, a specialist in industrial safety, lubricants, tires and related services, achieved sales of S/ 296 million (US\$ 76 million) in 2021, which represents a relevant growth compared to 2020 and 2019. The sales achieved during the year are the highest in the company's history, consolidating its sustained growth trajectory.

During the year, mining and its contractors, construction and the industrial segment continued to be the most relevant sectors for Soltrak's business, as well as transportation and logistics.

The industrial safety line once again positioned itself as a leader in the Peruvian market. Its sales recorded a significant expansion with respect to 2021 levels and pre-pandemic volumes, setting a historical record in this line of business. Among the allied brands that stood out in this area are 3M, MSA, Alphatec, Microgard, Bullard, Kleenguard, Showa and Tecseg.

In 2021, the categories of respiratory protection, hearing protection and fall protection showed particular dynamism, even compared to the pre-pandemic period. 3M sales increased in almost all its families; the Tecseg brand, especially with its lines of footwear, gloves and disposable suits, recorded a significant increase; Ansell products doubled their growth, thanks to the commercialization of disposable gloves.

Likewise, during the period, multiple engineering systems against falls were implemented for various customers, such as those carried out at the headquarters of La Joya and the Ferreyros Spare Parts Distribution Center, as well as in several first class mining companies and in the production plant of an important multinational company.

Meanwhile, in Soltrak's lubricants division, sales of the Chevron subsidiary continued to grow steadily, achieving higher figures than those recorded in 2020 and 2019, prior to the pandemic.

The market responded positively to the quality of Chevron lubricants, manufactured with group II base stocks. The B2B (industrial products) and B2C (consumer products) channels generated a similar proportion of this line's revenues.

In turn, Soltrak continues to position Chevron as a leading brand in the hydrocarbon sector, despite the fact that this market in Peru has been impacted by constant increases in the price of oil and its derivatives, as well as other commodities, coupled with the restriction of supplies of raw materials for the manufacture of lubricants worldwide.

It is worth emphasizing pioneering initiatives in the lubricants division, such as the innovative 'retail' service model launched in 2021: Chevron Express, a mobile lubrication workshop for vehicles, which travels to the location chosen by customers to perform oil and filter changes, as well as to perform other basic vehicle maintenance services. This alternative, available in Metropolitan Lima, is offered by specialized mechanics and focuses on sedans and SUV, with the possibility of also servicing other types of vehicles in general.

On the other hand, in the tire business, with Goodyear as the main company represented, sales during 2021 showed a significant increase with respect to the 2020 period, although lower levels than those recorded in 2019.

In terms of business through digital channels, Soltrak implemented a new online store, which is currently in a trial period, and is expected to be officially launched in 2022.

Likewise, during the year, it consolidated the use of the customer relationship management (CRM) technology tool, with more than 3,700 registered negotiations for an amount equivalent to US\$ 43 million, marking an adoption trend since its launch in 2019.

During the year, Soltrak continued to implement the biosafety measures deployed during the health situation and adopted the mixed work mode (remote and on-site) in order to promote the safest conditions for its employees.

About Soltrak (Peru)

- It is the subsidiary of the Ferreycorp corporation specialized in the supply of industrial consumables, focusing on businesses related to industrial safety, lubricants and tires, as well as the development of specialized services.
- Its product portfolio includes top brands such as Chevron lubricants, industrial safety products under the brands 3M, MSA, Bullard, Alphatec, Microgard-Kleenguard (Kimberly Clark), Showa and its own brand Tecseg, as well as Goodyear tires.
- The service portfolio includes a wide range of activities, such as repair, calibration and maintenance of the products distributed, as well as design and training services, among other specialized services, including predictive maintenance practices, non-destructive testing (NDT), among others.
- It provides services nationwide and has local presence in Piura, Trujillo, Arequipa, Chiclayo and Lima. Its main office is located in Lima.
- Soltrak is ISO 9001:2015 and Entrepreneurs for Integrity certified. It is recognized as a Socially Responsible Company (ESR) and is certified by the Good Employers Association (ABE).
- Joined Ferreycorp in 2007 with the acquisition of Mega Caucho & Representaciones S.A.C., a company specialized in the tire business. In 2009, it merged with the acquisition of Inlusa S.A., incorporating the lubricants business. In 2013, it was complemented with the acquisition of Tecseg S.A., which contributed a complete portfolio of businesses related to industrial safety.

3.3.3 Trex (Chile, Colombia, Ecuador and Peru)

In 2021, sales of Trex, a specialist in cranes and other lifting solutions, with presence in Chile, Peru, Ecuador and Colombia, amounted to S/ 411 million (US\$ 106 million), higher compared to 2020 and lower compared to 2019.

In particular, operations in Chile generated revenues of US\$ 67 million, lower compared to 2020 and 2019 volumes, due to the postponement of investments motivated by the national political situation. New Terex, Demag and Tadano high tonnage cranes constituted the main sales line, with close to 50% of the total.

It was followed in importance by two businesses that showed a significant increase in sales compared to 2020: the rental alternative, with a fleet composed of light and heavy units, and the provision of logistics solutions, through the Konecranes portfolio of container and forklift trucks.

Trex's operations in Chile allowed it to maintain a market share of close to 45% in the lines with the largest presence, such as cranes, port equipment, forklifts and hoists.

During the year, mining continued to be the most important driver of economic activities in Chile and the one that had the greatest relevance for Trex's business. This sector not only demanded high tonnage cranes, but also logistics solutions and rental equipment. It is worth mentioning that Trex accompanied the needs of its customers with highly specialized product support, which included service in important Chilean mines.

In Peru, Trex sales reached S/ 92 million (US\$ 24 million), higher compared to fiscal year 2020 and close to 2019 levels. Although there were signs of recovery compared to the previous year, the market adopted a conservative attitude in its business decisions due to the political context.

Trex maintained its leadership in the supply of mobile cranes, with a 60% market share and demand higher than in 2020, boosted especially by mining and contracting companies. New and used Demag units were the most relevant in crane portfolio sales during the year; the commissioning of a new 500-ton capacity all-terrain Demag crane with a large span capacity in a large mining operation was a highlight.

In turn, the logistics and port sectors were served with the Konecranes Liftace line of container ships, although at lower levels than in 2020, with a 33% share. On the other hand, it should be noted that during the year Trex introduced its new represented brand in Peru: the PM line of articulated cranes, which began its commercial penetration with good customer acceptance.

In 2021, the spare parts and services lines had a high relevance in Trex's performance in Peru, exceeding even the growth of previous years, with special emphasis on open-pit mining operations and export warehouses. Commercial agreements were reached with important mining customers for the supply of spare parts and services for the mobile crane line. Likewise, specialized support for the handling material line developed significantly during the year.

At the same time, operations in Colombia and Ecuador showed an interesting growth, accounting together 16% of total Trex's consolidated sales for the first time in 2021, compared to 8% in the previous year.

In Colombia, the positioning of the Genie, Demag, Loading and Konecranes brands in the market continued. In addition, a new 250-ton Demag AC250 crane was delivered and Trex Colombia was positioned as a benchmark for the sale of used cranes in the market and in the lifting platform rental business. It was the first year of operation of the Bogota branch.

In Ecuador, Trex delivered the largest Genie lifting platform, 180 feet, to one of the main ports; the first two 100-ton Tadano rough terrain cranes to the country's main crane operators; and Konecranes container carriers. The light equipment business was strengthened with the Husqvarna and Wacker Neuson brands, for construction and industry, and the sale of Valtra equipment for corn, rice and soybean planting, for agriculture, was consolidated.

For Trex Latin America, the light and heavy equipment rental business was positioned as the fastest growing in the year, up 18% compared to 2020.

It is worth mentioning the efficient management of inventories of new equipment and spare parts in the countries where Trex is present and the good relationship with the brands represented to meet customer requirements in a complex global context.

About Trex

- It represents the Tadano and Terex brands in off-highway (RT) cranes; Demag, part of the Tadano group, in all-terrain (AC) cranes; Genie in lifting platforms; Konecranes in port equipment and logistics solutions; Donati and Demag in bridge cranes; and PM in other lifting and loading solutions.
- Trex's business operates in Chile, Peru, Ecuador and Colombia. It was founded in 2000, but its origins in the crane and port equipment industry in Chile date back to the 1980s. It joined Ferreycorp in 2014.
- Trex's Peruvian operation started its activity in 2015. Previously, the distribution and support of Terex-Demag cranes in Peru was handled by the subsidiary Ferreyros.

3.3.4 Fargoline (Peru)

In 2021, logistics operator Fargoline obtained sales of S/ 115 million (US\$ 30 million), higher than those recorded in both 2020 and 2019, the year prior to the COVID-19 situation in Peru.

In a year marked by complex logistical challenges worldwide, the company mobilized more than 81,000 containers, placing it among the top four extra-port warehouses in Callao in import and export of these units, and 6,000 tons of breakbulk cargo, in both cases higher than the volumes of the previous two years. In roll-on/roll-off cargo, it handled 6,700 tons, higher than in 2020.

The importance of the temporary storage business, both for imports and exports, stood out, accounting for 74% of sales. The demand for polypropylene and plastic derivatives, chemicals and paper; the textile industry; and the marketing of machinery and tools, among others, contributed to its dynamism.

In addition, the bonded and bonded warehouse businesses, as well as the transportation and distribution line, showed a 40% increase in sales volumes compared to the previous year.

Services provided by Fargoline to subsidiaries of the corporation accounted for 22% of total revenues for the year, while the remaining 78% came from customers outside the corporation. During the year, the company continued its efforts to incorporate new clients, several of which demanded storage, transportation and distribution services around its Arequipa headquarters.

In 2021, the agility of Fargoline's operations stood out: the strategies adopted to have orderly and uncongested spaces had an impact on the timely handling of its customers' containers, with 70% of yard dispatches being completed within 40 minutes, less than the market average.

Fargoline continued with the intensive migration of its administrative procedures, which were previously carried out in person, to digital platforms. By the end of 2021, 80% of its core operations will be carried out digitally. The expansion of capacities and the possibilities of remote work generated a positive impact on user service, with more than 97% of the most dynamic lines being attended within the promised 90 minutes, improving the results of previous years.

It should be noted that the company reconciled its uninterrupted activities with its commitment to the health of its personnel in the pandemic situation, through the adoption of specific strategies to reduce interactions and high biosecurity standards.

On the other hand, to make the registration and filing of supplier documentation more efficient, in addition to reducing paper and printing, Fargoline and the parent company Ferreycorp implemented the Gestor Documental platform, which functions as a repository of documents and digital files related to the management of the supplier approval dossier.

Fargoline, which celebrated its 38th anniversary, renewed its support agreement with Aldeas Infantiles SOS in Callao, providing nutritional and psycho-pedagogical support to children. Virtual training was also provided for drivers of Fargoline and associated transportation companies. This program has been recognized by the Ministry of Labor and Employment Promotion for "Good Labor Practices", awarded in 2019.

About Fargoline

- With 38 years in the domestic market, Fargoline offers services in the regimes of temporary storage of containers, loose and rolling cargo; bonded warehouse; simple storage; transportation and distribution; and cargo movement for projects.
- It is located in Callao, where it has two offices on avenida Gambetta, and in the city of Arequipa.
- Its Security and Control Management System is certified by the Business Alliance for Secure Commerce (BASC). It also holds ISO 9001:2015 (quality), ISO 14001:2015 (environmental management) and ISO 45001:2018 (occupational safety and security) certifications. It implemented the anti-bribery management system based on the ISO 37001 model, which enabled it to obtain the Entrepreneurs for Integrity certification.
- It is also certified as an Authorized Economic Operator (AEO) by Peruvian Customs and is a member of Amcham's Good Employers Association (ABE).

3.3.5 Forbis Logistics (Peru and Chile)

Forbis Logistics, an international freight forwarder, generated sales of S/ 161 million (US\$ 41 million) in 2021, achieving significant growth compared to the previous year (2020) and the pre-pandemic year (2019). This result was driven by the increase in business with companies outside the corporation, which, in Peru, rose from 33% to 45% of total sales.

The year showed a reduction in operating flows in the market, added to the global crisis that affects the availability of means of transportation and, therefore, the supply of final products and inputs for the industry. However, this situation brought new business opportunities in alternative markets such as imports for mass consumption and maritime exports for the agroindustrial sector, in addition to those traditionally served. The food industry was the most relevant sector in the year's operations.

Other sectors that stood out during the year were capital goods (shipment of Caterpillar machinery by sea and spare parts by air); the oxygen industry (import of oxygen generating plants, mainly by air), solar energy (land transportation of solar panels) and construction finishes.

In the mining sector, the mobilization of Caterpillar machinery and spare parts continued for the subsidiaries Ferreyros, Unimaq and Orvisa, which contributed to consolidated sales for the period.

Forbis Logistics continues to be the leader in the ranking of freight forwarders on the United States - Peru air route and has been among the top four worldwide air freight forwarders to the country since 2020. In the maritime route from the United States to Peru, the company climbed two positions with respect to the previous year, now ranking seventh; while, in the maritime service for shipments from all over the world to Peruvian territory, it also climbed steps, going from 29th to 25th place.

During the year, the company continued to optimize its management platforms in order to strengthen internal processes, obtain new quality certifications and improve its customer experience.

About Forbis Logistics

- Forbis Logistics is a specialist in international air, sea and land freight forwarding, through a network of agents around the world and its own offices in Peru, the United States and Chile.
- It was created in 2010 in Miami, Florida, where it has a warehouse in an excellent location, 9 km from the international airport of that city and 26 km from the port. In 2012, Forbis Logistics was established in Lima and in 2017 in Santiago de Chile.
- It has Indirect Air Carrier (IAC) and NVOCC certifications, granted by the U.S. government, as well as BASC certification. It has trinorm certification: ISO 9001:2015 (quality system), ISO 14001:2015 (environmental management) and ISO 45001:2018 (occupational health and safety); and works with the Caterpillar quality standard.

3.3.6 Soluciones Sitech Peru

Soluciones Sitech Peru, a specialist in providing advanced technological solutions in the mining and construction sectors, and with only eight years of institutional life, recorded revenues of S/ 17 million (US\$ 4 million) in 2021, doubling its growth compared to 2020 and the year before the pandemic, in a context of great dynamism in the mining industry, driven by the high price of minerals.

In 2021, the company added the new Torsa anti-collision system to its portfolio of safety and productivity solutions. This is a high-precision proximity warning system that combines more than five advanced sensor technologies that analyze interactions between vehicles or other objects to avoid collisions and collisions in mining operations.

This platform informs the machine operator about the type, position and distance of the different units, obstacles and people around him, as well as the risks, and recommends him to take decisions to mitigate them. All this interaction is also integrated with the central control room, allowing, if necessary, the intervention of other actors.

This new line boosted Sitech's sales volumes by a large percentage during the year. In this regard, the installation of this anti-collision system in about 80 mining trucks of an important mine in the south of the country stands out, being the largest fleet in Peru to have this solution. It should be noted that, after the good reception of Torsa, it is being deployed in other mines in the country for future installations.

At the same time, the Readiband system, from the Canadian Brand Fatigue Science, which specializes in preventive fatigue monitoring, also contributed to consolidated revenues for the period. This solution became a strategic safety tool for an important mining complex with which a three-year contract was signed for the supply of this equipment (*smartbands*) to be used by more than 1,500 machinery operators.

It also continued to install the Trimble system for earthmoving applications on Caterpillar equipment for open-pit and subway mining customers. In the construction sector, the company continued to provide solutions focused on safety and productivity in operations and explored new products in the market.

Sitech continued its research efforts and development of technological capabilities to provide future solutions that will revolutionize the industrial market with a comprehensive information management offering.

About Soluciones Sitech Peru

- Since 2013, it has been dedicated to integrating technologies to create solutions that raise the productivity of customers in the mining, construction and hydrocarbon markets.
- It has a complete portfolio of represented lines, such as Trimble, Loadrite, Torsa, Provix, Brigade, CAT DSS, Readiband, among others.

4. Financial Management

The main focus of the corporation's financial management during year 2021 was concentrated on taking care of the profitability of the businesses, maximizing asset turnover and improving the debt structure of the different companies in order to protect liquidity and reduce corporate financial expenses. These actions became effective at a time of great challenges in the countries where Ferreycorp develops its operations, characterized by the reactivation of their economies after the slowdown they experienced as a result of the pandemic that emerged in 2020, as well as by the political uncertainty in some of the main countries where the corporation is present.

Perú was no exception in the recovery process generated after the pandemic imposed restrictions on economic activity. The corporation thus showed a steady improvement in sales during 2021, mainly boosted by the dynamism in the mining sector under a very favorable scenario of commodity prices. The sales of Ferreycorp and its subsidiaries at the end of the year amounted to S/ 6,111.8 million, which represented an increase of 30% compared to what was obtained in 2020 (S/ 4,694.9 million). It should be noted that revenues do not include Motored's operation, which was reclassified as a discontinued operation during the year.

The accumulated gross profit (S/ 1,642.6 million) showed an increase of 38% compared to the previous year (S/ 1,189.9 million), due to higher sales, higher participation of spare parts and services in such sales composition, and the recovery of the exchange difference. Likewise, the gross margin reached 26.9%, higher than in 2020 (25.3%). The effect of the exchange rate recovery through gross profit was S/ 99 million (1.6% of sales), due to the inventory reserve originated as its acquisition was recorded at a lower average exchange rate.

Also, the operating margin, at 12.7% in 2021, exceeded that of fiscal 2020 (9.1%), as a result of improved gross margin and expense control. During 2020, in order to counteract the effects of the decrease in sales due to the pandemic, an effort was made to reduce expenses through the adoption of financial measures, many of which were only of a temporary nature. In 2021, we were able to maintain expenses at adequate levels and use the corporation's operating leverage to generate higher revenues with this level of expenses. Expenses represented 14.4% as a percentage of sales in 2021, down from 16.5% in 2020.

In particular, the financial expense during the year 2021 reached S/ 70.3 million, much lower than the S/ 90.3 million of the previous year, which is equivalent to a decrease of 22%, mainly due to lower interest rates which started a gradual return to their pre-pandemic levels, and due to a debt level that has been practically maintained. Thus, during the most critical period of the pandemic in 2020, the corporation's debt level was increased in anticipation of an eventual worsening of the decline in revenues and the need to keep operations funded.

Banks' risk aversion and general uncertainty led to a considerable increase in interest rates with a consequent increase in financial expenses. However, as the health emergency and isolation situation stabilized and economic activities normalized, interest rates were reduced, a trend that continued during 2021, especially in the rates applicable to loans in US dollars, the currency in which most of the corporation's debt has been contracted. As for interest rates in soles, these also remained low during the first half of the year, before the election results, when it was considered appropriate to take some

loans in soles in order to reduce the exchange loss of some companies of the group. The corporation's average rate went from 3.53% in 2020 to 2.77% in 2021.

As a consequence of higher margins and the decrease in financial expenses, at the end of the 2021 fiscal year, a net profit of S/ 376 million was recorded, 161% higher than that obtained in 2020 (S/ 143.9 million) and 53% higher than the net profit for 2019 (S/ 246.4 million). This result was achieved despite the effect of the exchange loss, which was partially offset by its recovery through the gross margin, resulting in a net effect of S/ 48 million in 2021. It is worth mentioning that this is an accounting effect and is generated because inventory is recorded in soles at the time of its acquisition, while its sale is made in dollars.

The dollar remained on the rise throughout 2021, especially during the second half of the year, with an exchange rate of S/ 3.624 at the beginning of the year and S/ 3.998 per dollar at the end of the year, which meant a currency devaluation of 10.32%. These generated exchange losses in almost every month of the year and an accumulated loss of S/ 125 million, compared to a loss of S/ 97 million in 2020.

It is important to note that, with the exception of Chile, which has regulations that lead to less dollarization and to the maintenance of accounts receivable in Chilean pesos, the vast majority of the corporation's companies in Peru and other countries not only carry out their operations in dollars, but also use this currency to purchase from their subsidiaries abroad; finance their imports, working capital and investments; and invoice and collect payments in most of the countries where they operate.

On the other hand, accumulated earnings before interest, tax, depreciation and amortization (EBITDA), at S/ 1,008 million, showed an increase of 65% compared to 2020 (S/ 611 million). The EBITDA margin for 2021 was 16.5%, mainly due to the increase in the operating margin.

The corporation's assets reflected an increment compared to December 2020, due to the increase in inventory by S/ 398 million (from S/ 1,684 million in 2020 to S/ 2,082 million in 2021) and the increase in fixed assets by S/ 69 million (from S/ 1,630 million in 2020 to S/ 1,700 million in 2021), mainly in rental fleet. Both results were in line with the good sales performance. In the case of inventory, the company maintains a backlog of US\$ 41 million worth of equipment for mining customers, which will be delivered in 2022. Also, an analysis of the number of days of inventory shows a decrease in turnover from 186 days in 2020 to 152 days in 2021. Regarding accounts receivable turnover, the number of days' receivable decreased from 71 in 2020 to 52 in 2021.

It should be emphasized that the investments in fixed and intangible assets made by Ferreycorp's subsidiaries are a response to the need to maintain the value proposition to its customers and the competitive advantage that positions them as leaders in the markets where they operate. As a distributor of capital goods and related services, and due to its needs for storage, workshops, replacement of rental fleet, exhibition and business support capabilities, during 2021, the corporation made investments in fixed assets and intangible assets for S/ 149 million, corresponding mainly to i) the repurchase of two premises by Ferreycorp that were under operating leases with a financial entity and that correspond to investment assets located in Ate and Lurin rented to subsidiaries (S/ 57.5 million); ii) the purchase of rental machinery and equipment by Ferreyros for S/ 72.3 million, as part of the strategy to introduce new models of Caterpillar trucks to the market -in particular, the 798 of 400-ton truck-, which will be rented to large mining customers on a trial basis and will be kept on books for the duration of the program; iii) the execution of construction works in complementary works (S/ 11.3 million); and iv) an

additional investment of S/ 4.5 million corresponding to the stabilization stage after the live release of SAP S/4 HANA ERP.

In terms of intangible assets, in January 2021 SAP S/4 HANA ERP for Ferreyros and Ferreycorp was launched, adding to the system already implemented in Motored, Orvisa and Unimaq in 2019. Since the start of the project in 2016, the corporation has invested S/ 254 million (US\$ 74.7 million).

For its part, the corporation's debt at the end of fiscal year 2021 reached US\$ 502 million, lower (US\$ 511 million) than at the end of 2020, which is below the average amount of recent years.

It is worth mentioning that the financial debt includes US\$ 30 million corresponding to the application of IFRS16 on Leases, a standard that indicates that lease contracts must be converted into a liability and an asset equivalent to the right of use of the property covered by the contract, and a financial expense resulting from bringing the corresponding obligation to present value.

Higher sales, accompanied by better margins, as well as good levels of collections and expense control, allowed us to generate positive operating cash flows. Thus, despite higher inventory purchases to sustain the increase in sales, there was no impact on the corporation's debt level, remaining at lower levels than in 2019, even before the pandemic and the current political and economic uncertainty in the country.

Likewise, during 2021, Ferreycorp corporation saw the need to reschedule its debt, which during the year was concentrated in the short term. The company managed to establish 63% of its debt with long-term maturities (non-current debt), following the strategy of matching obligations with the life of the assets it supports and under a conservative approach, given the country's current situation. The average rate of the corporation's debt, at 2.77%, was lower than that recorded in 2020 (3.53%).

The company's total indebtedness showed an improvement, going from a debt/equity ratio of 1.61 to 1.56, remaining within the acceptable debt range.

The net financial debt/EBITDA ratio at the end of 2021 was 1.99, 34% lower than the 3.03 recorded at the end of 2020, as a result of improved asset turnover and debt repayment.

In another area, despite the difficult situation of the Peruvian economy and the uncertainty that the market presented in the second half of the year, after the electoral process, Ferreycorp's shares had a positive performance in 2021, as the share price went from S/ 1.72 at the opening to S/ 2.05 at the closing, obtaining its lowest point of the year in June, when it traded at S/ 1.37. However, the strength of the business and the good results led to a recovery of the share. In 2021, the company paid shareholders S/ 186.4 million in dividends (S/ 86.4 million corresponding to fiscal year 2020 and S/ 100 million as an advance on dividends for fiscal year 2021), which represented, in soles, S/ 0.197 per share, or a *dividend yield* of 9.6%.

The S/ 100 million delivered as an advance dividend payment was equivalent to a cash dividend of S/ 0.1057 per share, which was paid to shareholders on October 29, 2021.

It is also worth mentioning that the Board, at its meeting of October 30, 2019, approved a program to repurchase own shares for up to 50 million shares (5% of capital), in a context in which the share price was below its fundamental value, and even book value, which made it a good investment opportunity.

The execution of this program has allowed the corporation to meet several objectives, including giving the market a message of confidence in the business environment and ensuring that the share price did not fall abruptly by withdrawing shares from the market. However, it is worth mentioning that the maximum holding period for treasury stock is two years, in accordance with the provisions of the General Corporations Law, which implies making a decision on the best use of the shares.

Thus, in November 2021, the General Shareholders Meeting decided to redeem 16,788,791 treasury shares and the consequent reduction of the capital stock, which amounted to S/ 958,894,238 at the end of the year. The balance of treasury shares as of December 31, 2021 is 12,830,950 shares.

For further information on the topics covered in this chapter, see Appendix 1, Management's Discussion and Analysis of the Audited Financial Statements; Appendix 3, section 3.1, Capital stock and share price performance; and the Sustainable Management chapter, section Good Corporate Governance.

5. Sustainable Management

Ferreycorp has consistently assumed, long before the concepts of sustainability and social responsibility were disclosed, a commitment to create value for all its stakeholders, becoming a change agent in society and maintaining a transparent and ethical behavior, in a permanent effort to develop win-win relationships. Therefore, it has the firm conviction that profitable growth and an inclusive and responsible vision with society as a whole and the environment underpin the sustainability of the organization.

Ferreycorp has a policy and strict processes for safe and healthy working conditions, which include measures necessary to reduce occupational risks in its operations. In addition, it respects the right to rest, time off and vacations. Responsible management contributes to outstanding results in areas of great importance, such as attracting, motivating, and retaining talent; investor relations; access to capital; comprehensive risk management; and positioning and reputation in the market and society in which it operates.

The generation of value for its seven stakeholders -shareholders and investors, employees, customers, community, suppliers, environment, government, and society in general- is the result of the application of the sustainable management model adopted by Ferreycorp, which contemplates the development of ESG (environmental, social, and governance) best practices. The corporation establishes strategies and actions for each of these groups and incorporates their opinions and expectations in the development of projects and programs.

Along the same lines, Ferreycorp seeks to contribute to the eradication of poverty, the protection of the planet and the assurance of prosperity for all, with an ethical and socially responsible vision, through its firm commitment to the agenda that the private sector has set for the achievement of the United Nations Sustainable Development Goals (SDG).

In the following chapters, you will be able to explore Ferreycorp's sustainable management model with its various stakeholders, as well as the main results obtained during the challenging year 2021.

5.1 Economic Dimension and Corporate Governance

5.1.1 Corporate governance

Some of the basic principles that govern Ferreycorp's commitment to transparent governance and sustainability include having clear Board policies; ensuring equitable treatment of shareholders; conducting the organization with integrity, fairness and reliability; guaranteeing transparency of information in the management of the company; and developing areas of control, risk management and compliance.



In order to serve its shareholders and investors every day, with whom it maintains excellent relations, the corporation permanently updates and improves its corporate governance practices, not only according to global trends but, above all, in accordance with what is required or recommended for Peruvian companies. Likewise, it remains alert to the opinion of the market whose expectation is to establish a direct and transparent relationship with the issuing companies with which it is linked.

The corporation has voluntarily adhered to the principles of the Code of Good Corporate Governance for Peruvian Companies, updated in 2013, which establishes five pillars organized into thematic areas: **i) Shareholders' Rights; ii) General Shareholders' Meeting; iii) The Board and Senior Management; iv) Transparency of Information; and v) Risks and Compliance.**

The adoption of good corporate governance practices promotes a context of respect for the rights of shareholders and investors in general; contributes to the generation of value, soundness and efficiency in companies; brings about better risk management; facilitates access to the capital market; leads to a reduction in the cost of capital, as well as greater and better access to sources of financing and long-term investment; and helps mitigate market failures due to information asymmetry.

The corporation and its companies make significant efforts to maintain their market leadership, generate the expected profitability and maintain a healthy financial structure. These attributes of Ferreycorp are valued by its shareholders and investors, who increasingly demand the company's commitment to society and the environment, beyond profitability.

Ferreycorp is also characterized by its high standards of compliance and leadership, which has earned it recognition both in Peru and abroad for its good ESG (environmental, social and corporate governance) practices. In this regard, the number of shareholders that follow responsible investment practices and guidelines represents 32% of the shareholder base at the end of 2021.

The following is a summary of the treatment given by the corporation to the five pillars of the Code of Good Corporate Governance, whose further development can be found in sections A and D of the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies, in the Appendix to the 2021 Annual Report, as well as in section Compliance and Risk Management of this 5.1 Economic Dimension and Corporate Governance section.

5.1.1.1 Shareholders' rights

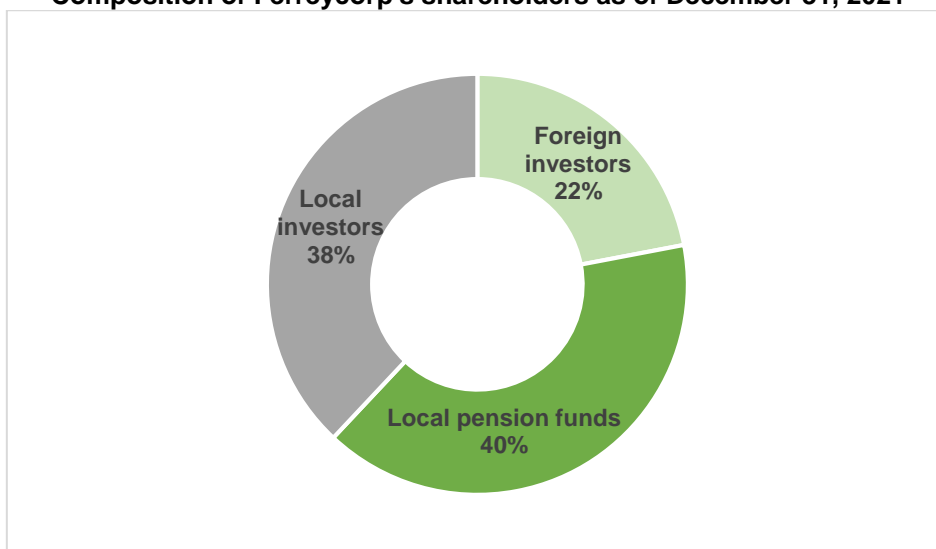
The protection of the **rights of all its shareholders**, both majority and minority, local and foreign, is the way in which Ferreycorp guarantees equitable treatment to its 3,112 shareholders. All corporate matters considered relevant are disclosed in an adequate and timely manner, following strict insider information guidelines, while ensuring the strategic management of the organization through the effective monitoring of the Board and the definition of its responsibilities to shareholders.

Ferreycorp shareholders

Ferreycorp has a widespread shareholding, in which 39.64% is in hands of Peruvian pension fund administrators and approximately 15.48% corresponds to retail shareholders.

With respect to the origin of the corporation's shareholders, the following is the composition of shareholders at the end of 2021.

Composition of Ferreycorp's shareholders as of December 31, 2021



Majority stockholders of Ferreycorp as of December 31, 2021^{1/}

Full name	Number of shares	Equity interest (%)	Source
Prima - Fondo 2	61,188,098	6.27%	Peru
Profuturo – Fondo 3	55,829,583	5.72%	Peru
Profuturo – Fondo 2	52,072,925	5.34%	Peru
Integra - Fondo 2	50,634,820	5.19%	Peru
Integra - Fondo 3	48,050,589	4.92%	Peru
Letko Brosseau Emerging Markets Equity Fund	46,314,000	4.75%	Canada
Prima - Fondo 3	44,398,776	4.55%	Peru
Corporacion Cervesur S.A.A.	43,137,164	4.42%	Peru
Interseguro Compañía de Seguros de Vida S.A.	42,405,262	4.35%	Peru

1/ Shareholders with 4% or more of the company's capital stock.

On the other hand, the *free float* of the corporation went from 81.22% in 2020 to 80.62% in 2021. In this regard, the table below shows the shareholding structure by type of investor at the end of 2021, from which information the *free float* calculation is obtained, according to the MSCI (Morgan Stanley Capital Investment) methodology. Thus, to obtain it, the non-*free float* corresponding to the shares held by members of the Board and Senior Management, including relatives (number 1 of the table); workers (number 2); Peruvian State entities (number 6); banks, finance companies, municipal savings banks under the supervision of the SBS (number 7); entities not included in previous numbers (number 15) and shares in portfolio (number 16) must be discounted from the total.

Stock: FERREYCORP		
Holdings by type of shareholder of the shares or equity securities comprising the S&P Peru Select Index (as of year-end 2021)	Number of holders	% of participation
1. Members of the board and senior management of the company, including relatives ⁽¹⁾ .	23	2.63%
2. Workers of the company, not included in numeral 1 above.	48	0.01%
3. Natural persons, not included in numeral 1 and 2.	2,827	12.85%
4. Pension funds managed by the Pension Fund Administrators under the supervision of the Superintendencia of Banking, Insurance and AFP (SBS).	12	39.64%
5. Pension fund administered by the Pension Normalization Office (ONP) (Oficina de Normalizacion Previsional, ONP).	-	
6. Entities of the Peruvian State, with the exception of the case included in numeral 5.	1	0.21%
7. Banks, finance companies, municipal financial cooperatives, edpymes, rural financial cooperatives and savings and credit cooperatives under the	3	0.19%

Stock: FERREYCORP		
Holdings by type of shareholder of the shares or equity securities comprising the S&P Peru Select Index (as of year-end 2021)	Number of holders	% of participation
supervision of the Superintendence of Banking, Insurance and AFP (SBS).		
8. Insurance companies under the supervision of the Superintendence of Banking, Insurance and AFP.	3	9.11%
9. Brokerage agents, under the supervision of the SMV.	5	0.03%
10. Investment funds, mutual funds and trust funds under the scope of the Securities Market Law and the Investment Funds Law and bank trusts under the scope of the General Law of the Financial System.	19	1.47%
11. Autonomous estates and banking trusts abroad, to the extent that they can be identified.	111	17.47%
12. Foreign depositaries listed as holders of the share under ADR or ADS programs.		
13. Foreign depositaries and custodians that appear as holders of shares not included in numeral 12.	3	0.07%
14. Foreign custodians who are listed as holders of shares.		
15. Entities not included in the preceding numerals ⁽²⁾ .	56	13.31%
16. Shares belonging to the S&P/BVL Peru Select Index or a security representative of these shares in the company's portfolio.	1	3.04%
Total	3,112	100.00%

(1) Term "Relatives" according to the indirect ownership, linkage and economic groups regulations.

(2) Term "Entities" according to the indirect ownership, linkage and economic groups regulations.

As for Ferreycorp's retail shareholders, at year-end 2021 they totaled 2,898, 6% less than the number in 2020 due to the unstable situation in the country, but still 28% higher than in 2019.

Shareholder returns

The corporation promotes the permanent improvement of the stock value through the achievement of good financial results and transparent information practices. In this way, it has a Dividend Policy, modified by the General Shareholders' Meeting of 2019, to allow the delivery of extraordinary dividends above the established limit, and which has been fully complied with for more than 20 years, as it recognizes that one of the main rights of shareholders is to receive the return on their investment.

In May 2021, shareholders were paid S/ 86,368,865.74 in dividends corresponding to fiscal year 2020, equivalent to S/ 0.091 per share, which represented a *dividend yield* of 4.4%.

Likewise, in October 2021, shareholders were paid S/ 100,000,000.00 on account of 2021 profits, equivalent to S/ 0.106 per share, which represented a *dividend yield* of 5.2%. Considering the total dividend distribution in 2021, the dividend yield for the year was 9.6%.

Dividend yield* of Ferreycorp in the last 10 years

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Dividend yield</i>	2.7%	3.6%	4.4%	5.2%	5.0%	5.3%	5.7%	10.4%	8.8%	9.6%

(*) The dividend yield indicates how much of the investment can be recovered solely from the company's dividend payout. It is a way of measuring the productivity of the investment.

Dividend payment detail

Fiscal year	Capital stock (S/ million)	Freely distributable income (S/ million)	Cash dividends (S/ million)	Dividends (% Freely distributable income)	Cash dividends per share (%)	Dividend per share (S/.)
2004	239	25	12	48%	5.5%	0.055
2005	266	27	13	49%	5.5%	0.055
2006	284	80	28	36%	11.0%	0.110
2007	335	114	40	35%	13.2%	0.132
2008	415	72	21	29%	5.5%	0.055
2009	467	90	28	31%	6.0%	0.066
2010	531	125	32	26%	6.0%	0.066
2011	698	147	42	29%	6.0%	0.060
2012	803	158	48	30%	6.0%	0.060
2013	945	93	56	60%	5.9%	0.059
2014	1,014	118	61	52%	6.0%	0.060
2015	1,014	146	87	60%	8.9%	0.089
2016	1,014	207	124	60%	12.8%	0.128
2017	975	240	132	55%	13.5%	0.135
2018	975	202	121	60%	12.5%	0.125
Dividend ext. 2018			100		10.2%	0.102
2019	975	245	147	60%	15.3%	0.153
2020	975	144	86	60%	9.1%	0.091
Advance Div. 2021			100		10.6%	0.106

In terms of share value, despite the difficult situation of the Peruvian economy and the uncertainty in the market since mid-year after the electoral process, Ferreycorp's shares had a positive performance. The opening price for 2021 was S/ 1.72 and the closing price was S/ 2.05, passing through its lowest point of the year in June when it traded at S/ 1.37. This increase in the share price added to the total dividend per share of S/ 0.197, is reflected in a shareholder return of 31% in 2021.

It should be noted that, since 2016, the corporation has had a market maker in order to provide greater liquidity for its shares on the BVL.

5.1.1.2 Shareholders Meeting

The **Shareholders Meeting** not only reports the results of the previous year's management, but also evaluates and approves strategic decisions for the corporation's operation. To promote the active participation of its shareholders, Ferreycorp encourages that the motions on the agenda be circulated and approved by the largest number of shareholders or represented through their proxies present at the meeting, and seeks to increase the *quorum* at the annual meeting.

5.1.1.3 The Board and Senior Management

Within its internal structure, the diversity of experience, training and background of its members, who actively participate in the sessions and committees, make the **Board** a space where the plurality of opinions is relevant for the creation of value for shareholders, as well as for the formulation, together with Management, of the strategic plan of the corporation and its subsidiaries, which marks the future of the organization.

5.1.1.4 Information Transparency

Ferreycorp ensures the **appropriate disclosure of information and its transparency** and has been deploying strict procedures for the handling of reserved and privileged information, through a permanent interaction with shareholders and investors. All relevant matters are disclosed with accurate and regular information, including the financial situation, market situation, business performance, economic group information and the delivery of rights to shareholders, among other topics.

5.1.1.5 Risks and Compliance

On the other hand, in order to ensure that the actions of all Ferreycorp's employees are within the values and ethical principles, a **Compliance System** for the Prevention of Corruption has been implemented, which is framed within a culture of integrity, the central foundation of all its activities.

5.1.2 Risk management and compliance

5.1.2.1 Internal control environment

At Ferreycorp, the internal control environment promotes socially responsible business, contributes to strengthening stakeholder confidence and promotes decision-making based on risk analysis. In this environment, of general scope to all employees and managers of the organization, both the Compliance System and corporate risk management are articulated, framing a corporate performance based on values and promoting the sustainability of the company.



The Board, as part of its fiduciary duty towards the company and the shareholders, has the function of ensuring the integrity of the accounting systems and financial reports, which is achieved through internal and external control. For this reason, it proposes to the Shareholders' Meeting which external auditing firm will be responsible for auditing the individual and consolidated financial statements of the corporation's companies each year. In accordance with the internal policy on hiring external auditors, they may perform this task for five consecutive years, with the possibility of being appointed for an additional period of the same duration, which will depend on the evaluation made by the Audit and Risk Committee of the Board.

The external auditing firm must present, at the beginning of the year, its proposed work plan, methodology to be followed and the responsible team that would be in charge of the work, as well as the economic proposal first to the Management and then to the Audit and Risk Committee, so that the Board can finally propose it to the Shareholders' Meeting. Following this process, at the Shareholders' Meeting held on March 31, 2021, the Board approved the proposal to hire the firm EY to prepare the 2021 audited financial statements.

Likewise, to safeguard an internal control environment, Ferreycorp has an internal auditor and a team of auditors who perform decentralized reviews in all companies and business units, in order to validate that the processes defined for the development of the business and operations are complied with. The reviews respond to an annual plan approved by the Audit and Risk Committee, which is outlined on the basis of certain criteria that allow prioritizing the review to a selection of the auditable universe. The Internal Audit area performs its work with complete independence and autonomy, and its findings and recommendations, as well as their implementation, are presented to the Committee. As the Board is responsible for internal control, internal audit ensures that these controls are effective and function as established.

The Audit and Risk Committee of the Board approved an annual plan for 2021 consisting of 154 tasks during the year and ratified the internal auditor at its meeting of February 15, 2021. It also reviewed in its four sessions the progress of the Annual Plan and the implementation of the recommendations that were still pending from the previous year - 99% of the total was implemented - as well as the 469 recommendations issued during the year.

During 2021, the Audit and Risk Committee of the Board held four sessions, as mentioned above, in which it reported on the plans for an external audit with the participation of the external auditors in two sessions; the internal audit work, with the participation of the internal auditor in all sessions; the control of financial and business risks, with the presentation of the risk map and the mitigation and control plans in the month of December; and the observance of the Compliance System, with the semiannual presentation of the compliance report, by the Corporate Affairs Manager and Compliance Officer.

5.1.2.2 Risk Management

The integral risk management system allows the identification, measurement, administration, control and follow-up of critical risks within the organization, both those that reach the parent company Ferreycorp and all the subsidiary companies of the group, especially those risks related to the business, operations and finances. It should be noted that the corporation has a Corporate Policy for Integral Risk Management.

Ferreycorp has a Risk Area within the Corporate Finance Management, which is responsible for identifying, evaluating, monitoring and communicating potential business risks and determining, together with those responsible for each subsidiary, the action plans to control or mitigate them.

These actions are carried out with the participation of the different areas of each subsidiary and the parent company, and have the final approval of the General Management or the director responsible for each company, who undertakes to carry out the contingency plans established for each of the risks identified and submit them to the Audit and Risk Committee of the Board, made up of five independent directors.

For the year 2021, the high impact risks identified as common to the different Ferreycorp companies are as follows:

Government / politics and slowdown and/or recession of the local and international economy

The corporation has established measures to respond to an eventual severe drop in market demand as a result of both risks mentioned above, such as outlining possible scenarios and contingency plans within a risk control and mitigation plan presented by Management to the Audit and Risk Committee of the Company's Board; monitoring the efficient management of assets; rationalizing operating expenses and optimizing the use of resources. Also, given the volatility of the exchange rate as a collateral effect of political instability that impacts financial results, scenarios and plans for exchange rate increases, the transfer of debt to a currency other than the currency of origin, the use of financial instruments such as *forwards*, and the follow-up of exchange control measures are permanently evaluated.

Competition risk

Ferreycorp believes that it has competitive advantages that allow it to mitigate the possible risks generated by the actions of traditional and non-traditional competitors. Such advantages are its strategic alignment with Caterpillar, the main brand it represents, with which it permanently develops commercial strategies to maintain its leadership in market share in the sectors in which it is present; and its experience in the industry and optimal customer satisfaction, with a portfolio of products from prestigious brands and high-level services; nationwide coverage, through a broad network of branches and offices and at the customers' own place of operation; a recognized after-sales service; rental and pre-owned equipment sales alternatives; financial services that include direct financing or alternatives with CAT; and constant improvement of the value proposition, through the analysis and monitoring of customer satisfaction and experience.

Information systems security

As a result of the identification and assessment of these risks, Ferreycorp has developed an Information Security Program that is articulated through initiatives such as training employees in information security; deploying controls in business processes and information technology; controls required by the Personal Data Protection Law (in Peru); measures to promptly address security incidents; and business continuity planning and testing.

Inventory Management

The corporation, through its subsidiaries and especially its logistics areas, maintains close coordination with its key suppliers, either with the factory for the supply of machinery, consumables and/or spare parts or with shipping lines and airlines for the logistic flow of cargo, in response to the risk associated with the limited availability of equipment and/or spare parts of the brands represented, as a result of the shortage and increase in the cost of raw materials and labor shortages worldwide, as well as the international logistics crisis.

Innovation risk

Faced with the emergence of new business models and innovative ways of penetrating the market, Ferreycorp has deployed a series of initiatives such as the creation of the Innovation Committee of the Board and the Strategic Planning Committee for Monitoring Initiatives; the existence of the Innovation area in the Strategy Management; and the innovation itself of the brands represented in the development of products with technological change, e-commerce and connectivity.

Search for operational efficiency

The corporation has deployed efforts and resources to address this risk, which include the Business Excellence Project (SAP), as a cutting-edge technological platform; the development of initiatives in connectivity (productivity), supply chain, product support, e-commerce, CRM and remote assistance; participation in the Caterpillar Excellence Programs in Marketing and Sales, Digital, Service, Parts and Rental, and in the periodic evaluations that other represented brands perform on their dealers; and the Ferreycorp Circles, as spaces for collaboration and exchange of knowledge of best practices among the subsidiaries.

Damage to corporate reputation and/or brand

Ferreycorp has been working on a series of measures with its different stakeholders to prevent the materialization of this risk, including the implementation of the Compliance System; the preparation of crime risk matrices in the parent company and four subsidiaries of the corporation (Ferreycorp, Ferreyros, Unimaq, Soltrak and Fargoline); implementation of due diligence processes for clients by the Unit for the Control of Money Laundering and Financing of Terrorism (LAFT) and Illegal Mining (UCMI); and incorporation of anti-corruption clauses in commercial contracts and protocol for customers questioned for corruption.

Health and safety

The commitment of Ferreycorp and all its employees is to eliminate, minimize and control this risk through measures such as the annual Occupational Health and Safety (OSH) Program; monthly monitoring of OSH indicators; and certification in the highest international standards, ISO 45001 (Occupational Health and Safety Management System) in Ferreycorp, Forbis Logistics Peru and Trex Chile.

Likewise, during the pandemic, the COVID-19 Surveillance, Prevention and Control Plan was implemented, which included the follow-up of COVID-19 cases; a comprehensive training program, kick-off talks, releases, information sessions and question and answer sessions for employees to ask questions about the disease; and emotional support activities by specialists.

5.1.2.3. Internal Control System

In order to guarantee an adequate internal control system, the corporation has a corporate internal audit area, which is responsible for checking the review work in all companies and business units to ensure that the processes defined for the management of business and operations are complied with.

The Corporate Internal Audit Management consists of one internal auditor and eleven auditors.

The definition of the annual plan is based on the review of 617 auditable units and its review is prioritized taking into account the criteria of fraud / global risk, economic condition, regulatory processes / systems, elapsed time, audit assessment, strategic alignment, and opinion of the Corporate Audit Management.

The 2021 plan was approved with a scope of 154 revisions, which are broken down as follows:

- By company: 4 jobs at Ferreycorp, 38 jobs at Ferreyros, 74 jobs at other local subsidiaries and 17 jobs at foreign subsidiaries.
- By type of audit: 30 regulatory audits, 31 process reviews, 80 operational audits, 5 systems audit and 8 special audits.

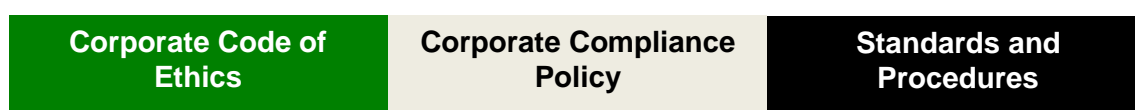
These reviews made it possible to identify some incidents, all of them minor, and to present recommendations to all the companies and management audited. A total of 469 recommendations were made, 69% of which had been implemented by the end of the year, with the remainder in the process of being implemented by the first months of 2022.

It should be noted that at the end of the year, the internal auditor retired and the Audit and Risk Committee appointed Ms. Andrea Sandoval as the corporation's new internal auditor, who has 35 years of experience in the company and is knowledgeable about the company's business processes.

5.1.2.4 Compliance System

To ensure that the actions of all Ferreycorp's employees are carried out within the framework of a culture of integrity, aligned with ethical values and principles, as well as observing the legal framework applicable to all areas of business management, the Compliance System has been implemented to prevent crimes, especially money laundering and corruption.

The system is based on three pillars:



The **Corporate Code of Ethics** details the values of the corporation that guide the behavior and decision-making of all employees, including Ferreycorp's officers and directors, without exception. In addition, it clearly and explicitly determines the fundamental lines of action that must govern relations with the different stakeholders, based on ethical principles.

For its part, the **Corporate Compliance Policy** reflects the commitment of the corporation in its fight against bribery in any form; through an agent or third party; in relation to a public employee or a natural or legal person; in any situation that may arise; as well as against the crimes of collusion, influence peddling, money laundering and financing of terrorism. The development of this policy, as well as the measures and the design of the Compliance System that is deployed, takes into consideration the requirements established by the ISO 37001:2016 standard, as well as the current laws and regulations on compliance and crime prevention.

A set of specific corporate **standards** constitutes a guide for the actions of employees, officers and directors in circumstances that could present risk situations, such as the giving or receiving of gifts, conflict of interest, business with State agencies and relations with public officials, as well as other standards related to reputational risk control and preventing corruption in business with third parties. Likewise, there are **procedures** focused on the identification and evaluation of risks; the administration of communications; the performance of audits of the system, among others, contributing to its efficient management.

Regarding the 2021 fiscal year, as in previous years, the Audit and Risk Committee of the Board received Ferreycorp's Compliance Report, with a progress report on *compliance* at the end of the first half of the year and a final report at the end of the year. The edition with information at the end of 2020 was presented at the June committee meeting, while the report focused on the first half of 2021 was presented at the September committee meeting. The final report for the year 2021 was presented at the Audit and Risk Committee meeting of the Board on February 14, 2022.

The report is an evaluation of the degree of compliance in ten dimensions of specialized regulations and major compliance risks: Corporate Compliance System, Financial Intelligence Unit, illegal mining, personal data protection, contracting with public sector entities, customer and supplier relations, securities market, imports, taxes and transfer pricing, and labor and health issues.

With regard to the Compliance System for the prevention of corruption crimes of the corporation and its subsidiaries, it includes the regulations related to the prevention of money laundering and financing of terrorism, and its subsequent reporting to the Financial Intelligence Unit (FIU); the control of illegal mining, fishing and logging; the protection of personal data; contracting with the State; relations with customers and suppliers; the securities market and the disclosure of information; the declaration and payment of taxes, as well as compliance with transfer pricing provisions; foreign trade regulations; and compliance with labor obligations with respect to workers.

In fiscal year 2021, the implementation of the Compliance System was strengthened, which systematizes, organizes and implements various Ferreycorp initiatives in this area, from the existing and long-standing ones to those recently created. The system is currently implemented in five of the corporation's companies: Ferreycorp, Ferreyros, Unimaq, Soltrak and Fargoline. By the end of 2022, implementation is expected to be completed in the other subsidiaries in Peru: Forbis Logistics, Orvisa, Motriza, Sitech and Ferrenergy. In 2023, this effort will be completed with the subsidiaries located abroad.

It should be noted that one of the main elements for the operation of the system is a Corporate Ethics and Compliance Officer, a whistleblower channel and training processes for employees in this area.

In 2021, Ferreyros obtained the recertification of the "Certified Anti-Bribery Company" distinction, thus showing the consolidation of the management system for the prevention of corruption in the main subsidiary, which at the end of 2019 earned it this certification for the first time granted by the association *Empresarios por la Integridad* (Businessmen for Integrity).

The parent company Ferreycorp and three of its subsidiaries, Unimaq, Soltrak and Fargoline, also obtained this distinction in 2021, awarded on the basis of an audit conducted by an independent third party of recognized trajectory, which evaluates key processes of each of these companies. This recognition demonstrates the existence and proper functioning of an anti-corruption regulatory system, and the commitment to a culture of integrity in the corporation and its subsidiaries, with clear principles to promote ethical behavior, based on values, with all stakeholders.

During the year, Ferreycorp actively participated in the Corruption Prevention Program "De Empresas para Empresas" (DEPE) of the *Alliance for Integrity*, which is implemented in Peru in collaboration with USAID Peru's Transparent Public Investment Project (TPI) and the Good Governance Project developed by the German cooperation agency GIZ Peru.

This program seeks that small and medium-sized enterprises (S&MEs) in various regions of the country strengthen their integrity standards, implement effective anti-corruption mechanisms and improve their competitiveness. In 2021, the corporation participated in the training of 118 S&MEs in the construction sector, including some of its suppliers, sharing its leadership experience in the adoption of best practices that promote ethical business performance, with an impact on its stakeholders and benefiting the development of the country.

5.1.3 Customer relationship management

The corporation, through its operating companies in Peru and abroad, is mainly engaged in the import and marketing of products of prestigious brands and recognized quality. The organization develops capabilities that allow it to have the preference of customers, maintaining a high market share in the lines it distributes.

Ferreycorp, through its subsidiaries, focuses on the commercialization of capital goods and related services in several Latin American countries. Within the framework of this mission, it complies with the attributes of excellence in the quality of products and services, as well as in the safety of customers, with the purpose of satisfying their expectations, establishing solid long-term relationships and generating recommendation of Ferreycorp companies, achieving higher and higher levels of loyalty.

In this sense, it offers nationwide coverage in the territories where it operates; it has a wide infrastructure of workshops and an assorted inventory to meet the needs of customers in an efficient and timely manner; and it provides, through trained technicians, after-sales service with the best quality standards.

In addition, the corporation provides its customers with an efficient supply chain. The company has a large stock of spare parts in Lima and its branches; a network of approved carriers to guarantee the best service; and a significant logistics capacity deployed through its subsidiaries Fargoline and Forbis Logistics. The latter contribute significantly to the efficiency of the supply chain, offering customers the shortest possible time for the arrival in the country of the required products and their dispatch.

Finally, the corporation offers medium-term credit for the purchase of machinery, equipment and spare parts and, through Caterpillar's financial arm, financing with excellent financial conditions.

The corporation, in its role of guiding the management of its subsidiaries to focus on customers, has indicators for measuring customer satisfaction and internal policies such as:

- Corporate Customer Experience Management Policy, which contains tools to fulfill the brand promise of products and services to the market, as well as customer complaint mechanisms.
- Integrated Corporate Safety, Health and Environment Policy, which includes guidelines for the safety program, use of indicators and management tools, as well as compliance control and auditing.
- Corporate Information Security Policy, in compliance with the Peruvian Personal Data Protection Law.

For detailed information on the commercial performance of Ferreycorp and its subsidiaries in 2021, please refer to the Business Management chapter.

5.1.3.1 Product quality and customer satisfaction

In order to build customer loyalty, the subsidiaries implement a customer experience management model consisting of the following best practices:

- Design of experiences consistent with the brand promise of products and services.
- Periodic information gathering mechanisms such as the "Voice of the Customer" survey.
- Loyalty indicators specification (satisfaction, repurchase, recommendation).
- Performing service recovery actions.
- Analysis of customer *pain points* or *insights*.
- Specification of initiatives to improve customer experience and/or improve the value proposition of products and services.

Through the Voice of the Customer survey, the corporate Customer Experience Management area standardizes complaint management, implements customer experience standards and supports the development of experience protocols for customer service channels in the corporation's subsidiaries.

It should be noted that this survey provides the customer satisfaction index, as well as the NLS (*Net Loyalty Score*), which considers three rigorous indicators: satisfaction, repurchase intention and recommendation; based on these three ratings, under a scale of 1 to 10, we identify the number of loyalists or promoters -who score 9 or 10 in the three questions- minus detractors - those who score 5 or less on any of the questions.

The following shows the level of customer satisfaction with the products or services offered by the six subsidiaries with the highest operating volumes in Peru: Ferreyros, Unimaq, Orvisa, Soltrak, Fargoline and Forbis Logistics. The improvement in the results of most of these companies stands out.

Consolidated results of the level of customer satisfaction with the products or services offered by the company *

Type of survey	Ferreyros		Unimaq	
	Satisfaction 2020 (%)	Satisfaction 2021 (%)	Satisfaction 2020 (%)	Satisfaction 2021 (%)
New machinery	61	58	48	45
Services	64	70	50	60
Spare parts	64	65	46	44
Used equipment sales	53	60	50	59
After-sales service allied brands	-	-	50	54
Rental	79	81	51	70
% Total	64	67	47	47

Type of survey	Orvisa	
	Satisfaction 2020 (%)	Satisfaction 2021 (%)
New machinery	69	77
Services	58	67
Spare parts	56	60
% Total	59	65

Type of survey	Fargoline		Forbis Logistics	
	Satisfaction	Satisfaction	Satisfaction	Satisfaction
	2020 (%)	2021 (%)	2020 (%)	2021 (%)
Service	47	49	72	69
% Total	47	49	72	69

Type of survey	Soltrak	
	Satisfaction 2020 (%)	Satisfaction 2021 (%)
Lubricants	56	59
EPPs	43	35
Tires	39	47
% Total	46	47

(*) Consider: Ferreyros, Unimaq, Orvisa, Forbis Logistics, Fargoline and Soltrak

In addition, most of Ferreycorp's companies with the largest operating volumes in Peru show a consistent improvement in the level of customer loyalty to the products and services offered.

Consolidated results of NLS customer loyalty level with the products or services offered by the company

Type of survey	Ferreyros		Unimaq	
	NLS 2020 (%)	NLS 2021 (%)	NLS 2020 (%)	NLS 2021 (%)
New machinery	52	53	36	36
Services	59	68	38	54
Spare parts	59	61	33	33
Used equipment sales	47	47	29	53
After-sales service allied brands	-	.	47	53
Rental	79	81	42	68
% Total	59	61	35	37

Type of survey	Orvisa	
	NLS 2020 (%)	NLS 2021 (%)
New machinery	65	77
Services	47	63
Spare parts	46	50
% Total	55	65

Type of survey	Fargoline		Forbis Logistics	
	NLS	NLS	NLS	NLS
	2020 (%)	2021 (%)	2020 (%)	2021 (%)
Service	40	40	59	66
% Total	40	40	59	66

Type of survey	Soltrak	
	NLS 2020 (%)	NLS 2021 (%)
Lubricants	53	57
EPPs	36	35
Tire	31	67
% Total	39	46

(* Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Forbis Logistics and Soltrak

All Ferreycorp companies have permanent channels for customer service and for receiving suggestions and complaints regarding products and services, through various means of communication such as telephone, mail, website and social networks. Specifically, in Peru, in accordance with Law No. 29571, a complaints book is available to customers.

Additionally, each subsidiary company, based on its operational independence, has generated processes for receiving and managing complaints and claims. For example, Ferreyros, Orvisa and Unimaq have a process for handling complaints and indicators; registration and follow-up are carried out through the SAP CRM system.

5.1.3.2 Customer health and safety

In all the countries where it operates, Ferreycorp is committed to providing a safe environment to ensure the physical integrity of its employees, customers, suppliers and third parties.

In Peru, the subsidiaries have integrated quality and safety management policies that mention the commitment to be responsible for the health of its employees, customers and suppliers, as well as care for the environment. Likewise, there are internal safety regulations in the offices, workshops and operations that seek to guarantee the integrity of all those who are in such spaces. Likewise, procedures have been established for the handling, segregation, and storage of solid waste and hazardous liquids. Currently, the subsidiaries abroad are in the process of adapting their management systems in this area.

The following is information on Ferreycorp's five largest companies in Peru. These companies have hundreds of products and product families, including equipment, accessories and spare parts of the different brands they represent. 100% of the products show the data required by current regulations, such as origin, safety instructions, and product disposal instructions. In the case of equipment, these have safety manuals with specific information for each model.

Product and service labeling information (*)

Labelling	Ferreyros				Unimaq				Orvisa				Soltrak			
	Equipment	Accessories	Spare parts	Services	Equipment	Accessories	Spare parts	Services	Equipment	Accessories	Spare parts	Services	Equipment	Accessories	Spare parts	Services
Origen	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes	-	-	Yes	-	-
Content: Presence of substances that may affect the environment	-	-	Yes	Yes	-	-	Yes	Yes	-	-	Yes	Yes	-	Yes	-	Yes
Safety instructions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-	Yes
Product disposal	-	-	Yes	Yes	-	-	Yes	Yes	-	-	Yes	Yes	-	Yes	-	Yes

(*) Considers: Ferreyros, Unimaq, Orvisa and Soltrak

5.1.3.3 Customer privacy

In compliance with the Peruvian Personal Data Protection Law, Ferreycorp and its subsidiaries in the country request the prior, informed, express and unequivocal consent to process the data or information of a natural person. In case of processing of sensitive data, written consent is also required.

Likewise, Ferreycorp has established rules and procedures to ensure the proper handling and storage of customer data. These are:

- GTPI-SEG-NC-003 Corporate Personal Data Protection Policy.
- INP-SEG-PRC-002 Corporate Procedure for the Management of Incidents Related to the Personal Data Protection Law.

A relevant aspect in data management regulations is to have the consent of the owner for access to his personal data, except in cases exempted by law, and its use for the established purposes.

5.1.3.4 Relationship and frequency

Communication with customers is daily and personalized, in order to contribute to the success of their business through products, services and solutions. Contact is made by e-mail, telephone, online digital platforms, among others.

5.1.4 Supply chain management

Ferreycorp develops reliable and permanent relationships with its suppliers, under a perspective of mutual growth, fair, loyal and transparent treatment. The corporation and its subsidiaries seek that its suppliers maintain an ethical commitment and act with social and environmental responsibility, while orienting its management with this group of stakeholders towards their development, to improve their capabilities and train them in values and respect for human rights, whether they are natural persons with business, micro, small, medium and large companies.

Thus, the corporation's suppliers must carry out their activities in accordance with the regulations in force within the scope of their business activity, as well as in accordance with the Corporate Code of Ethics, Supplier Code of Conduct, and Compliance System and other related corporate standards.

To this end, they must provide high quality competitive **products and services**, in accordance with the requirements and technical specifications negotiated and corporate safety standards; and may not receive remuneration that transcends the commercial relationship. Also, they must respect **personal data, confidentiality and intellectual property**, and ensure the protection of information according to corporate standards, without disclosing or using it independently, as well as respecting trademarks and patents, and not making counterfeits. Additionally, they must avoid any situation that presents itself as a **conflict of interest**, guided by the principles of good faith. Corporate's suppliers must respect the corporate's health and safety standards; maintain a **commitment to human rights**, not using or promoting child labor and forced labor, ensuring equal treatment of its stakeholders without discrimination, and preserving freedom of association and collective bargaining. They must act with due diligence in the selection of its own suppliers and subcontractors to ensure **responsible sourcing** throughout the supply chain: and having the highest standards of moral and ethical conduct, within the framework of the **fight against bribery and corruption**.

5.1.4.1 Suppliers type

Ferreycorp and its subsidiaries classify their suppliers according to different characteristics and conditions. By type of relationship with the companies, they can be commercial and non-commercial; by type of transaction, local and foreign; and by criticality by contracting volume and substitutability.

Within this classification, the corporation's main commercial suppliers, mostly foreign, are the manufacturers of the brands represented, whose goods are imported from various parts of the world by Ferreycorp's subsidiaries. It is worth mentioning the relationship maintained with Caterpillar, the organization's flagship brand, since 1942.

It is worth noting that Caterpillar and other represented brands are leading companies with a recognized track record in international markets, with world-class sustainability practices. Their commitments range from a high level of environmental and social responsibility to the principle of promoting lasting relationships with their stakeholders, which includes providing products that comply with safety and environmental regulations; inclusive work environments; and respect for human rights, among other aspects.

Commercial suppliers are also considered to be those related to workshops, logistics and transportation and that are part of the value proposition of the companies. In addition, there are several commercial suppliers within the value chain of the subsidiaries dedicated to the sale of consumable products and other service companies.

Ferreycorp also has a portfolio of local and foreign suppliers in its non-commercial activities, including insurance and telephone companies; and suppliers of van fleets; travel, customs and logistics agencies; general services and cleaning companies; infrastructure, environmental and technology services; and suppliers of stationery, uniforms and *merchandising*, among many others. Also included are suppliers that provide goods for IT services such as computers, supplies and fixed assets.

5.1.4.2 Supplier risk management

In 2021, the corporation developed a Supplier Code of Conduct, which incorporates labor practices and standards, environmental policy and anti-corruption measures. In addition, during 2021, the Supplier Risk Matrix was developed, which takes into account the social, environmental and good corporate governance dimensions, and in which undesirable events and their possible impacts have been defined. This matrix is used for the formal evaluation of sustainability risks of suppliers throughout the supply chain, which, in accordance with the corporation's risk assessment standard, are quantified based on the impact and probability of occurrence. To assess the impact, variables such as severity, extent of damage to image, impact on legal compliance and impact on the continuity of operations are taken into account.

In addition, as part of the Compliance System, Ferreycorp implemented best practices for suppliers, such as the incorporation of anti-corruption clauses and ethical and sustainable development principles in all contracts. Similarly, a Supplier Affidavit and a Due Diligence Questionnaire were incorporated into the registration process as part of the ethical standards established by the corporation.

In the area of safety and health of suppliers, a risk assessment is carried out to eliminate or minimize the hazards identified in products and services, and to determine preventive measures. Furthermore, there are operating manuals for equipment that include safety issues, while for visits to the plant, guidelines have been established to ensure the integrity of visitors, such as contractor induction, Complementary Workers' Compensation Insurance (SCTR), Safe Work Analysis (ATS), safety signage, safety booklet, use of personal protective equipment, risk map, evacuation map, etc.

It is important to highlight that suppliers, as well as direct employees, are part of the scope of Ferreycorp's Health, Safety and Environment Management System (HSEMS).

5.1.4.3. Supplier training

Ferreycorp's different companies seek to promote the formalization and development of local suppliers in order to improve the quality of the goods and services they offer, thus contributing to the growth of local economies.

In this sense, their training is not only for compliance purposes, but mainly for its real development as a sustainable supplier, so they can get trained, standardized and also to demonstrate the due diligence in their internal procedures.

Training has been extended to local suppliers on topics such as health and safety and, in the last two years, on the Compliance System for the prevention of corruption, also aimed at the network of internal buyers. As part of the supplier development plan, in 2021, suppliers in the transportation sector of the subsidiaries were prepared to use the GRI methodology for the preparation of sustainability reports. Suppliers with preventive services contracts in Ferreycorp's parent company received training for measuring the carbon footprint through the Carbon Footprint Peru platform of the Ministry of the Environment.

Supplier training developed by the parent company Ferreycorp and its subsidiaries in Peru in 2021

Indicator	Total suppliers trained	Man hours of supplier training,	% of suppliers trained in health and safety	% of suppliers trained in the in the Compliance System	% of suppliers trained in sustainability issues
Ferreyros y Ferreycorp	4,155	11,518	100%	2%	4%
Unimaq	210	80	45%	50%	5%
Orvisa	187	419	100%	0%	3%
Soltrak	162	62	36%	62%	2%
Fargoline	137	132	100%	0%	4%
Sitech	1	9	0%	0%	100%
Motriza	31	51	100%	0%	10%
Forbis Logistics	1	9	0%	0%	100%
Ferrenergy	2	9	0%	0%	100%
Total	4,886	12,289	n.a.	n.a.	n.a.

5.1.4.4. Amount of investment in suppliers

During 2021, Ferreycorp's main subsidiaries in Peru and the parent company have contracted with suppliers for more than S/. 5,500 million. Below are the values of purchases that the parent company Ferreycorp and its subsidiaries in Peru made from suppliers in 2021.

Spending on suppliers of Ferreycorp and subsidiaries in 2021

Indicator	Total number of suppliers	Purchases of goods and services (S/ million)	Domestic purchases (goods and services) in S/ millions	% of purchases from domestic suppliers	Foreign purchases (goods and services) in S/ millions	% of purchases from foreign suppliers
Ferreyros	8,937	3,697.0	770.3	21%	2,926.7	79%
Unimaq	1,215	1,180.8	838.8	71%	342.0	29%
Orvisa	1,172	119.1	27.0	23%	92.1	77%
Soltrak	882	252.6	133.8	53%	118.8	47%
Fargoline	140	6.8	6.8	100%	0.0	0%
Sitech	357	14.1	4.2	30%	9.9	70%
Motriza	195	124.1	12.4	41%	111.7	59%
Forbis Logistics	434	115.7	19.2	17%	96.5	83%
Ferrenergy	649	14.1	10.4	74%	3.6	26%
Matriz Ferreycorp	517	17.6	17.2	97%	0.4	3%
Total	14,498	5,542	1,840.2	0%	3,701.8	0%

5.1.4.5. Digitalization of processes for suppliers

Five Ferreycorp companies have implemented the SAP 4HANA management platform, thanks to a significant investment made in recent years. With this innovation effort, these companies have a single supplier database (natural or legal person) with integrated information from Sunat. Thus, with just one registration, all companies will have a universal supplier code and will be able to update their basic data for individual management.

Through this platform, it will be possible to register the payment conditions of each supplier and establish a release strategy in accordance with a corporate policy and a corporate accounting plan. In addition, it will be possible to upload contracts and relevant documentation related to each purchase.

Ferreycorp and its subsidiaries have been developing a digital supplier file as a repository of information between the supplier and the company.

The parent company Ferreycorp has implemented a supplier website, fully integrated with SAP, which is used to register and enter payment documents digitally. This eliminates the physical delivery of documents through a digitized process of submission and registration of invoices, purchase orders, delivery guides, etc., which generates time efficiencies, in addition to tracking the scheduling of payments by the supplier itself. In this way, the carbon footprint is reduced, due to the lower use of paper, as well as less use of fuel in the transfer of suppliers to the main office to physically leave their invoices.

5.1.4.6 Supplier evaluation and selection process

In 2021, the corporate standard for evaluation, selection and approval of non-commercial suppliers was published, which incorporates issues such as internal and external approval of current and future suppliers, and provides guidelines to all subsidiaries on the conditions necessary for their suppliers to comply with due diligence. This process requires the completion of relevant information regarding the policies, standards and procedures established in the Compliance System for the prevention of corruption crimes of the corporation and its subsidiaries. On the other hand, each company of the Ferreycorp group has the power to define whether it will work the required activities through a third party or directly.

Ferreycorp and/or its subsidiaries must carry out a competitive bidding process, either through a private bidding process or an administrative procedure, in which several suppliers are quoted. This process takes into account variables such as price, quality, delivery time, good sustainability practices (environmental, social responsibility, and compliance), as well as a review of the financial aspects and commercial references of the candidates. In a subsequent period, non-commercial purchases are expected to be made only with approved suppliers.

By the year 2021, 1,249 suppliers will have been corporately certified internally and/or externally.

Supplier approvals in 2021

Company	Total
Ferreyros	552
Unimaq	401
Orvisa	6
Motored	1
Soltrak	22
Fargoline	39
Sitech	2
Motriza	0
Forbis Logistics	57
Ferrenergy	20
Matriz Ferreycorp	149
Total corporation	1,249

All suppliers shall be subject to due diligence controls in general (found in the Corporate Standard for Due Diligence on Customers, Suppliers and Employees GEN-GCAC-NC-008) regardless of the process each company has in place, in order to prevent corruption risks or the commission of any related or related crime.

In order to provide some benefit to suppliers that are SMEs and in accordance with current regulations, the corporation has taken actions to reduce the payment time for goods and services to a maximum of 30 days.

5.2 Social Dimension

The social dimension of the activities of Ferreycorp and its companies includes fundamental aspects such as the management of its human capital and the impact of the corporation on the community.

5.2.1 Human capital management

5.2.1.1 Our management at the COVID-19 context

The protection of Ferreycorp's employees and their families, as well as the deployment of best practices to share with the communities in which they work, have been part of the unprecedented human and technical work that the corporation has done since the beginning of the health emergency generated by the COVID-19 pandemic, which continued in 2021 after the progressive return to normal operations.

Having adopted innovative strategies during 2020, the following describes the evolution of some of them during 2021:

COVID-19 monitoring and support center

During 2021, Ferreycorp has continued to develop actions to ensure that its employees whose health is affected receive the necessary primary care, including screening, follow-up when they become ill until they are discharged, remote assistance and dedicated follow-up of cases related to the disease.

This task has been assumed by the corporation through the Central COVID, a fundamental tool created in 2020, due to the limitations of care in the private and public medical network in the country, for the monitoring and support of the entire working population and direct family members of Ferreycorp, both in Peru and abroad, backed by a team of experts in human resources, social welfare and medical personnel of the organization.

Modalities of work

By the end of 2021, the majority of employees of Ferreycorp and its subsidiaries will be working on-site (69%) or in a scheme that combines on-site and remote work (13%), according to their job profile. As a result, they have focused mainly on processes closely linked to the nature of Ferreycorp's business, in the area of capital goods and related services, such as physical service at the locations (workshops and warehouses); after-sales support; and the delivery of machines and spare parts. This has consolidated the efforts to return to normal operations, after the first quarantine, when a small number of employees made themselves available to those clients with activities authorized by their sector to provide them with all the support that would allow them to operate.

Remote work for those employees whose function allows it has remained as a practice promoted within the corporation since the beginning of the quarantine, especially in the administrative and *back office*, commercial and human resources areas, among others, whose work has not stopped since then, thanks to the fact that for some years Ferreycorp has been using cloud applications and remote systems that have become very popular today.

Occupational Health Circle

Since the staggered return of employees to the different subsidiaries began, Ferreycorp's health protocols have been adapted to the needs of the operations and the employees who participate in them. The Occupational Health Circle created the previous year, to integrate all the occupational physicians and Human Resources areas of the corporation, was maintained during 2021, to continue with its surveillance protocol, which includes care and medication for all employees and family members in the initial stage of the disease, and in cases considered mild. Likewise, the COVID-19 periodic screening protocol was maintained, complementary to the provisions of the Surveillance Plan of the Ministry of Health, for all employees, after coordination with the corporation's occupational physicians.

Support and assistance measures

During 2021 and since the beginning of the health emergency because of COVID-19, the intervention of Social Welfare was key to promoting the well-being and care of employees in four areas: family, health prevention, mental or emotional health and nutrition.

Identifying and managing situations of anxiety, stress, depression, alcoholism, loss of family members, family conflicts and gender violence have been maintained as family support tools for Ferreycorp employees. Hand in hand with the COVID-19 diagnostic support, we have continued to ensure that health coverage is provided in adequate conditions. The support networks of positive cases and the follow-up and accompaniment of employees and their families have remained active during 2021, which has been accompanied by different educational and recreational virtual activities to share with the family.

In the area of mental or emotional health care, we have continued with psychological counseling sessions; workshops on anxiety and stress management, coexistence and resilience; bereavement support sessions; emotional sessions for leaders; online individual counseling; and sessions on listening, meditation, *mindfulness*, emotional self-regulation and conscious movement. All these activities have been complemented with the dissemination of the offer of free psychology services and the EPS (healthcare providers).

In nutritional care, the Marsh Care Coach Nutritional Office has continued to provide tools to improve the lifestyle and nutrition of employees, offering nutritional counseling with a specialist coach and organizing *webinars* on healthy habits and nutrition. These activities for employees with health risk factors have been coordinated by the Occupational Health area.

It should be noted that each of the Social Welfare areas has had the information support of the Buena Vida site (Good Life site), on Ferreycorp's intranet, which offers employees tools to improve their lifestyle.

Occupational Health Dashboard

Through this system, each collaborator can immediately report the possibility of being infected either by symptoms or by contact with infected people. Thus, the program developed by Ferreycorp provides detailed information on the behavior of the disease in each of the companies; the number of infections or suspected cases; their evolution; the geographical location of the homes; among other aspects. With this information, it is possible to analyze the current situation and make decisions to support employees.

In addition, the corporation is able to manage such support more efficiently by obtaining from this tool a set of indicators such as current and historical cases by company; the evolution of confirmed cases and reinfections, either by company or for the corporation as a whole, and viewed on a monthly or cumulative basis; the detail of confirmed cases by gender and age group; and the type of test applied and the universe of vaccinated people.

5.2.1.2 Impact on employees

Ferreycorp corporation attaches the utmost importance to the management of human capital in all its companies. Ferreycorp's more than 6,600 employees are the most important and valuable resource of the corporation. It is to them that Ferreycorp owes its success and transcendence during its almost 100 years of history.

Aligned with the values and cultural principles, as well as with the business strategy, Human Resources management is based on the following strategic focuses:

- To build a solid and transcendent **Ferreycorp culture** that can drive the corporation's performance.
- **To manage talent:** Attracting, retaining and developing talent to achieve the best results and contribute to the sustainability of the business.
- **To generate organizational efficiency**, creating synergies among the corporation's companies and fostering a culture of high performance to achieve the best results.

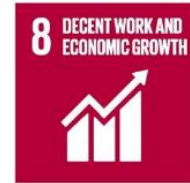
The Corporate Human Resources Management ensures the optimal management of human capital within Ferreycorp, providing a management framework for all subsidiaries, which, in turn, have their own specialized human resources management areas, and are supported by the work of the leaders as the main drivers of change.

The following is a description of key aspects of human resources management in the corporation.

Employment

a) Employment generation

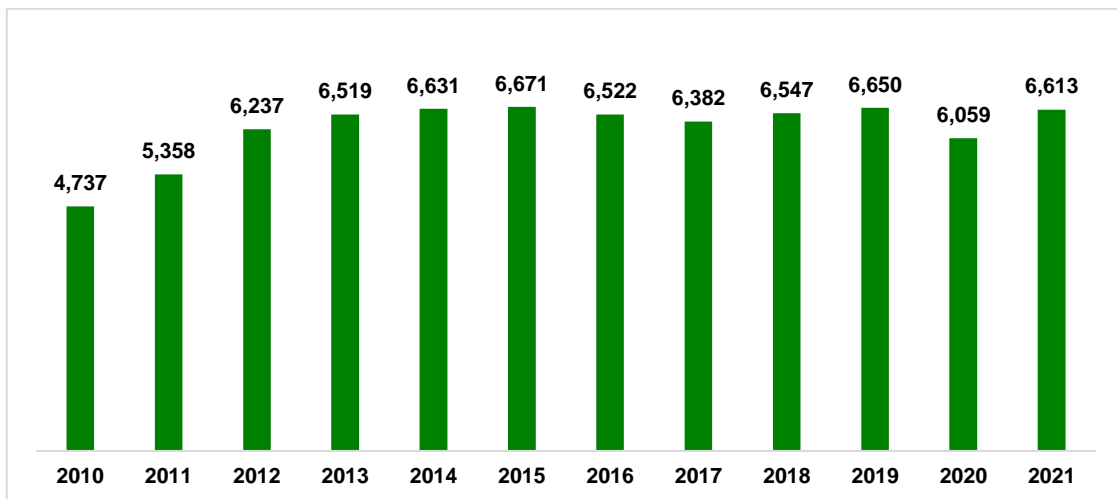
By the end of 2021, the corporation has a team of 6,613 employees. Ferreycorp has developed a value proposition for its employees and subsidiaries, based on generating pride and purpose, as well as providing quality of life and an excellent work environment, personal and professional development, including a competitive compensation and benefits system.



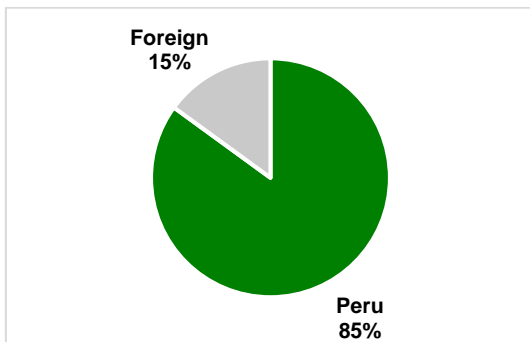
The corporation is committed to continue adding to its workforce those talents who, together with a good attitude and commitment, can perform and grow within any of its companies.

The evolution of the workforce of the entire corporation -at similar levels in recent years-, as well as the distribution according to geographic location, type of collaborator and gender are featured below.

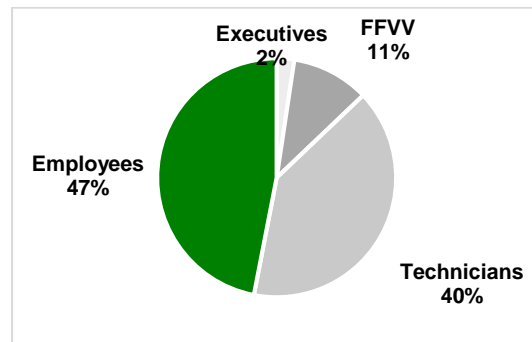
Evolution of the workforce



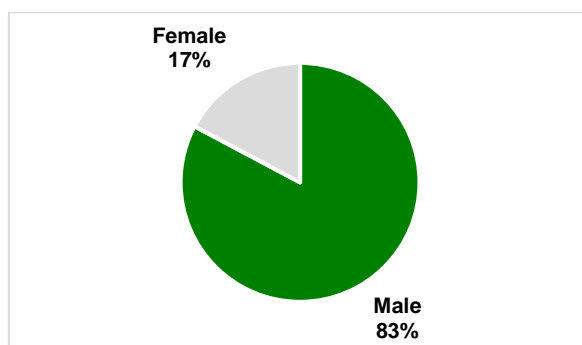
Distribution by geographic location



Distribution by type of collaborator



Distribution by gender



An analysis of the operating companies in Peru (Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak and Unimaq), as well as the *holding* company Ferreycorp S.A.A., shows that a total of 1,397 new hires have been generated during 2021.

Hiring during 2021*

		Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Logistics	Motriza	Orvisa	Sitech	Soltrak	Unimaq	Total
Hiring by region	Lima	46	4	19	509	25	27		18	56	37	741
	Provinces	4	24		494			11		15	108	656
Hiring by age range	Up to 30 years	17	6	8	691	17	12	5	12	27	77	872
	31 - 50 years	29	21	8	307	8	14	5	5	41	67	505
	51 years and older	4	1	3	5		1	1	1	3	1	20
Hiring by gender	Women	8	2	14	170	11	10	2		13	27	257
	Men	42	26	5	833	14	17	9	18	58	118	1,140
Hiring by type of employees	Executives	1		3					1	1	1	7
	Sales force				12		3	1		14	12	42
	Technicians		3		697		10	3	12		61	786
	Employees	49	25	16	294	25	14	7	5	56	71	562
Total		50	28	19	1,003	25	27	11	18	71	145	1,397

*Consider: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak, Unimaq and holding Ferreycorp

b) Staff turnover

As part of human resources management, turnover indicators are constantly monitored to analyze each case and, if necessary, take corrective actions. In addition, we ensure compliance with the law in terms of hiring methods.

The following table, which includes the companies operating in Peru (Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak and Unimaq) and the *holding* company Ferreycorp S.A.A., shows the total and voluntary personnel turnover. It should be noted that the total turnover of this group of companies is 15% and voluntary turnover is 7%.

Percentage of staff turnover during 2021*

		Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Logistics	Motriza	Orvisa	Sitech	Soltrak	Unimaq	Total
Region	Lima	20%	0%	17%	14%	19%	27%	0%	40%	18%	13%	16%
	Provinces	20%	75%		11%			11%		12%	19%	13%
Age range	Up to 30 years	25%	77%	29%	19%	31%	43%	9%	24%	23%	19%	21%
	31 - 50 years	20%	69%	15%	10%	9%	23%	10%	71%	14%	16%	12%
	51 years and older	10%	33%	12%	10%	0%	0%	30%	100%	5%	5%	10%
Gender	Women	21%	67%	19%	15%	24%	60%	20%	0%	10%	14%	17%
	Men	20%	70%	15%	12%	14%	21%	10%	43%	19%	16%	14%
Type of collaborator	Executive	0%	0%	15%	8%	0%	0%	0%	100%	17%	8%	10%
	Sales force				7%		28%	16%		11%	18%	12%
	Technicians		100%		16%		17%	16%	33%		15%	16%
	Employees	20%	67%	18%	10%	21%	35%	8%	42%	18%	16%	14%
Total		20%	69%	17%	13%	19%	27%	11%	40%	16%	16%	15%

*Consider: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak, Unimaq and holding Ferreycorp

Percentage of voluntary personnel turnover during 2021*

		Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Logistics	Motriza	Orvisa	Sitech	Soltrak	Unimaq	Total
Region	Lima	10%	0%	10%	6%	16%	8%	0%	20%	12%	5%	8%
	Provinces	0%	22%		7%			4%		9%	9%	7%
Age range	up to 30 years	11%	23%	25%	10%	26%	11%	9%	18%	17%	11%	11%
	31 - 50 years	10%	18%	9%	6%	9%	8%	3%	29%	9%	5%	6%
	51 years and older	0%	33%	0%	2%	0%	0%	0%	0%	5%	3%	2%
Gender	Women	9%	22%	13%	10%	18%	27%	20%	0%	6%	6%	10%
	Men	9%	20%	7%	6%	14%	4%	2%	22%	14%	7%	7%
Type of collaborator	Executives	0%	0%	7%	5%		0%	0%	0%	17%	8%	6%
	Sales force				5%		6%	0%		7%	4%	5%
	Technicians		17%		7%		4%	3%	8%		5%	7%
	Employees	9%	21%	11%	6%	18%	12%	5%	33%	13%	9%	8%
Total		9%	20%	10%	7%	16%	8%	4%	20%	11%	7%	7%

*Consider: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak, Unimaq and holding Ferreycorp

c) Labor relations

The corporation respects the free association of its employees, and therefore does not have policies that affect their decisions regarding union membership or collective bargaining agreements.

Since 1946, without interruption, the personnel of Ferreyros, the corporation's main subsidiary, has been represented by a Unitary Workers Union, which at the end of 2021 had 578 members, including employees and technicians. This group of employees maintains good relations with the company and contributes to improving policies that favor working conditions. It should be noted that at the end of the year, a direct agreement was reached on the list of demands for the 2021-2022 period.

Likewise, the Trex subsidiary in Chile has a Unitary Union made up of 58 employees, which also maintains a good relationship with the company.

The *holding* company has continued to strengthen the advice it provides to its subsidiaries on labor relations, to ensure compliance with legal labor standards, standardize processes and manage labor relations among employees, respecting the principles of gender equity and equality and non-discrimination in employment. We have reinforced the process of reporting labor harassment through the Ethics Channel and training.

It should be noted that the corporation has implemented a series of actions to continue complying with the labor standards promoted by the Government, including the Pay Equity Law, the Law for the Prevention and Punishment of Sexual Harassment, and the Surveillance Plan to prevent COVID-19.

d) Compensation and benefits

The compensation system of Ferreyrcorp and its subsidiaries seeks to maintain internal equity and external competitiveness. The valuation of positions is the basis of the system, accompanied by salary surveys in the labor market. To ensure that all its companies comply with these guidelines, a Corporate Compensation and Benefits Standard was published.

It should be noted that there is equality in the average annual income between women and men, according to an analysis carried out in the Peruvian subsidiaries in 2021.

In addition, there are short-term variable compensation schemes such as performance bonuses for officers and incentives for the sales force and sales managers. The performance bonus for officers takes into account their performance evaluation and the achievement of their objectives during the previous year. On the other hand, the variable incentive applies to commercial positions (sales force and sales managers) based on the fulfillment of certain objectives and goals established by each subsidiary.

Diversity and human rights

a) Gender equity

Ferreycorp promotes gender equity in its companies. This is a long-standing issue that is not only embodied in specific policies, but is lived on a daily basis.



Although the number of women is still low, due to the industry in which the corporation operates, at the end of 2021, 933 women were working in the corporation's subsidiaries with operations in Peru (Ferreyros, Unimaq, Orvisa, Fargoline, Forbis Logistics, Ferrenergy, Motriza, Sitech and Soltrak), as well as in the Ferreycorp *holding* company, which represents 17% of the total number of employees in this group of companies. There is no inequality between men and women in terms of salaries, job opportunities, or positions. If only non-technical positions are considered, the percentage of women increases to 26%.

Ferreycorp has been promoting the development of women in the labor market, even in technical careers, where the market still lacks the necessary supply.

Collaborator distribution by type of employment, gender and age*

Type of collaborator	Genre	Age	Year 2021
Executives	Men	Up to 30 years	
		31 - 50 years	44
		51 years and older	49
		Total	93
		Percentage	1.7%
	Women	Up to 30 years	
		31 - 50 years	15
		51 years and older	12
		Total	26
		Percentage	0.5%
Sales force	Men	Up to 30 years	59
		31 - 50 years	266
		51 years and older	42
		Total	367
		Percentage	6.5%
	Women	Up to 30 years	14
		31 - 50 years	51
		51 years and older	2
		Total	67
		Percentage	1.2%
Technicians	Men	Up to 30 years	862
		31 - 50 years	1,334
		51 years and older	97
		Total	2,293
		Percentage	40.7%
	Women	Up to 30 years	72
		31 - 50 years	11
		51 years and older	
		Total	83
		Percentage	1.5%

Employees	Men	Up to 30 years	471
		31 - 50 years	1,294
		51 years and older	171
		Total	1,936
		Percentage	34.4%
	Women	Up to 30 years	309
		31 - 50 years	396
		51 years and older	52
		Total	757
		Percentage	13.5%
Total	Men	Up to 30 years	1,392
		31 - 50 years	2,938
		51 years and older	359
		Total	4,689
		Percentage	83.4%
	Women	Up to 30 years	395
		31 - 50 years	473
		51 years and older	65
		Total	933
		Percentage	16.6%
TOTAL EMPLOYEES			5,622

**Consider: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak y Unimaq and holding Ferreycorp*

Since 2018, the corporation has been developing various actions to promote gender equity among its employees nationally and internationally, and this year it expanded its action fronts. Today, the corporation's Pares program seeks to ensure equal opportunities without distinction for employees, also covering different skills, ethnicities and cultures, LGTBQI+ community and generations.

As part of its actions, Ferreycorp has formed the Pares Committee, composed of the Corporate General Management and representatives of the main subsidiaries, in order to put on the agenda several issues that contribute to achieving the objectives by action front and to monitor different initiatives, such as awareness raising and training, having allies and defining the number of women the corporation wishes to incorporate in certain positions and/or areas.

In 2021, Ferreycorp was recognized among the three leading companies in gender equity and diversity in Peru, in its category, according to the PAR 2020 ranking of the consulting firm Aequales, after an audit conducted by PwC. The assessment was focused on four fundamental areas for gender equity: management of objectives, organizational culture, organizational structure and talent management. It was also recognized as the first leading company in the prevention of sexual harassment, for its Tolerance 0 program, and ranked second in gender equity for the Pares program, according to the Ministry of Labor's Best Practices Contest.

At Ferreycorp, the participation of female personnel is measured through certain indicators for training programs and promotions in relation to total personnel. Growth is sought in different indicators, such as hours of training, number of promotions and promotions, number of women in key positions, and salary by category and gender (average salary for men compared to women).

During 2021, under the axis of gender equity, 13 Paradigm Breaking workshops were held, a one-hour version of the *He for She* training, and a workshop with Aequales; all of them were attended by 1,435 male and female employees at the international level. The workshops identify the unconscious biases that people acquire as they develop in society and seek to make them conscious in order to break established paradigms.

In addition, under this same axis, employees throughout Peru participated in the Sexual Harassment in the Workplace course, reaching 95.5% of the total at the national level. Eight workshops on sexual harassment were held, attended by more than 300 male and female employees; and two workshops on the elimination of violence against women, with a total of 98 participants. One of these, aimed at leaders, was conducted by the Ministry of Women and Vulnerable Populations.

It is worth noting that several management areas in the corporation, such as General Management, subsidiary Boards, Corporate Human Resources Management and Corporate Finance Management, among others, are occupied by women.

b) Equal opportunity and inclusion

Ferreycorp is committed to fostering and maintaining a work environment free of discrimination, promoting equal opportunities based on the merits of each collaborator, regardless of gender, ethnicity, origin, creed, sexual orientation or social status. It should be noted that the corporation's employees come from different geographic areas and different socioeconomic strata.

c) Parental leave

In 2021, in the nine companies mentioned above, as well as in the Ferreycorp holding company, 100% of the employees who became parents enjoyed parental leave. In total, 216 employees, including fathers and mothers, were able to be with their children and enjoy their first months of life.

Of the employees whose reinstatement and retention rates can be measured in 2021, 100% remained with the organization (206 and 163, respectively).

Likewise, female employees who took the maternity leave provided for by law had the option of working fewer hours upon their return and gradually completing the workday after the postnatal period, receiving full pay, thanks to the staggered return program.

Upon returning to work, breastfeeding mothers have at their disposal lactation areas that are set up and equipped in accordance with regulatory requirements.

Employees reinstatement after parental leave (*)

Reinstatement	Gender	Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Logistics	Motriza
Yes	Male	3	3	2	123	3	1
	Female	2	0	3	12	1	1
Subtotal "Yes"		5	3	5	135	4	2
No	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
Subtotal "No"		0	0	0	0	0	0
Total		5	3	5	135	4	2

Reinstatement	Gender	Orvisa	Sitech	Soltrak	Unimaq	Total	%
Yes	Male	9	3	8	21	176	85%
	Female	0	0	5	6	30	15%
Subtotal "Yes"		9	3	13	27	206	100%
No	Male	0	0	0	0	0	0%
	Female	0	0	0	0	0	0%
Subtotal "No"		0	0	0	0	0	0%
Total		9	3	13	27	206	100%

Employees retention after parental leave (*)

Retention	Gender	Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Logistics	Motriza
Yes	Male	3	3	0	97	1	1
	Female	2	0	3	8	0	1
Subtotal "Yes"		5	3	3	105	1	2
No	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
Subtotal "No"		0	0	0	0	0	0
Total		5	3	3	105	1	2

Retention	Gender	Orvisa	Sitech	Soltrak	Unimaq	Total	%
Yes	Male	8	1	8	19	141	87%
	Female	0	0	3	5	22	13%
Subtotal "Yes "		8	1	11	24	163	100%
No	Male	0	0	0	0	0	0%
	Female	0	0	0	0	0	0%
Subtotal "No"		0	0	0	0	0	0%
Total		8	1	11	24	163	100%

**Consider: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak, Unimaq and holding Ferreycorp*

d) Respect for human rights

Ferreycorp is committed to respecting human rights, which are a fundamental part of its sustainability strategy and encompass its entire value chain, which includes more than 6,600 of the corporation's employees.

The corporation ensures that people's dignity is respected. Compliance with their rights is a matter of utmost importance for the organization's management, in accordance with its Sustainable Development Policy.

As a signatory of the Global Compact since 2004, Ferreycorp and all its companies are committed to its 10 guiding principles, which entails maintaining and incorporating best practices in relation to respect for human rights, responsible labor, environmental preservation and the fight against corruption. In addition, the corporation maintains a vision of demanding and caring for these principles throughout its value chain and with all its stakeholders.

Ferreycorp does not endorse or contemplate the employment of minors, inside or outside the workplace. Likewise, Ferreycorp does not use or sponsor practices that induce forced or compulsory labor against their will or freedom of contract.

During 2021, there were no incidents, complaints or allegations of child, forced, compulsory or non-consensual labor, or any other form of discrimination in any of Ferreycorp's subsidiaries.

Training

a) Performance management

Ferreycorp's Performance Management Program has been strengthened over the years. In the first instance, the systematization processes and measurement parameters were strengthened, and in turn, the 13 corporate competencies that previously existed were regrouped to only five competencies, which are aligned to the climate and culture of the company.

As an example of the active participation of employees, in 2021, 99% of employees of the total number of the corporation's companies in Peru completed their performance evaluation and 98% defined their objectives.

b) Leadership succession and development

For Ferreycorp, it is strategic that its leaders have the necessary profile to enhance the growth of the corporation. That is why it has developed programs aimed at strengthening their leadership skills, as well as the knowledge necessary for the transformation of the business.

In 2021, we continued with the virtual sessions for *C-Level leaders and Managers* (level 1 and 2 reporting) through the "For the next 100 years" program, which had around 350 participants in the 23 dates of this edition. The level of satisfaction with the program was 90%.

In addition, the LiderazGO program was launched for managers and supervisors of Ferreycorp's companies, whose initial session sought to promote a mindset for transformation in the leaders. The program had 353 participants, who received 26 hours of training in leadership skills such as: self-leadership and development, communication and teamwork, customer centricity, among others. Satisfaction levels for this program were 90.73%.

On the other hand, it is important for the corporation to maintain continuity in the work carried out in each management and/or area, in the event of a vacancy or organizational change. For this reason, during the year, the criticality of the positions and possible successors to those positions are reviewed.

c) Training and job opportunities

Ferreycorp promotes the development of its employees through training, internal and external, and job opportunities, through movements between subsidiaries to fill a new or vacant position. As an example of this, in the companies in Peru, 348 employees had a change of position during 2021, 291 were promotions and 57 were horizontal movements.

The training policy is focused on developing the necessary performance competencies to achieve the business objectives. The educational proposal continues to expand with new agreements offered to employees and their families with scholarships and discounts on technical courses, undergraduate programs, diplomas, specializations, master's degrees, among others. In 2021, 20 agreements were reached.

It also highlights the training of technical personnel at Ferreyros' modern Technical Development Center (CDT). This facility is also used for technical, safety, health and environmental, and regulatory courses.

Ferreycorp uses the *Google Classroom* platform to facilitate access to training for employees from different parts of the country. Through this application, synchronous SAP training courses and mandatory asynchronous corporate courses, such as the Peruvian Financial Intelligence Unit and the Corporate Compliance System, were taught.

The following is the distribution by type of worker and gender of the 5,747 employees trained, as well as the hours of training, in the nine companies operating in Peru and the holding company Ferreycorp S.A.A.

Trained employees 2021

		Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Logistics	Motriza	Orvisa
Executives	Female	0			8	3		
	Male	1			51	3	1	2
Sales force	Female	3			29	3	5	
	Male	4			217	3	9	20
Technician	Female	0			97		1	
	Male	0			21,217		22	35
Employees	Female	9		6	4637	40	13	16
	Male	73	3	4	1,243	44	24	83
Total		90	3	10	4,299	96	75	156

		Sitech	Soltrak	Unimaq	Total	Hours	Average per collaborator
Executives	Female		1	1	13	895	68.81
	Male		6	13	77	1,326	17.22
Sales force	Female		19	14	73	2,753	37.71
	Male		56	91	400	16,570	41.43
Technician	Female				98	3,142	32.06
	Male			202	2,476	64,904	26.21
Employees	Female	2	86	119	728	13,996	19.23
	Male	3	193	212	1,882	49,862	26.49
Total		5	361	652	5,747	153,448	26.70

*Consider: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Motriza, Orvisa, Sitech, Soltrak, Unimaq and holding Ferreycorp

Health, safety and social welfare

a) Occupational health care, safety and working conditions



Ferreycorp has developed a Safety, Occupational Health and Environmental Management System with high standards that reflects its commitment to protect its employees, in line with its corporate values, such as fairness, integrity and respect for the individual. The system includes regulatory aspects, dissemination, control and follow-up mechanisms, as well as the active role of leaders.

Subsidiaries in Peru have adopted this system and foreign companies are progressively adopting it. The subsidiaries in Peru have an occupational health and safety committee with a 50/50 split (50% employer and 50% employees). The purpose of this committee is to monitor compliance by the organization and the workers with the preventive measures established to ensure the safety, integrity, and health of the personnel, as well as to protect the environment. The corporation's foreign companies are in the process of aligning their practices with these standards.

The identification of hazards and risk assessment, expressed in a matrix, is the basis for the preparation of preventive plans and programs, as well as for defining the guidelines for safeguarding the integrity of all employees.

In the event of an incident or accident at work, the following is established:

1. If personnel are injured: arrange for immediate medical assistance.
2. Immediately initiate an investigation to determine the causes.
3. Define corrective measures to avoid a possible repetition of the event.
4. Issue an alert to companies about the event and its causes to take preventive measures and avoid recurrence.

Ferreycorp's companies in Peru and abroad have an Occupational Health Program, aimed at preventing the occurrence of occupational diseases or as a result of work, as well as carrying out medical surveillance of all employees who are included in the risk groups.

Among the main health problems identified in 2021, in the different workplaces, cases of respiratory diseases, including SARS-CoV-2 infection (COVID-19), should be mentioned.

b) Safety management indicators

The following is a breakdown of the three main indicators of safety management in the corporation: fatalities, lost time injury frequency rate for employees and contractors, and accident rate, for the companies operating in Peru, as well as for the Ferreycorp *holding* company.

Fatalities

This indicator shows the number of events in which injuries result in the death of the collaborator.

Fatalities	2018	2019	2020	2021
Employees	0	0	0	0
Contractors	0	0	0	0

**Includes all companies with operations in Peru, as well as the holding company Ferreycorp*

The results of these indicators are constantly evaluated and taken into account in the corporation's safety culture model, which is focused on "fostering a culture of sustainable and health care based on values". This approach is based on the vision zero project, from which the strategic objectives related to Occupational Health and Safety are born, which has four established pillars: Being able to "Work Safe", To know "Work Safe", To empower "Work Safe" and to want to "Work Safe".

Lost Time Injury Frequency Rate (LTIFR) - Employees

This indicator refers to any work-related injury that results in a collaborator being unable to return to work on the next scheduled work day or shift.

Formula:

$$LTIFR = \frac{\text{Number of lost time injuries} * 1'000,000}{\text{Collaborator total hours worked}}$$

LTIFR	2018	2019	2020	2021
Employees	4,02	3,65	3,00	3,15
% of employees covered by this indicator	97,88%	97,85%	100%	100%

**Includes all companies with operations in Peru, as well as the holding company Ferreycorp*

Lost Time Injury Frequency Rate (LTIFR) - Contractor

An indicator that refers to any work-related injury that causes a collaborator of an outside contractor to be unable to return to work on the next scheduled work day or shift.

Formula:

$$LTIFR = \frac{\text{Number of lost time injuries} * 1'000,000}{\text{Collaborator total hours worked}}$$

LTIFR	2018	2019	2020	2021
Employees	7,12	3,23	3,04	3,11
% of contractors covered by this indicator	99,83%	99,84%	100%	100%

* Considers all companies with operations in Peru, as well as the holding company Ferreycorp

Accident rate

The accident rate is an indicator calculated by the frequency index and the severity index.

It should be noted that in all Ferreycorp companies with operations in Peru, as well as in the Ferreycorp holding company, a progressive improvement has been achieved in the last six years in the safety indexes, obtaining an accident rate of 0.27 in 2021. Also noteworthy is the good management carried out by the subsidiaries Ferreyros, Unimaq, Fargoline, Motriza, Forbis Logistics and Sitech in minimizing the accident rate over the years, achieving values very close to zero accidents in 2021.

The most frequent injuries that occurred due to occupational accidents in 2021 were entrapment or entrapment, fractures, cutting wounds, and contusions. The number of hours worked was 14,644,963.

Formula:

$$\text{Accident rate} = \frac{\text{Frequency index} * \text{severity index}}{1,000}$$

Year 2021		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motriza	Sitech	Forbis Logistics	Holding Ferreycorp
Region	Lima	0,22	0,02	0,00	0,00	2,27	0,11	0,00	0,00	0,00
	Provinces	0,25	0,02	1,32	0,00	12,73	0,00	0,00	0,00	0,00
Type of staff	Own	0,28	0,02	1,24	0,00	2,57	0,13	0,00	0,00	0,00
	Third parties	0,14	0,03	1,60	0,00	163,91	0,00	0,00	0,00	0,00
Gender	Women	0,03	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Men	0,17	0,03	1,76	0,00	9,36	0,18	0,00	0,00	0,00

* Includes all companies with operations in Peru, as well as the holding company Ferreycorp

c) Social welfare

The corporation seeks to promote the well-being of its employees in the various countries where it operates, offering conditions that favor an adequate balance between work and personal life, contributing to the care of their health and generating positive impacts on the family environment.

In 2021, Ferreycorp developed 228 initiatives to contribute to the well-being of its human team, having as main lines of action: safety and health, life balance, benefits and entrepreneurship and finance.

It also developed health campaigns in the different subsidiaries, reaching employees and their children; screening for diseases such as breast cancer; nutritional plans; activities for future fathers and mothers; among other actions.

These initiatives are complementary to the health benefits offered to employees, such as the opportunity to have private health insurance (EPS) and to affiliate their children and spouses or partners. It should be recalled that the Social Welfare area of each subsidiary provided personalized and permanent attention in areas such as health, education, housing, gender violence and family problems.

At the same time, multiple family integration initiatives were carried out online, such as Christmas parties and other family celebrations; artistic activities and recreational vacations for employees' children. In addition, school supplies vouchers and Christmas bonuses were given out.

There were also corporate agreements with different institutions to offer discounts on attractive goods and services for employees and their families, among them in the education and entertainment sectors.

For more information on Social Welfare's management of COVID-19, see the section Our management of the COVID-19 situation at the beginning of this chapter.

Climate and culture

a) Culture and internal communication

In 2021, the Work Climate survey was conducted, through which the corporation was able to know the satisfaction of employees through the dimensions addressed: relationship with the team, culture, COVID-19 context and work environment, among others.

The survey resulted in corporate results:



Likewise, at the beginning of 2021, the purpose and manifesto were defined to strengthen the Ferreycorp culture. For more information, see the Ferreycorp Purpose section in the We are Ferreycorp chapter.

5.2.1.3 Relationship and frequency

Communication with the employees of the different subsidiaries is daily and takes place through internal communications message, opinion and satisfaction surveys that measure the work environment, whistleblower channels, safety committees, gender committee, management committees, performance evaluation, group work sessions, innovation sessions, fellowship meetings, among others. There are a number of communication channels, such as magazines and intranets. The unions are also important spaces for communication with employees.

5.2.2 Community Impact

5.2.2.1 Works for Taxes Projects

Ferreycorp seeks to contribute directly to the decentralized development of the country through the financing and execution of public investment projects under the Works for Taxes modality. Through this mechanism, it is possible to contribute the capacities of the private sector to reduce the infrastructure gap in the country in a more expeditious manner.



The corporation focuses on water and sanitation works, as well as on improving educational infrastructure. The end result is an improvement in the quality of life and an increase in the development possibilities of remote and low-income populations without access to the most basic services.

In 2021, Ferreyros, the corporation's main company, continued with the execution of the water and sanitation works in the Piuray micro watershed, in the province of Urubamba, Cusco, in consortium with Backus. Similarly, the technical file was prepared for the execution of an educational infrastructure improvement project in Coronel Portillo, in the Ucayali region.

To date, Ferreycorp and its subsidiaries, individually or in consortium, have allocated more than S/ 105 million in 11 Works for Taxes projects in regions such as La Libertad, Ica, Ucayali, Pasco, Junin and Cusco, benefiting more than 34 thousand Peruvians.

Location	Sector	Committed investment	Numbers of beneficiaries
Chepen, La Libertad	Education	S/ 6.9 mill.	4,020
Chepen, La Libertad	Education	S/ 6.7 mill.	1,280
Laredo, La Libertad	Education	S/ 5.9 mill.	2,168
Pueblo Nuevo, Ica	Education	S/ 5.3 mill.	5,200
Coronel Portillo, Ucayali	Education	S/ 5.7 mill.	2,000
Huayllay, Pasco	Water and sanitation	S/ 4.3 mill.	1,605
Yauli, Junin	Water and sanitation	S/ 4.3 mill.	5,514
Sangarara, Cusco	Water and sanitation	S/ 14 mill.	2,055
Zurite, Cusco	Water and sanitation	S/ 12.7 mill.	2,072
Colquepata, Cusco	Water and sanitation	S/ 21.4 mill.	2,050
Urubamba, Cusco	Water and sanitation	S/ 18.3 mill.	6,388

By the year 2022, commemorating its 100th anniversary, Ferreycorp will commit a significant investment for the execution of more water and sanitation works, as well as educational infrastructure.

It should be noted that the execution of Works for Taxes allows private companies to finance and implement public projects and then recover the investment made through a certificate for the payment of their income tax. It is important to highlight the management effort required by the corporation to use this modality in the different stages of the works, from the identification of the projects, through the verification of the quality of the work, to its delivery to the beneficiaries.

5.2.2.2 Asociación Ferreycorp (Ferreycorp Association)

For Ferreycorp, investing in education is one of the most powerful instruments for reducing poverty and inequality, and lays the foundation for sustained economic growth.



In this context, for approximately 25 years, the Ferreycorp Association has been developing free programs to encourage future professionals to become aware of their relevant role in society and to highlight the importance of ethical values as an irreplaceable basis for the development of the individual and society. It also organizes free training activities for heavy machinery operators and technicians to contribute to their training and professional development.

Thanks to the contribution of its members: Ferreycorp, Ferreyros, Unimaq, Orvisa, Cresko, Fargoline and Soltrak, the Ferreycorp Association has to date benefited more than 40,000 students from higher education institutions nationwide, through training initiatives on values and civic responsibility, and more than 14,000 heavy machinery operators, with virtual technical talks on Caterpillar machinery operation and presentations on values and life skills.

5.2.2.2.1 Ethics and civic responsibility training for young people

The Ferreycorp Association conducts workshops on soft skills, values and civic responsibility for the integral development of future professionals and society in general.

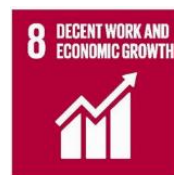
Since the COVID-19 pandemic, the Ferreycorp Association has expanded its educational proposal through the virtual modality, with different learning spaces, such as *online* workshops, live chats with experts as part of the Free Trade Zone sequence and interviews with Ferreycorp leaders in the new editions of "Conversations from Home".

Throughout the year, 41 virtual workshops were held, with the participation of more than 3,900 students from Peru and other countries where the corporation has operations. During these talks, different topics were covered, such as "Employability", "Entrepreneurship and teamwork", "Creativity and innovation", "Life skills", "Values", "Civic responsibility", among other issues that contribute to the personal and professional development of young people.

In addition, the Ferreycorp Association developed 42 sequences of its live talks, known as Zona Franca, which were transmitted through social networks by its team of facilitators and expert guests. Among the topics covered were "Uncertainty management and resilience", "How to be sustainable on a daily basis", "Why think about diversity and inclusion", "Building a Peru with integrity"; among others. These transmissions had more than three thousand live connections and were subsequently replayed more than 150,000 times.

Also during the year, we continued to broadcast "Conversations from home", a format of interviews with leaders of the corporation, in which we discussed topics of interest to young students in a warm and close manner. Some of the topics covered were "Ethical dilemmas in decision-making", "Do it with passion!", "Technological innovation for life" and "Leaders with integrity". In 2021, there were 11 editions, disseminated on the social networks of the Ferreycorp Association, which reached more than 80,000 reproductions.

8.2.2.2.2 Technical training from the Operators Club and Heavy Equipment Technicians Club



Ferreyros, Unimaq and Orvisa, Caterpillar representatives in Peru, have been contributing to the development and recognition of machinery operators in the country through the Heavy Equipment Operators Club, launched in 2012 and currently has 18,255 members. Similarly, it seeks to generate positive impacts on the professional development of maintenance technicians, through the Technicians Club, which was born in 2016 and today has more than 6,522 members.

The Ferreycorp Association is responsible for organizing training activities that promote the acquisition of knowledge and the exchange of experiences in both clubs.

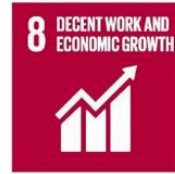
During 2021, the Operators' Club training courses continued to be delivered virtually. 43 courses, each lasting an hour and a half, were given through online live transmissions on social networks, which reached 7,137 connections and more than 189,400 reproductions. Thus, thanks to technology, the reach of the Club's free courses was significantly multiplied.

Likewise, contests such as "The Best Heavy Equipment Operator in Peru" -which in its four editions has attracted more than 6,800 operators from all over the country-, and "The Best Heavy Equipment Technician in Peru", with a reach of more than 3,000 participants at national level; in addition, relevant content for operators and technicians is disseminated through the social networks and websites of both clubs (www.clubdeoperadores.com.pe and www.clubdetecnicos.com.pe).

5.2.2.3 Technical skills training programs

5.2.2.3.1 ThinkBig Program

Since 2002, Ferreycorp has been contributing to the training of technicians specialized in Caterpillar products through a two-year course at Tecsup, which includes internships at Ferreyros' workshops. At the end of the program, graduates have as their first option to enter the workforce of the corporation's companies with a defined career path.



During the year, 175 young people participated in this initiative, including 20 women who are members of DreamBig, a scholarship program that seeks to encourage the entry of female talent into technical careers in heavy machinery and thanks to which they have 50% of their career expenses covered.

5.2.2.3.2 Dual Apprenticeship Programs

Thanks to the Dual Apprenticeship Program of the National Training Service (Senati), young students of heavy machinery maintenance complement their technical training with practical learning at the facilities of the corporation's companies, which are members of Senati's General Taxpayers' Register (Padrón General de Contribuyentes de Senati). In that sense, during 2021, 20 students were sponsored by Ferreyros, Unimaq and Soltrak.

It is worth noting that Unimaq complements this program with its " Sembrando Futuro" (Sowing Future) initiative, which includes academic reinforcement sessions for applicants to the Senati admission exam. In 2021, in alliance with the Cerro Verde mining company, five young graduates from educational institutions located in the client's area of influence were sponsored. The beneficiaries also participated in the Technicians for Latin America initiative, Caterpillar's free virtual program, which aims to awaken interest in a career as a heavy machinery technician.

In addition, other companies of the corporation, such as Fargoline, contribute to similar dual learning models of institutions such as InLog [National Institute of Logistics (Instituto Nacional de Logística)].

5.2.2.3.3 Scholarship program for women

Ferreycorp seeks to promote the training of women in technical careers in order to increase their participation in the labor market of the country's main productive sectors.



Within this framework, to date, four outstanding young women are studying Electronic Engineering and Mechatronics Engineering, thanks to the Ferreycorp Scholarship, in agreement with the Universidad de Ingeniería y Tecnología - Utec (University of Engineering and Technology - Utec), which was implemented in 2019.

Likewise, by 2021, through Ferreycorp's scholarship program in alliance with Senati, four students will study Industrial Electricity in the cities of Lima, Arequipa and Trujillo. This program, launched in 2020, is aimed exclusively at women, allowing them to pay for their studies in full, in addition to receiving a monthly stipend to cover the expenses associated with their academic training.

In addition, scholarships were awarded as part of the DreamBig program, described in point 8.2.3.1, for a total of 28 Ferreycorp scholarships between UTEC, Senati and Tecsup.

5.2.2.3.4 Specialization Program in Preventive Maintenance of Heavy Machinery

In order to contribute to the professional development of young people, Ferreyros, in collaboration with its customer Anglo American Quellaveco and the Instituto Jose Carlos Mariategui (Jose Carlos Mariategui Institute), signed an agreement for the execution of a specialization program in Preventive Maintenance of Heavy Machinery, aimed at young graduates of related careers in the city of Moquegua. Thanks to this free program, 80 participants will be able to receive this technical training.

The training will be carried out in groups of 20 participants, through online and face-to-face classes in the workshops, where state-of-the-art equipment will be available. The training of each group will last five months and will be conducted by Ferreyros' expert instructors.

In order to make the program sustainable, a process of knowledge and equipment transfer to the Instituto Jose Carlos Mariategui is being carried out, which includes the participation of teachers from the institution as students of the program, with the aim that in the immediate future these trainings will be in charge of its teaching staff. The first graduating class began classes in September 2021.

5.2.2.4 Corporate Volunteering Program

Ferreycorp develops every year, at a national level, the Corporate Volunteering Program, with the purpose of generating positive impacts on society, promoting the participation of employees in activities related to the community and strengthening its commitment to vulnerable populations.



During 2021, the virtual corporate volunteering activities of the Kallpachay Educación program -organized by Empresarios por la Educación, Enseña Perú and Asociación Civil Trabajo Voluntario- continued with the participation of 58 employees of Ferreycorp and its companies. As part of this program, the corporation's volunteers spent a total of more than 2 thousand hours preparing and facilitating tutoring sessions for more than 500 students from public schools nationwide.

5.2.2.5 Ferreycorp 4K

For twelve years, the corporation has held the "Ferreycorp 4K" race, an integration activity for employees of subsidiary companies and their families to raise funds for corporate volunteering. In 2021, the second virtual edition was held nationally and internationally, with the participation of more than 2,300 employees from countries such as Guatemala, Ecuador, Chile, the United States, El Salvador and Peru.

The transmission of this race took place from the facilities of Vidawasi, a hospital citadel located in Urubamba, Cusco, which provides quality medical care to children suffering from complex diseases and childhood cancer, in addition to providing accommodation to patients and their families during their treatment, in an environment of dignity and quality. With the proceeds, Ferreycorp will carry out corporate volunteer activities for the benefit of this organization.

5.2.2.6 Membership in Associations

Ferreycorp and its subsidiaries are active participants and/or work together with various associations related to the sectors they serve or to the guidelines, values and policies of the corporation, seeking to promote a culture of continuous improvement and good corporate practices.



The following are the associations of Ferreycorp's *holding* company and its companies with operations in Peru.

Ferreycorp	<ul style="list-style-type: none"> • Companies Circle of the Latin American Corporate Governance Roundtable (<i>Companies Circle</i>) • Association of Capital Markets Companies (Procapitales) • Peruvian Institute of Entrepreneurial Action (IPAE) • Sustainable Peru • American Chamber of Commerce of Peru (Amcham) • Peruvian-Chinese Chamber of Commerce (Capechi) • Spanish Chamber of Commerce • Organization of Women in International Trade (Owit Peru) • Association of Corporate Secretaries of Latin America (Ascla) • Good Employers Association (ABE) • Businesspeople for Integrity • Works for Taxes Alliances (Aloxi)
Ferreyros	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce • American Chamber of Commerce of Peru (Amcham) • Canadian Chamber of Commerce ▪ German Chamber of Commerce ▪ Peru-Mexico Chamber of Commerce • Peruvian Chamber of Construction (Capeco) • National Society of Mining, Petroleum and Energy (SNMPE) • National Society of Industries (SNI) • National Society of Fisheries (SNP) • Peruvian Society of Foreign Trade (Comex Peru) • Sustainable Peru • Peruvian Institute of Economics (IPE)
Unimaq	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Sustainable Peru • Lima Chamber of Commerce

Orvisa	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Chamber of Commerce, Industry and Tourism of Loreto • Chamber of Commerce, Industry and Tourism of Ucayali • Chamber of Commerce, Production and Tourism of San Martin • Chamber of Commerce and Industry of Huanuco • Sustainable Peru
Soltrak	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce (CCL) • Peru-China Chamber of Commerce (Capechi) • Automotive Association of Peru (AAP) • Sustainable Peru • American Chamber of Commerce of Peru (Amcham)
Fargoline	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Peruvian Association of Port Operators (Asppor) • Peruvian Society of Foreign Trade (Cómex) • Peru 2021 • Lima Chamber of Commerce (CCL) • Arequipa Chamber of Commerce • Business Alliance for Secure Commerce (BASC)
Forbis Logistics	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Business Alliance for Secure Commerce (BASC)
Trex	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce (CCL) • Peru-China Chamber of Commerce (Capechi) • Automotive Association of Peru (AAP) • American Chamber of Commerce of Peru (Amcham)
Ferrenergy	<ul style="list-style-type: none"> • Lima Chamber of Commerce • Canadian Chamber of Commerce

5.3 Environmental management

In line with its corporate strategy, Ferreycorp and its companies actively manage the risks of their environmental impacts under the Environmental Management Standard System based on ISO 14001, which is implemented, monitored and audited through each company's Environmental Management Programs. In view of the importance of the subject, Ferreycorp has a specialized environmental area that defines the guidelines for corporate strategy and promotes and manages environmental projects in coordination with the corporation's different companies. Under this premise, Ferreycorp leads meetings with the Environmental Circle, an initiative through which experiences and practices related to the strategy are shared among each company's environmental specialists.

In 2021, the Corporate Environmental Policy was approved, a document that guides performance and sets the basis on which actions are implemented to reduce and mitigate impacts on the corporation's environment, as well as other corporate standards on more specific environmental issues.

The subsidiaries Fargoline and Forbis Logistics, in Peru, and Trex, in Chile, have certified their environmental management system under ISO 14001 for their facilities in Callao, as well as in Antofagasta and Santiago, respectively.

In order to identify the main areas where Ferreycorp companies are generating environmental impact among their stakeholders and at each stage of their value chain, it is necessary to analyze the value chain in companies importing capital goods and related products:

- Ferreycorp's companies do not have factories in the countries where they operate; their products are **manufactured** by their subsidiaries in different parts of the world, which have world-class environmental practices and an increasingly eco-efficient product development strategy.
- The **international transportation** of equipment and spare parts is carried out by ships and airplanes by third party companies, so it is an indirect impact.
- As soon as they arrive at customs or **warehouses**, they begin to have a direct impact, since Fargoline and Forbis Logistics, which are part of Ferreycorp, are involved in the logistics chain during the import process.
- **Domestic transportation** is mainly provided by trucking companies and the subsidiary Fargoline, which is in charge of transporting equipment components and spare parts by truck. The impact is considered direct when the company's own units are used.
- The **use** of leased equipment from the rental fleets of the corporation's companies is carried out by the customers themselves, so the footprint generated at this stage is indirect.
- Ferreycorp, in most of its branches, provides **after-sales services**, which consist of repairing machinery or its components and other related services such as painting, evaluation of failures, oil laboratory, so they are processes that have a direct impact. It is at this stage that the **reconstruction of equipment and components** is the greatest contribution to the environmental strategy of Ferreycorp's companies.

- Finally, when an equipment or component reaches the **end of its useful life**, it can be rebuilt, extending its life cycle two or three times, or it is sent to **smelting, recycling and/or final disposal**, processes for which alternatives must be sought to reduce the impact. In the case of spare parts or components, there are procedures for **returning** them to Caterpillar to avoid a negative impact on the environment when they are destroyed.

After evaluating each impact and its relevance for both the company and stakeholders, the main areas in which the greatest environmental impact is generated are climate, energy and emissions, water and effluents, and waste and materials. Having these areas identified is allowing us to focus the corporation's efforts on project management, as well as to take advantage of the opportunity to generate positive impacts and reverse negative ones, if any.

The following is a description of the environmental management focused on these areas during 2021, both in the parent company Ferreycorp and in the main locations of its subsidiaries.

5.3.1 Environmental commitment in products and services

Machinery design

The machinery marketed by the corporation's companies incorporates modifications and new configurations made by the manufacturers to contribute to the reduction of environmental impact. For example, not only do Cat diesel and natural gas generator sets have highly efficient electric generators and engines with state-of-the-art technologies, but also, as part of the portfolio of the subsidiaries, the adoption of Cat natural gas generator sets is being promoted in the domestic market. Also, for several years, a wide range of Cat equipment in the country has been equipped with engines that allow reducing the emission levels of the units, while some truck models do not consume fuel in downhill or can incorporate a dual system to operate with a high percentage of liquefied natural gas (LNG).

Extended product liability

Ferreyros has successfully rebuilt 48 major machines in 2021, such as mining trucks and electric rope shovels, as well as low profile loaders for subway mining, other auxiliary equipment for large mining and heavy construction equipment. This has been possible thanks to the CAT Certified Rebuild (CCR) program for subway mining and heavy construction equipment, as well as Ferreyros' general equipment rebuild program, which offers the possibility of rehabilitating a wide range of machines according to each customer's needs.

It is worth noting that in 2021, the *overhaul* or total reconstruction of three Cat 7495 electric shovels - the largest model in the Caterpillar portfolio in Peru - was carried out at important mines in the south of the country. In total, from 2017 to date, the company has executed six *overhauls* of these large machines.

Among the main environmental benefits of this practice are the reduction of soil contamination caused by machinery buried in industrial landfills or "machine cemeteries"; the reduction of air pollution caused by traditional machinery melting processes; and the maximization of production processes and the use of resources. This production is based on the use of inputs and discarded materials.

Extended product responsibility programs

Equipments	2020	2021
Cat Low Profile Loaders	2	15
Cat heavy construction equipment	12	26
Cat Trucks	8	4
Other Cat Large Mining Equipment	1	3
Total	23	48

Pollution control standards

In Peru, thirteen Ferreyros workshops and one Orvisa workshop have been awarded Five Stars in pollution control, Caterpillar's highest rating, having demonstrated full compliance with the highest standards in this area during their repair processes.

During 2021, an additional qualification focused on the order and cleanliness of the workshops (*housekeeping*).

5.3.2 Climate Commitment: Greenhouse Gas Emissions and Energy Use

Aware of the impact on the environment due to the generation of greenhouse gas (GHG) emissions, Ferreyrcorp began to measure its carbon footprint at its main sites and worked to reduce energy consumption in its operations and increase the use of cleaner energies.



Carbon footprint measurement

Since 2016, Ferreyrcorp and its subsidiaries put on its agenda the need to measure the carbon footprint in its larger premises, gradually increasing the number of evaluated sites and complying with the principles of the Greenhouse Gas Protocol. It should be noted that most of the measurements taken at the facilities, from 2017 to 2020, were subject to verification by an independent third party.

In 2020 and 2021, Ferreycorp reported these measurements in the virtual platform Huella de Carbono Peru, an innovative climate action tool created by the Peruvian Ministry of Environment, which allows to officially recognize public and private organizations that managed to reduce their Greenhouse Gas (GHG) emissions. This platform has a scale of recognition based on the level of action achieved by each company annually: they are awarded a number of stars for measuring, verifying, reducing and neutralizing their carbon footprint.

Since the beginning of the carbon footprint measurements, there has been a gradual increase in the number of locations, starting with two main locations from 2016, and nine larger locations from 2017 to 2019. Starting in 2020, two additional measurements were contemplated, a repair complex and a mining operation, thus expanding to eleven the number of locations evaluated for the period 2020-2021. The following table contains the carbon footprint measurements taken from 2020 and in 2021.

GHG emissions in tons of carbon dioxide (tCO2e) main sites

Scope	9 sites 2020*	9 sites 2021***	11 sites ** 2020*	11 sites ** 2021***
Total Annual (scope 1 +2)	1,660.2	2,072.3	2,498.26	3,403.50
Coverage at sites	9 sites	9 sites	11 sites	11 sites
Sales coverage	27.15%	29.28%	33.22%	36.52%

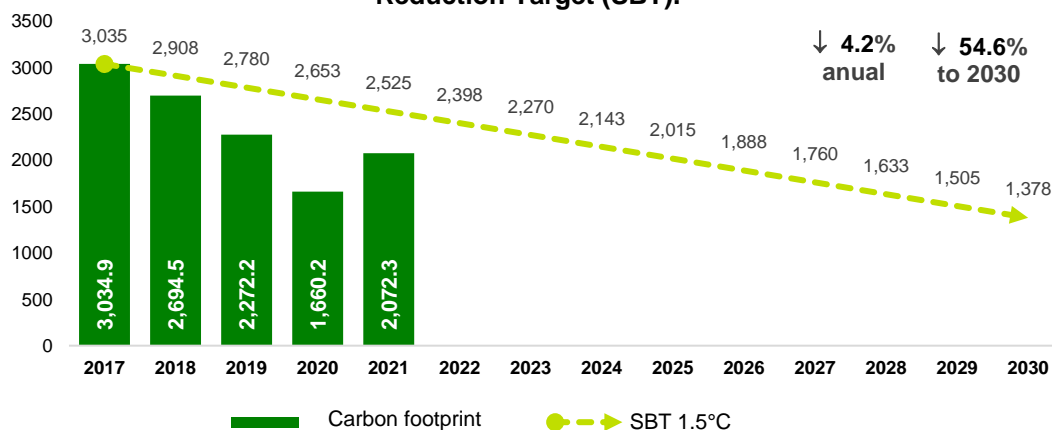
* The 2020 emissions have been verified by an independent third party.

** The 2020 and 2021 emissions in gray consider eleven locations (two additional Ferreyros locations: Cerro Verde mining site and La Joya site), the addition of which is part of the good practice of gradually increasing our measurement coverage.

*** Emissions for the year 2021 are in the process of being verified by an independent third party, due to the new requirements demanded by MINAM according to RM 185-2021 for the use of the updated ISO-14064-1 standard.

Between 2017 and 2021, there has been a reduction in carbon footprint. Nine main sites collectively achieved a reduction of 962 tons of CO2e, equivalent to more than 30% of 2017 emissions, in their scopes 1 and 2. Although the measures established to control the COVID-19 pandemic and the restriction of activities at the different sites had a positive impact on carbon emissions in 2020, due to the economic reactivation that motivated the resumption of operations at the corporation, the footprint increased with respect to 2020, but was below the pre-pandemic level of 2019, in which greenhouse gas emissions were 2,272.2 tCO2e. Thus, if we compare the results of 2021 with 2019, the reduction was 8.8%.

GHG emissions of the nine main sites compared to the Science Based Reduction Target (SBT).



In accordance with the methodology of the global Science Based Targets Initiative (SBTi), the corporation established the goal of reducing its GHG emissions by 54.6% by 2030, compared to the base year 2017, in nine major locations. In this way, it contributes to ensuring that the global temperature increase does not exceed 1.5°C compared to pre-industrial times. The annual target is to reduce its GI emissions by a minimum of 4.2%, with the target of 2,525 t CO₂e not to be exceeded by 2021. As indicated, the footprint obtained in 2021 was 2,072.3 t CO₂e, below the target set for this year, cumulatively for the period 2017-2021.

Emissions offsets

A total of eleven of the corporation's sites offset their 2020 emissions footprint through the REDD+ project Parque Nacional Cordillera Azul of the National Service for Natural Protected Areas (SERNANP) (Servicio Nacional de Áreas Naturales Protegidas) and Castañeros.

In all offsets from 2016 to 2020, carbon credits are registered with Verra, guaranteeing their international validity. Offsetting the carbon footprint in this type of REDD+ project allows the conservation of carbon stocks in the forest and contributes to the conservation of associated biodiversity.

Power consumption

During 2021, energy consumption measurements were performed at 39 individual premises, 12 shared headquarters and 24 operations at customer facilities, in an effort to increase the number of corporate premises where measurements are performed from 2018. In addition, we have been implementing measures to reduce the impact of energy use, including the implementation of energy efficiency projects and the acquisition of renewable energy for five main facilities, which currently use 100% renewable energy instead of energy from the National Interconnected Power System (SEIN), which is mixed as it has 34.5% fossil fuel sources. Likewise, in 2021 we tendered the electricity supply at one of our main workshops, contracting 100% renewable energy, which is already being used at the beginning of 2022. This facility joins the five main ones that have this type of electricity supply since 2020, so that, as a whole, we plan to achieve 75% renewable electricity by 2022.

On the other hand, 29% of the energy used at 51 headquarters and 24 mining operations analyzed came from renewable sources in 2021, with a distribution as follows: 19.4% from electricity purchased as a free user for five main locations; 9.2% from energy purchased from SEIN (Peru); and 0.4% from solar energy, thanks to the use of photovoltaic panels at Ferreyros' headquarters in La Joya, Arequipa. Although the aforementioned locations also use non-renewable sources, measures to reduce the impact of energy use will allow us to migrate towards greater use of renewable energy.

Measures taken to reduce energy consumption

In line with its good environmental practices, Ferreycorp and its subsidiaries are reducing electricity consumption through the installation of LED lighting in some administrative offices and workshops nationwide. Likewise, electricity consumption is being monitored at sites with the highest consumption, such as Fargoline and Soltrak Callao (since 2021), a practice that will continue in 2022 and will contribute to making the best decisions to reduce the carbon footprint.

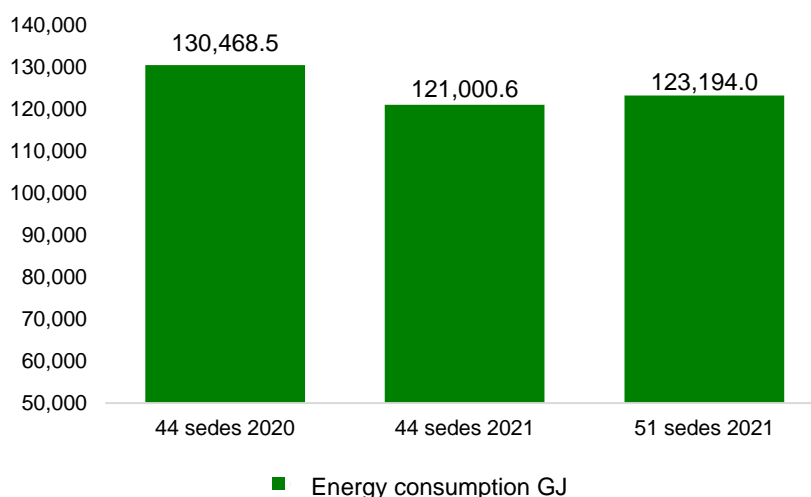
On the other hand, the process for the implementation of solar showers in the workshops of the corporation's companies has been planned, starting with the one in La Joya, which will begin in February 2022. In 2021, courses in eco-efficient ecodriving for drivers of the fleet of trucks and machinery operators were also started through the fanpage of the Operators' Club, which will continue in 2022 with forklift operators and third-party carriers. Another action already implemented is the solar electric generation panels at the La Joya headquarters, and new panels will be added in 2022.

Other measures deployed that have also received attention in 2021 include the installation of flow control valves to save water (energy savings in pumping); installation of more modern air conditioning and other equipment; scheduled maintenance of electrical control panels, equipment that consumes fuel and equipment that uses refrigerant gases; and night monitoring by security personnel to turn off or unplug equipment that may be on or connected outside working hours.

Energy consumption in 2021 in the companies evaluated was 123,194 GJ.

The graph shows the evolution of energy consumption in the two recent years, considering in the first two columns the same 44 sites of the aforementioned companies, showing a reduction in consumption of 7.3% in 2021 compared to 2020. With the inclusion of seven new sites in 2021, the third column shows a reduction of 5.6% with respect to the previous year.

Evolution of energy consumption (GJ)



5.3.3. Conserving resources: Water use and effluent management

Water consumption at Ferreycorp's sites In the service processes of the corporation's companies, water is used mainly for washing machinery in the workshops and for cooling; it is also used for domestic purposes, such as hygiene of the corporation's personnel and food preparation.



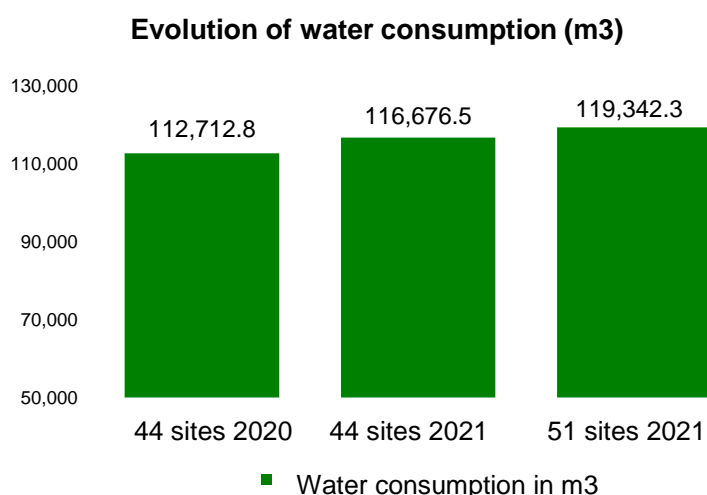
The water used by 51 sites analyzed, representing 87.1% of the corporation's sales, comes mainly from public water supply systems (64.5%), while 18.3% comes from extracted groundwater and 17.2% is acquired through tanker trucks.

Evolution of water consumption

Since 2017, the corporation has been adopting different measures to reduce water consumption. Each of the subsidiary companies has implemented different actions that lead to that goal, such as the installation of flow regulators in faucets, water treatment plants that allow reuse in productive processes for irrigation, development of awareness campaigns and constant monitoring for the timely repair of leaks.

In 2021, the measurement coverage of this indicator has been modified to include Ferreycorp, Ferreyros, Fargoline, Motriza, Orvisa, Soltrak, Unimaq, Forbis Logistics, Sitech and Ferrenergy in Peru. Water consumption in 2021 in the evaluated companies was equal to 119,342.3 m³.

The chart shows the evolution of water consumption in the last two years, considering in the first two columns the same 44 sites of the companies mentioned above, to which seven new sites will be added in 2021 (third column), resulting in an increase of only 3.5% in the indicator.



The result in 2021 is attributable to the resumption of operations at the analyzed sites, as a result of the economic reactivation generated after the end of confinement due to the COVID 19 sanitary emergency, as well as to the increased activities in workshops and offices compared to those in 2020, among other factors.

Industrial and domestic wastewater management

Ferreycorp, by using water both for domestic use and for its machinery repair service processes, generates both domestic wastewater (from human consumption and use) and non-domestic or industrial wastewater (from washing machinery, some cooling processes and canteens).

In order to prevent any type of negative environmental impact associated with the management of this wastewater, and seeking to improve its quality and allow its reuse in washing processes, most workshops have primary treatment systems for industrial wastewater (machinery washing).

On the other hand, at sites where greater treatment is required, either because of the quality of the effluent or the characteristics of the receiving body, there are secondary treatment plants (physicochemical, aeration, etc.) for both domestic and industrial wastewater. This is the case at the Industrial, La Joya, Cusco, and Cajamarca sites. This type of treatment also makes it possible, in some cases, to reuse the water, for example for irrigating green areas or washing.

Also, in 2021, the environmental monitoring service was tendered in compliance with the corporate effluent monitoring program in most of the corporation's premises, through the service of accredited laboratories.

5.3.4 Responsible waste management

Waste generated and its management

During 2021, the percentage of recycled waste in the corporation reached 39%. Within the framework of good waste management and final disposal practices adopted by Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak and Motriza to minimize the impacts generated by their processes, during 2021 the corporation continued working with companies specialized in the recycling and final disposal of waste, especially in the management of waste electrical and electronic equipment (WEEE), hazardous waste, scrap metal, used oils, general waste, among others.

Ferreycorp has ensured that these companies are socially responsible, that they comply with current environmental regulations, that they work with operating companies (EO-RS), that they have qualified personnel for their functions, and that they ensure that the waste is sent to recycling, treatment and/or authorized landfills.

Measures for proper waste management

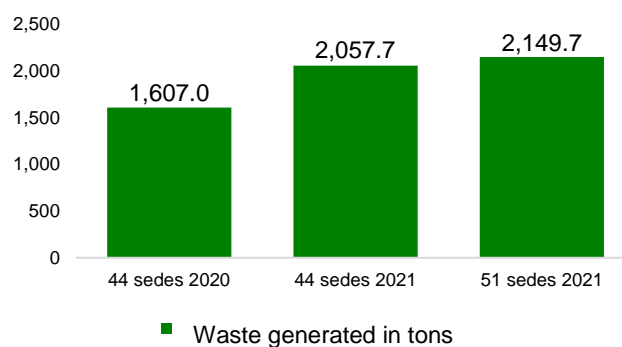
All hazardous waste generated is transported by authorized companies and disposed of in secure landfills and/or authorized recycling systems within the country. The corporation tendered the waste transportation service in an integrated manner nationwide, through a collection system by routes, optimizing the use of resources and reducing the carbon footprint associated with transportation. This type of system has been implemented for non-usable hazardous waste, recyclable oil and scrap metal.

In 2021, we continued with the corporate agreement with the Asociación de Ayuda al Niño Quemado (Aniquem), thanks to which we have been able to donate 61,040 tons of waste to finance therapies for patients.

On the other hand, since the publication of the "Special Regime for the Management of ELTs (Régimen Especial para Manejo de NFU)" in 2021, which involves five companies (Ferreyros, Unimaq, Orvisa, Soltrak and Motriza), the corporation is evaluating the best alternative for the recovery of end-of-life tires (ELTs).

In 2021, alternatives for recycling were analyzed taking into account the life cycle and socio-environmental benefits, awareness campaigns were developed and improvements have been implemented in the central warehouses. During the year, 2,149.7 tons of waste were generated at Ferreycorp, Ferreyros, Fargoline, Motriza, Orvisa, Soltrak, Unimaq, Forbis Logistics, Sitech and Ferrenergy. The following graph shows the evolution of waste generated, considering the same 44 sites of these companies both in 2020 and 2021 in the first two columns, as well as the total with seven additional sites in 2021 (third column).

Evolution of waste generation (tons)



The amount of waste generated in the last year shows an increase of 29.9%, mainly due to the resumption of operations in 2021.

Appendix

Appendix 1: Management's discussion and analysis on the audited financial statements

Ferreycorp S.A.A., as a *holding* company, carries out a series of activities that generate income. First, it establishes the strategic and policy guidelines to be followed by all the companies of the corporation and makes investments, in the form of capital contributions in its subsidiaries or joint ventures, which generate its main source of income, expressed through its participation in their results.

Additionally, by maintaining ownership of some properties used by its subsidiaries, especially Ferreyros S.A., the corporation receives rents as operating income and reports the operating expenses of managing such properties. These rents have contracts signed with fixed terms and rates at market price.

On the other hand, the corporation has a role in financing its subsidiaries in order to concentrate loans in larger volume operations and, therefore, obtain better conditions. In these cases, the corporation also has as income the interest corresponding to the loans granted to its subsidiaries.

In summary, the corporation's principal revenues, on an individual and unconsolidated basis, are the equity in the results of its subsidiaries, property rentals and interest on loans made to its subsidiaries.

It follows from such income that the corporation's main assets are the investments in its subsidiaries, the accounts receivable from loans granted to them, and the aforementioned real estate.

It should be noted that the individual financial statements - also referred to as "separate" - do not express the true effort and management of the corporation as a whole, and therefore, for a full understanding of the turnover and results of the corporation's business as a whole, it is recommended that this chapter be read in conjunction with the consolidated financial statements. The main explanations are available in Chapter 4 - Financial Management.

Changes in those responsible for the preparation and review of financial information

During 2021, there have been changes in the people responsible for the preparation and review of the company's financial information, appointing Veronica Paiva Cano as Accounting and Budget Manager, replacing Miguel Espinosa Rivas, who worked in the company until September 2021.

SEPARATE FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

Analysis of the statement of financial position

Statement of the Financial Position (in millions of nuevos soles)

	31-12-21	31-12-20	Change	
			Amount	%
Assets				
Current Assets				
Cash and cash equivalents	8.0	15.3	-7.3	-48.0
Trade accounts receivable, net	9.3	2.9	6.4	221.1
Accounts receivable from related parties	60.2	143.6	-83.4	-58.1
Other assets	9.2	11.8	-2.6	-22.1
Expenses contracted in advance	0.4	0.3	0.1	42.7
Non-current assets held for sale	13.9	13.9	0.0	0.1
Total current assets	101.0	187.8	-86.8	-46.2
Long-term accounts receivable from related parties	0.0	6.9	-6.9	-100.0
Other long-term assets, net	34.3	29.2	5.1	17.5
Subsidiary investment	1,941.0	1,690.6	250.4	14.8
Investment properties, net	385.3	332.1	53.2	16.0
Furniture, fixtures and equipment	0.6	0.9	-0.3	-30.1
Intangible assets	0.7	0.2	0.5	231.5
Total Assets	2,462.8	2,247.7	215.1	9.6

Statement of the Financial Position (in millions of nuevos soles)

continued

	31-12-21	31-12-20	Change	
			Amount	%
Liabilities and shareholders's equity				
Current Liabilities				
Financial obligations	60.0	38.6	21.4	55.3
Trade accounts payable	2.7	1.3	1.4	106.7
Other accounts payable and provisions	35.1	31.5	3.6	11.4
Accounts payable to related entities	0.6	0.0	0.6	0.0
Total current liabilities	98.3	71.4	26.9	37.7
Non-current Liabilities				
Financial obligations	67.8	68.1	-0.3	-0.4
Deferred income tax, net	46.9	47.9	-1.0	-2.0
Total non-current liabilities	114.8	116.0	-1.2	-1.1
Total Liabilities	213.0	187.4	25.6	13.7
Equity				
Issued capital	958.9	975.7	-16.8	-1.7
Treasury stock	-12.8	-17.8	5.0	-27.9
Additional capital	43.7	55.6	-11.9	-21.4
Legal reserve	211.6	211.6	0.0	0.0
Other equity reserve	283.1	259.6	23.5	9.1
Retained earnings	765.3	575.6	189.7	33.0
Total Equity	2,249.8	2,060.3	189.5	9.2
Total	2,462.8	2,247.7	215.1	9.6

As of December 31, 2021, total assets reached S/ 2,462.8 million, compared to S/ 2,247.7 million as of December 31, 2020, which means an increase of S/ 215.1 million (9.6%). The variations in assets are mainly explained by the increases in investments in the results obtained by the subsidiaries (after netting dividends received), offset by the reduction in accounts receivable due to the decrease in debt operations intermediated by the corporation, being transferred to direct operations between the subsidiaries and their creditors.

As of December 31, 2021, total liabilities amounted to S/ 213.0 million, compared to S/ 187.4 million as of December 31, 2020, equivalent to an increase of S/ 25.6 million, due to the increase in current financial obligations.

Financial ratios

The current ratio at December 31, 2021 is 1.03, lower than the current ratio of 2.72 at December 31, 2020, due to the growth in investments as a result of higher earnings of subsidiaries recorded in 2021. The total indebtedness ratio at December 31, 2021 is 0.09, similar to that at December 31, 2020.

Analysis of the results of operations

Income Statement (in millions of nuevos soles)

	2021	2020	Change
	Amount	Amount	%
Revenues			
Share in the results of subsidiaries	389.0	152.7	154.7
Financial incomes	2.0	5.7	-64.9
Incomes from leases	34.8	31.9	9.0
Management support services	8.6	8.1	6.2
Miscellaneous incomes	8.6	1.5	476.6
	443.0	199.9	121.6
Operating costs and expenses			
Financial expenses	-4.3	-7.1	-39.2
Administrative expenses	-47.3	-34.5	37.1
Cost of rental services	-5.6	-5.7	-1.7
Other expenses	-9.0	-8.1	10.6
Foreign exchange difference	-1.7	1.3	
	-67.9	-54.1	25.6
Income before income tax	375.1	145.8	157.2
Income tax expense	1.0	-1.9	-152.4
Income for the year	376.1	143.9	161.3

The increase in income in 2021 is basically due to higher income from equity in income of subsidiaries and associates, explained by the higher net income of these companies.

The higher expenditures in 2021 correspond basically to higher operating expenses, due to the fact that in 2020 temporary salary adjustments, reduction of working hours, among others, were made to compensate for the lower revenues as a result of the impact of the COVID-19 pandemic.

CONSOLIDATED FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

The consolidated financial statements as of December 31, 2021 and December 31, 2020 are presented below, as well as the explanation of the main accounts and their variations. For this purpose, some figures have been reclassified in the income statement shown below, to include the gross profit of purchase orders transferred by Caterpillar to Ferreyros, as sale and cost of sales.

Analysis of the consolidated statement of financial position of Ferreycorp and subsidiaries

Consolidated Statement of Financial Position (in millions of nuevos soles)

	31-12-21	31-12-20	Change	
			Amount	%
Assets				
Current Assets				
Cash and cash equivalents	215.8	256.2	-40.4	-15.8
Trade accounts receivable, net	1,014.7	975.3	39.4	4.0
Other assets	198.2	257.1	-58.9	-22.9
Inventory, net	2,081.6	1,684.1	397.5	23.6
Prepaid expenses	40.3	32.8	7.5	
Assets available for sale	15.7	13.9	1.8	12.7
Total current assets	3,566.3	3,219.4	346.9	10.8
Long-term trade accounts receivable, net	40.7	61.5	-20.8	-33.9
Other long-term assets	48.7	33.3	15.4	
Investment in joint-ventures	19.8	18.0	1.8	9.7
Property, plant and equipment, net	1,699.5	1,630.1	69.4	4.3
Intangible assets, net	257.6	279.4	-21.8	-7.8
Commercial credit	180.1	174.8	5.3	3.0
Deferred income tax asset	174.7	221.9	-47.2	-21.3
Total non-current assets	2,421.1	2,419.0	2.1	0.1
Total Assets	5,987.3	5,638.4	348.9	6.2

Consolidated Statement of Financial Position (in millions of nuevos soles) continued

	31-12-21	31-12-20	Change	
			Amount	%
Liabilities and shareholders's equity				
Current Liabilities				
Financial obligations	704.0	798.1	-94.1	-11.8
Lease liabilities	41.0	41.5	-0.5	-1.1
Trade accounts payable	782.2	500.5	281.7	56.3
Other accounts payable and provisions	613.5	884.7	-271.2	-30.7
Income tax liabilities	71.6	44.9	26.7	59.4
Total current liabilities	2,212.2	2,269.7	-57.5	-2.5
Financial obligations	1,183.9	913.7	270.2	29.6
Lease liabilities	78.4	98.2	-19.8	-20.2
Other accounts payable and provisions	1.0	0.2	0.8	404.5
Deferred income tax liabilities	162.5	195.2	-32.7	-16.8
Deferred income	7.2	0.4	6.8	1,703.3
Total current liabilities	1,432.9	1,207.7	225.2	18.7
Total Liabilities	3,645.2	3,477.4	167.8	4.8
Equity				
Issued capital	958.9	975.7	-16.8	-1.7
Treasury stock	-12.8	-17.8	5.0	-27.9
Additional capital	43.7	55.6	-11.9	-21.4
Legal reserve	211.6	211.6	0.0	0.0
Other equity reserve	375.5	352.0	23.5	6.7
Retained earnings	765.3	575.6	189.7	33.0
Total equity attributable to shareholders	2,342.2	2,152.7	189.5	8.8
Non-controlling interest	0	8.3	-8.3	-100.0
Total Equity	2,342.2	2,161.0	181.2	8.4
Total	5,987.3	5,638.4	348.9	6.2

As of December 31, 2021, total assets reached S/ 5,987.3 million, compared to S/ 5,638.4 million as of December 31, 2020, an increase of S/ 348.9 million (6.2%).

As of December 31, 2021, total liabilities amounted to S/ 3,645.2 million, compared to S/ 3,477.4 million as of December 31, 2020, equivalent to an increase of S/ 167.8 million (4.8%), which responds to the need to finance the increase in asset levels.

Financial ratios

The current ratio at December 31, 2021 is 1.61, higher than the current ratio of 1.42 at December 31, 2020.

The financial indebtedness ratio at December 31, 2021 is 0.76, higher than the ratio of 0.73 at December 31, 2020. For the calculation of this ratio, the cash and bank balance and liabilities with suppliers that do not generate financial expenses have been excluded.

The indebtedness ratio at December 31, 2021 is 1.56, lower than the 1.61 obtained at December 31, 2020.

The net financial debt (cash) / EBITDA ratio at December 31, 2021 was 1.99, lower than the 3.03 achieved at December 31, 2020, and lower than the adjusted ratio after deducting inventory financing of 1.78. With this, the corporation continues its ability to generate the necessary cash to meet its obligations without inconvenience and is within the covenants established in the corporate bond issuance agreement.

Analysis of the consolidated results of operations of Ferreycorp S.A.A. and subsidiaries

Consolidated Statement of Income (in millions of nuevos soles)

	2021		2020		Change	
	Amount	%	Amount			%
Net sales	6,111.8	100.0	4,694.9	100.0	30.2	
Cost of sales	-4,469.3	-73.1	-3,505.0	-74.7	27.5	
Gross profit	1,642.6	26.9	1,189.9	25.3	38.0	
Selling and administrative expenses	-877.4	-14.4	-773.5	-16.5	13.4	
Other income (expense), net	8.1	0.1	11.3	0.2		
Operating income	773.3	12.7	427.7	9.1	80.8	
Financial income	20.4	0.3	17.7	0.4	15.2	
Participation in the results of joint operations	1.9	0.0	1.7	0.0	11.8	
Financial expenses	-70.3	-1.2	-90.3	-1.9	-22.1	
Exchange difference, net	-124.5	-2.0	-97.5	-2.1		
	-172.6	-2.8	-168.4	-3.6	2.5	
Income tax profits	600.7	9.8	259.3	5.5	131.6	
Income tax expense	-187.5	-3.1	-89.2	-1.9	110.2	
Income for the year from continuing operations	413.2	6.8	170.1	3.6	142.9	
Income for the year discontinued operation	-37.1	-0.6	-26.2	-0.6	41.9	
Income for the year	376.1	6.2	143.9	3.1	161.2	

Net sales

	2021		2020		Change
	Amount	%	Amount		%
Domestic sales	5,226.9	85.5%	3,966.8	84.5	31.8%
Foreign sales	884.9	14.5%	728.1	15.5	21.5%
Total	6,111.8	100.0%	4,694.9	100.0%	30.2%

In millions of nuevos soles

	Change		
	2021	2020	%
Machinery and equipment			
Cat mining trucks and machines (GM)	508.9	505.3	0.7
Caterpillar machines and engines to othe (NGM)	1,053.4	753.5	39.8
Rental and used	429.3	338.2	26.9
Allied equipment	506.8	489.3	3.6
	2,498.4	2,086.2	19.8
Spare parts and services	3,033.5	2,189.7	38.5
Other lines	579.9	419.1	38.4
Total	6,111.8	4,694.9	30.2

Net sales in 2021 amounted to S/ 6,111.8 million, compared to S/ 4,694.9 million in the previous year, representing an increase of 30.2%.

Sales of Caterpillar and allied brands equipment reached S/. 2,498.4 million, equivalent to an increase of 19.8%.

Sales of spare parts and services increased by 38.5%, which has allowed them to continue to maintain an important share in the total composition of sales, reaching 50%.

Other business lines showed an increase of 38.4%; among the lines that showed the greatest increase were logistics services, lubricants and safety implements, with sales increasing by 54.2%, 48.5% and 38.9%, respectively.

Profit on sales

Gross profit in 2021 was 38.0% higher than in 2020. In percentage terms, gross margin was 26.9%, higher than in 2020 of 25.3%, which includes a recovery of the foreign exchange difference through gross margin of 1.6% in 2021 and 1.5% in 2020.

Selling and administrative expenses

Selling and administrative expenses amounted to S/. 877.4 million in 2021, compared to S/ 773.5 million in the previous year, representing an increase of 13.4%, mainly due to temporary expense adjustments made in 2020 due to the pandemic.

Miscellaneous income (expense), net

In 2021, this item recorded a net income of S/. 8.1 million, while in 2020 it was S/ 11.3 million.

Financial Revenues

Financial income in 2021 amounted to S/ 20.4 million, while in 2020 income was S/ 17.7 million.

Financial Expenses

Financial expenses totaled S/ 70.3 million in 2021, lower than the S/ 90.3 million of the previous year.

Foreign exchange gain (loss)

In 2021, net liabilities in foreign currency showed a loss of S/ 124.5 million: in Peru an exchange loss of S/ 110.7 million was generated, due to a 10.32% appreciation of the US dollar, and in Chile an exchange loss of S/ 13.8 million was also generated. In turn, in 2020, a net exchange loss of S/ 97.5 million was generated: in Peru an exchange gain of S/ 84.9 million was generated, due to a 9.26% depreciation of the dollar, and in Chile an exchange loss of S/ 12.6 million was generated.

Income tax

Income tax for 2021 and 2020 has been calculated in accordance with current tax and accounting standards.

Net Income

Net income for the year amounted to S/ 376.1 million, an increase of 161.2% compared to S/ 143.9 million the previous year, basically due to higher sales volume with an improvement in the gross margin and a controlled level of operating expenses, and a lower financial expense, all of which offset the net exchange loss, following the recovery through the gross margin.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA for 2021 amounted to S/ 1,008.5 million, an increase of 65.0% compared to S/ 611.4 million in the previous year.

Appendix 2: Business

2.1 General information

2.1.1 Name, address, telephone, fax and contact details

Corporate name	Ferreycorp S.A.A.
Company type	Closely Held Corporation (Sociedad Anónima Abierta)
RUC (Unique fiscal code number for taxpayers)	20100027292
Address	Jr. Cristobal de Peralta Norte 820 Monterrico, Santiago de Surco, Lima, Peru
Telephone	511-626-4000
Fax	511-626-4504
Web page	www.ferreycorp.com.pe
Customer service line	511-626-5000
Shareholder service line	0800-13372

2.1.2 Incorporation and registration in public registries

Ferreycorp S.A.A. (formerly Ferreyros S.A.A.) started operations under the original name of Enrique Ferreyros y Compañía Sociedad en Comandita, by means of a public deed dated September 14, 1922 before the Notary Public of Lima, Dr. Agustin Rivero y Hurtado. It was registered in entry 1, page 299, volume 15 of Companies of the Mercantile Registry of Lima.

Enrique Ferreyros y Compañía S.A. absorbed the assets and liabilities of the former company, by means of a public deed dated September 21, 1931 before the Notary Public of Lima, Dr. Agustin Rivero y Hurtado, recorded in entry 1 of page 457 of volume 31 of the Lima Mercantile Registry. The change of name to Enrique Ferreyros S.A. was made through a public deed dated November 23, 1981 before the Notary Public of Lima, Dr. Jorge Orihuela Iberico.

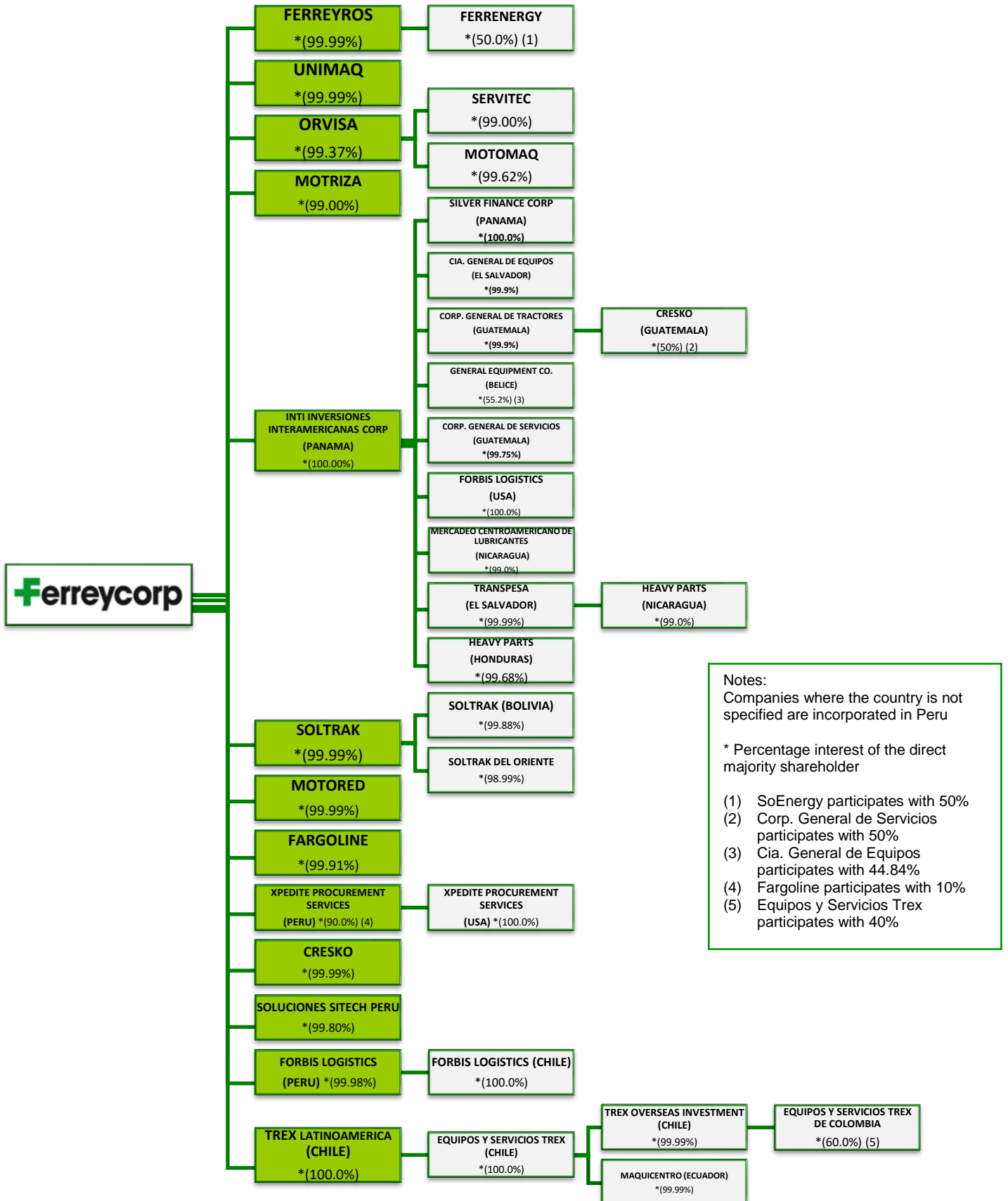
The change of name to Ferreyros S.A. was made by public deed dated May 6, 1996 before the Notary Public of Lima, Dr. Jorge Orihuela Iberico, registered in File 117502 of the Companies Book of the Registry of Legal Entities. On March 24, 1998, the General Shareholders' Meeting agreed to modify the company's corporate name to Ferreyros S.A.A., registered in Electronic File No. 11007355 of the Companies' Registry of Legal Entities.

As agreed at the Shareholders' Meeting held in March 2012, the company underwent a simple reorganization process, whereby two blocks of assets were segregated to two subsidiaries. The first equity block, derived from the automotive division business, was transferred to the subsidiary Motored S.A.; and the other, derived from the machinery, equipment and after-sales services business of the Caterpillar line and its allies, was transferred to the new subsidiary Ferreyros S.A.

After the segregation of these patrimonial blocks, the company changed its corporate name from Ferreyros S.A.A. to Ferreycorp S.A.A., and this reorganization process was registered in entry B00020 of the Electronic Entry No. 11007355 of the Lima Registry of Legal Entities.

The new organizational structure of the parent company has allowed it to concentrate on its role as an investor, so that each of its operating subsidiaries can focus on improving the service provided to its customers, expanding its coverage, addressing its own business opportunities and enhancing its operational capabilities.

2.1.3 Economic group



Notes:
 Companies where the country is not specified are incorporated in Peru

* Percentage interest of the direct majority shareholder

(1) SoEnergy participates with 50%
 (2) Corp. General de Servicios participates with 50%
 (3) Cia. General de Equipos participates with 44.84%
 (4) Fargoline participates with 10%
 (5) Equipos y Servicios Trex participates with 40%

2.2 Description of operations and development

2.2.1 Corporate purpose and ISIC

According to the second article of its by-laws, Ferreycorp S.A.A. has as its purpose "to carry out investment, financing and business services activities, including: i) the incorporation of companies, the acquisition, holding and administration of shares, investment in securities and participation in companies and capital increases, in the domestic or international market; ii) the performance of financial operations under any modality or nature, the issuance of shares, bonds, securities or any other type of debt or credit representative, in the financial and capital markets, in Peru and/or abroad; and iii) the rendering of business services in general, including management services, the purchase and sale, lease, assignment of use and enjoyment of real estate or personal property, including merchandise and domestic and foreign products, the import and export thereof and the transfer of goods in general. Without prejudice to the main object indicated above, the corporation may enter into any type of nominee or unnamed contract related to the acquisition or transfer of any kind of real or personal property that leads to the realization of its purposes, or in any way serves the best realization thereof or is convenient to the corporate interests".

The amendment of the Company's by-laws was agreed at the Annual Mandatory General Shareholders' Meeting held on March 30, 2016. This resolution was formalized through Public Deed of May 27, 2016, duly recorded in entry B00025 and D0079 of Electronic Entry No. 11007355 of the Lima Registry of Legal Entities.

The ISIC of Ferreycorp S.A.A. is 5150.

2.2.2 Term of duration

The duration of the company is indefinite.

2.2.3 Evolution of operations

2.2.3.1 Historical review

Ferreycorp S.A.A. began its activities in 1922 as an initiative of Enrique Ferreyros Ayulo and three partners, to engage in the commercialization of consumer products. During its history, it adopted several corporate names, the first being Enrique Ferreyros y Cia. Sociedad en Comandita. In 1942, it ventured into the capital goods business by assuming the representation of Caterpillar Tractor, which meant a total change in its activity. From then on, it consolidated its operations into two large business units: consumer goods and capital goods. In the same decade, in order to achieve greater coverage to sell its products, it begins its decentralization and establishes offices in the provinces, as well as several subsidiaries.

In 1962, in order to sustain its growth, the shareholders decided to open its shareholding and list it on the Lima Stock Exchange, laying the foundations to turn it into a widely held company that today has close to 2,400 shareholders, with the highest standards of corporate governance in Peru.

At the end of the 80s, the company disengaged from the consumer goods business and decided to concentrate its efforts on what today is its main line of business, capital goods, for which it took on new representations that complement the Caterpillar line. In this way, it can better serve its customers, who are in various productive sectors of the economy.

In the 90's, the company decided to expand its offer to customers, in addition to the sale of new units, incorporating the provision of equipment for rental and the sale of used machinery. In that same decade, it began to attend open pit mining projects, recently concessioned or privatized, bringing the first Caterpillar off-highway mining trucks.

In 1994, it expanded its participation in the capital market through placements of corporate bonds and commercial papers. It becomes an important participant in the capital market, where it operates with great success and demand from investors.

Since 1995, it has made important investments to improve the infrastructure of its offices and workshops, as well as to train its service personnel, thus creating capacities to attend the maintenance and repair contracts of the large fleets of mining trucks that began to enter the country to operate in large open-pit mining -which developed thanks to the concessions granted after the privatization of mining companies in the 90's-. Also, after a few years, it decided to venture into the sale of machinery for underground mining, a line of business with which Caterpillar expanded its product portfolio.

In order to increase the sources of capital to maintain the sustained growth experienced in those years, in 1997 it made a successful placement of shares in the domestic and international markets, which made it possible to increase its capital by US\$ 22 million.

In the 1998-2001 period, it faced a sharp slowdown in the growth of the Peruvian economy, which had a negative impact on its sales. In this time of crisis for the country, it must adapt its organization and at the same time accompany its clients, through the provision of resources and financial facilities, overcoming the difficult moments to return to the path of growth in the following years.

In subsequent years, the corporation adopted a strategy of organic growth, to increase its sales in the Peruvian market where it was already operating, and another of inorganic growth, through acquisitions of companies, including Mega Caucho y Representaciones (today Soltrak) in 2005, in the consumables sector. It is important to highlight that in 2010, as part of this strategy and in response to an invitation from Caterpillar, the corporation began its internationalization with the acquisition of Gentrac Corporation of Panama, owner of Caterpillar distributors in Guatemala, El Salvador and Belize.

Moreover, since 2006, Ferreycorp has become one of nine companies in Latin America and one of two in Peru to form part of the Latin American Roundtable of Companies Circle, which recognizes companies for their highest standards of corporate governance, under the sponsorship of the International Finance Corporation (IFC), the Organization for Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum. Nine companies from Brazil, Colombia, Costa Rica, Costa Rica and Peru are currently members of the Circle.

In order to clearly differentiate the roles of, on the one hand, parent company and investor, and on the other, operating company in charge of the distribution of capital goods (Caterpillar equipment, Kenworth and Iveco vehicles, among others), in 2012 a simple reorganization was carried out to create the Ferreycorp corporation, in order to support greater future growth of all the businesses of its subsidiaries and, at the same time, maintain the specialization of certain activities. Likewise, the subsidiaries Ferreyros and Motored are created: while the former takes over the Caterpillar business, the latter takes over the automotive business, which was previously a business line of Ferreyros. Since then, the current Ferreyros S.A., the subsidiary with the largest operating volumes, has incorporated new lines of products and services; strengthened its client coverage by focusing on large investment projects in the country, including mining, energy, oil and the creation of new infrastructure; and expanded its client base, all backed by significant investments in infrastructure, systems and personnel training.

On the other hand, Ferreycorp's other subsidiaries experience a gradual growth, complementing the offer that Ferreyros S.A. provides to its customers -in fact, at the end of the current fiscal year, they represent 14% of the corporation's business-. Likewise, new businesses entered during this period, either through the acquisition of companies or the creation of new subsidiaries.

In order to ensure the healthy growth of the corporation and to continue making new investments with a solid capital structure, in 2012 a capital increase of US\$ 62 million was carried out. The majority of the new shares issued were subscribed by Ferreycorp's shareholders, demonstrating their confidence in the business model and their commitment to the defined growth strategy.

In the same year, Ferreyros S.A., the main subsidiary, incorporates a new line of mining machinery (Bucyrus business line acquired by Caterpillar), electric and hydraulic shovels, as well as drilling rigs. In this way, the company completes its portfolio of Caterpillar products, both for open-pit and underground mining, making it the most complete option of machinery and equipment for this economic sector, which strengthens the value proposition to its customers.

In 2013, the expansion of subsidiaries other than Ferreyros S.A. continued through acquisitions such as the Mobil lubricants distribution business in Guatemala and Nicaragua (Mercalsa, now Soltrak), as well as a personal protection equipment business with important distributions in Peru. In addition, Soluciones Sitech Perú, a technology solutions company, was created.

The expansion of the organization and the opportunities offered by the international capital market led the corporation to refinance its debt and continue to have the financial resources for its investments in the best possible conditions. Thus, in 2013 it successfully placed corporate bonds for US\$ 300 million, with good interest rate conditions and a seven-year term.

In 2014, Ferreycorp entered Chile through the acquisition of Trex, representative of the Terex brand in the full range of cranes and lifting platforms and a complete series of port equipment in that country, with smaller businesses in Ecuador and Colombia. The Trex business is currently being developed in Peru and in the aforementioned countries.

In 2015, the corporation acquired Transportes Pesados S.A. (today Motored), a leader in the commercialization of spare parts for heavy transport in El Salvador, with more than 35 years in the market and currently with 11 branches in the country. Ferreycorp thus complements its activity in El Salvador, where it has been located since 2010 with its subsidiary representing Caterpillar, Mobil and allied brands.

In 2016, a lower dynamism of economic activity in the countries where Ferreycorp operates reduced the need for working capital. In this context, the decision was made to repurchase bonds through a *Tender Offer*, which allowed for the repurchase of US\$ 120 million. The repurchased bonds were part of the US\$ 300 million issue made in 2013, maturing in 2020.

In 2017, in order to continue improving the corporation's financial results and provide greater flexibility to the debt structure, a partial redemption of the international bond for US\$ 62,333,000 was carried out. Likewise, in November of the same year, 38,643,295 Treasury shares were cancelled, generating a reduction of the capital stock from S/ 1,014,326,324 to S/ 975,683,029.

An important milestone in 2018 is the sale of Ferreycorp's stake in La Positiva Seguros y Reaseguros, taking advantage of the Public Offering of Shares (OPA) aimed at the holders of common shares representing the capital stock of La Positiva. Thus, 56,962,727 shares owned by Ferreycorp were sold. In 2019, the sale of this investment was completed after Ferreycorp took part in the Public Offering of Shares (OPA) of La Positiva Vida Seguros y Reaseguros carried out in May. Through this operation, Ferreycorp sold all the shares it owned.

The year 2020 was marked by a pandemic and a quarantine with almost total closure of business in Peru, which caused the company's sales to have a significant setback in the second quarter of the year. Between March 15 and May 11 of that year, operations were practically nil; however, within a few weeks, all employees were able to return to operations.

Given the uncertainty caused by the global economic situation, the company chose to expand its debt funding in order to access all possible lines of credit, both from banks, Caterpillar and the capital markets. Thus, in 2020 the company achieved a successful private placement of US\$ 90 million to finance its subsidiaries at a rate of 4.45% for a seven-year term with amortizations starting in 2023.

In 2021, the corporation and its flagship company Ferreyros celebrated 99 years of operations, preparing to commemorate its first century of institutional life. The launch of the first autonomous trucks in Peruvian mining, by Ferreyros and Caterpillar, was a highlight.

2.2.3.2 Product lines

Ferreycorp corporation is the sole representative of Caterpillar in Peru, since 1942, as well as in Guatemala, El Salvador and Belize. The vast portfolio of machinery and equipment distributed by Ferreycorp's subsidiaries includes mining trucks, front loaders, tractors, motor graders, excavators, electric and hydraulic shovels, drilling equipment, low profile loaders for subway mining, marine engines and generator sets, among other families.

In addition to Caterpillar machines and engines, Ferreyros, the corporation's largest-volume subsidiary, markets a wide range of products from other quality brands, including Metso aggregate production equipment for construction, as well as utility equipment, trucks and low-profile loaders of the Paus brand. Also, for agriculture, Massey Ferguson tractors, Kuhn, Tatu, Double TT implements, among others; Valley pivot irrigation systems, Kepler Weber drying and storage projects, Zaccaria rice milling and grain processing equipment, as well as IGSP color grain sorters, among other products.

In turn, other Ferreycorp subsidiaries in Peru supply in their respective fields other first class equipment, such as Sullair and Gardner Denver compressors, Mitsubishi- Cat forklifts, Wacker compaction equipment, Lincoln Electric welding equipment, Olympian - Cat generator sets, Amida lighting towers, Enerpac hydraulic tools, Carmix concrete mixers, Cifa concrete pumps, Blends mobile concrete plants, Terex and Luxtower stationary compressors, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Carmix self-concreting mixers, Lincoln Industrial lubrication systems and Valtra tractors, Blends mobile concrete plants, Compair stationary compressors, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Lincoln Industrial lubrication systems, and Valtra tractors, as well as -in the Asian machinery segment- lines such as loaders, track-type tractors, SEM motor graders and rollers, Shacman trucks, Shaorui crushers and grinders, Lovol (formerly Foton) agricultural tractors, among others. They also distribute Goodyear tires, Chevron lubricants, 3M, MSA, Bullard, Alphatec (formerly Ansell Microgard), Kleenguard (Kimberly Clark), Showa industrial safety products, and their own brand Tecseg, among others. Soluciones Sitech Peru, which specializes in providing technological solutions, represents brands such as Trimble, Loadrite, Torsa, Provix, Brigade, CAT DSS and ReadiBand, among others.

Abroad, in Central America, the subsidiaries Gentrac (Guatemala and Belize) and General de Equipos (El Salvador) are representatives of the Caterpillar brand and a complete portfolio of allied lines. Ferreycorp companies are also distributors of Mobil lubricants in Guatemala and El Salvador, as well as in Nicaragua through the company Soltrak. Also in El Salvador and Honduras, the subsidiary Motored supplies various brands of truck and bus engine and body parts. In El Salvador, Motored also distributes Kenworth trucks and Higer minibuses. In Chile, Ecuador, Colombia and Peru, Trex represents the Terex and Tadano brands in off-highway cranes; Demag in all-terrain cranes; Genie in lifting platforms; Konecranes in port equipment and logistics solutions; Donati and Demag in bridge cranes; and PM in other lifting and loading solutions. In Ecuador, Maquicentro's light equipment portfolio includes agricultural tractors, construction equipment, self-loading concrete mixers, trucks, forklifts and welding equipment, among others, from brands such as Valtra, Wacker Neuson, Carmix, Hohan Sinotruk and Lincoln Electric.

In order to serve customers who need to rent machinery instead of buying it, Ferreyros, Unimaq-The Cat Rental Store and Ferreycorp's subsidiaries in Central America have a large fleet of Caterpillar machines to meet these demands, especially for infrastructure and general construction projects. In Chile, the rental fleet includes manlifts such as small and articulated cranes, and Genie, Terex, Hyva and CAT forklifts, as well as larger Terex and Demag equipment that has been delivered in *trade in* and is offered for rental while awaiting sale.

2.2.3.3 Competition

The breadth of the product lines distributed by Ferreycorp's companies means that they compete in a segmented manner with a large number of suppliers that import and distribute various brands. However, thanks to the preference of its customers, the main brand represented by the corporation, Caterpillar, has a leading market share; likewise, the range of allied brands occupies a prominent position in its field.

Regarding the competition of the main brands represented by Ferreycorp, it can be mentioned that, in auxiliary machinery and off-highway trucks for large mining, the Caterpillar brand has Komatsu as its main competitor. In low-profile loaders for subway mining, the competitors are Sandvik and Atlas Copco (Epiroc). In electric and hydraulic shovels, competitors are P&H and Hitachi.

In earthmoving machinery, Caterpillar equipment for the construction market has Komatsu, Volvo, John Deere, Hyundai, among others, as competing brands. In addition, since 2008, Chinese earthmoving machinery for the heavy construction segment has entered the country, with brands such as XCMG, Sany and Liugong, among others.

Unimaq, which incorporated Cresko's business into its portfolio, distributes machinery of Asian origin to compete in the same segment. It supplies Shacman heavy and light commercial trucks that compete with Foton, CAMC, FAW, DongFeng and Sinotruck, among others. In the SEM line of loaders, graders, rollers and tractors, it has among its competitor's brands such as Sany, Liugong, XCMG and SDLG, among other brands.

In the line of engines and generator sets, Ferreyros distributes Caterpillar, competing in the diesel segment with Cummins, Weichai, Modasa, AKSA, Baifa, among others; in the heavy fuel segment, with the Jenbacher brand, in the gas combustion segment.

In surface mining drilling rigs, it distributes Caterpillar (line formerly known as Bucyrus) and competes with Atlas Copco and P&H. In the agricultural line, it distributes Massey Ferguson, competing with brands such as John Deere, Kubota and New Holland, among others.

In Central America, the main competitors in machinery are Hyundai, Case, John Deere, New Holland and Komatsu; in engines, brands such as Cummins, FG Wilson and Perkins; and in lubricants, Castrol, Valvoline and Shell, among others. In the region, Manitowoc (Grove) and Liebherr cranes, Kalmar port equipment, JLG hoisting equipment and Manitou handlers are among the main competitors of Trex, a subsidiary incorporated to Ferreycorp in 2014.

In the lines of spare parts for the various brands it markets, the corporation faces competition from entities that distribute non-genuine spare parts in small market segments.

In the case of Soltrak in Peru, the Goodyear tires it sells compete with brands such as Michelin, Bridgestone, Continental and Chinese brands. In lubricants, in which this subsidiary is Chevron's master representative, it competes with Shell, Mobil, Total, Castrol and Vistony, among others. In the case of personal protective equipment, it competes with the Honeywell brand and with distributors of several brands.

Fargoline develops its operations in competition with other firms of various national and foreign business groups that develop as bonded warehouses and offshore terminals, such as Ransa (Romero group), Imupesa (Agunsa group of Chile), APM Terminals (Danish group A.P. Moller Maersk), DPW Logistics (formerly Neptunia) and Dubai Ports World (holding company owned by the State of Dubai in the United Arab Emirates), Contrans (Transmeridian group), TPP; among others.

Forbis Logistics Corp. competes with DSV Air & Sea S.A.; DHL Global Forwarding; Kuehne + Nagel SAC; Expeditors Peru S.A.C and CEVA Logistics Peru S.R.L. in the provision of freight forwarding services.

Soluciones Sitech Peru, Trimble's representative in the market for positioning and machine guidance solutions, has among its main competitors Topcon, owned by Komatsu, and Leica, owned by Hexagon.

2.2.4 Investment plans and policies

2.2.4.1 Investments in new businesses

Ferreycorp's growth is closely related to the development of the markets it serves and the product portfolios of its subsidiaries, as well as to the growth of its subsidiaries and its customers' operations. In addition, the corporation's strategy is to invest in new businesses through acquisitions that will allow it to complement its growth strategy in order to continue increasing its sales level and to complete its value proposition to its customers.

Investments in new businesses, whether through acquisitions or the creation of new companies, are therefore one of the basic pillars of the corporation's growth. Investment decisions are made in accordance with the principles established at the corporate level, and Ferreycorp is in charge of evaluating, approving and allocating resources efficiently, based on the strategic objectives and the balance between profitability and risk of each project. Part of its corporate role is to provide guidelines and criteria for investment or divestment decisions. Likewise, the corporation must ensure that the new project has the capital, human and managerial resources necessary for its operation.

In 2021, no investments were made in new businesses. During the year, the decision was made to deactivate three vehicle lines that were managed by the Motored subsidiary in Peru, due to a restructuring of Ferreycorp's business portfolio.

2.2.4.2 Investments in assets

At the end of 2021, total assets amounted to S/ 5,987.3 million, 6.2% higher than the S/ 5,638.4 million in assets at the end of 2020. This variation is mainly a consequence of the increase in inventories by S/ 397.6 million, due to the management of the necessary stock levels as a consequence of global logistic issues. Likewise, some investments in fixed assets also explain the increase, such as the investment in rental fleet to serve the large mining industry with mining trucks and the investment in real estate assets by repurchasing two leased premises.

2.2.4.3. Investment in fixed and intangible assets

At year-end 2021, investments in fixed assets and intangible assets amounted to S/ 149.4 million, corresponding to:

Real estate

Repurchase of two premises that were under operating lease with a financial entity by Ferreycorp. These properties correspond to investment assets located in Ate and Lurin, which are leased to subsidiaries (S/ 57.5 million).

Rental fleet

Purchase of machinery and equipment for rental by Ferreyros for S/. 72.3 million, as part of the strategy to introduce new models of Caterpillar trucks to the market, specifically the 798 400-ton truck, which will be rented to large mining customers on a trial basis.

Work in progress

Ferreyros has been carrying out important construction works such as the complementary works at the La Joya CRC in Arequipa, as well as improvements in the main warehouse of the Spare Parts Distribution Center (CDR) (S/. 11.3 million).

Intangible assets

The investment in intangible assets, of S/ 6.6 million, mainly corresponds to an additional investment for the stabilization stage, following the live release of the ERP SAP S/4 HANA. As of December 31, 2021, the amount of the investment of this implementation amounts to S/ 254.3 million (2016, S/ 7.4 million; 2017, S/ 38.2 million; 2018, S/ 69.2 million; 2019, S/ 74.6 million; 2020, S/ 60.4 million; and 2021, S/ 4.5 million).

In the fixed assets caption of the corporation's statement of financial position, at the end of December 2021, there are some differences with respect to Capex, due to additions corresponding to the recognition of leased assets (premises, rental fleet, fleet of vans, among the most important ones) as fixed assets for right of use, as indicated in IFRS 16 Leases (S/ -11.6 million).

2.2.5 Guarantees, sureties, surety bonds, contingencies and commitments

2.2.5.1 Commitments

As of December 31, 2021, the corporation has the following commitments

a) Ferreycorp S.A.A.

- At December 31, 2021, the company has commitments for guarantees that guarantee credit operations of subsidiaries and represented brands for US\$ 114,396,421 (US\$ 183,545,054 at December 31, 2020) and guarantees that guarantee purchase operations with third parties for US\$ 18,095,707 (US\$ 26,254,466 at December 31, 2020). It also maintains a cross-guarantee signed on July 23, 2020 between the company and some of its subsidiaries as co-issuers.
- At December 31, 2021, the company has letters of guarantee in favor of financial institutions for US\$ 10,000,000 (US\$ 10,000,000 at December 31, 2020), which guarantee banking operations of subsidiaries abroad.

b) Subsidiaries

Ferreyros S.A.:

- At December 31, 2021, this subsidiary has guarantees for US\$ 25,226,160 (US\$ 32,523,888 in 2020) that guarantee third-party purchase operations.
- At December 31, 2021, the subsidiary has bank guarantees in favor of financial institutions for US\$ 47,207,389 (US\$ 179,582,580 in 2020), which mainly guarantee the reliability of the company's offer and faithful compliance with the delivery of products sold through public bids and the payment of customs obligations related to the importation of goods.

Fargoline S.A.:

- As of December 31, 2021, the subsidiary has contracted a surety policy in favor of the National Customs Superintendency for goods under customs regime for US\$ 200,000 (US\$ 200,000 in 2020).

Soltrak S.A.:

- As of December 31, 2021, the subsidiary has guarantees for US\$ 6,000,000 and S/ 23,400,000 (US\$ 15,560,980 and S/ 16,000,000 in 2020), which guarantee third-party purchase operations and financial leases, respectively, with various maturities.
- As of December 31, 2021, the subsidiary has bank guarantees in favor of financial entities for US\$ 8,105,499 and S/ 570,683 (US\$ 6,569,723 and S/ 557,478 in 2020), which mainly guarantee the seriousness of the Company's offer and the faithful compliance with the delivery of the products sold through public bids, as well as the payment of customs obligations related to the importation of goods, respectively.

Motored S.A.:

- As of December 31, 2021, the subsidiary has guarantees for US\$ 550,000 (US\$ 7,373,900 in 2020) that guarantee credit operations for purchases from third parties.
- At December 31, 2021, the subsidiary has bank guarantees in favor of third parties for US\$ 646,313 and S/ 16,142 (US\$ 1,969,538 and S/ 19,737 in 2020) that mainly guarantee the seriousness of the offer and the faithful compliance with the delivery of the products sold through public bids.

Orvisa S.A.:

- As of December 31, 2021, the subsidiary has bank guarantees in favor of third parties for US\$ 5,053,941 and S/ 2,924,829 (US\$ 4,969,701 and S/ 4,012,377 in 2020), which mainly guarantee credit operations of subsidiaries and third-party purchase operations.

2.2.5.2 Tax situation

The Group is subject to the tax regime of each country in which it operates and is taxed on the basis of its unconsolidated results. As of December 31, 2021 and 2020, the income tax rate on taxable income in the main countries where the company and its subsidiaries operate is:

	<u>Tax rates</u>	
	<u>2021</u>	<u>2020</u>
	%	%
Peru	29.5	29.5
Ecuador	22	22
Colombia	24	24
Chile (*)	25	25
Guatemala	25	25
El Salvador	30	30
Belize	25	25
Nicaragua	30	30
United States of America	15 and 28	15 and 28

(**) According to the tax reforms issued in Chile, the income tax rate for the following years will be as follows:

Year:	<u>Regimen</u>	
	<u>Art. 14 Letter A</u>	<u>Art. 14 Letter B</u>
	<u>Income tax</u>	
2018 and following	25.0%	27.0%

As long as the subsidiaries in Chile do not express their intention to be taxed under the regime Art. 14 Letter "A" by means of an extraordinary shareholders' meeting, the Law establishes that by default they must be considered under the regime Art. 14 Letter "B".

According to the legal provisions in force in some countries as of December 31, 2021 and 2020, cash dividends in favor of non-domiciled shareholders are subject to income tax at the following rates:

	<u>Tax rates</u>	
	<u>2021</u>	<u>2020</u>
	%	%
Peru	5	5
Colombia	10	10
Chile	35	35
El Salvador	5	5

(b) Regulatory framework - Amendments to the income tax Law

In Peru, on September 13, 2018, Legislative Decree No.1422 was issued, which includes among other amendments the one corresponding to the incorporation of concepts and/or definitions of "non-cooperating country or territory" and "preferential tax regime", "permanent establishment", "indirect disposal" of shares, as well as the following most significant ones:

- **Transfer pricing:**
The scope of application of the Transfer Pricing regulations is extended to transactions carried out from, to or through non-cooperative countries or territories or with subjects whose income or profits enjoy a preferential tax regime.
- **Accrual:**
A legal definition of accrual is established for the recognition of income and expenses for Income Tax purposes, according to which third category income is understood to be accrued when the substantial events generating the income have occurred and the right to the income is not subject to a suspensive condition.
- **Deductibility of financial expenses:**
New rules are incorporated for the deductibility of interest, and for the applicability of limits for both loans granted by related parties and credits granted by parties not economically related.
- **General Anti-avoidance Clause (Rule XVI):**
A special procedure has been established for the application of Rule XVI of the Tax Code, according to which the Sunat (Peru's National Customs and Tax Administration Superintendence) may apply the provisions of paragraphs two to five of Rule XVI within the framework of a definitive audit, provided that a favorable opinion of a Review Committee composed of three (3) Sunat (Peru's National Customs and Tax Administration Superintendence) officials is previously obtained. Likewise, the obligation of the Board to approve, ratify or modify the acts, situations and economic relations to be carried out (or carried out) within the framework of "tax planning" has been established.

In 2020, Laws No.31104, No.31107, No.31108, No.31110 and other provisions were published, which will become effective as of fiscal year 2021. The most significant aspects are detailed below:

- **Deductibility of financial expenses:**
Net interest (interest expense less taxable interest) in excess of EBITDA (net income after offsetting losses plus net interest, depreciation and amortization) of the previous year will not be deductible; and may be carried forward to the immediately following four years. This limit will not apply to companies whose net income in the taxable year is less than or equal to 2,500 UIT.
 - **ITAN 2020 refund:**
The ITAN refund will be made by means of a credit to account. If the Administration has not responded to the refund request within 30 business days, it will be considered approved.
 - **Keeping of accounting books:**
Individuals, undivided estates or conjugal partnerships that obtain third category income or losses generated by investment funds, trust assets of securitization companies and/or bank trusts, when they come from the development or execution of a business or company, are not required to keep accounting books and records.
 - **Special depreciation regime:**
From fiscal year 2021, taxpayers will be able to depreciate their fixed assets at the following rates: (i) buildings and constructions at a rate of 20% per year (with certain conditions); (ii) data processing equipment - except slot machines - at a maximum rate of 50%; (iii) machinery and equipment at a maximum rate of 20%; and, (iv) land transportation vehicles - except railroads - hybrid (with piston engine and electric motor) or electric (with electric motor) or natural gas vehicles - at a maximum rate of 50%.
 - **Information to be provided to the National Customs and Tax Administration Superintendence (SUNAT):**
Companies of the financial system are required to report to SUNAT on a monthly basis the balance and/or accumulated amounts, averages or highest amounts and the yields generated in the account provided they are equal to or greater than S/10,000.
- (c) For purposes of determining income tax and general sales tax, pricing and transfer rules must be applied and are in force in Peru, Nicaragua, Guatemala, El Salvador, Belize, Chile, Colombia, Ecuador and the United States of America, and regulate that transactions with local or foreign related companies and with companies resident in low or no tax territories must be carried out at market values and supported by documentation and information on the valuation methods used and the criteria considered for their determination.
- (d) The Peruvian Tax Administration has the authority to review and, if applicable, correct the income tax calculated by the Group in the four years following the year in which the corresponding tax return is filed (years open for review). The income tax and general sales tax returns for the years 2017 to 2021 are pending audit by the Peruvian Tax Administration. The tax returns for the years 2001 to 2016 have already been audited.

In addition, the income tax and general sales tax returns of the Group's main subsidiaries are subject to audit by the Tax Administration of each country for the periods detailed below:

Period subject to audit

Subsidiaries abroad (country):

Guatemala	2017 to 2021
El Salvador	2017 to 2021
Belize	2017 to 2021
Nicaragua	2017 to 2021
United States of America, Chile, Colombia and Ecuador	2017 to 2021

Local subsidiaries:

Ferreyros S.A.	2017 to 2021
Unimaq S.A.	2017 to 2021
Cresko S.A.	2017 to 2021
Motriza S.A.	2017 to 2021
Soltrak S.A.	2017 to 2021
Fargoline S.A.	2017 to 2021
Orvisa S.A. y subsidiarias	2017 to 2021
Motored S.A.	2017 to 2021
Forbis Logistics S.A.	2017 to 2021
Soluciones Sitech Peru S.A.	2017 to 2021

Due to the possible interpretations that the corresponding tax authority may give to the legal norms in force, it is not possible to determine, at this date, whether or not the reviews will result in liabilities for the Group; therefore, any higher tax or surcharge that may result from eventual tax reviews would be applied to the results of the year while the difference in criteria with the Tax Administration is resolved. In the opinion of Management and its legal advisors, any possible additional tax assessment by the corresponding tax authorities in each country would not be material to the consolidated financial statements as of December 31, 2021 and 2020.

- (e) In Peru, the Temporary Tax on Net Assets is levied on third category income earners subject to the general Income Tax regime. The income tax is 0.4% applicable to the amount of net assets exceeding S/1 million.

The amount effectively paid may be used as a credit against the payments on account of the General Income Tax Regime or against the Income Tax regularization payment of the taxable year to which it corresponds.

2.2.5.3 Contingencies

At December 31, 2021, the Group has tax proceedings on appeal or in administrative litigation for an amount of S/ 22,300,000 (S/ 50,420,000, at December 31, 2020), which include interest of S/ 13,690,000. At December 31, 2021, such proceedings are pending administrative or judicial resolution, and are related to observations made by the Tax Administration on the tax returns of:

- (i) Income tax (including payments on account) for taxable years 2005 to 2009 for S/ 18,216,000 (years 2003 to 2009 for S/ 45,866,000 as of December 31, 2020);
- (ii) General sales tax for the taxable year 2006, for S/ 2,847,000; (years 2001 to 2006 for S/ 3,347,000 as of December 31, 2020); and
- (iii) Non-domiciled income tax for taxable years 2009, for S/ 1,237,000 (S/ 1,207,000 as of December 31, 2020).

In all cases, as of December 31, 2021, the Group has requested the advice of specialists, who have determined, together with Management, that there are certain assessments for S/ 19,030,000 (S/ 19,733,000 as of December 31, 2020), whose degree of loss has been determined as probable. The Group has recorded a provision for these amounts, which is presented under "Other current liabilities" in the separate statement of financial position, see note 12.

Management and its legal and tax advisors are of the opinion that the Group has technical and legal grounds that lead them to conclude that the Tax Court will resolve the cases in this instance in favor of the Group. Therefore, they believe that future resolutions of these proceedings will not result in significant liabilities for the Group, and therefore it has not been necessary to record additional provisions as of December 31, 2021 and 2020.

2.3 Judicial, administrative or arbitration proceedings

Ferreycorp S.A.A. and its subsidiaries are parties to certain legal proceedings that arose in the normal course of business, most of which, neither individually nor collectively, can be considered materially important. It should be noted, however, that at the close of the fiscal year, the companies of the corporation maintain seven lawsuits for indemnification for damages and other concepts amounting to US\$ 7,601,228.73, one of them for US\$ 7,259,528.57. This last proceeding has obtained a first favorable pronouncement, ordering its termination. The plaintiff has been granted an appeal with suspensive effect, and this process is awaiting the corresponding ruling.

The General Management, based on the opinion of its legal advisors, considers that these claims are unfounded and that the final outcome of these claims will be favorable for the group companies.

2.4 Management of the corporation

2.4.1 Management Team

In Chapter 2, section 2.3.2, Management, the composition of the management team of the corporation and its subsidiaries was described. This section presents the professional trajectory of the main officers of the corporation and its subsidiaries.

Professional trajectory of the main officers of Ferreycorp S.A.A.

Mariela Garcia Figari de Fabbri

General Manager of Ferreycorp S.A.A. since 2008 and director since 2020. She has 33 years of experience in the corporation, having joined Ferreycorp in 1988 and held several positions in the Finance Division, being Finance Manager from 2001 to 2005. Subsequently, she served as deputy general manager of the company. She is a director of all the corporation's companies in Peru and abroad. She is a member of some of Caterpillar's advisory boards in which its dealers participate. She is a director of Sociedad de Comercio Exterior del Peru (Foreign Trade Society of Peru - ComexPeru) since 2020; of Sustainable Peru (formerly Peru 2021) since 2011; of the American Chamber of Commerce (Amcham Peru) and its Chief in the years 2018-2020; and of InRetail since 2019. She is a member of the Advisory Board of some faculties of Universidad del Pacífico and Universidad de Ingeniería y Tecnología (UTEC), member of the Board of Trustees of UP and of UTEC's angel investors network. She was a professor in the Master's Degree in Finance at Universidad del Pacífico.

She has been a member of the Board of the National Society of Mining, Petroleum and Energy since 2019; previously, between 2011 and 2013, of Procapitales and chair of its Corporate Governance Committee, as well as director of IPAE. She was Chairman, during the period 2010- 2013, of the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle). Previously, she was a researcher and member of the Editorial Committee of publications published by Consorcio La Moneda. She holds a degree in Economics from Universidad del Pacífico and an MBA from Universidad Adolfo Ibañez in Chile and Incae in Costa Rica. She received a distinction from the latter as the 2016 Distinguished Graduate.

Oscar Rubio Rodriguez

Corporate Business Manager

Corporate Business Manager of Ferreycorp since 2016, which included among his responsibilities the interim General Management of Motored. He served as general manager of Unimaq S.A. between 1999 and 2015. He joined the corporation in 1975 and held management positions since 1983, including Deputy General Manager of Orvisa from 1989 to 1991. He is responsible director and Vice Chairman of the Board of Motriza and Cresko; he is also responsible director of Trex SpA and Maquicentro, as well as member of the Board of Unimaq, Orvisa and Soltrak. Economist graduated from the Faculty of Economics of the Universidad Nacional Mayor de San Marcos, he has taken courses in Peru and abroad. He has participated in the Senior Management Program at the University of Piura. He obtained specialization diplomas at ESAN, IPAE and La Salle University in Argentina.

Luis Bracamonte Loayza

Corporate Business and Marketing Manager

Corporate Business Manager, since 2016, and Corporate Marketing Manager, since January 2019. Between 2014 and 2015 he served as Investment Manager of Ferreycorp. He joined the company in 1979 and held several important positions, such as Deputy Manager of Credit and Collections. In 1996, he assumed the Management of the Branch Division, and later joined the Agricultural Management and Automotive Division, as well as the direction and General Management of Orvisa, among other positions. From 2012 to 2013, he served as central manager of Subsidiaries. He is Vice Chief of the subsidiaries he oversees: Soltrak, Fargoline, Forbis and Sitech. He was director and Vice Chief of the Lima Chamber of Commerce in different periods, as well as of the Peruvian Automotive Association. He studied at the University of Lima; obtained specialization diplomas from ESAN and the Senior Management Program (PAG) of Incae in Costa Rica; and participated in the Corporate Governance Program for Company Directors (PDE) of EY. He holds a Master's Degree in Marketing and Commercial Management from the EOI business school in Spain. He participated in the Kellogg On Marketing program at the Kellogg School of Management at Northwestern University.

Patricia Gastelumendi Lukis

Corporate Finance Manager

Corporate Finance Manager of Ferreycorp since 2012. She joined the corporation in 1987. During her career she held various positions, including manager of Administration and Finance of Ferreycorp. She is currently a member of the Board of all Ferreycorp's subsidiaries, except Ferreyros S.A. She is Vice Chairman of the Ferreycorp Association and Procapitales She has been a member of the Board of IPAE. She is a member of the Advisory Board of the Association of Corporate Secretaries (Ascla) and of OWIT. She was Chief of the Organizing Committee of the University CADE in 2010. She has represented Ferreycorp since 2006 and is a member of the Steering Committee of the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle), made up of Latin American companies that are leaders in the implementation of good corporate governance practices. She is a member of the Advisory Board of the School of Administration of Universidad San Ignacio de Loyola (USIL). She holds a degree in Business Administration from Universidad de Lima and an MBA from Universidad Adolfo Ibáñez and Incae. In 2007, she participated in the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School of the University of North Carolina. In 2009, he participated in the Management of Global Economies program at the Harvard Extension School Faculty and, in 2012, in the Corporate Governance program at the Yale School of Management. In 2017 he participated in the program Merger Week: Creating Value through Acquisitions and Strategic Alliances, at the Kellogg School of Management. In 2018 he was a lecturer in the Master of Finance program at Universidad del Pacifico.

Alberto Garcia Orams

Corporate Manager of Information Technology, Processes and Innovation

Corporate Manager of Information Technology, Processes and Innovation of Ferreycorp since October 2014. He is currently director of Soluciones Sitech Peru, a company of the corporation. Previously he worked in various positions related to business management services and information technology. He has been a partner at 360 Consulting, a business consulting firm; associate partner at IBM; corporate systems manager at Grupo Gloria; managing director at Metrica; information manager at Mauricio Hochschild & Cia. He began his career at IBM holding positions in Systems Engineering, Sales and Project Management. He holds a bachelor's degree in Science and Industrial Engineering from the Pontificia Universidad Catolica del Peru and a master's degree in Business Administration from the Senior Management Program of the Universidad de Piura.

Maria Teresa Merino Caballero
Human Resources Manager

Human Resources Manager of Ferreycorp since 2014. She has more than 30 years of professional experience in talent management, compensation, benefits and labor relations; in organization and development of companies; and mergers and acquisitions processes. His professional development has taken place mainly in the banking, finance, insurance and pension fund management (AFP) sectors. She has worked at Credicorp Group, Banco de Credito del Peru (BCP), in Human Resources management positions; as Human Resources Manager at AFP Union; participated in the creation of AFP Prima and Financiera Solución; at Banco Santander and Banco Boston (Peru) as part of the team responsible for the acquisition and merger processes; and at Grupo Sura, an insurance and real estate company, as Human Resources Manager. She holds a degree in Administrative Sciences and Human Resources Management from Universidad de San Martin de Porres, and a Master in Business Administration (MBA) from Centrum Catolica Business School, Pontificia Universidad Catolica del Peru. He has specializations in talent management and compensation, negotiations, organizational development, culture and work environment in Peru and abroad, from Universidad Adolfo Ibáñez, ESAN, Incae, Universidad de Piura, Universidad del Pacífico, as well as Boston Consulting and McKinsey. He was a professor at Centrum Catolica Business School, Pontificia Universidad Catolica del Peru, between 2007 and 2012.

Eduardo Ramirez del Villar Lopez de Romaña
Corporate Manager of Corporate Affairs

Corporate Manager of Corporate Affairs of Ferreycorp since 2014, in charge of legal and compliance issues. Previously, he was Manager of the Corporate Affairs Division of Ferreycorp since 2010. He joined the corporation in 1999, serving as legal manager. He was in charge of the Legal area of the Vice Presidency of Finance of the Andean Development Corporation (CAF) at its headquarters in Caracas, Venezuela, as legal responsible for the passive operations of such international organization and before that as a lawyer of the Legal Consultancy, supporting the financing operations for the public and private sector in Peru and in the structuring of large projects at a regional level. Previously, he served as legal manager of Cosapi Organizacion Empresarial, linked to legal advice on issues related to the construction business. He is a member of the Legal Affairs Committee, the *Compliance* Committee and the Ethics Tribunal of the American Chamber of Commerce of Peru (Amcham Peru). He has taken several specialization courses both in Peru and abroad. In 2007, he attended the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School of the University of North Carolina. He holds a law degree from the Pontificia Universidad Catolica del Peru, and a Master in Law degree from George Washington University (Fulbright Scholar).

Tito Otero Linares
Corporate Audit Manager

Corporate Audit Manager of Ferreycorp since 2016. He was Deputy Audit Manager in 2015 and IT and Processes Manager of Ferreycorp from 2000 to 2014, with corporate responsibility for all the companies of the Group, in systems, technology, telecommunications and business processes. In parallel, from 2003 to 2010 he led the Six Sigma program, which transformed the main key processes of the business. He was a member of the Caterpillar/CIO Council in 2014. Prior to joining Ferreyros, he served as operations and systems manager at AFP Union from 1998 to 1999, operations manager at Orion Banco from 1996 to 1997 and operations and systems manager at AFP El Roble from 1993 to 1996. He worked at IBM del Peru from 1981 to 1993, where he held various positions related to internal control management and systems auditing, including audits of financial and operating systems, which would later be installed in IBMs around the world. He was an auditor at Price Waterhouse from 1978 to 1981. He is a certified public accountant, graduated from the University of Lima. He has participated in several specialization and postgraduate courses in Peru and abroad and has been a professor at ESAN.

Professional trajectory of the main officers of Ferreyros S.A A.

Gonzalo Diaz Pro
Chief Executive Officer

General Manager of Ferreyros S.A. since January 2016. Previously, he was Deputy General Manager; Central Business Manager; and Manager of the Large Mining Division. He joined the company in August 2004. He has more than 25 years of experience in management and development of construction, open pit mining and energy projects, both in Peru and Chile. He held various positions in the Cosapi group, including Commercial Manager of the subsidiary in Chile and Project Manager of the joint venture with Bechtel Corporation for the execution of the EPCM contract of the then greenfield Antamina 70ktpd. He is a member, since 2014, of the Board of the Canada-Peru Chamber of Commerce. He is also a member of the Board of the Association of Alumni and Graduates of the Pontificia Universidad Catolica del Peru (PUCP). He is a member of the Board of several of the corporation's companies and is Vice Chairman of Unimaq. He is a member of the Board of the Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Petroleum and Energy), and for six years he was Chief of its Suppliers Committee. He has also been a member of the Board of the Suppliers Committee of the Peruvian Chamber of Construction (Capeco) and of the Infrastructure, Energy and Mining Committee of the American Chamber of Commerce of Peru (Amcham Peru). He holds a degree in civil engineering from the Pontificia Universidad Católica del Peru and an MBA from the Universidad Adolfo Ibañez in Chile and the Incae Business School in Costa Rica. He is a graduate of the CEO Management Program of the Kellogg School of Management (Northwestern University) and has participated in several specialization courses in Peru and abroad. Among them are the CEO Training Program of the Universidad del Pacifico, the Universidad de Piura and the EY consulting firm, as well as the Caterpillar Senior Management Program of the Kenan-Flagler Business School of the University of North Carolina (United States).

Luis Fernando Armas Tamayo
Manager of Large Mining Division

Large Mining Division Manager since 2012, with more than 35 years of experience in management, implementation, marketing and market development of heavy equipment for open pit mining operations. He served as Caterpillar regional manager for northern Latin America, based in Miami (USA), during 2011; as general manager of Bucyrus South Africa, based in Johannesburg, from 2009 to 2011; and as general manager of Bucyrus Peru, from 2000 to 2009, participating in the implementation and creation of the company in the national mining market. Previously, he held the position of senior mine maintenance manager at Minera Alumbrera (Argentina) from 1997 to 2000. He also held engineering, planning and maintenance positions at Southern Peru's Cuajone operations from 1986 to 1997. He is currently director of the Soltrak subsidiary. He is a mechanical and electrical engineer graduated from the Universidad Nacional de Ingeniería, with postgraduate studies in the Senior Management Program at the Universidad de Piura; graduated from Caterpillar's Senior Management Programs at the Kenan-Flagler Business School, University of North Carolina (USA); and graduated from the Senior Executive Leadership Program at Yale School of Management, Yale School of Management and the Senior Executive Leadership Program at Yale School of Management; Senior Executive Leadership Program at Yale School of Management, Connecticut (USA); and recently in the CEO Innovation Management Program at IESE Business School, University of Navarra (Barcelona, Spain), in addition to numerous specialization courses and mining equipment congresses in Peru, Chile, South Africa, Canada and the United States.

Enrique Salas Rizo-Patron
National Accounts Division Manager

National Accounts Division Manager as of 2016. Previously, he led the Construction and Mining Division Management, between 2010 and 2015. He also served as general manager of the subsidiary Mega Representaciones S.A. (currently Soltrak) from 2007 to 2010. He is a director of several companies of the corporation. He was founder and general manager, from 1999 to the end of 2006, of Mega Caucho S.A., a leading company in the commercialization of off-road tires and lubricants for the industry in the country. He was Sales Director at Andean Trading S.A., exclusive representative of Goodyear International for Peru, where he worked since 1986. He has 34 years of experience in the sale and value-added service of industrial products for the mining, construction, transportation and industrial markets. He studied at the University of Lima and followed a specialization in Sales, Marketing and Services at ESAN, as well as other studies dedicated to commercial, administrative and financial management for entrepreneurs. He has participated in courses and forums at Caterpillar and institutions related to the aforementioned markets. In 2018 he participated in the Senior Executive Leadership Program at Yale School of Management, Connecticut (United States). He has a certification for Board Members from the Centrum Catolica business school of the Pontificia Universidad Catolica del Peru.

Ronald Orrego Carrillo
Regional Accounts Division Manager

Manager of the Regional Accounts Division, which includes the branch network and the Government and Agricultural areas, since 2016. He joined Ferreyros in 1994 as assistant to the Service Management at national level. Subsequently, he led the commissioning of medium-speed engine projects for the marine sector and power generation, as well as product support plans. In 2002, he became Head of the Energy Department, in the commercial area, and subsequently held other positions in the Energy area; between 2010 and 2015 he served as manager of Energy, Hydrocarbons and Marine. He has

more than 27 years of experience in commercial and managerial management, currently leading the development of branches nationwide, as well as the agricultural and government business. He has served as director of Ferrenergy, a subsidiary of Ferreyros dedicated to the sale of energy. He is currently a director of Unimaq and Orvisa. A mechanical engineer graduated from the Pontificia Universidad Catolica del Peru, he holds an MBA with outstanding mention from the Universidad del Pacifico, as well as an EMBA from the Universidad Adolfo Ibañez in Chile and the Incae Business School in Costa Rica. He has participated in several Caterpillar specialization courses and forums on commercial and product support, as well as risk management.

Paul Ruiz Lecaros

Energy Division Manager

Energy Division Manager since 2020, he has more than 25 years of experience in Ferreyros. Previously, he served as manager of the Energy and Retail business unit since 2016. As part of his experience in the company, he led the Spare Parts and Services and the Commercial Management of Mining. Likewise, he was in charge of Quality Control in Warehouses, Spare Parts Inventory and Spare Parts Marketing. He also worked in the area of Customer Relationship Management (CRM). He is certified as a Black Belt in the Six Sigma continuous improvement program. Industrial Engineer from Universidad de Lima, he has an EMBA from Universidad Adolfo Ibañez in Chile and Incae Business School in Costa Rica, as well as a postgraduate degree in Marketing from Pontificia Universidad Catolica del Peru. He is also a member of the boards of directors of Orvisa and Ferrenergy.

Angelica Maria Paiva Zegarra

Administration and Finance Division Manager

Administration and Finance Division Manager since 2017. From January of that year until June 2018, she led the management of the areas of Treasury and Administration, Customer Financial Services, Prime Billing and Illegal Mining Control Unit of Ferreyros. In June 2018, she assumed supervision of those areas, as well as the Accounting, Tax, Management Control and Budgeting areas of Ferreyros. With 30 years of experience in the corporation, she led the Financial Services Management, from 2005 to 2016, and the Treasury and Administration, responsibility incorporated in the last two years of that period. During her career at Ferreyros, she served as assistant manager of Prime Logistics, assistant manager of the Rentals business and head of the Marketing department, among others. She joined the corporation in 1990, starting her career in the Credit and Collections area. She holds a Bachelor's degree in Business Administration from the University of Lima, with a PADE in Marketing from ESAN, as well as an MBA from the Universidad Adolfo Ibañez in Chile and Incae in Costa Rica. She has taken specialization courses in Peru in accounting, tax and financial areas at ESAN and abroad, including the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School of the University of North Carolina, and the CFO Executive Program at the Chicago Booth School of Business. She was a member of the Investment Committee of the Compass Operating Lease Fund from 2013 to 2016. She has been a member of Amcham's Financial Affairs Committee since 2015. Professor during the year 2019 of the Master's Degree in Finance of the School of Business of the Universidad del Pacifico.

Jorge Duran Cheneaux
Human Resources Division Manager

Human Resources Division Manager since 2020. Previously, he was in charge of the Product Support Division Management, since 2016, as well as the Branch and Agriculture Division Management from 2012 to 2015. He joined the corporation in 1994 as a field service engineer in charge of the Cerro Verde mining operation. Subsequently, he assumed the responsibility of head of Service of the Southern Region, in the Arequipa branch. In 1999, he was in charge of the Service Management at national level; in 2001, of the Component Repair Center (CRC) and Lima Workshops; in 2005, of the Large Mining Operations Management; and in 2007, of the Large Mining Division Management. Graduated with a Bachelor of Science degree in Mechanical Engineering from the Pontificia Universidad Catolica del Peru (PUCP), in 2009 he obtained an MBA from the Universidad Adolfo Ibáñez in Chile and the Incae in Costa Rica. He has participated in several Caterpillar specialization courses and forums, he is certified as a Black Belt in the Six Sigma continuous improvement program and in 2007 he graduated from the Caterpillar Leading for Growth and Profitability program, taught by the Kenan-Flagler Business School of the University of North Carolina.

Alan Sablich Nairn
Division Manager, Marketing and Digital Business Division

He assumed the Marketing and Digital Business Division in 2017. He leads the areas of Business Intelligence, Customer Experience, Commercial Support, Campaigns and Promotions, as well as Ferreyros' businesses that are managed through digital media, such as e-commerce, equipment connectivity and digital transformation projects. Previously, he held the position of Marketing Manager since 2015, after holding the position of Commercial Support Manager since 2013. Before joining Ferreyros, he worked in different leadership positions in marketing, digital and consulting in national and international companies, such as Belcorp, Ripley, General Electric Australia, Portland Group Australia, and Soluziona Peru & Spain. He is an industrial engineer from the University of Lima, with an MBA from Melbourne Business School Australia, certified in Marketing Management from Rutgers University and in Digital Transformation from the University of Cambridge. He has numerous courses in leadership, marketing and digital strategy.

Jose Gutierrez Jave
Product Support Division Manager

Product Support Division Manager since February 2020, with 23 years within the Ferreyrcorp corporation. He served as Supply Chain Division Manager, from 2018 to January 2020; as Machinery Commercial Manager, from 2014 to 2017; as Loading and Drilling Product Manager, from 2012 to 2013; as Construction Machinery Manager, from 2010 to 2012; and as Assistant Manager of Construction Machinery, from 2007 to 2010. He has also held different roles within Ferreyros, such as head of Administration and Logistics, account manager, maintenance inspector, consignment analyst and sales representative, among others, which give him field experience in service and maintenance of Caterpillar machinery, logistics and administration of mining operations, as well as in marketing and sales of spare parts and Caterpillar machinery. He is a mechanical engineer graduated from the Pontificia Universidad Catolica del Peru, with a Master's degree in Business Administration from the Centrum Catolica business school of the Pontificia Universidad Catolica del Peru.

Career path of the main officers of the other subsidiaries and businesses

Alberto Parodi de la Cuadra

General Manager of Unimaq

General Manager of Unimaq since January 2016 and, previously, Deputy General Manager of the company. Previously held the position of Deputy General Manager of Corporacion General de Tractores, S.A. (Gentrac), in Guatemala, from July 2012 to July 2015, and Central Business and Operations Management, from 2010 to June 2012. He joined Ferreyros in 1995, where he served as manager of the Construction, Medium Mining and Energy Division, between 2007 and 2010; as Commercial Manager of Construction and Medium Mining, between January 2006 and January 2007; and as After Sales Commercial Manager, between July 2002 and December 2005, among other positions. He is a director of Orvisa, Motriza, Gentrac and Cogesa, subsidiaries of Ferreycorp.

He is an industrial engineer graduated from Ricardo Palma University and has a Master's degree in Strategic Business Administration from Centrum Católica, a business school of the Pontificia Universidad Católica del Perú. He has also taken the FSE (Finance for Senior Executives) course at Harvard University in Boston and the Leadership course at Incae in Costa Rica. She participated in the Caterpillar Leading for Growth and Profitability program, taught at the Kenan-Flagler Business School at the University of North Carolina, and has taken several specialization programs in Peru and abroad. Since August 2019, he has been teaching part-time at the International Business Administration faculty of the Universidad Peruana de Ciencias Aplicadas (UPC).

Cesar Vasquez Velasquez

General Manager of Orvisa

Chief Executive Officer of Orvisa S.A. since 2006. He has held the positions of general manager, chief administrative officer and general accountant in the same company, which he joined in 2000. He was a member of the Board of Caja Municipal de Ahorro y Credito de Maynas (CMAC Maynas), between 2005 and 2007, as well as member of the Zonal Council of Senati Loreto, in the periods 2009- 2011 and 2016- 2017. He holds a Master's Degree in Financial Management from the Escuela de Organización Industrial (EOI) of Spain, a Master's Degree in Higher Education from the Universidad Nacional Mayor de San Marcos, as well as an Advanced Level Certification in Sales from Caterpillar University. He graduated as a public accountant from the Universidad Nacional de la Amazonia.

Ricardo Ruiz Munguia

General Manager of Gentrac and General de Equipos

General Manager of Gentrac Corporation and its subsidiaries in Central America. Joined General de Equipos in 1978. He has held positions in different areas of the company, becoming General Manager in 1991. In 1998, when General de Equipos acquired 100% of Gentrac in Guatemala and Gentrac in Belize, he was appointed Vice Chairman of the Board and chief executive officer of the three companies. In 2001, he was appointed Chairman of the Board and CEO of Gentrac Corporation, the holding company of the aforementioned companies. In other activities in El Salvador, he has served as a member of the Board of Aseguradora Agrícola Comercial; member of the Board of Banco de Comercio; Chairman of the Board of Banco Atlacatl; member of the Board of Banco Central de Reserva; member of the Board of the Banking Association; director of Financiera Atlacatl; as well as director of Asociación de Ahorro y Prestamo Aprisa. He holds a degree in Agricultural Economics from the University of Louisiana and a Master's Degree in Business Administration from Incae.

Gonzalo Romero Pastor**Deputy General Manager of Genprac Guatemala**

Deputy General Manager of Genprac Guatemala as of 2019. Previously he led the Central Business and Operations Management between 2015 and 2019. He served as manager of Caterpillar Machinery and Allied Brands at Ferreyros, between 2011 and 2015; as Commercial Manager of Mining, between 2008 and 2011; assumed the head of Parts Marketing in 2003; and previously performed in various functions at Ferreyros, having joined the company in 1996 as Parts Analyst of the Parts Management. He has more than 25 years of experience in commercial and managerial management. Professional technician in Plant Machinery Maintenance graduated from Tecsup (Peru) and engineer in Economics graduated from the Universidad Científica del Sur (Peru), he has a Medex Executive MBA granted by the PAD School of the University of Piura (Peru). He has participated in several Caterpillar specialization courses and forums on commercial and product support, as well as risk management.

Rodolfo Paredes León**General Manager of Soltrak**

General Manager of Soltrak S.A. since May 2018. Previously, at Ferreycorp he was corporate manager of Strategy and Business Development, since 2012, and prior to that, he was manager of Development and Investments at Ferreyros since 2007. He led key initiatives such as the corporation's strategic planning and other development projects, including internationalization and the incorporation of new businesses during his tenure. He has more than 20 years of professional experience, including project management in multiple industries, including aerospace, technology, logistics, pharmaceutical, industrial, construction and mining equipment, among others. Prior to joining Ferreycorp, he has worked in several organizations such as Pension Normalization Office - ONP, Farindustria and IBM in Peru, and Honeywell International Inc. in the United States. He was director of Fábrica Nacional de Acumuladores Etna and Fábrica de Implemento Agrícolas Nacionales (Fiansa). He is currently a director of subsidiaries of the corporation such as Fargoline and Forbis Logistics. He holds a degree in industrial engineering from Universidad de Lima and a master's degree in business (MBA) from the University of Notre Dame (United States), where he graduated with honors (cum laude). He has participated in multiple specialization courses in Peru and abroad, such as the program for value creation through strategic alliances and acquisitions at the Kellogg School of Management of Northwestern University (United States).

Víctor Otero Pizarro**General Manager of Trex Latin America**

General Manager of Trex Latin America since its incorporation in 2014. Previously, he served as general manager of Equipos y Servicios Trex S.A., which he founded in 2000 with his partners. He has 30 years of experience in management and business development of capital goods, in the mining and port areas, holding various positions in the company Minepro Chile, today Komatsu Chile, including management of the Material Handling division that grouped P&H cranes, PPM port equipment and Morris bridge cranes. Architect from the Pontificia Universidad Católica de Chile, he holds an MBA from the Universidad Adolfo Ibañez.

Carlos Ojeda Iglesias

Trex Country Manager in Peru

He is the manager of Trex in Peru. Previously, he served as manager of the Tire Division at Soltrak (formerly Mega Representaciones), between 2007 and 2014. He was Operations and Services Manager at Mega Caucho (2004 - 2006), a company dedicated to the supply of consumable products for mining, construction and transportation, which was later acquired by the corporation and became Soltrak. He also served as a naval officer for 15 years, with experience in operations and leadership (1991 - 2004). A graduate of the Peruvian Naval School, he completed a Management MBA at the Centrum Católica business school of the Pontificia Universidad Católica del Perú, as well as a postgraduate program in Operational Analysis at the University of Bahia Blanca and the Officers School of the Argentine Navy. He is a certified ontological coach from the Newfield Network School and a graduate of the IGL Institute for Generative Leadership, in the Generative Leadership Program for Organizations.

Jorge Devoto Nuñez del Arco

General Manager of Forbis Logistics

General Manager of Forbis Logistics Corp. and Forbis Logistics S.A. since 2013. He has experience in the management of logistics projects since 2001. With more than 15 years of experience in the corporation, he has held positions in three representative areas: Commercial, Projects and Logistics. Within his experience, his participation in the exchange program with Caterpillar, in the city of Miami, where he worked for one year, stands out. He is certified as a Black Belt in the Six Sigma continuous improvement program, as well as in Caterpillar Production System (CPS), a continuous improvement methodology adapted to the Caterpillar world. He holds a bachelor's degree in Food Industries from the Universidad Nacional Agraria La Molina and graduated with honors in Strategic Business Administration (MBA) from the Centrum Católica business school of the Pontificia Universidad Católica del Perú. He completed the CEO's Management Program at Kellogg University's Senior Management Center, Chicago.

Raul Neyra Ugarte

General Manager of Fargoline

General Manager of Fargoline S.A. since 2009. He began his professional career in the Navy and then moved to the private sector, working at Molinos Takagaki, in the poultry sector, and at Nestle, in the mass consumption sector. He joined Ferreyros in 1995, where he held management positions since 2005, after working in different areas of the corporation. He is a member of the Board of the Peruvian Port Operators Association. He holds an MBA from Incae of Costa Rica and the Universidad Adolfo Ibañez of Chile, as well as a specialization in Logistics from the Pontificia Universidad Católica del Perú. He is certified as a Black Belt in the Six Sigma continuous improvement program by Caterpillar University, and is a graduate of the Peruvian Naval School as a Marine Officer with a Bachelor's Degree in Administration.

Ernesto Velit Suarez

General Manager of Ferrenergy

General Manager of Ferrenergy since October 2016. He has more than 30 years of experience in the management of companies related to manufacturing, construction and consulting in mining, energy, industry, gas, oil and hydrocarbons. He was general manager of the metal-mechanic company FIMA and of the construction company Skanska; project manager of Cosapi and Parsons; and of consulting companies such as Cesel and S&Z. Former Vice Chief of the Association of Private Metalworking Companies of Peru and of the Suppliers Committee of the National Society of Mining, Petroleum and Energy; member of the Metalworking Committee of the National Society of Industry and of the Board of the Peruvian Chamber of Construction. He is a

mechanical and electrical engineer with specialization in Energetics, graduated from the Polytechnic Institute of Bucharest. He holds a Master of Sciences degree from the Polytechnic Institute of Bucharest and the Polytechnic Institute of Paris. He is currently a member of the Board of the Engineering and Construction Guild of the Lima Chamber of Commerce (CCL).

Carlos Calderon Torres

Chief Executive Officer of Sitech

General Manager of Sitech since March 2021. Previously, he was a consultant to Ferreycorp through the "For the next 100 years" initiative facilitated by Leading Digital by UTEC, where he is a partner and director. He is a recognized practitioner of corporate transformation, with more than 20 years of outstanding professional experience in technology and service industries. He has participated and led six corporate ventures in four different countries in the region. He is an economist from the University of Lima, with a master's degree in Marketing and Business Management from the MBA Business School and with several specialization studies in Artificial Intelligence, Big Data and Internet of Things, in renowned business schools globally. He is an influential leader in the world of technology and business, from where he actively participates in various advisory boards and charitable causes that seek to mitigate the impact of disruptions in our society.

Appendix 3: Capital stock and shareholder structure

3.1 Capital stock and share price performance

As of December 31, 2021, Ferreycorp's capital stock is represented by 958,894,238 common shares with a par value of S/ 1.00 each, fully subscribed and paid, of which 77.75% belong to Peruvian investors and 22.25% to foreign investors. Outstanding shares as of December 31, 2021 are 946,063,288.

During the year, dividends totaling S/ 186,368,865.74 were paid to shareholders, equivalent to S/ 0.196745416976 per share, which represented a dividend yield of 9.6%. Dividends were paid on two occasions: on May 14, S/. 86.4 million were paid as ordinary dividends corresponding to the 2020 fiscal year, and on October 29, S/. 100 million were paid as an advance dividend on account of the 2021 fiscal year profits, as approved by the Board.

Regarding Ferreycorp's share value, despite the country's economic and political situation in the second half of the year due to the general elections, Ferreycorp's shares had a positive performance in 2021, as the share price went from S/ 1.72 at the opening to S/ 2.05 at the closing, obtaining its lowest point of the year in June, when it traded at S/ 1.37. This increase in the share price, added to the dividend per share of S/ 0.196745416976, translates into a shareholder return of 31%.

The average share price in 2021 was S/ 1.87, considering the closing prices of the Lima Stock Exchange.

3.2 Share repurchase

The Board, at its meeting of October 30, 2019, approved a share repurchase for up to 50 million shares (5% of capital), in a context in which the share price was below its fundamental value, and even book value, making it an attractive investment opportunity.

The share repurchase has been in place since the aforementioned date and will continue to be monitored and reported to the market. The maximum holding period for this investment in treasury stock is two years, in accordance with the provisions of the General Corporations Law.

As of December 31, 2021, Ferreycorp holds 12,830,950 shares in its portfolio, for a value of S/ 25,247,886, at an average price of S/ 1.97

Capital reduction

In November 2021, the General Shareholders' Meeting approved the redemption of 16,788,791 treasury shares and the consequent reduction of capital stock. The par value of these shares is S/ 1.00, therefore the capital stock decreased to S/ 958,894,238.00.

3.3 Shareholder Composition

Shareholders holding 4% or more of the Company's capital stock as of December 31, 2021 are:

Full name	Number of shares	Equity shares (%)	From
Prima - Fondo 2	61,188,098	6.27%	Peru
Profuturo – Fondo 3	55,829,583	5.72%	Peru
Profuturo – Fondo 2	52,072,925	5.34%	Peru
Integra – Fondo 2	50,634,820	5.19%	Peru
Integra - Fondo 3	48,050,589	4.92%	Peru
Letko Brosseau Emerging Markets Equity Fund	46,314,000	4.75%	Canada
Prima – Fondo 3	44,398,776	4.55%	Peru
Corporación Cervesur S.A.A.	43,137,164	4.42%	Peru
Interseguro Compañía de Seguros de Vida S.A.	42,405,262	4.35%	Peru

The distribution of shares with voting rights is as follows:

Ownership	No. of shareholders	No. of shares	% of equity shares
More than 10% of the capital	0	0	0.00%
Between 5% and 10 % of the capital	4	219,725,426	23.22%
Between 1% and 5 % of the capital	17	473,206,034	50.02%
Less than 1 % of the capital	3,090	253,131,828	26.76%
Total	3,111	946,063,288	100.00%

3.4 Shareholding structure by type of investor

Action: FERREYC1		
Holdings by type of shareholder of the share or equity security comprising the S&P Peru Select Index (at the close of the fiscal year)	Number of holders	% of equity shared ⁽³⁾
1. Members of the board and senior management of the corporation, including relatives ⁽¹⁾ .	23	2.63%
2. Workers of the corporation, not included in numeral 1.	48	0.01%
3. Natural persons, not included in numeral 1 and 2.	2,827	12.85%
4. Pension funds managed by the Pension Fund Administrators under the supervision of the Superintendence of Banking, Insurance and AFP.	12	39.64%
5. Pension fund managed by the Pension Normalization Office (ONP).		
6. Peruvian State Entities, with the exception of the case included in numeral 5.	1	0.21%
7. Banks, finance companies, municipal savings banks, edpymes (small and microenterprise development entity), rural savings and loan associations and savings and loan cooperatives under the supervision of the Superintendency of Banking, Insurance and Pension Fund Management (Superintendencia de Banca, Seguros y AFP).	3	0.19%
8. Insurance companies under the supervision of the Superintendence of Banking, Insurance and AFP.	3	9.11%
9. Brokerage agents, under the supervision of the SMV.	5	0.03%
10. Investment funds, mutual funds and trust funds under the scope of the Securities Market Law and the Investment Funds Law and bank trusts under the scope of the General Law of the Financial System.	19	1.47%
11. Autonomous estates and banking trusts abroad, to the extent that they can be identified.	111	17.47%
12. Foreign depositories listed as holders of the share under ADR or ADS programs.		
13. Foreign custodians and custodians appearing as holders of shares not included in item 12.	3	0.07%
14. Foreign custodians appearing as holders of shares.		
15. Entities not included in previous numbers ⁽²⁾ .	56	13.31%
16. Shares belonging to the S&P/BVL Peru Select Index or a security representative of these shares, in the company's portfolio.	1	3.04%
Total	3,112	100.00%

Holdings by holders of the shares or equity securities comprising the S&P/BVL Peru Select Index, by residence (at the close of the fiscal year)	Number of holders	% of equity shares ⁽³⁾
Domiciled	2,937	77.75%
Non-domiciled	175	22.25%
Total	3,112	100.00%

- (1) The term "Relatives" according to the regulations for indirect ownership, affiliation and economic groups.
(2) Term "Entities" according to the regulations for indirect ownership, affiliation and economic groups.
(3) Two decimal places

Appendix 4: Information relating to the market for securities registered in the Securities Market Public Registry

4.1 Common Shares

FERREYCORP S.A.A. Equities

ISIN Code	Nemonic	Year - Month	2021 QUOTATIONS				Average Price S/
			Opening S/	Closure S/	Maximum S/	Minimum S/	
PEP736001004	FERREYC1	2021-01	1.72	2.05	2.16	1.71	1.95
PEP736001004	FERREYC1	2021-02	2.06	2.10	2.16	1.98	2.06
PEP736001004	FERREYC1	2021-03	2.08	2.22	2.27	2.08	2.17
PEP736001004	FERREYC1	2021-04	2.20	1.84	2.25	1.60	1.87
PEP736001004	FERREYC1	2021-05	1.84	1.74	2.00	1.60	1.83
PEP736001004	FERREYC1	2021-06	1.72	1.61	1.79	1.37	1.45
PEP736001004	FERREYC1	2021-07	1.59	1.57	1.79	1.50	1.67
PEP736001004	FERREYC1	2021-08	1.62	1.72	1.77	1.41	1.49
PEP736001004	FERREYC1	2021-09	1.75	1.69	1.76	1.64	1.68
PEP736001004	FERREYC1	2021-10	1.67	1.99	2.00	1.64	1.90
PEP736001004	FERREYC1	2021-11	1.95	1.89	1.95	1.79	1.90
PEP736001004	FERREYC1	2021-12	1.90	2.05	2.05	1.74	1.92

4.2 Debt instruments outstanding

4.2.1 Local bonds

In 2018, Ferreycorp registered with the Superintendencia del Mercado de Valores (Superintendency of the Securities Market) its Third Debt Instruments Program for US\$ 100 million or its equivalent in soles, in order to have an additional source of financing.

The issuance will depend on local market conditions. No placements were made during 2021.

4.2.2 Internacional bonds

In July 2020 the corporation and its subsidiaries completed a successful private placement of international bonds with the U.S. insurer Prudential for US\$ 90 million for a seven-year amortizing term, with a three-year grace period. The principal balance at December 31, 2021 is US\$90 million and interest payments are being made quarterly according to schedule.

Likewise, at the General Shareholders' Meeting held on March 31, 2021, the proposal was approved for Ferreycorp S.A.A. or its subsidiaries to place in the local or international market one or more issues of debt instruments (bonds, commercial paper and/or any other debt securities), through public and/or private offerings, for up to US\$ 400 million or its equivalent in soles.