

SUSTAINABILITY REPORT 2020



ASSURANCE STATEMENT OF SGS DEL PERÚ S.A.C. ABOUT THE SUSTAINABILITY ACTIVITIES IN THE “SUSTAINABILITY REPORT 2020” OF FERREYCORP S.A.A

NATURE AND SCOPE OF THE INSURANCE

SGS del Peru S.A.C. was hired by FERREYCORP S.A.A to carry out an independent assurance of its "2020 Sustainability Report". The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, includes the text and data for 2020, contained in this Report. The information presented in the "2020 Sustainability Report" is the responsibility of FERREYCORP S.A.A. and the scope is for the following corporate reasons: FERRERYCORP S.A.A, FERREYROS S.A, SOLTRAK S.A, MOTORED S.A, ORVISA S.A, UNIMAQ S.A AND FARGOLINE S.A. Additionally, for the Environmental Indicators, 2 additional social reasons have been taken into account: MOTRIZA S.A Y Equipos y Servicios Trex SpA. SGS del Peru has not participated in the preparation of any material included in the "2020 Sustainability Report". Our responsibility consists in giving an opinion about the text, data, graphics and statements, within the scope of the assurance, with the intention of informing all the interested parties of FERREYCORP S.A.A

The SGS Group has developed a set of protocols for Sustainability Assurance based on the best practices given in the Global Reporting Initiative (GRI) standards published in 2016 and the updates of 2018, 2019, 2020 and the ISAE3000 assurance standard. These protocols give different options for Assurance levels, depending on the context and capacity of the Reporting Organization. This report has been secured using our protocols for the evaluation of the veracity of the content and its alignment with the GRI standards to a limited level.

The assurance comprised a combination of prior research, interviews with strategic collaborators, review of documentation, records and data; and the evaluation of the report for alignment with the GRI protocols. On this occasion, due to the restrictions caused by Covid-19, the facilities of FERREYCORP S.A.A. were not visited. The financial data contained in the Sustainability Report have been audited by the company PwC on December 31, 2020, therefore, they were not reviewed as part of this assurance process. All the indicators included in the Materiality listed in the GRI table of contents have been verified and are as follows: GRI 200 Economic (201-1; 203-1; 204-1; 205-2), GRI 300 Environmental (301-1 ; 302-1; 302-3; 302-4; 303-1; 303-2; 303-3; 303-5; 305-1; 305-2; 305-4; 305-5; 306-2; 306 -4) GRI 400 Social (401-1; 401-3; 403-1; 404-1; 404-2; 404-3; 405-1; 406-1; 416-1; 417-1; 418-1)

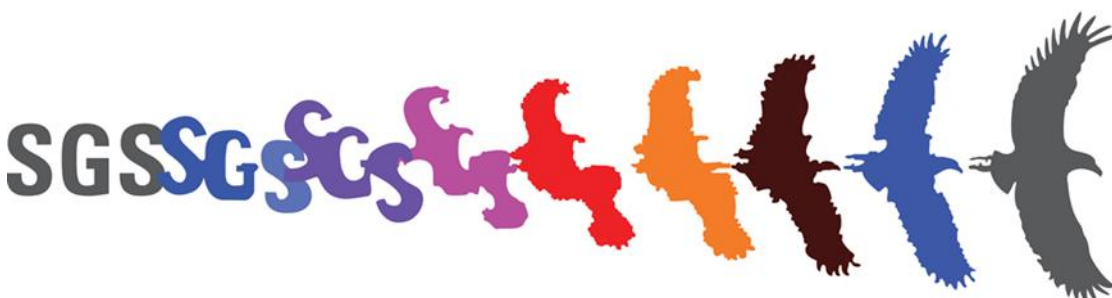
DECLARATION OF INDEPENDENCE AND COMPETENCE

The SGS Group is the world leader in inspection, analysis and verification, operating in more than 140 countries and providing services that include certification of management systems; audits and training in quality, environmental, social and ethical matters; assurance of sustainability reports and verification of greenhouse gases. SGS del Peru affirms its independence from FERREYCORP S.A.A, being free from bias and conflicts of interest with the organization and interested parties.

The assurance team was chosen based on knowledge, experience and qualifications for this task; It was made up of two people trained in Sustainability Report Assurance. The Lead Auditor has the following experience: Environmental Management System, Quality, Occupational Health and Safety, Compliance and Anti-bribery Systems, Social Responsibility Systems. She is also a Lead Auditor for the Assurance of Sustainability Reports, a Greenhouse Gas Verifier and a Water Footprint Auditor.

ASSURANCE OPINION

Based on the methodology described and the verification carried out, we have not observed circumstances that indicate that the information and data contained in the verified “Sustainability Report 2020” are not reliable and do not provide a fair and balanced representation of sustainability activities. of FERREYCORP SAA in 2020. The assurance team believes that the report can be



ASSURANCE STATEMENT



used by the Stakeholders of FERREYCORP SAA We declare that the organization has chosen an appropriate level of assurance for its needs. In our opinion, the content of the report complies with the requirements of the Global Reporting Initiative (GRI) Standards published in 2016 and its indicators updated in 2018 (“Water and Effluents” and “Occupational Safety and Health”), 2019 (“Taxation”) and 2020 (“Waste”) with Essential Option.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS REGARDING THE GRI STANDARDS

The “2020 Sustainability Report” of FERREYCORP S.A.A, is adequately aligned with the Global Reporting Initiative (GRI) Standards published in 2016 and their subsequent updates, with Essential Option. The material aspects and their limits within and outside the organization have been defined in accordance with the GRI Principles for Defining Report Content (Stakeholder Participation, Context of Sustainability, Materiality and Completeness). Likewise, the content of the Report complies with the Quality principles of the GRI.

During the audit, we have found several strengths of FERREYCORP S.A.A that we detail below:

- They have a fairly robust Environmental Management System.
- FERREYCORP S.A.A has consistently published GRI Sustainability Reports for 7 consecutive years, and in 2021 they have decided to go through the third party assurance process for the first time.
- FERREYCORP S.A.A has been included for the fourth consecutive year in the Dow Jones Sustainability Index | MILA- Pacific Alliance, which recognizes the leading sustainability companies in the Pacific Alliance region.

Some improvement opportunities were identified to consider in future sustainability reports:

- The data on Greenhouse Gas Emissions or GHG for 2019 have been considered in the 2020 Sustainability Report, the Inventory is available for 2020 and it has undergone an independent Verification. The Biogenic emissions report is also pending.
- Indicator 404-2 has been included and partially documented since transition programs to facilitate continued employability are not yet in place.
- Include all or most interested parties in the selection of the organization's material topics.
- Evaluate the convenience of including all the corporate names of FERREYCORP in future reports.
- The Anti-Corruption Indicator 205-1 has been partially reported, it is pending to place the% of operations evaluated in relation to risks related to corruption, the number and of the 7 companies that are being evaluated as part of FERREYCORP have been placed, 2 have not yet participated in the implementation, they will be included by 2021.

Pamela Castillo Rubiños

Lead Auditor - Sustainability Report Assurance

APPROVED ON BEHALF OF SGS

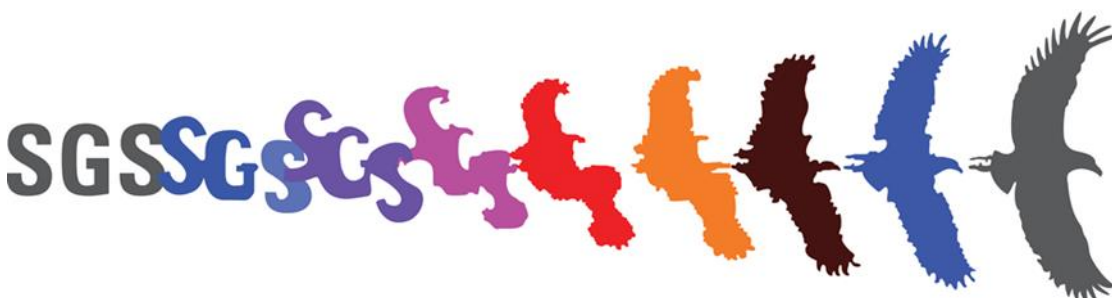
URSULA ANTÚNEZ DE MAYOLO CORZO

Ursula Antúnez de Mayolo Corzo

Technical Review - Assurance of Sustainability Reports

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2. We are Ferreycorp

2.1 Presentation



With nearly a century of existence, Ferreycorp is a Peruvian corporation, founded in 1922, and specialized in the provision of capital goods and related services. It is present mainly in Peru, its country of origin, where it accounts for almost 90% of its revenues, as well as in some Central American countries and in other South American countries, through its subsidiaries focused on their respective businesses and with a high degree of specialization, with more than 6,000 employees.

Since 1942, 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 capital goods services it provides, such as maintenance, repairs, condition monitoring, consulting in the use of equipment, training and financing, among others. The corporation's subsidiaries thus articulate a comprehensive portfolio of solutions for their customers and enhance their market coverage.

Ferreycorp has been in the stock market for more than half a century, having listed its shares on the Lima Stock Exchange (BVL) in 1962. Today, this widely held company has local investors, such as AFPs, mutual funds and insurance companies, as well as several foreign funds. The corporation is recognized for its track record in the capital market and is a benchmark for its good corporate governance practices and responsible management in the interest of sustainability.

It is also distinguished as one of the leading companies in the Peruvian market and is present in a number of business groups and initiatives, promoting the development of the country through such participation.

2.1.1 Purpose, mission and vision

(GRI 102-16)

PURPOSE

**Juntos creamos desarrollo
(Together we create development)**

MISION

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 collaborators and being a reference of modern and responsible companies.

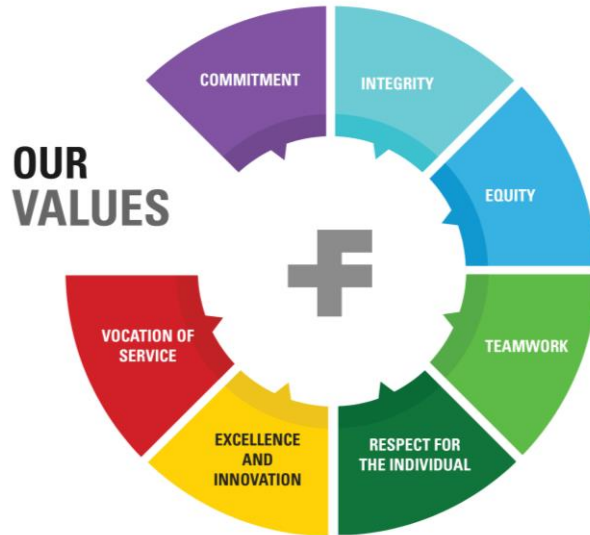
VISION

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 of its operations, due to its operational and financial capacity.

2.1.2 Cultural values and principles

Ferreycorp's values remain solid over time: they 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.

1. **Commitment:** To society and to the generation of positive impacts.
2. **Integrity:** Acting with transparency, seriousness and honesty; coherence and responsibility with actions.
3. **Equity:** Fair and equal treatment for all employees and stakeholders.
4. **Teamwork:** Encouragement and enhancement of collaboration.
5. **Respect for the individual:** Focus on the well being of employees and their personal and professional development; respectful treatment of all stakeholders.
6. **Excellence and innovation:** Continuous improvement and compliance with high standards in all processes.
7. **Vocation of service:** Determination to offer a quality service.



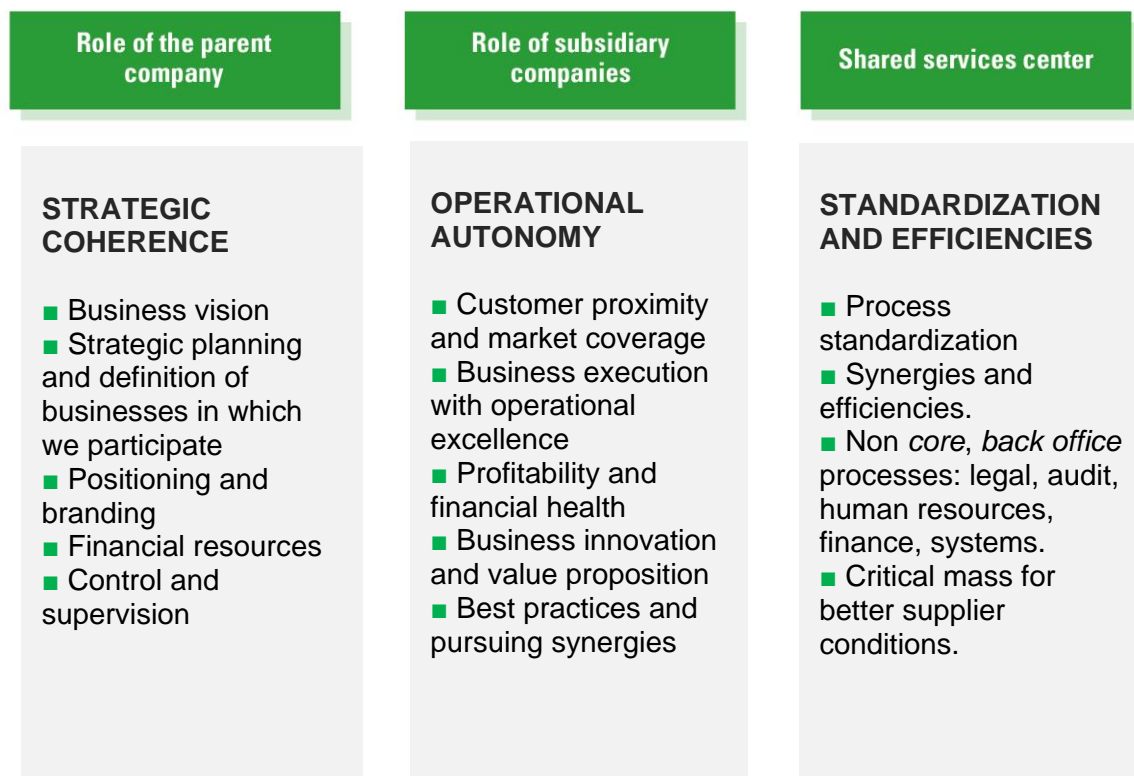
Likewise, Ferreycorp has defined a set of cultural principles. These are attitudes and behaviors aimed at reinforcing Ferreycorp's strategy, which is transformed over time according to the requirements of the market and the reality of the countries where the organization operates. For more information, see the Climate and Culture section in the Sustainable Management section.



2.1.3 Operating model of the corporation

The Ferreycorp Corporation, with nearly 100 years of existence, has undergone successive transformations to adapt to the changing environment and meet the multiple needs of its customers; to continue generating jobs in the countries where it operates; and to ensure an attractive return on investment for its shareholders. Prior to July 2012, the role of parent company of the corporation and the operating functions of the main subsidiary were integrated into a single company; after the transformation, Ferreycorp S.A.A. was created as the parent company of the corporation and Ferreyros S.A. was established as the main operating company of the group.

This process was accompanied by a definition of the corporation's operating model, which is based on the strategic coherence provided by the corporate entity and the operating autonomy of the subsidiaries, which also seek synergies among them all and promoted from a Shared Services Center. In this sense, three types of roles were defined: that of the *holding* of the economic group; that of the subsidiaries, responsible for operating their business; and that of shared services, as follows.



Within the framework of these roles, the knowledge acquired by the parent company and its critical success factors are placed at the service of the various subsidiaries and their value proposition. At the same time, the subsidiaries contribute to the productivity and efficiency of their customers through the provision of capital goods of leading and prestigious brands, as well as high-level related services, with a vision of excellence and innovation.

In addition to the sales and profits they generate for the economic group, the subsidiaries broaden 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 Ferreyros' signature company receive goods and services from other subsidiaries of the group.

















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

With this strategic perspective, Ferreycorp seeks to boost the dynamism and growth of the corporation, with positive transversal impacts on its different stakeholders, and to add efficiency for its customers, in the various sectors of the economy, to whom it owes its path of progress.

2.1.4 Companies of the corporation

(GRI 102-2) (GRI 102-4; 102-6; 102-7)

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 South American countries				
				
Heavy transport vehicles	Consumables	Asian Machinery	Cranes, platforms, port equipment (Chile, Ecuador, Colombia and Peru)	Light machinery (Ecuador)
				
Temporary, customs and simple warehousing		Freight forwarder		Technological solutions





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, commerce and transportation.

An extensive description of these subsidiaries, their businesses and operations are provided in Chapter 3 - Business Management.


For information on the economic group according to the denomination of the Superintendence of Securities Market (SMV), please refer to Appendix 1, section 1.1.3.




Below 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
<p>Ferreyros</p>  <p>UNA EMPRESA FERREYCORP</p>	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.	<p>Peru North: Piura, Tumbes, Lambayeque, Cajamarca, Trujillo, Chimbote Central: Cerro de Pasco, Huancayo, Ica, Ayacucho, Huaraz, Lima. South: Arequipa, Cusco, Moquegua and Puno Number of locations: 23</p>
<p>Ferrenergy</p> 	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.	<p>Peru Lima Guatemala Ciudad de Guatemala Number of locations: 2</p>
<p>Unimaq</p>  <p>UNA EMPRESA FERREYCORP</p>	1999	Construction, mining, hydrocarbons, agriculture, government, trade, industry and services.	Commercialization and rental of light equipment.	<p>Peru North: Cajamarca, Chiclayo, Piura, Trujillo Central: Cerro de Pasco, Huancayo, Lima, Huaraz South: Arequipa, Ayacucho, Cusco, Ilo, Moquegua, Puno Number of locations: 16</p>
<p>Orvisa</p>  <p>UNA EMPRESA FERREYCORP</p>	1973	Hydrocarbons, energy, river transportation, construction, government, forestry, agriculture and agroindustry.	Commercialization of heavy machinery, equipment and consumables. Rental and supply of spare parts and services.	<p>Peru North: Bagua, Iquitos, Tarapoto Central: Pucallpa, Huánuco South: Puerto Maldonado Number of locations: 7</p>






Representatives of Caterpillar and allied brands in Central America

Name	Year of incorporation	Sectors served	Product / Service	Country / Region
<p>Gentrac</p>  <p>UNA EMPRESA FERREYCORP</p>	2010	Construction, mining, aggregates, agriculture, oil extraction, government, energy, industry and trade.	Commercialization of heavy machinery and equipment. Rental and supply of spare parts and services.	<p>Guatemala Ciudad de Guatemala, Quetzaltenango, Teculután, Escuintla, Morales and Retalhuleu Belize Ladyville Number of locations: 8</p>

<p>General de Equipos</p> 	2010	Construction, housing, power generation, industrial, government, agricultural and automotive.	Commercialization of heavy machinery and equipment. Rental and supply of spare parts and services.	<p>El Salvador San Salvador, Sonsonate, San Miguel Number of locations: 3</p>
<p>Soltrak</p> 	2013	Construction, industry and transportation	Marketing of lubricants	<p>Nicaragua Managua Number of locations: 1</p>
<p>Motored</p> 	2015	Construction, freight and passenger transportation, government, trade and services.	Supply of spare parts for trucks and buses; consumables; trucks and buses.	<p>El Salvador San Salvador, Santa Ana, Sonsonate, San Miguel, Metapán, Lourdes, Santa Rosa de Lima, Soyapango, Zacatecoluca, Aguilares and Usulután Honduras Tegucigalpa, San Pedro Sula Number of locations: 14</p>

Complementary businesses in Peru and other South American countries

Name	Year of incorporation	Sectors served	Product / Service	Country / Region
<p>Motored</p> 	1995	Construction, mining, freight transportation, passenger transportation, government, trade and services, and government.	Marketing of automotive vehicles: trucks, trailer truck and buses. After-sales service and spare parts.	<p>Peru North: Chiclayo, Piura, Trujillo Central: Huancayo, Lima South: Arequipa, Cusco Number of locations: 12</p>
<p>Soltrak</p> 	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.	<p>Peru North: Piura, La Libertad Central: Lima South: Arequipa Number of locations: 5</p>
<p>Cresko</p> 	2007	Construction, mining, agriculture and general industry.	Marketing of Asian products: loaders, trucks, agricultural tractors, engines, forklifts, among others.	<p>Peru Lima Number of locations: 1</p>

<p>Trex</p>  <p>UNA EMPRESA FERREYCORP</p>	2014	Mining, port industry, commerce, services and construction, among others.	Tow truck and other lifting solutions.	<p>Peru Lima Chile Santiago, Antofagasta, Calama Colombia Barranquilla Ecuador Quito, Guayaquil Number of locations: 8</p>
<p>Fargoline</p>  <p>UNA EMPRESA FERREYCORP</p>	1983	Capital goods, consumer goods, energy, mining, construction, fishing, agriculture, trade and services.	Temporary warehousing of containers, bulk and roll-on/roll-off cargo, customs deposit; simple storage; project cargo movement; transportation and distribution.	<p>Peru Lima, Callao y Arequipa Number of locations: 4</p>
<p>Forbis Logistics</p>  <p>UNA EMPRESA FERREYCORP</p>	2010	Automotive, mass consumption, mining, energy, retail, industry.	International air and ocean freight of import and export, and consolidation, inspection and freight processing services.	<p>Peru Lima EE.UU. Miami Chile Santiago Number of locations: 3</p>
<p>Sitech</p> 	2013	Mining, construction and hydrocarbons.	Integration of technologies to create solutions that increase the productivity of customers.	<p>Peru Lima Number of locations: 1</p>
<p>MaquiCentral</p>  <p>UNA EMPRESA FERREYCORP</p>	2015	Construction, mining, petroleum, industrial, transportation and agricultural.	Commercialization and rental of light equipment.	<p>Ecuador Guayaquil, Quito y Riobamba Number of locations: 2</p>

2.1.5 Representations

The commercialization of consumer products was the driving force in the first years of Ferreycorp's existence, founded in 1922. However, it was in 1942 when it marked a key milestone in the history of the corporation: it began its relationship with Caterpillar in Peru, strengthened over the years, achieving wide recognition of this distinguished global brand. Subsequently, in 2010, the corporation assumed the representation of Caterpillar in Central America.

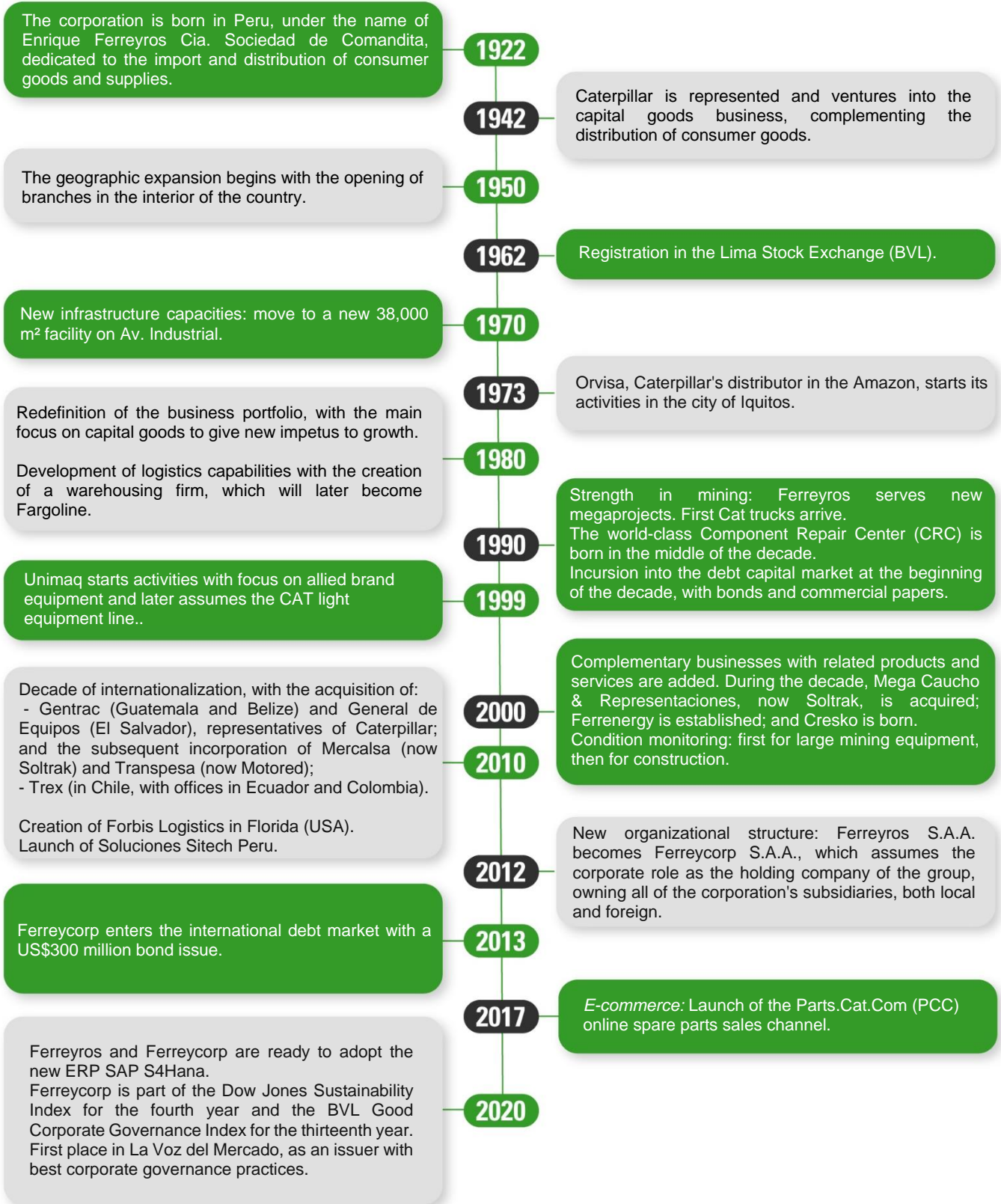
Likewise, during its trajectory, it took on the distribution of other brands, either to be represented in Peru or in other Latin American countries..



Thanks to the experience and knowledge acquired with Caterpillar, the corporation and in particular its subsidiaries have generated excellent long-term relationships with other global brands. In this way, Ferreycorp has consolidated a prestigious portfolio of represented brands, becoming the undisputed leader in its field. The corporation capitalizes on the knowledge acquired over the years and the capabilities built to serve the brands it represents in diverse territories with growth potential.

2.1.6 History

The following are the corporation's main milestones in its history. For further information, please refer to the Historical Review in Appendix 1, section 1.2.3.1.



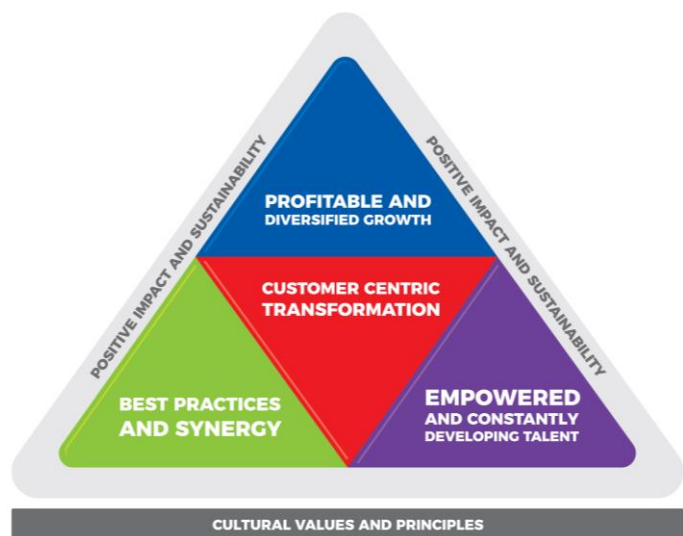
2.2 Looking ahead

2.2.1 Strategy 2021

To ensure the corporation's value over time, Ferreycorp defined a strategy for 2021 that sought to promote profitable growth through organic development and acquisitions, as well as to drive customer-centric digital transformation and leverage synergies. This strategy did not materialize to its full extent as a result of the slower growth of the economy and investments in the country in the aforementioned period, although there were important advances in the transformation of the business using technology, as well as the strengthening of a corporate organization that promotes greater synergies. With the beginning of the year 2021, a review of the strategy for the next five years has begun.

In this context, there are five strategic pillars:

- **Empowered and constantly developing talent**, which reflects the importance of human resources in the execution of the strategy and the need to promote constant learning and the development of skills, especially those corresponding to the digital era. The corporation recognizes that the basis of its success is in its employees, both in their technical capabilities and in their ethical conduct and values, and reaffirms the importance of inclusion and equity in its human resources.
- **Profitable and diversified growth**, which highlights the interest in growing in those businesses and markets that ensure the profitability and value of the corporation over time and generate value for shareholders, through a broad and prestigious portfolio of brands, value added solutions and capabilities that enable it to maintain its leadership in the market.
- **Customer centric transformation**, which highlights the need to adapt and transform the business and value proposition towards the customer, placing greater emphasis on knowledge management, the adoption of new technologies, the generation of digital capabilities and the development of solutions and services based on connectivity and knowledge of customer needs.
- **Best practices and synergies**, which incorporates the search for world-class processes and, given the complementarity of Ferreycorp's businesses, reinforces the need to generate commercial and operational synergies, and to centralize processes or generate shared services, in order to achieve efficiency and excellence in our operations.
- **Positive impacts and sustainability**, which contemplates the commitment to continue operating as an ethical and responsible corporation that contributes to the well-being of society and the development of the countries in which it operates, and that comprehensively manages its environmental, social and governance dimensions.



2.2.2 Innovation

The innovation is part of Ferreycorp's DNA, as a vital element that has made possible the resilience, transformation and expansion of the organization for almost a century. For its more than 6,000 employees, adapting to change and innovation is one of its core values and principles, with the common goal of anticipating clients' needs 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 on multiple fronts: new products and services, improved processes, refocusing on the business model and impact on the customer experience. In this direction, human talent and technology are the key enablers.

Therefore, for the corporation, there are two important areas of action in innovation management: the development of business initiatives on the five fronts mentioned above and, at the same time, the strengthening of internal digital transformation capabilities to accelerate the development of the initiatives.

2.2.2.1 Priority customer-focused initiatives

Ferreycorp has defined four priority vectors for the deployment of customer-centric transformation processes. Several of these initiatives have been adopting agile innovation methodologies that involve the customer, from the understanding of the challenge to the development and use of the solution. The following are some of the deployments carried out in fiscal year 2020.

a) Digital customer experience and e-commerce

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

- The *e-commerce* solution of Parts.Cat.Com (PCC), from Caterpillar, is being actively used by Ferreyros, Unimaq and Orvisa, in Peru; by Gentrac, in Guatemala and Belize; and by General de Equipos, in El Salvador, with combined sales of US\$ 34 million. It should be noted that, at Ferreyros, the online channel accounted for 38% of the sales of spare parts made by the company's stores.
- Soltrak, in Peru, launched the first sales channel for its products on a major e-commerce platform; Gentrac, in Guatemala, launched an e-commerce channel for lubricants for the B2C category; Motored, in El Salvador, opened its *online* store, generating its first sales; and Motored Peru deployed the second year of operations of tienda.Motored.com.pe, for the distribution of spare parts.
- Cat dealers in Peru, Guatemala and El Salvador held the Cat Live Festival online event, a pioneering *streaming* event in its field, conceptualized by Caterpillar Latin America, with promotions and discounts on the portfolio of machinery, parts and services. Ferreyros, Unimaq, Orvisa, Gentrac and General de Equipos generated business opportunities of US\$ 103 million and sales of US\$ 14 million in just one day.
- Unimaq deployed the first year of operations of its first *retail* store in the city of Trujillo, with which it seeks to streamline the purchase, in self-service format, of Caterpillar light equipment and allied brands for general or urban construction projects, enriching the customer experience.
- Fargoline digitalized the handling of its documentary procedures, such as the generation of withdrawal authorizations, electronic approvals and cargo entry procedures, reducing the physical presence of clients at its facilities by 60%.

- Ferreyros developed new integrations with the purchasing systems of clients with the highest invoicing volume in the mining, construction and fishing sectors. It also launched the functionality of Online Consulting, to resolve consultations or technical incidents through a virtual contact with specialists.
- In turn, Fer, the Ferreyros *chatbot* launched in 2019, answered more than 4,000 varied customer questions, gaining efficiencies in the customer service process. During the year, the subsidiaries, through the corporation's virtual platforms, developed multiple training *webinars* for their clients - on aspects such as safety, productivity, technology and innovation - to generate value in the new context. The social networks also contributed to the development of training initiatives such as the Aula Soltrak, on key topics for business adaptation and reactivation, and Forbis Educa, to explore the work of international freight forwarders.

b) Productivity in customer equipment

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

- During the year, Peruvian mining remotely used the Cat MineStarFleet, Fleet management system provided by Ferreyros to dynamically assign large equipment in the mine. They also used an integration designed by Ferreyros for blasting processes and high precision in loading.
- In 2020, Ferreyros continued to prepare for the upcoming implementation of the first 100% autonomous haulage project in Peru, and the largest in the American continent, with a large fleet of large mining trucks through Caterpillar's MineStar technology platform.
- During the year, Ferreyros doubled the number of construction and mining customers using its equipment management solutions for these sectors (Vision Link, My.Cat.Com, Monitoring App, Monthly Fleet Management Reports). It also activated new support agreements based entirely on the use of digital solutions.
- Nearly 3,000 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. Likewise, remote monitoring was incorporated 24 hours a day, seven days per week, with advanced analytical techniques, for a relevant part of the large Cat mining equipment operating in Peru.
- During the year, Soluciones Sitech Peru increased the provision of fatigue monitoring products and services to several mining operations in Peru. In addition, underground mining adopted Sitech's safety solutions standards, such as cameras and backup sensors, radars and various alarms.
- Trex implemented in 2020 the specialized remote technical assistance service for the support of the tow trucks of customers operating in the large mining industry in Peru. It also introduced the first container ships and mobile tow trucks of its portfolio with telemetry in Peru and Ecuador, allowing timely technical support through remote measurement and timely information on their productivity and health.
- Unimaq launched the Support App, which allows customers to activate their requirements and connect with the company's various electronic management platforms. It also designed an integration to automate the flow of information on inspections carried out on its customers' machines, in order to offer them the services they require in a timely manner.

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.

- Ferreyros developed an application for the traceability of the progress of the delivery of machines to customers, making visible the coordination between the different areas throughout the preparation and dispatch process in order to timely fulfill the delivery promise.
- In collaboration with a last-mile *start-up*, Ferreyros developed a traceability system for real-time tracking of the status of the distribution of spare parts to its customers, adding management and continuous improvement capabilities to the value chain.
- In 2020, Fargoline implemented a last-mile platform that allows customers to access the traceability of their orders online in the distribution chain.
- During the year, Forbis Logistics carried out an online integration with the systems of its shipping suppliers for the automatic generation of bookings. It also completed an important technological interconnection process with Caterpillar to make visible the traceability of the transportation of its spare parts and provide key information on these operations. It also optimized the interconnection with customs agents and customers through electronic communication protocols (EDI).

d) New products and services

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

- OperApp, an initiative incubated at Ferreycorp, is the first labor *marketplace* for machine operators in Peru and Latin America, which allows companies to publish job offers and connect with the best machine operators. In 2020, its second year of activities, OperApp tripled the key indicators of the previous year: today it has more than 15,000 operators, 500 registered companies, 25,000 applications and 1,200 job offer published.
- The corporation develops the incubation of new products and services based on digitalization. In 2020, as a result of several ideation workshops, it was decided to focus on the validation of hypotheses and incubation of five business ideas, in the areas of technical education, logistics services, consumables, financing and on-site management.

2.2.2.2 Internal digital transformation capabilities

The exponential growth in the use of technology, the changes in the behavior of society and the emergence of new value propositions and business models require Ferreycorp to develop solid internal capabilities for their development. In order to sustain and reinforce current and future strategic business initiatives mentioned above, the corporation has been making a great effort in the creation of technological capabilities.

The most relevant project for 2020 is the implementation of the new ERP SAP S4Hana in Ferreyros and Ferreycorp, to go live in January 2021. This new state-of-the-art technology platform, already implemented in Orvisa, Unimaq and Motored, supports an operating model that simplifies and integrates all core and support processes of the companies.

The new ERP is complemented by an extended platform for the agile development of customer-facing digital solutions, scalable and synergistic among Ferreycorp's business units. It has also strengthened data storage and processing capabilities, of generation of reports and information security measures.

All these efforts enable the deployment of mobile solutions, contribute to data management and provide the corporation with real-time and advanced analytical capabilities.

Similarly, during the year, the ability of employees to work remotely was increased fourfold and the speed of connectivity was increased in all Ferreycorp's headquarters in Peru. Training was conducted entirely virtually through the Google Classroom tool.

Forbis Logistics integrated, in a single management platform, the information and processes of the *freight forwarding* businesses in Peru, Chile and the United States. In this way, it has a unique standardization of workflows, as well as operational and profitability indicators by country.

During the year, a series of initiatives were carried out to add capabilities to the sales force. Soltrak, in Peru, implemented a commercial opportunity management platform that allows it to measure the progress of its business -from the *leads* stage to ongoing negotiations- and to promote interaction among its sales teams. General de Equipos, in El Salvador, developed a commercial management application to obtain key product and service information online, report on customer visits and manage requirements.

Likewise, to contribute to the work of support personnel, Ferreyros consolidated in 2020 the use of its *app* for field technicians, through which 90% of work orders for this area are managed. General de Equipos, in El Salvador, used a similar application during the year. Trex, in Chile, used applications to optimize the management of the service team both in workshops and in the field.

In both mining and construction, during 2020, the use of augmented reality glasses began to be used in highly complex tasks at Ferreyros. With this technology, a technician on duty can connect with other experts from the company and Caterpillar, transmitting live what he observes in his field of vision to exchange knowledge, while keeping his hands free to perform his work.

The new environment requires the commitment and alignment of all the leaders of the organization, as well as the creation of specific capabilities to promote the design and deployment of projects in this field. That is why Ferreycorp has been implementing the program "For the next 100 years- *Mindset* of digital transformation", initiated in 2019 for more than 180 leaders of the corporation, in order to add knowledge and skills linked to the Digital Transformation of the corporation. During 2020, the program was conducted entirely virtually, with 27 sessions on new business challenges and ways of working, skills in times of uncertainty and leadership in the digital era.

To accelerate innovation, it is vital to collaborate with the local and international ecosystem. In 2020, Ferreycorp explored collaboration opportunities with 20 start-ups from Peru, Mexico, the United States and Spain in the areas of e-commerce, logistics, education, team management and finance. Currently, the corporation is working with several *start-ups* in logistics and *back-office* services.

Ferreycorp is also a member of Shift, an association of private companies and institutions in Peru that work collaboratively to accelerate innovation and corporate intrapreneurship. At the same time, the corporation collaborates with the ministries of Production and Energy and Mines in a technological road map for mining suppliers. It is a member of Ironspring, a global association of Caterpillar dealers, specialized in the field of innovation in industrial sectors.

2.3 Board and Management

(GRI 102-18)

Ferreycorp's governance regime is entrusted to the General Shareholders Meeting, the Board and the Management. Aspects related to the Board are regulated first 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 must ensure a plurality of opinions within the Board, so that the decisions adopted therein are the result of an 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 three-year term, in accordance with the provisions of the General Corporation 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 García Figari de Fabbri
Raúl Ortiz de Zevallos Ferrand
Andreas Von Wedemeyer Knigge

Independent directors

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

The members of the Board elected Andreas Von Wedemeyer Knigge as President and Humberto Nadal del Carpio as Vice president 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
(President)**

President of the Board of Directors 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 president and general manager of Corporación CerveSouth, as well as president of the Board of the various companies that make up that group (Creditex, Alprosa, Transaltisa and Proagro, among others). He is President of the Board of Euromotors, Altos Andes, Euro Camiones, Euroinmuebles, EuroRenting, and International Camiones del Peru. He is also President of the Board of La Positiva, Seguros y Reaseguros; La Positiva Vida, Seguros y Reaseguros; and La Positiva Entidad Prestadora de Salud- EPS, as well as president of Alianza, Compañía de Seguros y Reaseguros and Alianza Vida, Seguros y Reaseguros (Bolivia). He is also a director of Corporación Aceros Arequipa; Corporación Financiera de Inversiones; and Transportes Barcino, among others. He is past-president of the Sociedad Nacional de Industrias; director of Cómex Peru, being a member of the Executive Committee in both institutions; as well as director of the Peruvian-German Chamber of Commerce and Industry. He has been director and general manager of Cía. Cervecera del South del Peru, as well as president of the Board of Directors of Profuturo AFP, president 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 president)**

Vice president of Ferreycorp S.A.A. and Ferreyros S.A. since August 2020. Independent member of the Board of Directors 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 president of Inversiones ASPI, holding company that controls Cementos Pacasmayo. He is CEO and director of Fosfatos del Pacifico and Fossal; director of the Association of Cement Producers (ASOCEM); and former president and current member of the Board of Trustees of Universidad del Pacífico. Previously, he was President of the Board of Fondo Mi Vivienda. Member of the G-50 group. Economist from the Universidad del Pacífico, 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 president of its Investment Committee (since November 2019); member of the Board of Ferreyros S.A. since 2012. Vice resident of the Board and member of the Risk Committee of La Positiva EPS (from 2017 to March 2019); vice president of the Board of La Positiva Vida Seguros y Reaseguros (from 2005 to March 2019) and alternate director (as of March 2019); president of the Investment Committee and member of the Audit Committee of La Positiva Vida Seguros y Reaseguros (from 2016 to March 2019); vice president of La Positiva Seguros y Reaseguros (from 1975 to March 2019) and director (as of March 2019); president 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); president of the board of Fundición Chilca S.A. (since 2010); president of the Board of Inmobiliaria Buslett S.A.C. (since November 2019); president 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 president of Fundación 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 Futuro Inmobiliario Camacho S.A. (since 1994); president of Profuturo AFP (1993- 1999) and member of its Executive Committee (1993-2010); first vice president of Banco Interandino (1991- 1995); president 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* member of Shearman & Sterling in New York (1962- 1963). Lawyer by profession, graduated from the Law School of the Pontificia Universidad Católica 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 17 years of experience in financial markets. He worked as an assistant professor of the Valuation course at the Graduate School of Finance at Inesper. 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 Chartered Financial Analyst (CFA). He participated in programs at Harvard Kennedy School and Columbia Business School.

Mariela García Figari de Fabbri

General Manager of Ferreycorp S.A.A. since 2008, and director since 2020. She has more than 32 years of experience in the corporation, having joined Ferreyros 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 companies of the corporation in Peru and abroad and executive president of most of them. She is a member of some of Caterpillar's advisory boards in which its dealers participate.

She is a director of Society of Foreign Trade of Peru (ComexPeru) since 2020, of Peru 2021 since 2011; 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, and a member of the Board of Trustees of UP and of UTEC's angel investors network. She has been a member of the board of the American Chamber of Commerce (Amcham Peru) and its president in the years 2018-2020, of the board of the National Society of Mining, Petroleum and Energy since 2019, and previously between 2011 and 2013, of Procapitales and president of its Corporate Governance Committee, as well as director of IPAE. She was president, during the period 2010- 2013, of the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle), which brings together nine Latin American companies noted for their good corporate governance practices. During 2019, she worked as a professor in the Master's Degree in Finance at Universidad del Pacífico. Previously, she worked as a researcher and member of the Editorial Committee of publications produced by Consorcio La Moneda.

She holds a degree in Economics from Universidad del Pacífico and an MBA from Universidad Adolfo Ibáñez in Chile and Incae in Costa Rica. She received a distinction from the latter as the 2016 Distinguished Graduate.

Gustavo Noriega Bentín

Independent member of the Board of Ferreycorp S.A.A. and of the Board of Ferreyros S.A. since 2017. He was central manager of Administration and Finance of 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 President of Supply Chain at Backus (2011- 2016) and Vice President of Finance at Cervecería 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 president of the Peruvian Association of Logistics Professionals - Approlog (2014- 2016). He is a business administrator from Universidad del Pacífico and holds an MBA from IESE Business School of the University of Navarra, Spain.

Raúl 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. He is currently a partner of Ortiz de Zevallos Abogados SCRL; president of the Board of Consorcio La Parcela S.A.; director of Medlog Peru S.A., of Almacenera Grau S.A. and of Agrícola Comercial & Industrial (Acisa); and advisor to the Board of Sindicato Minero de Orcopampa S.A., company of which he has been a director between 1999 and 2009. He is president of the Textile Committee of Peru's National Society of Industries. He has been vice minister of Tourism and Commerce and director of companies such as Inversiones Cofide, Fertilizantes Sintéticos, Prolansa (Armco group) and Cervecería del North (Backus group). He was president of Club Nacional from 2002 to 2004. He is a lawyer from the Pontificia Universidad Católica 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 President of the Board of Expressnet. Since 1978, he has developed his professional career in various banking entities. 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 Crédito 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 Universidad de Lima, a master's degree in Business Administration (MBA) from Universidad del Pacífico, a master's degree in Corporate Social Responsibility and Environment from EUDE Business School (Madrid) and is certified in the Specialization Program for Directors of the PAD/IESE School.

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, Remuneration, 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 Bentín.
- **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.

Directory of subsidiaries companies

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

The Board of Directors 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 in compliance with 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 Board of Directors held on August 27, 2020, are as follows:

Directors of Ferreyros

Manuel Bustamante Olivares
Thiago de Orlando e Albuquerque
Carlos Ferreyros Aspíllaga
Mariela García Figari de Fabbri
Humberto Nadal del Carpio
Gustavo Noriega Bentín
Raúl Ortiz de Zevallos Ferrand
Javier Otero Nosiglia
Alba San Martín Piaggio
Andreas Von Wedemeyer Knigge

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

The boards of subsidiaries other than Ferreyros in Peru, as well as of the Trex group, are chaired by Mariela García Figari de Fabbri, CEO of Ferreycorp, and have Ferreycorp's corporate business managers or the general managers of other subsidiaries as their vice presidents, depending on the activity developed by each subsidiary. In Central America, Oscar Espinosa Bedoya, who served as executive president of Ferreycorp until the end of July 2020, chaired the boards of the subsidiaries. Subsequently, the general manager is assuming the presidency of the corporation.

Consequently, 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
Oscar Guillermo Espinosa Bedoya	Executive President of the Board of Ferreycorp S.A.A. until July 2020.	President of the Gentrac group of companies ⁽¹⁾ .
Mariela García Figari de Fabbri	General Manager Director of Ferreycorp S.A.A.	President of all subsidiaries of the corporation, except Ferreyros S.A..
Luis Alonso Bracamonte Loayza	Corporate Manager of Business and Marketing of Ferreycorp S.A.A.	Soltrak S.A., Fargoline S.A., Forbis Logistics S.A., Motored S.A. y Soluciones Sitech Peru S.A.
Emma Patricia Gastelumendi Lukis	Corporate Finance Manager of Ferreycorp S.A.A.	Of all the subsidiaries of the corporation, except for Ferreyros S.A.
Rodolfo Wenceslao Paredes León	General Manager of Soltrak S.A.	Motored S.A., Fargoline S.A. y Forbis Logistics S.A.
Oscar Enrique Rubio Rodríguez	Corporate Business Manager of Ferreycorp S.A.A.	Unimaq S.A., Orvisa S.A., Motored S.A., Cresko S.A., Motriza S.A., Soltrak S.A., and companies of the group Trex ⁽³⁾ .
Gonzalo Díaz Pró	General Manager of Soltrak S.A.	Unimaq S.A., Orvisa S.A., Soluciones Sitech Peru S.A., Ferrenergy S.A.C., Motored in El Salvador and companies of the group Gentrac.
Enrique Luis Salas Rizo-Patrón	National Accounts Division Manager, Ferreyros S.A.	Unimaq S.A., Cresko S.A., Motriza S.A., Motored S.A. y Soluciones Sitech Peru S.A.
Andrea Sandoval Saberbein	Manager of the Business Excellence Project of Ferreyros S.A.	Fargoline S.A. y Forbis Logistics S.A.
Hugo Ernesto Sommerkamp Molinari	Central Finance Manager of Ferreyros S.A. until June 2018.	Fargoline S.A., Forbis Logistics S.A., Soltrak S.A., Motored El Salvador, Mercalsa, companies of the group Gentrac, and companies of the group Trex.
Juan Alberto Fernando García Orams	Corporate Manager IT Processes and Innovation at Ferreycorp S.A.A.	Soluciones Sitech Peru S.A.
Luis Fernando Armas Tamayo	Manager of the Large Mining Division of Ferreyros S.A.	Soltrak S.A.
Alberto Renato Parodi de la Cuadra	General Manager of Unimaq S.A.	Orvisa S.A., Cresko S.A. and Motriza S.A.
Ricardo Ruiz Munguía	General Manager of Gentrac S.A. and General de Equipos S.A.A.	Companies of the group Gentrac.
Víctor Otero Pizarro	General Manager of Trex Latinoamérica S.p.A. and General Manager at Equipos y Servicios Trex S.p.A.	Companies of the group Trex.

- (1) Gentrac Group includes 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) Ferreyros S.A. owns 50% of the shareholding of Ferrenergy S.A.C.
- (3) Trex Group includes Equipos y Servicios Trex S.p.A., Trex Latinoamérica S.p.A. Trex Ecuador and Trex Colombia.

2.3.2 The 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 a general management and corporate management.

In turn, the subsidiary companies have a structure that is sized according to the complexity and size of their operations, all of which have a general manager.

The following are the main officers of Ferreycorp and its subsidiaries in 2020. The professional trajectory of each of these officers is available in Appendix 1, section 1.4.2.

Officers of Ferreycorp S.A.A.

Mariela García Figari de Fabbri
General Manager Director

Oscar Rubio Rodríguez
Corporate Business Manager

Luis Bracamonte Loayza
Corporate Business and Marketing Manager

Patricia Gastelumendi Lukis
Corporate Finance Manager

Alberto García Orams
Corporate Manager IT, Processes and Innovation

María Teresa Merino Caballero
Human Resources Manager

Eduardo Ramírez del Villar López de Romaña
Corporate Manager of Corporate Affairs

Tito Otero Linares
Corporate Internal Audit Manager

Principal officers of Ferreyros S.A.

Gonzalo Díaz Pró
General Manager

Luis Fernando Armas Tamayo
Large Mining Division Manager

Enrique Salas Rizo-Patrón
National Accounts Division Manager

Ronald Orrego Carrillo
Regional Accounts Division Manager

Paul Ruiz Lecaros
Energy Division Manager

Angélica María Paiva Zegarra
Administration and Finance Division Manager

Jorge Durán Cheneaux
Human Resources Division Manager

Alan Sablich Nairn
Marketing and Digital Business Division Manager

José Gutiérrez Jave
Product Support Division Manager

Principal officers of other subsidiaries and businesses of Ferreyrcorp corporation

Alberto Parodi de la Cuadra
General Manager of Unimaq

César Vásquez Velásquez
General Manager of Orvisa

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

Gonzalo Romero Pastor
Deputy general manager of Gentrac Guatemala

Rodolfo Paredes León
General Manager of Soltrak

Víctor Otero Pizarro
General Manager of Trex Latinoamérica

Carlos Ojeda Iglesias
Manager of Trex in Peru

Javier Barrón Ramos Plata
Manager of Cresko

Jorge Devoto Núñez del Arco
General Manager of Forbis Logistics

Raúl Neyra Ugarte
General Manager of Fargoline

Marcos Wieland Conroy
General Manager of Soluciones Sitech Peru

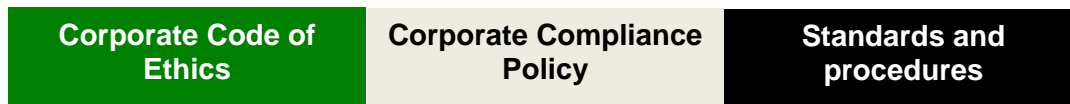
Ernesto Velit Suarez
General Manager of Ferrenergy

2.4 Compliance

(GRI 205-2)

Ferreycorp operates within a culture of integrity, based on ethical values and principles, which is a central foundation of all its activities. To strengthen this culture and to ensure that all employees act within the values and ethical principles, a Compliance System for the Prevention of Corruption has been implemented, which articulates codes, policies and standards that guide and orient. This system has three pillars:

Pillars of the Compliance System



The **Corporate Code of Ethics** describes how the corporation's seven values -integrity, commitment, equity, respect for the individual, dedication to service, teamwork, excellence and innovation- must guide the behavior, performance and decision-making of all employees, including officers and directors of Ferreycorp, without exception. It clearly and explicitly determines the fundamental lines of action that must govern relations with the different stakeholders, based on ethical principles.

The **Corporate Compliance Policy** reflects the corporation's commitment to fight against bribery in any form: directly or indirectly; 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 from it, 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.

The **corporate standards** guide the actions of collaborators, officers and directors in circumstances that could present risk situations, such as the participation of companies in bids with the State; the delivery and/or receipt of gifts or invitations from customers and suppliers; due diligence to avoid conflicts between personal interests and those of the company; the due diligence process before initiating commercial and labor relations, among others.

Along with these rules of corporate scope, the **procedures** contribute to the efficient management of the Compliance System. For example, the procedures for the identification and evaluation of risks; for conducting audits of the system; for the administration of communications; and for the correct follow-up and control of the system, among others, are highlighted below.

The purpose of the **Corporate Compliance Manual** is to explain the operation of the corporation's Compliance System as a whole and to encourage compliance with the various regulations that are part of the system, be they policies, standards and procedures, in addition to containing and complying with each requirement of the ISO 37001:2016 standard and applicable legislation in force.

Corporate Standards	Corporate procedures
<ul style="list-style-type: none"> ▪ Compliance System (CS) ▪ Conflict of interest ▪ Giving and receiving gifts, favors and others. ▪ Business with government agencies and regulation with public officials. ▪ Control of reputational and corruption risks in business with third parties. ▪ Due diligence on clients, suppliers and collaborators. 	<ul style="list-style-type: none"> ▪ CS Risk Management ▪ CS communications management ▪ SC documented information management ▪ Control of transactions, activities, operations and non-financial control ▪ Complaints management ▪ CS monitoring and measurement ▪ CS Audit Management ▪ CS non-conformance management
Corporate Compliance Manual	

Progress in the year 2020

During 2020, Ferreycorp made significant progress in the implementation of its Compliance System. Fifteen documents that are part of the system's document tree were published, incorporating them into the processes of Ferreycorp and its subsidiaries, which has allowed reinforcing the best compliance practices.

It should be noted that, after integrating these guidelines into the business processes of the corporation's companies, it has been possible to identify and evaluate the risks inherent to each operation and train employees to recognize these situations and know how to act in accordance with Ferreycorp's ethical guidelines.

An important part of this effort is the promotion of the Whistleblower Channel, encouraging employees to report any concerns or suspected violations of the standards. The information is sent directly and confidentially to the Ethics and Compliance Officer, who is in charge of its proper management. There are means such as the corporate intranet, e-mail, dedicated telephone Appendix, physical mailbox placed at Ferreycorp's institutional headquarters and personal meetings. It is very important to highlight that confidentiality is guaranteed in the use of this channel, the policy of non-retaliation and the possibility of making anonymous complaints.

Likewise, during the year, the objective of incorporating the System for the Prevention of Corruption Crimes in five of the corporation's companies was met: Ferreycorp, Ferreyros, Unimaq, Soltrak and Fargoline. In 2021 the system will be implemented in the other Peruvian subsidiaries: Orvisa, Motored, Sitech, Ferrenergy and Forbis, culminating this effort in 2022 with the subsidiaries located outside Peru.

It is worth remembering that in 2019 Ferreyros was the first company of the corporation to obtain the "Anti-Bribery Certified Company" certification, granted by Empresarios por la Integridad, a non-profit association formed by businessmen committed to promote the implementation of ethical business practices, and sponsored by IPAE. The certification process is carried out by an international auditing firm that validates the conditions required to receive this seal. In 2021, Ferreycorp, Unimaq, Soltrak and Fargoline will seek to obtain this certification.

At the same time, the corporation is preparing for the five aforementioned companies, including the parent company Ferreycorp, to opt for ISO 37001 anti-bribery management certification, the highest international standard in this area.

It should be noted that the Ethics and Compliance Officer submits a Compliance Report to the Audit and Risk Committee of Ferreycorp's Board of Directors every six months. This document describes the status of the implementation of the Compliance System of the corporation and its subsidiaries; the reports sent through the Whistleblower Channel and their outcome; the development of the annual training program; and other topics of interest. The reports are subsequently brought to the attention of the Board, through a report made by the President of the Audit and Risk Committee.

As part of the 2020 Compliance Reports, it was reported that during the year eight complaints were received and handled in a timely manner. All cases were investigated and treated with the corresponding sanction or resolution.

Likewise, the reports reported on the development of the annual Compliance System training course, conducted virtually, which 94% of the corporation's employees successfully passed. Those employees who have not yet completed the course will complete their participation in the following months of the year 2021.

In the 2020 virtual course, the Ethics and Compliance Officer explained to employees the importance of the culture of integrity, the zero-tolerance policy for acts of corruption and the new system documents, while promoting the Whistleblower Channel. In addition, a series of animated videos were presented that showed, in a playful way, situations of violations of the policies and standards of the compliance system, in order to raise awareness about them. The employees then underwent an evaluation, with a minimum passing grade of 80/100.

In this way, during 2020 Ferreycorp has continued to lead by example, seeking to impact its stakeholders by adopting good practices that promote ethical business performance, a very important dimension of the transformation that the country needs.

2.5 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 2020 Excellence Programs

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



Five Stars in Pollution Control from Caterpillar

Eleven Ferreyros workshops (Arequipa, Cajamarca, CRC in Lima and La Joya, Chimbote, Cusco, Lambayeque, Trujillo, Machine and Hydraulic Cylinder workshops in Lima, Training Center) and one Orvisa workshop (Tarapoto) have this distinction at the end of 2020.



Caterpillar Certification: World Class Workshops

Ferreyros maintains the certification granted by Caterpillar to the Component Repair Centers (CRC) in Lima and La Joya (Arequipa) as world-class workshops.



La Voz del Mercado Ranking (EY and BVL)

The main agents of the capital markets distinguish Ferreycorp in first place in the ranking of firms with the best corporate governance.



Dow Jones Sustainability Index | MILA- Pacific Alliance

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



Good Corporate Governance Index (IBGC) of the BVL

Ferreycorp has been a member of this index of the Lima Stock Exchange (BVL) since its launch thirteen years ago.



Socially Responsible Company Distinction (ESR)

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



PAR Ranking, of Aequales

The parent company Ferreycorp is highlighted as the second leading company in terms of gender equity in Peru, in the category of up to 200 employees.



Ranking of responsibility and corporate governance

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



Merco Companies and Leaders Ranking

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



Peru's Most Admired Companies Award (EMA)

The corporate community chooses Ferreycorp among the 10 most admired companies in Peru through the EMA 2020 Awards, organized by PwC and G de Gestión.



Ranking Merco Talento

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

2.6 Membership in associations

(GRI 102-12, 102-13)

Ferreycorp and its subsidiaries are active participants and/or work together with various associations related to the Sectors served or to the guidelines, values and policies of the corporation, seeking to promote a culture of continuous improvement and good corporate practices. The following is a description of the associations of Ferreycorp *holding* and of the six companies with the largest operating volumes in Peru.

Ferreycorp	<ul style="list-style-type: none"> ▪ Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle) ▪ Association of Capital Markets Companies (Procapitales) ▪ Peruvian Institute of Entrepreneurial Action (IPAE) ▪ Peru 2021 ▪ American Chamber of Commerce of Peru (Amcham) ▪ Peru-China Chamber of Commerce (Capechi) ▪ Spanish Chamber of Commerce ▪ Organization of Women in Internacional Trade (OWIT Peru) ▪ Association of Corporate Secretaries of Latin America (Ascla) ▪ Good Employers Association (ABE) ▪ Bussinespeople for Integrity
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 (Cómex Peru) ▪ Peru 2021 ▪ Peruvian Institute of Economics (IPE)
Unimaq	<ul style="list-style-type: none"> ▪ Good Employers Association (ABE) ▪ Peru 2021 ▪ Lima Chamber of Commerce
Orvisa	<ul style="list-style-type: none"> ▪ Association of Good Employers (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 Martín ▪ Chamber of Commerce, Agriculture and Industry of Amazonas ▪ Chamber of Commerce and Industry of Huanuco
Fargoline	<ul style="list-style-type: none"> ▪ Peruvian Association of Port Operators (Asppor) ▪ Peruvian Society of Foreign Trade (Cómex) ▪ Peru 2021 ▪ Lima Chamber of Commerce (CCL) ▪ Exporters Association (Ádex)

Motored	<ul style="list-style-type: none">• Good Employers Association (ABE)• Automotive Association of Peru (AAP)• American Chamber of Commerce of Peru (Amcham)• Peru 2021 (until July 2020)
Soltrak	<ul style="list-style-type: none">• Good Employers Association (ABE)• Lima Chamber of Commerce (CCL)• Automotive Association of Peru (APP)• Peru 2021• American Chamber of Commerce of Peru (Amcham)

2. Financial Management

(GRI 102-45)

In the exceptional situation of confinement and the limitation of activities due to the Southgida pandemic in 2020, the focus of Ferreycorp's financial management was to preserve business continuity by controlling expenses, access to cash, maintaining the payment cycle of obligations through sufficient sources of financing, as well as ensuring adequate working capital management. Thus, the corporation took several measures to ensure that operations with customers continued to flow and payments - especially those related to personnel expenses - were honored on a regular basis, as well as to achieve the best operating and financial results in the described environment.

The measures included activating bank lines to refinance liabilities; diversifying sources of financing; negotiating rates and payment terms with suppliers; reducing assets; and reducing the level of purchases, among others adopted to cover any short-term contingencies.

Following the announcement of the isolation measures and the anticipated reduction in sales, a control of selling, general and administrative expenses was initiated, as well as a cost control plan. Thus, at the end of the year, the reduction in expenses reached 104.4 million, through the reduction of discretionary expenses, which included consulting, travel, maintenance, training and events; lower personnel expenses; and reductions in employee salaries and vacation provisions.

As mentioned in the previous chapter, and according to the records based on the audited financial statements as of December 2020, this chapter provides an explanation of Management's management, both the results and the movements of the main accounting accounts.

The sales of Ferreycorp and its subsidiaries at the end of the year amounted to S/ 4,857.2 million, which represented a 17% reduction compared to what was obtained in 2019 (S/ 5,858.4 million). Once the quarantine period was over, the corporation showed a gradual recovery month by month: as an example, in the last quarter of 2020 it reached sales of S/ 1,653 million, compared to S/ 1,545 million in the same period of 2019.

At the close of 2020, gross margin stood at 24.8%, 1.3% higher than that generated in 2019 (23.5%). Adjusting the margin for the gross profit recovery, it would be equal to that of the previous year. The effect of the exchange rate recovery through gross profit was S/ 76.8 million, due to the reserve held in inventory as its acquisition was recorded at a lower average exchange rate. The accumulated gross profit (S/ 1,205.4 million) showed a 12% decrease compared to the previous year (S/ 1,375.6 million), mainly due to lower sales.

At the same time, the operating margin was 8.4%, higher than in 2019 (7.9%), mainly due to better gross margins as a result of the aforementioned effect, and a decrease of 11%, equivalent to S/ 104.4 million, in expenses compared to the previous year. We were able to control and reduce expenses through temporary salary adjustments, reduced working hours and vacation provisions, among other measures, as well as lower discretionary expenses, which include consulting, advertising, travel and events, among the most important. The expenses as a percentage of sales represented 16.7%, up from 15.6% in the year 2019.

Despite the decrease in operating expenses, the impact of the three months of minimal commercial activity due to the pandemic generated a monthly operating income of S/ 34 million, below the 2019 monthly operating profit of S/ 38 million, without considering the exchange rate effect.

At year-end 2020, a net income of S/ 143.9 million was recorded, while 2019 net income was S/ 246.4 million. The lower net profit is the result of the lower operating profit, due to the lower economic dynamism and operating restrictions and the effect of the exchange loss in the portion that was not yet recovered through the gross margin. It is important to note that the exchange loss is for accounting purposes, since the inventory is recorded in soles at the time of acquisition - the average exchange rate of the 2020 inventory was S/ 3.50 - but its sale will be recorded at the exchange rate in effect at the time of sale, thus recovering the exchange loss. The inventory reserve at the end of the year was S/ 25.9 million.

Financial expenses (S/. 95.7 million) for 2020 were similar to those of the previous year (S/ 96.0 million). Although interest rates rose in the quarantine months, due to the general uncertainty in the capital market, banks and other financial institutions in Peru and abroad, in the context of increased risk aversion, the corporation's interest rates remained below the previous year, going from 3.68% in 2019 to 3.53% in 2020.

In order to preserve the organization's financial strength, cash and liquidity, between March 15 - the start date of the quarantine - and the following 60 days, Ferreycorp managed to close loans for US\$ 298 million, both from local banks and from Caterpillar and Caterpillar Financial Services, the finance company of the main company it represents.

Thus, during the most critical months of the state of emergency and isolation, Ferreycorp's debt increased from US\$ 625 million in March 2020 to US\$ 863 million at the end of May 2020, and for a few weeks it remained at around US\$ 200 million in cash and banks, in anticipation of a possible worsening of the decline in revenues and cash flow.

By the end of the year, the corporation managed to reduce its debt levels to US\$ 481 million, even below the 2019 average. During 2020, the corporation's average debt reached US\$ 607 million, compared to US\$ 596 million in the previous year. In soles, the average debt for 2020 stood at S/. 2.1 billion, higher than the average for 2019 (S/. 1.9 billion). However, the debt as of December 2020 (S/ 1,700 million) was lower than the average debt of the previous year.

The regularity with which clients from different sectors, especially mining, honored their payment commitments, despite the economic situation, and the extraordinary payment from a large open-pit mining client for US\$ 200 million, as an advance payment for machines to be delivered in the following months, allowed us to generate positive operating cash flows. In this way, Ferreycorp made a prepayment of debts of US\$ 223 million, which contributed directly to the reduction of the aforementioned debt.

Also, during 2020, Ferreycorp saw the need to reschedule its debt, which was concentrated in the short term. In this way, the company was able to establish 55% of its debt with long-term maturities. The average debt rate of 3.53% was lower than that recorded in 2019 (3.67%).

In order to carry out the aforementioned reprofiling, and despite the challenging international situation, Ferreycorp and its subsidiaries completed in July a successful

private placement of international bonds for US\$ 90 million with the US insurer Prudential, which reflects the confidence in the corporation's business model and fundamentals. This private placement represents Ferreycorp's return to the international capital market, since 2013, which will provide its companies with long-term resources under very advantageous conditions, to support their management and contribute to their adequate financial structure.

With these funds - at an interest rate of 4.45% and a seven-year amortizable, with a three-year grace period - the company optimizes its debt structure, with maturities in line with the flows that the business requires for its operations, based on a strategy of matching obligations with the life of the assets it supports and in line with the good practice of diversifying sources of financing. It should be noted that Prudential, as part of its risk analysis, granted Ferreycorp an investment grade rating.

On the other hand, the accumulated EBITDA, of S/ 599.7 million, showed a decrease of -12.4% compared to 2019 (S/ 684.2 million). The EBITDA margin for 2020 was 12.3%, originated by the explanations of the increase in the operating margin.

It is worth mentioning that the financial debt includes US\$ 39.6 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 asset covered by the contract, and a financial expense resulting from bringing the corresponding obligation to present value.

The company's total indebtedness went from a debt/equity ratio of 1.66 to 1.61, remaining within the acceptable debt range.

The net financial debt/EBITDA ratio at the end of 2020 stood at 2.66, lower compared to that recorded at the end of 2019 of 3.19. This was due to the decrease in assets and the payment of debt.

The dollar remained on the rise throughout 2020, starting the exchange rate at S/ 3.317 and closing the year at S/ 3.624 per dollar, which meant a 9.26% devaluation of the currency. This generated exchange losses in almost every month of the year and an accumulated loss of S/ 105.8 million, compared to a loss of S/ 1.8 million in 2019. On the other hand, in the case of the company Trex, which operates in Chile, it was possible to reduce the negative impact of the exchange difference due to the contracting of *forwards* derivatives, which mitigated the loss, recorded at S/ 21.1 million.

It is important to highlight that Ferreycorp and its companies in Peru have a natural currency matching. The vast majority of the corporation's companies carry out their operations in dollars; they purchase from their foreign subsidiaries in that currency; finance their imports, working capital and investments in dollars; and invoice and collect payments in the same currency in most of the countries where they operate. In other countries a similar behavior is maintained, with the exception of Chile, which has rules that lead to less dollarization, as it is not allowed to finance in dollars, and the fact that the account receivable must be kept in Chilean pesos. Therefore, in the case of Trex Chile, the financing structure is being reviewed and new sources of financing are being sought to achieve currency matching through mechanisms such as derivatives or financing in local currency.

Regarding the variation of the corporation's assets, it is important to mention that these showed a significant reduction compared to December 2019, due to the decrease in inventory by S/ 260 million (from S/ 1,994.4 million in 2019 to S/ 1,684 million in 2020),

as a result of deliveries made to large mining clients and the decrease in trade accounts receivable by S/ 110 million, due to collections in the last months of the year.

It is worth mentioning, however, that the lower sales dynamism accentuated during the quarantine generated some breaks in the payment chain of customers and an increase in the average term of their payments, which went from 62 days in 2019 to 69 days in 2020. Therefore, against this background, Ferreycorp and its subsidiaries proactively launched initiatives to support their customers through refinancing programs.

Likewise, during 2020, the corporation invested S/. 106.1 million in fixed assets and intangible assets.

It added S/ 42.4 million to its fixed assets, which included S/ 27.6 million in the improvement of premises and workshops, including the remodeling of the Spare Parts Distribution Center in Lima, which will allow greater efficiency and better processes in the dispatch of spare parts and components to Ferreyros' customers nationwide.

As distributors of capital goods and related services, and due to their needs for warehousing, workshops, rental fleet replacement, exhibition and business support capabilities, Ferreycorp's subsidiaries require investments in fixed and intangible assets to meet the value proposition to their customers and maintain the competitive advantage that has allowed them to maintain their leadership in the markets where they operate.

Likewise, the corporation made a significant investment in intangible assets during the year, of S/ 63.7 million, which corresponded mainly to the implementation of the ERP SAP S/4 HANA. During 2019, the implementation of said system was completed in Motored, Orvisa and Unimaq, while Ferreyros plans to go live in January 2021. Since the start of the project in 2016, S/ 245.2 million (US\$ 73.2 million) has been invested. In another area, it should be noted that Ferreycorp has been an active participant in the capital market since its shares were listed on the Lima Stock Exchange in 1962, with subsequent incursion into the debt market, both locally and internationally. In 2020, the corporation developed an intense activity through different channels, focused on keeping its shareholders and investors informed, with analysis of the COVID-19 situation and the measures taken during the pandemic.

Due to the difficult situation of the Peruvian economy and the uncertainty presented by the market throughout the year, Ferreycorp's shares had a negative performance, as the share price went from S/.2.19 at the opening to S/.1.74 at the closing. However, the company managed to deliver to shareholders S/ 146 million in dividends corresponding to the 2019 fiscal year, which represented, in soles, S/ 0.1533 per share, or a *dividend yield* of 8.8%.

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

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 sharply by withdrawing shares from the market. The share repurchase program has been executed during the year 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, 2020, Ferreycorp holds 17,839,132 shares in its portfolio, for a value of S/.35,848,736, at an average price of S/. 2.01.

The first program was executed between October 2015 and October 2017. In November 2017, the Board unanimously approved to amortize 38,643,295 treasury shares, with a par value of S/ 1.00 each, which brought as a consequence the reduction of the capital stock from S/1,014,324,326,324.00 to the amount of S/ 975' 683, 029.00.

For more information, see Appendix 2, section 2.1: Capital stock and share price performance, and the chapter on Good Corporate Governance, section Shareholders' Meeting.

Finally, it should be noted that Ferreycorp operates through subsidiaries that enjoy operational autonomy, within a strategic coherence and corporate guidelines for the standardization of certain processes provided by the parent company. In turn, the latter deploys control and supervision processes as part of its functions.

To promote the best possible return on the capital invested in each business, the parent company contributes, through financial planning and management control, to ensure that the subsidiaries achieve their revenue growth objectives, reduce operating expenses, improve asset turnover, reduce investments in working capital, and adequately manage sources of financing to generate the lowest expense in this area.

Ferreycorp provides shared services to its subsidiaries, such as payroll for personnel throughout the corporation and treasury for banking transactions (centralized in 2018), internal audit, legal advice, risk management, communications, mergers and acquisitions, safety and environmental programs, development of common programs for talent management, IT and processes, as well as sustainability management, which are properly costed and contracted, in order to gain efficiencies and build synergies, reduce costs and optimize work, in addition to allowing the companies to focus on their business activities.

In addition, the operating companies occasionally carry out commercial transactions among themselves to complement their portfolios and duly serve their customers.

It should be noted that Ferreycorp has a transfer pricing standard between related companies in the economic group and an area in charge of reviewing the transactions between them. A rigorous analysis is made of intercompany sales, the support functions provided by the corporation to its subsidiaries, the assets or resources used for the development of these functions, as well as the risks and costs assumed. In addition, an auditing firm annually validates the establishment of such prices and issues a transfer pricing report that is submitted to the tax authorities.

It is worth mentioning that the company's policy contemplates that in the case of operations with related companies, outside the economic group, these must be carried out under market conditions, without any special benefit to the related company.

3. Sustainable Management

(GRI 102-12, 102-16, 102-40, 102-42)

Ferreycorp is firmly convinced that the sustainability of the organization is not only based on profitable growth, but also on an inclusive and responsible vision towards society and the environment.

Long before the dissemination of the current concepts of sustainability and social responsibility, Ferreycorp has been committed to create value for all stakeholders with whom it interacts, which includes acting as a change agent in society, maintaining transparent and ethical behavior, and developing win-win relationships.

In this line, the corporation is committed to the agenda that the private sector is embracing in an increasingly visible way, in accordance with the United Nations of Sustainable Development Goals (SDG), which 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.

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

Responsible management of its economic, social and environmental impacts contributes to obtaining 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.

This chapter will explore Ferreycorp's sustainable management model with its various stakeholders, as well as the main results obtained during the challenging year 2020. It will also specify which Sustainable Development Goal (SDG) is considered in the impacts generated.



3.1 Economic value generated and distributed to stakeholders

(GRI 201-1)

The analysis of economic value generated and distributed allows Ferreycorp and its subsidiaries to measure the direct and indirect economic impact of its operations on the stakeholders that are part of its value chain. Through this indicator, the corporation reflects, beyond the reporting of financial information, how its operations generate and distribute wealth, thus participating in the development of the sector and the countries in which it operates.

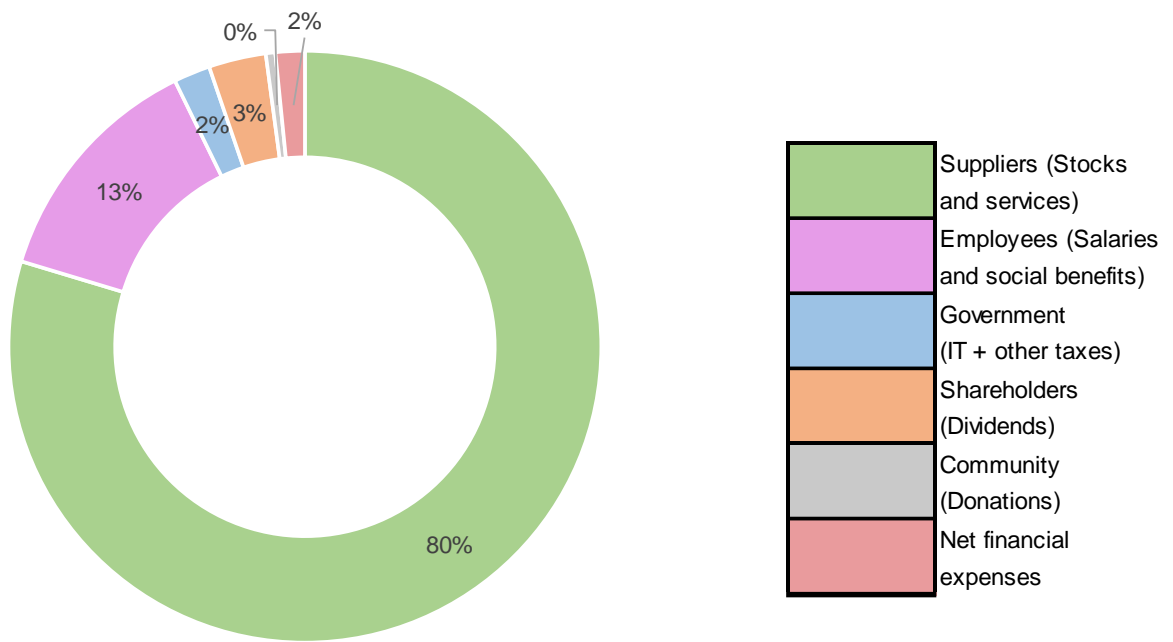
The broad scope of the economic value generated and distributed by Ferreycorp and its subsidiaries to its *stakeholders* is shown below.

Value generated and distributed to stakeholders: Ferreycorp Corporation

Corporación Ferreycorp (S/ thousands)	Ferreycorp Consolidated	
	Year 2019	Year 2020
Direct Economic Value Generated (VEC)		
Sales (Net sales + share of subsidiaries)	5,861,760	4,858,826
Other Income (Sale of fixed assets + other investments)	924	1,338
Economic Value Distributed (EVD)		
Suppliers (Stocks and services)	-4,465,875	-3,747,480
Employees (Salaries and social benefits)	-718,802	-616,775
Government (Income tax + other taxes)	-152,323	-93,542
Shareholders (Dividends)	-221,515	-146,913
Community (Donations, Works for Taxes, Covid Expenses)	-24,881	-24,410
Net financial expenses	-74,211	-75,085
Retained economic value (REV)	205,077	155,959

In 2020, 96.8% of Ferreycorp's economic value was distributed (96.5% in 2019). Of the total economic value distributed, 79.66% corresponded in 2020 to payments to suppliers, mainly inventories and services (78.94% in 2019). The remaining 20.34% was distributed among stakeholders, government, community, employees and shareholders (21.06% in 2019).

Percentage distribution of value in 2020



Dimension: Corporate Governance

3.2 Shareholders

(GRI 205-2)

- Winner of **La Voz del Mercado 2020**
- Member of the **Good Corporate Governance Index 2020**, for 13 consecutive years. **3,300 shareholders** in the year 2020, with **more than 800 new shareholders retail** during the fiscal year.
- **36%** of Ferreycorp is in the hands of pension fund managers of **7,8 million affiliates**.
- **Virtual Shareholders Meeting**, with a **quorum of 72.0097%**
- **Free float of 81.22%**
- **44%** of Ferreycorp's shareholder base follows responsible investment practices.
- **S/ 146 million** in dividends paid in 2020
- **483** investors served during the year
- The only Peruvian company to be part of the **Dow Jones Sustainability Index** since its launch, for four consecutive years.

Ferreycorp's corporate governance system is inspired by a commitment to ethical principles, transparency and international best practices in this area. The corporation, which has been listed on the Lima Stock Exchange (BVL) for 58 years, deploys a management strategy to generate profitability and a positive impact on society in the long term through its operating companies, seeking to satisfy its stakeholders and maximize the value of the investment of its 3,300 shareholders.



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 also stands out for its high standards of compliance and leadership. As a result, it is recognized, both in Peru and abroad, for its ESG (environmental, social and corporate governance) best practices. In this sense, the number of shareholders that follow responsible investment practices and guidelines has been increasing, representing 44% of the shareholder base at the end of 2020.

3.2.1 Shareholder returns

Ferreycorp Corporation is a 100% publicly held company, with a free float of 81.22%. It promotes the permanent improvement of the value of its shares through good financial results and transparent practices. It also has a *market maker* to improve the liquidity of its shares on the BVL.

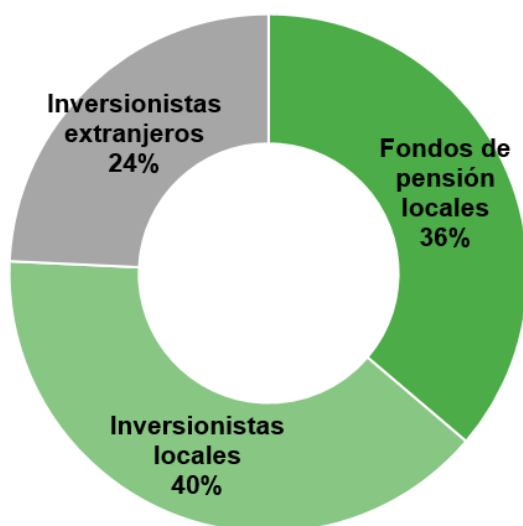
For more than 20 years, Ferreycorp has been complying with a policy of dividends to its shareholders. In 2020, shareholders were paid S/ 146,912,816.15 in dividends

corresponding to fiscal year 2019, equivalent to S/ 0.1533 per share, which represented a *dividend yield* of 8.8%. The payment of dividends was made on two occasions and in equal parts, on October 15 and December 4, 2020, in accordance with the powers delegated by the Shareholders Meeting to the Board to determine the amount or amounts to be distributed on one or more occasions, depending on the company's financial situation and within eight months of the Board.

Regarding the share value, it suffered a significant drop during the year, mainly in the months of April and May, in line with the Lima Stock Exchange, due to COVID-19 and the strict quarantine that the country went through during those months, followed by a recovery in the value of the share. The opening price for the year was S/ 2.19 and the closing price was S/ 1.74, which added to the aforementioned dividend per share of S/ 0.1533, translates into a yield for the shareholder of -14%.

Ferreycorp shareholders

Ferreycorp has a widespread shareholding, in which approximately 16% corresponds to *retail* shareholders. Likewise, 36% is in the hands of pension funds whose beneficiaries are 7.8 million Peruvians. The shareholder composition is shown below:



Composition of Ferreycorp's shareholders as of December 31, 2020

Shareholders with an equity interest of 4% or more in the company's capital are:

Full name	Number of shares	Equity interest (%)	Source
Prima - Fund 2	66,781,595	6.84%	Peru
Onyx Latin America Equity Fund LP	55,501,335	5.69%	United States of America
Integra - Fund 2	53,991,679	5.53%	Peru
Profuturo – Fund 2	49,531,893	5.08%	Peru
Integra - Fund 3	44,975,185	4.61%	Peru
Corporación CerveSouth S.A.A.	43,137,164	4.42%	Peru
Interseguro Compañía de Seguros de Vida S.A.	42,405,262	4.35%	Peru

Majority stockholders of Ferreycorp as of December 31, 2020

For information on shareholder composition, see Appendix 2, section 2.3. Likewise, information on the shareholder structure by type of investor is available in Appendix 2, section 2.4.

3.2.2 Good corporate governance

Ferreycorp's corporate governance is based on a continuous improvement approach, which leads it to make permanent progress in its field of action. For many years, the company has adopted practices that seek to respect the rights of shareholders through equitable treatment, clear stipulation of the functions of the Board, and the transparent and timely presentation of relevant information to the market.

These actions are deployed within a control environment of its management and the risks that may affect its results. Thus, its recognized good corporate governance practices have allowed it to align the interests of its shareholders with those of the different management bodies.

During 2020, the Ferreycorp Corporation had the honor of receiving the highest distinction in this area from EY and the Lima Stock Exchange, as well as occupying first place in the Voice of the Market ranking and being part of the Good Corporate Governance Index (IBGC) for thirteen consecutive years. This is a sign of its ongoing commitment to adopting the best corporate governance practices.

The company, with 3,300 shareholders, joined the objective of sharing and nurturing best practices in this field through its participation in the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle), made up of seven leading companies and agents of change in the region.

For the fourth consecutive year, Ferreycorp was included in the Dow Jones Sustainability MILA Pacific Alliance Index (DJSI). The corporation is the only Peruvian firm to remain in all four editions of this index, which it has been part of since its launch in 2017. The index measures the performance of selected companies in environmental, social and governance (ESG) aspects, through the analysis of elements such as good corporate governance and other important dimensions.

Fair treatment and respect for shareholders' rights

Ferreycorp ensures respect for the rights of its shareholders and as such provides for the equitable treatment of its majority and minority shareholders, as well as local and foreign shareholders. It also ensures that there is adequate and timely disclosure of all corporate matters considered relevant, following strict insider information guidelines.

In line with best corporate governance practices, Ferreycorp promotes active participation in the Shareholder's Meeting and encourages that the motions on the agenda be approved by the largest number of shareholders present at the meeting or their proxies.

Under the Emergency Decree N°056-2020 and Superintendent's Resolution N°050-2020-SMV/02, the Annual General Shareholders Meeting was held on July 30, 2020, through the Cisco Webex-Events platform.

In addition to the *Proxy Statement*, a document through which the corporation discloses and develops each of the proposals to be submitted for approval at the Board of Directors and which helps shareholders to cast their vote with knowledge, an informative document was issued on the procedure for holding the Non-Presential Shareholders' Meeting, a guide for the use of the platform where the meeting would be held and a model proxy form.

These documents were translated into English and published as a Matter Fact in the SMV's website and on the corporate website.

The non-presential meeting was attended by 89 participants, who added to those shareholders who granted proxies, allowed the meeting to be held with a *quorum* that reached 72.0097% after the start of the session.

In addition, the two main international *proxy advisors* that provide voting management recommendations -Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co.- recommended that investors generally vote in favor of all agenda items.

Effective representation through the Board

The Board plays a fundamental role in the creation of value for shareholders and the future of the organization, since, together with management, it formulates the strategic plan for the corporation and its subsidiaries. The plurality of its opinion is highly relevant: The Board brings together different points of view derived from the diversity of experience, education and background of its members, through their active participation in meetings and committees.

The Board is elected by the Shareholder's Meeting in a specific manner and, through the *Proxy Statement*, the professional background of the candidates is made known to the shareholders. The curriculum vitae, as well as the director's independent status, are published on Ferreycorp's website.

The Shareholder's Meeting held on July 30, 2020 elected the Board of Ferreycorp S.A.A. for the period 2020 - 2023. It is composed of nine members, four of them are independent and two are women, ensuring the plurality of opinions within the Board, so that the decisions adopted are the result of an appropriate deliberation and always looking after the interests of the company and its shareholders.

Likewise, the members of the Board elect the president and vice president. It should be noted that Ferreycorp's Board has four committees: Nominating, Remuneration, Corporate Governance and Sustainability; Audit and Risk; Innovation and Systems; and Investment, three of which are chaired by independent directors.

Transparent and timely presentation of information

Ferreycorp ensures the appropriate disclosure of information and its transparency through permanent interaction with shareholders, deploying strict procedures for the handling of confidential and privileged information.

In this way, it ensures that accurate and regular information is presented on all relevant matters, including the financial situation, business performance, market situation, economic group information and the delivery of rights to shareholders, among other topics, which are communicated through different channels such as the website for investors and communications to the market regulator.

3.2.3 Relationship and frequency

(GRI 102-43)

The communication with shareholders is constant and is done through the directors, e-mail, telephone, web page and communications to the market regulator. During the fiscal year 2020, we communicated with 483 investors through virtual conferences and telephone calls.

In addition to the traditional *conference calls* to report quarterly results, three special conference calls were organized to provide the market with as much transparency and information as possible regarding the impact of the quarantine on the company's financial results and strategy. Participants included institutional investors, rating agencies, investment banks, and analysts from Mexico and abroad.

3.2.4 Other relevant sections

For more information on Ferreycorp's good corporate governance practices, see **Appendix A: Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies.**

It is also suggested to consult the following sections:

- Appendix 1, Section 1.1.3: Economic Group
- Appendix 2: Capital Stock and Shareholding Structure
- Appendix 3: Market Information on Securities Registered in the Public Registry of the Securities Market
- Capítulo 2, Section 2.3: Board and Management
- Capítulo 4: Financial Management

Dimension: Social

The social dimension includes the analysis of management with key *stakeholders* such as employees, customers, suppliers and the community around the Ferreycorp corporation, as will be seen in the following pages.

3.3 Employees

(GRI 102-8)

- **To mitigate the impact of the pandemic**, actions were carried out in 2020, such as:
 - 113 publications with corporate-wide reach
 - 25 corporate emotional support *webinars*
 - 29 preventive *webinars* and/or live counseling
- **814 leaders** accessed a *dashboard* with relevant information on the COVID-19 situation at Ferreycorp, promoting prevention and care.
- As part of the **"For the Next 100 Years" Leadership Program** in collaboration with exhibitors and organizations, 190 leaders were provided with sessions on new ways of working, leadership skills and the business environment. **A 97% satisfaction** rate was obtained.

3.3.1 Our management at the COVID-19 context

In March, in view of the restrictions imposed by the Government due to the detection of cases of COVID infection and the beginning of the quarantine, on-site work at the corporation was suspended, except for those activities that, due to their nature, should continue to be carried out with a minimum number of employees.



From the beginning of this extraordinary situation until the subsequent return to operations, an unprecedented human and technical effort has been made to protect the corporation's employees and their families, as well as to share best practices that create a virtuous circle in the communities in which they work.

The following is a description of some of the strategies adopted by Ferreycorp in the new health context.

Create the COVID-19 Central for monitoring and support

The COVID Central is a fundamental tool for the monitoring and support of the entire workforce of Ferreycorp and their direct family members, both in Peru and abroad, supported by a team of experts in human resources, social welfare and medical staff of the organization.

It was launched with the aim of supporting the employees with a guiding role on the COVID symptomatology, as well as to support them in obtaining appointments and attention in healthcare centers provided by the Government

In accordance with the needs of the situation and given the limitations of care in the private and public medical network in the country, the Central COVID also assumed the function of offering primary care to employees through the provision of a kit of medicines, remote assistance and monitoring dedicated to cases related to the disease.

Develop specific plans to confront the pandemic

In the initial phase of the pandemic, Ferreycorp took the initiative to develop a corporate plan, called the COVID Plan, with general guidelines for biosanitary measures to be adopted by all employees and companies of the organization to ensure a progressive and safe return to work. These guidelines were adapted by each of the subsidiaries, aligned to the needs and risks associated with their activities.

Subsequently, the corporation and its subsidiaries adapted their model to the new guidelines issued by the Government, through the COVID Surveillance Plan required for the start of work. A *checklist* was also developed to verify strict compliance with this new scope of the plan, both for the employees of the subsidiaries and for the suppliers that provide services at the facilities.

Expanding the work modalities

The COVID-19 situation experienced in 2020 transformed during the year the usual work modality -traditionally on-site- of Ferreycorp's employees and its companies. Due to the context, the corporation adopts face-to-face and remote work modalities, as well as a hybrid modality, according to the work profile of each employee.

At the end of 2020, the majority of employees (60%) work on-site in processes linked to Ferreycorp's core business, in the area of capital goods and related services, such as face-to-face service at the locations (workshops and warehouses); after-sales support in the field; and the delivery of machines and spare parts. Even during the first quarantine, a small part of the employees provided support to clients with activities authorized by their sector.

Likewise, since the beginning of the first quarantine and throughout the Health Emergency, remote work has been promoted for those employees whose functions allow it: for example, administrative and *back office* areas, commercial, human resources, among others, whose work did not stop during the situation. Tools such as cloud applications and remote systems, which the corporation had been using for some years, are used for this purpose. 21% of Ferreycorp's employees work in this modality, and 11% in a hybrid work modality, which is a mix of face-to-face and remote work.

In addition, 2% of Ferreycorp's employees were on paid leave at the end of 2020, and the remaining 6% worked in other modalities (medical leave or vacations).

Create the Occupational Health Circle

In view of the progress of the disease and the limitations of the national health system, Ferreycorp decided to create the Occupational Health Circle, formed by all of the occupational physicians and Human Resources areas of the corporation, in order to expand the support capacity of the corporation to the employees and their families.

As part of the Circle's activities, a protocol was established for the care and medication of all employees and their families in the initial stage of the disease, and in cases considered as mild. This protocol also includes the follow-up of the evolution of each suspected or confirmed patient.

In cases where the evolution is not favorable, employees are guided and supported, through the Social Welfare area, to obtain specialized care or hospitalization in health centers. Likewise, this area coordinate with the insurance *broker* for the prompt attention of the insured in the EPS (private health insurance companies).

Since the staggered return of employees to the different subsidiaries began, the Circle added to the surveillance protocol a periodic screening of COVID discard tests, beyond what is determined in the Surveillance Plan of the Ministry of Health, for all employees who are working in the on-site or hybrid modality. To date, this screening is being extended to any employee who requires it, after coordination with the corporation's occupational physicians.

It should be noted that when the crisis occurred in the cities of Iquitos and Lambayeque, the Circle determined the extraordinary shipment of medicines, according to the protocol established by the doctors. In the same way, the corporation supported several COVID cases nationwide through the provision of oxygen cylinders on loan.

Take supportive measures

In the COVID-19 context, the Social Welfare intervention has the premise of promoting the welfare and care of employees in their different scenarios. In accordance this objective, a wide range of work is being developed in four areas: health prevention, mental or emotional health, nutrition and family. Each one is supported by the Buena Vida site on Ferreycorp's intranet, which offers employees tools to improve their lifestyles.

In the field of health prevention, we have been developing *webinars* on health insurance care protocols and ergonomics at work for employees, as well as virtual health care for their children with the Festisalud Kids program. Likewise, virtual support is provided by a medical specialist for confirmed or suspected cases of COVID-19, as well as follow-up and support for employees and family members with symptoms, and EPS and Oncosalud (private health insurance companies) orientation sessions to provide guidance on the situation.

In terms of mental or emotional health care, and considering that the pandemic may lead to increased levels of stress, worry and anxiety, support is offered to employees to help reduce this impact. We have conducted psychological counseling sessions; workshops on anxiety and stress management, coexistence and resilience; mourning process support sessions; emotional sessions for leaders; individual online counseling; and sessions on listening, meditation, *mindfulness*, emotional self-regulation and conscious movement. In addition, the corporation has spread information between their employees about free psychology services available for them, and about those which are offered trough the EPS (private health insurance companies)

In the area of nutritional care, the corporation carries out actions aimed at personnel with health risk factors, coordinated by the Occupational Health area. The Marsh Care Nutrition Coach Office provides tools to improve the lifestyle and nutrition of employees, offers nutritional advice with a specialist coach and organizes *webinars* on healthy habits and nutrition.

Ferreycorp offers comprehensive family support. It helps identify and manage situations of anxiety, stress, depression, alcoholism, loss of family members, family conflicts and gender violence. It also supports its employees with COVID-19 diagnosis, ensuring that

they are provided with adequate health coverage and identifying their needs, such as problems arising from their care. At the same time, it manages and articulates support networks for the support of positive cases and follows up and accompanies employees and their families. It also carries out various educational and recreational virtual activities to share with the family.

Develop the *Dashboard* of Occupational Health

Due to the need to have a complete vision of the evolution of the disease in the country and in the organization, a program was developed that provides detailed information on the behavior of the disease in each of the companies; the number of infections or suspected cases; their evolution; the geographic location of the houses, among other aspects. With this information it is possible to analyze the current situation and make decisions to support employees.

The system allows each employee to immediately report the possibility of being infected, either by symptoms or by contact with infected people. In addition, every 14 days they report their health status.

This tool includes indicators such as current and historical cases by company; the evolution of confirmed cases, either by company or by the corporation as a whole, and viewed on a monthly or cumulative basis; details of confirmed cases by gender and age group; and the type of test applied.

The *dashboard* also shows details of confirmed cases by situation (hospitalized, returned to work, among others); the "heat map" by country and cities; and details of test use. It allows effective monitoring and taking the necessary actions.

Deploy an information campaign on COVID-19 prevention

During 2020, the corporation deployed an intensive campaign to contain and prevent COVID-19 in the employees' living environment, as well as in their workplaces once they had returned to them.

The first phase of this campaign was aimed at defining the prevention measures that everyone should adopt; a COVID-19 Central was created to alert the health status of employees and their families; a COVID-19 Surveillance Plan was drawn up, in accordance with what was established by the Minsa (Ministry of Health) and adapted for foreign subsidiaries; and a site was designed on Ferreycorp's intranet with infographics, videos and information notes. In addition, emotional support was provided through personalized sessions for specific groups and *webinars*, as well as massive live sessions to clarify doubts.

Type	Number	Impact
Preventive	57 publications	>1000 people see each email
Emotional Support	21 publications	>1000 people see each email
Live sessions	5 publications	>1000 people see each email
Focused on leaders	5 (2 <i>kits</i> , 1 presentation and 2 information sheets) 9 <i>mailings</i> COVID-19 information sessions	>1000 people see each email Between 200 and 500 views on Mundo Ferreycorp publications
Corporate measures	16 publications	>1000 people see each email

Type	Number	Impact
Preventive	7 events	<i>Webinars</i> Marsh
Emotional support	25 events	More than 100 registrants on average per event, one directed to leaders
Live session	21 medical care (e.g., <i>webinar</i> with <i>staff</i> of occupational physicians). The most recent session was held with Dr. Jonathan Novoa.	More than 100 registrants on average for each event 947 registrants in one event (JN)

From October to December 2020, Ferreycorp's campaign had the slogan You have the power, with the hashtag #ParemosEIEfectoDominó (Stop The Domino Effect). In this phase, the protagonists were the leaders of the organization, who had informative sessions with their teams, on a regular basis, to tell them about the prevention measures in their workplaces. This is the audience who was reached during this period:

Initiative	Objetive	Number	Impact
Briefing session with managers	Provide access to their subsidiaries' contagion data dashboard to raise awareness among their teams.	1 session	263 employees connected 841 managers with access to <i>dashboards</i>
<i>Feedback</i> form	To collect questions or comments from their teams about COVID-19.	1 feedback form for all heads of the corporation	183 leaders involved
Emotional support session for managers		1 session	34 employees connected 100% satisfaction (very good, good)
<i>Focus group</i>	To gather opinions of workers and improve the measures implemented.	7 <i>focus group</i> (Information updated as of 11/23)	70 participating partners

Developing the COVID-19 Pulse

The corporation is aware that in order to maintain high levels of productivity and to attract and retain the best talent, it is necessary to have good people management practices, maintaining an optimal work environment that allows organizational development.

At a special juncture such as the pandemic, it was decided to apply a Pulse survey to measure how workers felt, what they expected from the company, what type of information was relevant to them, and what expectations and suggestions they had regarding the return to headquarters. The survey focused on three segments of the public: those who are working remotely, those who were at the corporate headquarters or client operations, and those who were about to return to subsidiary facilities once the quarantine was lifted.

Thus, the satisfaction of employees working remotely reached 90%; that of those returning to work, 84%; and that of those who worked in person during isolation, 82%. Likewise, the levels of commitment reached 94% among employees working remotely, 92% among those returning to work, and 91% among those who worked in isolation. At the same time, more than 91% (in all three surveys) stated that the company

disseminates relevant information about new habits and care behaviors to prevent COVID-19. The survey was supported by 63% of the employees.

In addition to this survey, listening sessions were activated at the beginning of the quarantine and in the last quarter of the year in order to adjust the security, welfare and communications plans related to COVID-19.

3.3.2 Impact on employees

Ferreycorp Corporation attaches the utmost importance to the management of human capital in all its companies. Ferreycorp's **6,059 employees** are the most important and valuable resource of the corporation, to whom Ferreycorp owes its success and transcendence during its 98 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:

1. To build a solid and transcendent **Ferreycorp culture** that can drive the corporation's performance.
2. **To manage talent:** Attract, retain and develop talent to achieve the best results and contribute to the sustainability of the business.
3. **To regularize costs** and optimize processes **to mitigate risks.**
4. **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 optimal human capital management within Ferreycorp, providing a management framework for all subsidiaries, which in turn have their own specialized human resources management areas, 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.

3.3.2.1 Employment

(GRI 401-1)

a) Generation of employment

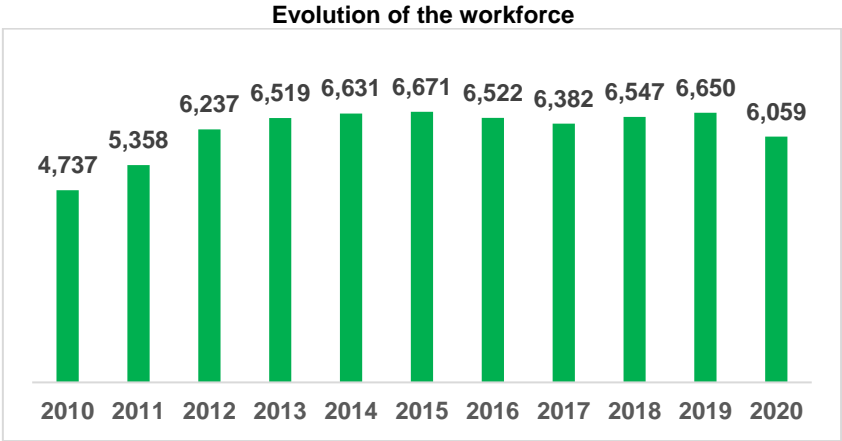
At the end of the year 2020, the corporation had a team of 6,059 employees, compared to 6,650 employees in 2019. This 9% contraction is explained by the work stoppage in several weeks and the reduction of customer activities, derived from the COVID pandemic.



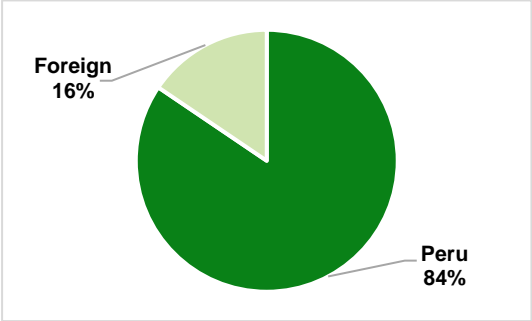
Ferreycorp has developed a value proposition for its employees and subsidiaries, based on generating pride and purpose, providing quality of life and an excellent work environment, personal and professional development, including a competitive compensation and benefits system.

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.

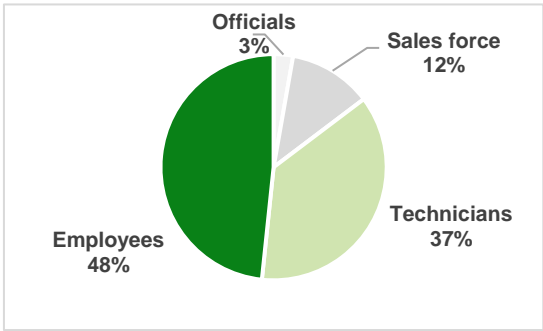
The evolution of the workforce of the entire corporation-at similar levels in recent years-as well as the distribution according to geographic location, type of employee and gender are featured below.



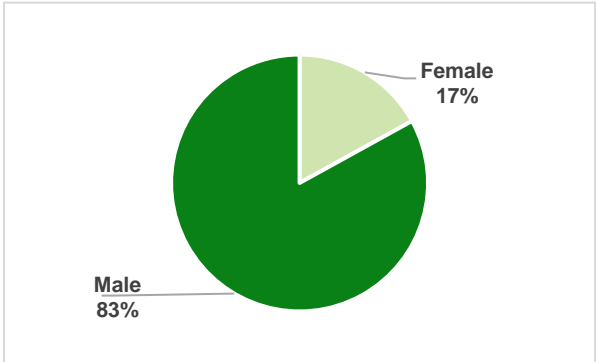
Distribution according to geographic location



Distribution according to type of employee



Distribución according to gender



An analysis of the companies with the highest operating volumes in Peru (Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak and Motored), as well as the *holding* company Ferreycorp S.A.A., shows that a total of 586 new hires have been generated during 2020.

New hires during the year 2020*:

		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Hiring by region	Lima	154	16		39	35	15	12	271
	Provinces	225	54	6	2	22	6		315
Hiring by age	Up to 30 years	275	41	3	17	37	5	8	386
	31 - 50 years	103	29	3	21	19	14	4	193
	51 years and older	1			3	1	2		7
Hiring by gender	Women	80	14	3	2	11	6	7	123
	Men	299	56	3	39	46	15	5	463
Type of worker	Executives	1							1
	Sales force	12	17			7	6		42
	Technicians	250	21	2			3		276
	Employees	116	32	4	41	50	12	12	267
Total		379	70	6	41	57	21	12	586

*Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and Holding Ferreycorp

b) Staff turnover

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

The following table, which includes the six companies with the largest operating volumes in Peru and the Ferreycorp S.A.A. *holding* company, shows the total and voluntary personnel turnover. It should be noted that the total turnover of this group of companies is 21%, and voluntary turnover is 5%.

Percentage of staff turnover during 2020*:

		Ferreyros		Unimaq		Orvisa		Fargoline		Soltrak		Motored		Holding Ferreycorp	
		Total	Vol.	Total	Vol.	Total	Vol.	Total	Vol.	Total	Vol.	Total	Vol.	Total	Vol.
Region	Lima	18%	4%	19%	3%	33%		27%	12%	23%	7%	39%	8%	12%	5%
	Provinces	18%	5%	31%	3%	21%	2%	43%	14%	37%	10%	50%	11%		
Age range	Up to 30 years	24%	7%	30%	4%	36%	3%	36%	18%	26%	12%	45%	10%	18%	11%
	31 - 50 years	14%	4%	23%	3%	15%	2%	26%	11%	28%	7%	40%	9%	11%	5%
	51 years and older	28%	1%	9%		33%		12%		35%		50%		9%	0%
Gender	Women	22%	7%	26%	6%	55%		25%	11%	18%	6%	44%	14%	14%	7%
	Men	18%	4%	25%	2%	16%	2%	28%	13%	31%	9%	42%	7%	9%	2%
Type of worker	Executive	5%		14%		33%		33%	33%	14%	14%	14%		4%	0%
	Sales force	9%	2%	30%	2%					26%	4%	45%	10%		
	Technicians	20%	5%	24%	3%	24%	5%					48%	10%		
	Employees	17%	5%	24%	4%	23%	1%	28%	12%	28%	9%	41%	8%	14%	6%
Total		18%	5%	25%	3%	21%	2%	28%	12%	28%	8%	42%	9%	12%	5%

*Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and holding Ferreycorp

c) Labor relations

(GRI 407-1)

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

Since 1946 -and uninterruptedly- the personnel of Ferreyros, the corporation's main subsidiary, has been represented by a Unitary Workers Union, which at the end of 2020 had 474 members. This group of employees maintains good relations with the company and contributes to improving policies that favor working conditions. It is currently in the process of collective bargaining.

Likewise, the Trex subsidiary, in Chile, has a Unitary Union composed of 45 employees, which also maintains a good relationship with the company. In August 2019, a collective bargaining agreement was reached with the Unitary Union for two years, which resulted in the increase of some benefits.

During 2020, 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. The process of reporting labor harassment has been reinforced through the Ethics Channel and training.

It should be noted that the corporation has been implementing 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

(GRI 202-1)

The compensation system of Ferreycorp and its subsidiaries seeks to maintain internal equity and external competitiveness. The valuation of positions is the basis of the system, accompanied by the evaluation of salary surveys in the labor market.

To ensure that all its companies comply with these guidelines, a Corporate Compensation and Benefits Standard was published, focused on maintaining internal equity, managing competitiveness based on the reference market, and ensuring that compensation is linked to the employee's performance and the financial results of the different subsidiaries.

There is equality in the average annual income between women and men, according to an analysis carried out in the Peruvian subsidiaries in 2020.

In addition, there are short-term variable bonuses such as performance bonuses for employees and incentives for the sales force and sales managers. The performance bonus for employees takes into account the performance evaluation and the achievement of their objectives for 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.

3.3.2.2 Diversity and human rights

a) Gender equity

(GRI405-1)

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 2020, 773 women were working in the six subsidiaries of the corporation with the largest operating volumes in Peru (Ferreycorp, Unimaq, Orvisa, Fargoline, Soltrak and Motored), as well as in the *holding* Ferreycorp S.A.A., which represents 16% of the total number of employees of 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 25%.

Ferreycorp has been promoting the development of women in the workplace, even in technical careers, where the market does not yet have the necessary supply.

Employee distribution by type of employment, gender and age

Type of employment	Sex	Age	Year 2020
Executives	Men	Up to 30 years	-
		Between 31 and 50 years old	47
		51 years and older	44
		Total	91
		Percentage	1.9%
	Women	Up to 30 years	-
		Between 31 and 50 years old	13
		51 years and older	11
		Total	24
		Percentage	0.5%
Sales force	Men	Up to 30 years	64
		Between 31 and 50 years old	281
		51 years and older	39
		Total	384
		Percentage	7.9%
	Women	Up to 30 years	17
		Between 31 and 50 years old	42
		51 years and older	-
		Total	59
		Percentage	1.2%

Technicians	Men	Up to 30 years	629
		Between 31 and 50 years old	1,181
		51 years and older	90
		Total	1,900
		Percentage	39.0%
	Women	Up to 30 years	39
		Between 31 and 50 years old	5
		51 years and older	-
		Total	44
		Percentage	0.9%
Employees	Men	Up to 30 years	399
		Between 31 and 50 years old	1,176
		51 years and older	154
		Total	1,729
		Percentage	35.5%
	Women	Up to 30 years	247
		Between 31 and 50 years old	347
		51 years and older	52
		Total	646
		Percentage	13.2%

Total	Men	Up to 30 years	1,092
		Between 31 and 50 years old	2,685
		51 years and older	327
		Total	4,104
		Percentage	84.2%
	Women	Up to 30 years	303
		Between 31 and 50 years old	407
		51 years and older	63
		Total	773
		Percentage	15.8%
Total employees		4,877	
Total Percentage		100%	

* Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and holding Ferreycorp

Employees by employment contract (permanent or temporary) by region and gender (*)

Labor Contract	Region	Gender	Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Permanent	Lima	Men	1,125	150	1	46	80	45	50	1,497
		Women	202	51	0	11	32	9	59	364
	Provinces	Men	1,013	108	125	2	22	10	0	1,280
		Women	59	11	11	1	7	2	0	91
Temporary	Lima	Men	317	51	0	97	93	29	9	596
		Women	74	24	1	22	54	13	9	197

	Provinces	Men	533	116	6	7	49	20	0	731
		Women	81	23	3	0	12	2	0	121
Total			3,404	534	147	186	349	130	127	4,877

Employees by type of contract (full-time or part-time) by gender (*)

Labor Contract	Region	Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Full time	Men	2,988	425	132	152	244	104	52	4,097
	Women	415	109	15	34	105	26	65	769
Part time	Men	0	0	0	0	0	0	7	7
	Women	1	0	0	0	0	0	3	4
Total		3,404	534	147	186	349	130	127	4,877

**Consideran: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored y holding Ferreycorp*

Since 2020, the Corporate Diversity and Inclusion Policy has broadened its action fronts beyond gender equity, the topic it exclusively focused since it was born in 2018. Today, the PARES program also covers people with disabilities, ethnicities and cultures, LGBTQI+ community and generations. This program seeks to ensure equal opportunities for employees without distinction.

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

In 2020, the corporation was awarded for its performance in gender equity. Ferreycorp was recognized among the three leading companies in gender equity and diversity in Peru, in its category, according to the PAR 2019 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.

At Ferreycorp, the participation of female personnel is monitored in training programs and promotions in relation to the total workforce. The goal is to achieve growth in various indicators, such as hours of training; number of promotions; number of women in key positions; and salary by category and gender (average salary for men versus women).

During 2020, the PARES program became a diversity program, having different lines such as: Gender equity, LGBTQI+ community, generations, people with disabilities, as well as ethnicities and cultures. Under the gender equity line, 21 Paradigm Breaking workshops were held, a one-hour version of the He for She training, which were attended by 906 male and female employees worldwide. The workshops identify the unconscious biases that people acquire as they develop in society, and seek to make them aware in order to break established paradigms.

In addition, six workshops on sexual harassment were held, attended by 383 male and female employees; and three workshops on the elimination of violence against women, with a total of 209 participants. Two of these workshops were directed exclusively to women, given by the Ministry of Women and Vulnerable Populations.

It should be noted that various management positions in the corporation, such as general management, subsidiary boards, corporate human resources management and corporate finance management, among others, are held by women.

b) Equal opportunity and inclusion

Ferreycorp is committed to fostering and maintaining a work environment free of discrimination, favoring equal opportunities based on the merits of each employee, 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.

Ferreycorp and its subsidiaries companies respect the procedure for the publication of job opportunities, established by law, in reference to labor inclusion. During 2020, a total of 11 employees with disabilities have been retained, seeking to strengthen their security and self-esteem, and integrating them into the world of work, and no cases and/or complaints of labor discrimination have been reported.

c) Parental leave

(GRI 401-3)

During 2020, in the six companies mentioned above, as well as in the Ferreycorp *holding* company, 100% of the employees who became parents enjoyed parental leave. In total, 218 employees, including fathers and mothers, were able to be with their children and enjoy those first months.

Of the employees whose retention and reinstatement rates can be measured in 2020, 100% remained with the organization (211 and 161, respectively).

Likewise, female employees who took their statutory maternity leave 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.

Once they return to work, breastfeeding mothers have lactation areas available for them, implemented and conditioned according to regulatory requirements.

Employees reinstatement after parental leave (*)

Reinstatement	Gender	Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total	%
Yes	Men	147	16	4	6	11	0	1	185	88%
	Women	9	2	2	1	5	3	4	26	12%
Subtotal "Yes"		156	18	6	7	16	3	5	211	100%
No	Men	0	0	0	0	0	0	0	0	0%
	Women	0	0	0	0	0	0	0	0	0%
Subtotal "No"		0	0	0	0	0	0	0	0	0%

Total	156	18	6	7	16	3	5	211	100%
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Employees retention after parental leave (*)

Retention	Gender	Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total	%
Yes	Men	116	12	4	5	8	0	1	146	91%
	Women	4	2	2	0	3	2	2	15	9%
Subtotal "Yes"		120	14	6	5	11	2	3	161	100%
No	Men	0	0	0	0	0	0	0	0	0%
	Women	0	0	0	0	0	0	0	0	0%
Subtotal "No"		0	0	0	0	0	0	0	0	0%
Total		120	14	6	5	11	2	3	161	100%

**Consideran: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored y holding Ferreycorp*

d) Respect for human rights

(GRI 406-1; 408-1; 409-1)

Ferreycorp is committed to respecting human rights, which is a fundamental part of its sustainability strategy and encompasses its entire value chain, which includes more than 6,000 of the corporation's employees.

The corporation ensures that people's dignity is respected: compliance with their rights is a matter of the 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 the 2020 period, 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 companies.

3.3.2.3 Training

a) Performance management

Ferreycorp's Performance Management Program has been strengthened over the years, especially since its reformulation in 2016. In the first instance, the systematization processes and measurement parameters were strengthened, while the 13 corporate competencies aligned with the climate and culture were defined and grouped together.

Between 2017 and 2018, efforts focused on strengthening governance to achieve the stages of the objective definition and performance evaluation process, as well as strengthening the feedback process, including it as a module of the performance management process.

As an example of the active participation of the employees, in 2019, 95% of the employees all the corporation's companies in Peru completed their performance evaluation. In 2020, 100% participation was achieved:

Level of compliance - Performance evaluation 2019, carried out from January to February 2020 (*)

Company	% Evaluated
Ferreycorp	100%
Ferreyros	100%
Unimaq	100%
Orvisa	100%
Ferrenergy	100%
Soltrak	100%
Fargoline	100%
Forbis Peru	100%
Sitech	100%
Motored	100%
Motriza	100%
Total	100%

(*) Consider: Ferreycorp, Ferreyros, Unimaq, Orvisa, Ferrenergy, Soltrak, Fargoline, Forbis Logistics, Motored and Motriza

b) Leadership succession and development

(GRI 404-2)

In 2016, the corporate Talent Management Committee was created, chaired by Ferreycorp's General Management, and the Ferreycorp Leader profile was defined, which served as a guide to evaluate the level of leadership in the corporation.

During 2017 and 2018, the succession map for 223 positions in the corporation was consolidated, identifying 96 highly critical positions, with a successor coverage level defined at 94%. In 2018, the first stage of the Management Skills Development Program for 185 leaders was completed. This effort involved a deployment of 36 workshops, 124 group coaching sessions and 155 individual coaching sessions.

In 2019, the Development Program was adapted to the challenging environment of transformation, under the Name "For the next 100 years", in order to accompany 150

leaders of the corporation in the development of a new mindset to innovate and create value for customers. In a process of joint creation of the scope of this renewed program with the leaders, courses on service design, agility and change of mentality were deployed, as well as workshops on management skills such as empowerment, collaboration and change management, including group sessions for generating ideas. A total of 108 hours of training, hands-on learning and experience-sharing sessions with other market leaders were recorded. One of the milestones of the 2019 program was the Ferreycorp *hackathon*, in which improvement ideas were generated for the different companies of the corporation, which were then translated into strategic initiatives.

During 2020, it was necessary to rethink the program with internal resources and thanks to the collaboration of different partners and recognized companies, stage 1 began in May, with the objective of providing leaders with tools and resources to face this time of uncertainty and change. The scope was 190 leaders from all the countries in which Ferreycorp operates. In addition, 24 sessions were held, in which four main topics were explored: business environment, skills in times of uncertainty, new ways of working and business. All sessions were conducted virtually.

In November 2020, stage 2 began, with a more stabilized business, it was convenient to retake learnings from 2019 and boost knowledge and *mindset* for transformation. Because virtual resources allow more participants, more leaders were included. Currently, there are around 500 leaders as participants in this stage.

c) Training and job opportunities

(GRI 404-1, 404-3)

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, 199 employees had a change of position during 2020, either promotion or horizontal movement. In addition, seven employees were able to take on new responsibilities by taking a job on another Ferreycorp subsidiary.

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 2020, 33 agreements were reached.

Also noteworthy is the training of technical personnel, which takes place at Ferreyros' modern Technical Development Center (CDT). This facility is also used for technical, safety, health and environmental, and regulatory courses of the corporation.

To facilitate access to training for employees in the most diverse parts of the country, Ferreycorp began using the *Google Classroom* platform in 2020, through which 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 4,874 employees trained in the six companies with the largest operating volumes in Peru and the *holding* company Ferreycorp S.A.A.

Trained employees 2020

		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total	Hours	Average per employee
Executives	Femenine	8	1		1	1	1	13	25	602	24.08
	Masculine	54	13	3	2	6	6	13	97	2,905	29.95
FFVV	Femenine	25	17			19	7		68	2,660	39.12
	Masculine	205	93	18		52	66		434	22,577	52.02
Technicians	Femenine	44							44	2,722	61.86
	Masculine	1,689	187	38			22		1,936	111,060	57.37
Employees	Femenine	350	100	24	14	85	30	23	626	9,716	15.52
	Masculine	1,058	182	96	49	184	58	17	1,644	50,051	30.44
Total		3,433	593	179	66	347	190	66	4,874	202,294	41.50

* Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and holding Ferreycorp

On the other hand, the distribution by type of worker and gender of the 202,294 man-hours worked in the six companies with the largest operating volumes in Peru and the holding Ferreycorp S.A.A. is also shown.

Man-hours of training 2020

		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Executives	Femenine	243	26		22	24	37	250	602
	Masculine	1,683	411	166	35	147	209	255	2,905
FFVV	Femenine	1,247	1,183			205	25		2,660
	Masculine	14,605	5,119	1,547		603	703		22,577
Technicians	Femenine	2,722							2,722
	Masculine	98,052	7,588	2,465			2,955		111,060
Employees	Femenine	5,870	1,398	776	158	1,075	311	128	9,716
	Masculine	37,981	3,782	4,185	807	1,486	1,757	53	50,051
Total		162,403	19,507	9,140	1,022	3,540	5,997	686	202,294

* Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and Holding Ferreycorp

5.3.2.4 Health, safety and social welfare

a) Occupational health care, safety and working conditions (GRI 403-9)

Ferreycorp has developed a high standard Safety, Occupational Health and Environmental Management System, which reflects the commitment to protect employees, in line with corporate values such as fairness, integrity and respect for the individual.



This system is inspired by the Loss Control Management System model, itself based on the DNV Safety Management System; the international standard ISO 45001; and national legal standards for occupational health and safety and the environment. It includes elements such as context analysis; visible leadership and worker participation; strategic planning and design; implementation; performance measurement and monitoring; and continuous improvement.

The Safety, Occupational Health and Environmental Management System has been adopted by the holding Ferreycorp S.A.A. and its subsidiaries in Peru (including those analyzed in this chapter: Ferreyros S.A., Unimaq S.A., Orvisa S.A., Fargoline S.A., Soltrak S.A. and Motored S.A.), covering all its employees and third-party personnel, and comprising all the activities carried out in Ferreycorp and its subsidiaries in the country.

The aforementioned system contemplates all national regulations for occupational health and safety management, such as Law N° 29783- Occupational Safety and Health Law and its amendment; Supreme Decree No. 005-2012-TR- Regulation of the Occupational Safety and Health Law and its amendment; Ministerial Resolution No. 312-2011/MINSA; Supreme Decree 007-2020-SA- Regulation of Law 30947, known as Mental Health Law; Ministerial Resolution No. 375-2008-TR- Basic Ergonomics Standard and Dysergonomic Risk Assessment Procedure; and Law No. 28611- General Environmental Law in Peru, its regulations and amendments; among other sectorial norms related to occupational safety and health.

At the same time, the corporation's companies operating outside Peru are progressively adopting the Safety, Occupational Health and Environmental Management System, with due consideration of local regulations.

The subsidiaries in Peru have an Occupational Health and Safety Committee in accordance with the legal requirements, with equal representation (50% employer and 50% employees). The objective 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 companies outside Peru are in the process of aligning their practices with these local standards and regulations.

The identification of hazards and risk assessment, set out 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, it is established:

- If there are injured personnel, arrange for immediate medical assistance.
- Immediately initiate an investigation to determine the causes.
- Define corrective measures to avoid a possible repetition of the event.
- Issue a warning to the companies about the event and its causes in order 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 2020 in the different workplaces, cases of respiratory diseases, including SARS-CoV-2 infection (COVID-19), should be mentioned. Ferreycorp and its subsidiaries have implemented a Covid-19 Surveillance, Prevention and Control Plan based on Ministerial Resolution No. 972-2020-MINSA.

During the year 2020, a total of 1,199 confirmed cases of COVID-19 were recorded in the corporation, reaching a peak in July, with 267 confirmed cases in that month.

The highest concentration was in the group of workers between 31-35 years of age, predominantly male (89.8%).

The provinces with the highest number of cases were Lima and Arequipa. The subsidiaries with the highest number of confirmed cases were Ferreyros and Unimaq, followed by Soltrak, Motored and Orvisa.

By the end of the year, 1,186 workers were diagnosed with COVID-19 had returned to work. During the year 2020, nine Ferreycorp and its subsidiaries employees sadly passed away.

b) Safety management indicators

(GRI 403-9)

Below is a detail of the three main indicators of safety management in the corporation: injury frequency rate, lost day rate (severity) and accident rate, for the six companies with the highest operating volumes in Peru (Ferreyros, Unimaq, Orvisa, Fargoline and Motored), as well as in the Ferreycorp *holding* company.

Injury frequency rate

The injury frequency rate is an indicator calculated based on the number of lost-time accidents and hours worked.

$$\text{Formula:} \\ \text{Frequency rate} = \frac{\text{Number of lost time accidents} * 1000000}{\text{Hours worked}}$$

Year 2020		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp
Region	Lima	6.44	1.29	0.00	3.70	4.80	6.34	0.00
	Provinces	0.94	0.00	5.50	0.00	0.00	0.00	0.00
Type of staff	Own	3.00	0.90	6.70	5.10	1.70	5.63	0.00
	Third parties	3.22	0.00	0.00	2.00	60.10	4.39	0.00
Gender	Women	1.53	0.00	0.00	0.00	0.00	0.00	0.00
	Men	3.99	0.90	7.60	3.70	4.70	5.20	0.00

* Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and holding Ferreycorp

Rate of days lost (severity)

The rate of lost days (severity) is an indicator calculated based on the number of days of medical rest due to occupational accidents and the hours worked.

Formula:

$$\text{Rate of days lost (severity)} = \frac{\text{Number of days of medical rest due to occupational accidents} * 1000000}{\text{Hours worked}}$$

Year 2020		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp
Region	Lima	151.44	2.58	0.00	13.60	45.54	38.08	0.00
	Provinces	10.79	0.00	193.30	0.00	0.00	0.00	0.00
Type of staff	Own	74.18	1.70	233.00	455.00	27.00	61.82	0.00
	Third parties	30.95	0.00	0.00	12.00	180.40	43.90	0.00
Gender	Women	3.07	0.00	0.00	0.00	0.00	0.00	0.00
	Men	88.63	1.90	264.70	13.40	44.60	79.00	0.00

* Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and holding Ferreycorp

Accident rate

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

It should be noted that in the six companies with the largest operating volumes in Peru, as well as in the Ferreycorp *holding* company, there has been a progressive improvement over the last six years in the safety indexes, obtaining an accident rate of 0.16 in 2020.

Also noteworthy is the good management carried out by the subsidiaries Unimaq, Soltrak, Fargoline and Ferreyros in minimizing the accident rate over the years, achieving values very close to zero accidents during 2020.

Formula:

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

Año 2020		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp
Region	Lima	0.97	0.00	0.00	0.05	0.22	0.20	0.00
	Provinces	0.01	0.00	1.10	0.00	0.00	0.00	0.00
Type of staff	Own	0.22	0.00	1.60	0.06	0.05	0.60	0.00
	Third parties	0.07	0.00	0.00	0.02	10.90	0.20	0.00
Gender	Women	0.01	0.00	0.00	0.00	0.00	0.00	0.00
	Men	0.35	0.00	2.00	0.05	0.20	0.40	0.00

*Consider: Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak, Motored and Holding Ferreycorp

c) Social welfare

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

In Peru, Ferreycorp continued to develop initiatives in 2020 to contribute to the well-being of its employees. Among other aspects, it implemented the Life Balance program, which seeks to promote a balance between personal and work life through three axes: integral health, flexible hours and time management, as well as activities with the employees and their family. It also carried out the Buena Vida (Good Life) program to promote physical and mental health care.

Ferreycorp 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 carried out in addition 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 to it. It should be remembered 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, such as Christmas parties and other family celebrations; artistic activities and recreational vacations for employees' children; provision of school supplies vouchers and Christmas bonuses, among other actions. There were also corporate agreements with various institutions to offer discounts on attractive goods and services for employees and their families, in education and entertainment sectors, to name a few. During the year, 5,800 of the corporation's employees participated in initiatives organized by the Social Welfare area.

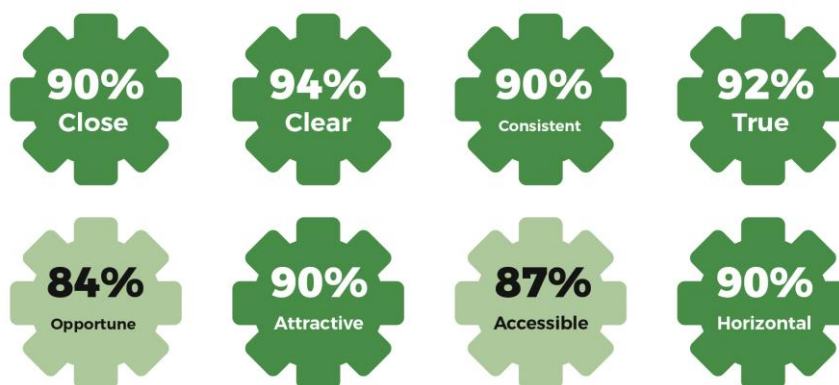
For information on the Social Welfare area's management of COVID-19, see the section "Our management of COVID-19".

3.3.2.5 Climate and culture

a) Culture and internal communication

In 2020, the "Ferreycorp Footprint" study was conducted, through which the corporation defined the profile of the corporation's employees in three areas: well-being, learning and communication.

The study showed a good evaluation of the attributes of internal communication:



Source: HUELLA Ferreycorp. Octubre 2020. Adhesión: 89%

In addition, the year was closed with the work on purpose. For this purpose, a survey was applied and workshops were held with the *high potentials*, the general managers of the subsidiaries and the Strategic Planning Committee. At the beginning of 2021, the purpose and manifesto will be defined, which will be used to review the elements of Ferreycorp's culture and the initiatives resulting from this exercise.

b) Ferreycorp cultural principles

(GRI 102-16)

In addition to its seven corporate values - highlighted in the Chapter 2, We are Ferreycorp, of this Report - Ferreycorp has incorporated a series of cultural principles. These are attitudes and behaviors aimed at reinforcing Ferreycorp's strategy, which is transformed over time according to the requirements of the market and the reality of the countries where the organization operates.

The Ferreycorp cultural principles are:

1. **Passion for the customer:** Genuine interest in the customer's success; effort to understand their needs and exceed their expectations.
2. **Initiative and decision-making:** Confidence and autonomy to decide and act in a timely manner, generating greater value to the organization.
3. **Focus on results:** Constant challenge to achieve exceptional results with world-class processes.
4. **Direct communication:** Focus on maintaining a fluid, personalized and transparent conversation at all levels of the organization.
5. **Always innovating:** Anticipation of the new trends, creating better solutions with a long-term vision.
6. **We work as a team:** Collaborative work to achieve the proposed objectives.

3.3.3 Relationship and frequency

(GRI 102-43)

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 including magazines and intranets. The unions are also important spaces for communication with employees.

3.4 Community

(GRI 413-1; GRI 413-2)

- **More than 38,500 biosecurity items**, valued at more than half a million soles, **donated to the first line** of defense against COVID-19 during 2020.
- Accumulated investment of more than **S/ 98 million in 11 water and sanitation works for taxes**, as well as educational infrastructure.
- To date, **more than 40 thousand** young people have been impacted by the programs of the **Ferreycorp Association**.

3.4.1 Our management at the COVID-19 context

As part of its sustainability strategy, Ferreycorp was present in the difficult health situation caused by COVID-19, supporting the first line of defense against the pandemic with the delivery of more than 38,500 biosecurity items, valued at more than half a million soles. Part of this donation went to the Emergency Mobile Care System (SAMU) of Minsa (Ministry of Health), INEN (National Institute of Neoplastic Diseases) the firefighters in Lima, Iquitos and Puerto Maldonado, the Regional Hospital of Iquitos and the Vicariato Apostólico of Pucallpa, which received more than three thousand safety suits, two thousand N95 masks, more than a hundred reusable respirators, as well as 22 thousand pairs of gloves, boots and safety glasses.



Likewise, together with its subsidiaries Ferreyros and Soltrak, more than 10,000 biosafety items were delivered to six hospitals of the Ministry of Health: Dos de Mayo, Arzobispo Loayza, Cayetano Heredia, Emergencia de Ate, Hipólito Unanue and the National Institute of Neoplastic Diseases. This delivery included the first donations to hospitals in Peru of powered air purifying respirators (PAPR), as well as safety suits, N95 masks and gloves, among others. Similarly, Ferreyros delivered PAPR equipment and other personal protection items to the Honorio Delgado Regional Hospital in Arequipa and to hospitals in the EsSalud (Social Security) network.

Likewise, the flagship company Ferreyros provided free use of machinery for disinfection works in the cities of Piura, Chiclayo, Chincha and Ica, in order to contribute to reducing the spread of COVID. For these campaigns, the company provided agricultural tractors of its represented brand Massey Ferguson, equipped with a Kuhn Twister fumigator.

Likewise, since the beginning of the health situation, the corporation also contributed with solidarity initiatives undertaken by various institutions; for example, the maintenance expenses of the Casa de Todos shelter; the provision of food for vulnerable families through the Asociación de las Bienaventuranzas, Cáritas del Peru and Hombro a Hombro, among others; as well as the acquisition of mechanical ventilators through Cómex and Confiep (business union organizations).

At the same time, since the beginning of the pandemic, Ferreycorp and its companies have been promoting responsible compliance with measures to contain the spread of COVID-19 among the community. The corporation and its subsidiaries are active

participants in campaigns such as "Quédate En Casa" (Stay at home), in the context of the first quarantine, and "Paremos el Efecto Dominó" (Stop the Domino Effect), reminding the importance of adopting sanitary measures to reduce the risk of contagion. The corporation's massive networks were used, both at the holding and its companies below; the Operators' and Technicians' Clubs; and the Ferreycorp Association.

3.4.2 Works for Taxes Projects

(GRI 203-1)

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 capabilities 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 the year 2020, Ferreyros completed the execution of a water and sanitation project in Cusco, in the province of Paucartambo, district of Colquepata; and continued with the same project in the Piuray micro watershed, in the province of Urubamba, Cusco, the last of these two in alliance with the company Backus. Likewise, Ferreyros has signed the contract 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 already committed more than S/ 98 million in 11 Works for Taxes projects in the province of Coronel Portillo (Ucayali); Acomayo, Anta, Urubamba and Paucartambo (Cusco); Chepén and Trujillo (La Libertad); Pueblo Nuevo (Ica); Huayllay (Cerro de Pasco); and Yauli (Junín).

The execution of Works for Taxes allows private companies to finance and implement public projects and then to recover the investment made through a certificate for the payment of their income tax. It is worth highlighting the important 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.

3.4.3 Education programs

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.



The results of the main programs deployed during 2020 are presented below. It should be noted that, throughout the year, the corporation adapted its main educational programs to prevent the spread of COVID-19, so that its usual on-site initiatives were transferred to the virtual environment.

3.4.3.1 Ferreycorp Association

For more than 20 years, the Ferreycorp Association has been developing programs to encourage future professionals to become aware of the relevant role they play in society and to highlight the importance of ethical values as an irreplaceable basis for the development of the individual and society.

Thanks to the contribution of its members: Ferreycorp, Ferreyros, Unimaq, Orvisa, Cresko, Fargoline, Motored and Soltrak, the Ferreycorp Association has benefited more than 40,000 students from higher education institutions nationwide, through training initiatives in values and civic responsibility.

Due to the state of emergency caused by COVID-19, the Ferreycorp Association had to temporarily suspend the execution of on-site programs and concentrate its efforts on new initiatives on-line. One of these was the synchronous virtual workshop "Transformation for a better world", a space of two sessions of two and a half hours each, in which participants reflected on values and soft skills to face the new challenges. Throughout the year, ten virtual workshops were held, with the participation of more than 1,200 students nationwide and even from other countries where the corporation has operations.

At the end of the two workshop sessions, participants organized and executed volunteer activities, called Solidarity Challenges, which allowed them to put into practice the skills developed during the program and thus become agents of change. Most of these virtual activities focused on contributing to environmental and social causes of interest to the area where the students live. During the year 2020, eight Solidarity Challenges were executed.

In addition, the Ferreycorp Association developed 18 *webinars* that were streamed on its social media accounts by its team of facilitators and expert guests, in which topics such as the development of a life plan; development of communication, technological and employability competencies and skills; leadership in times of uncertainty; empathy and solidarity; among others, were discussed. These live streamings had more than 2K connections and were subsequently replayed more than 20K times.

In addition, the Ferreycorp Association broadcast "Conversaciones desde casa" (Conversations from home), interviews with leaders of the corporation, in which they discussed topics of interest to young students in a warm and close format. Some of the topics discussed were the importance of social responsibility in today's professional, transformational leadership, professional ethical behavior and the importance of innovation for growth, among others. During 2020, six of these videos were made and disseminated in the social networks of the Ferreycorp Association, reaching more than 93K thousand reproductions.

3.4.3.2 Think Big Program

Since 2002, Ferreycorp has been training Technicians specialized in Caterpillar products for two years. Training is carried out at Tecsup and the students' internships take place at Ferreycorp, Unimaq and Orvisa.. At the end of the program, graduates have the first option to star their career path within the workforce of the aforementioned companies of the corporation.

3.4.3.3 Senati Dual Apprenticeship Program and Sembrando tu Futuro Program

During the year 2020, the Dual Apprenticeship Program with Senati continued, thanks to sponsorships provided by Ferreyros, Unimaq and Soltrak. Under this program, young heavy machinery maintenance students complement their technical training with practical learning at the companies' facilities, although this was limited during the year due to the health situation.

3.4.3.4 Ferreycorp Scholarship Program for Women

In 2020, Ferreycorp, in agreement with the Servicio Nacional de Adiestramiento Industrial (Senati), launched a scholarship program exclusively for women, which allows them to have their studies paid in full, in addition to receiving a monthly stipend to cover the expenses associated with their academic training. Four students, who are studying Industrial Electricity in the cities of Lima, Arequipa and Trujillo, were selected as scholarship holders of this program.

In addition, the Ferreycorp Scholarship, launched in 2019 by the corporation in agreement with the Universidad de Ingeniería y Tecnología (UTEC), thanks to which two outstanding students graduated from the Colegio Mayor Presidente de la República are being awarded scholarships for the years of duration of the Electronic Engineering and Mechatronics careers.

In this way, it seeks to promote the education of women in these professional fields, with the objective of increasing their participation in the labor market of the main productive sectors of the country.

3.4.3.5 Club de Operadores de Equipo Pesado (Heavy Equipment Operators Club)

Ferreyros, Unimaq and Orvisa, Caterpillar dealers in Peru, have been contributing to the development and recognition of machinery operators through the Heavy Equipment Operators Club, launched in 2012. Over the years, this program has been significantly increasing its number of members, which currently are 17,381 operators.

The Operators Club encourages the acquisition of knowledge and the exchange of experiences, in addition to the publication of content on the website www.clubdeoperadores.com.pe and its Facebook page. It also promotes the recognition of Heavy Equipment Operator's Day and organizes the "Best Heavy Equipment Operator of Peru" Contest, which has attracted more than 6,800 operators from all over the country in four editions.

During the year 2020, the Operators' Club training courses were transferred to the virtual environment. A total of 26 courses, each lasting two hours, were delivered through live transmissions on social networks, reaching a total of 7,235 connections and more than 122 thousand reproductions afterwards. In this way, it significantly multiplied the reach of its free courses thanks to technology.

3.4.3.6 Club de Técnicos de Equipo Pesado (Heavy Equipment Technicians Club)

With this program, which was born in 2016, the companies Ferreyros, Unimaq and Orvisa seek to generate positive impacts on the professional development of heavy equipment Technicians in the country. To date, the Heavy Equipment Technicians Club has more than 6,338 members.

Through digital platforms such as the website www.clubdetecnicos.com.pe and its Facebook page, the Club share valuable information and promotes interaction among its members. It also organizes the "Best Heavy Equipment Technician of Peru" contest, which in its two editions had more than 3,000 participants.

3.4.4 Corporate Volunteering Program

Ferreycorp develops each year, at a national level, the Corporate Volunteering Program, to generate positive impacts on society, promote the participation of employees in community-related activities and strengthen their commitment to vulnerable populations.

During 2020, due to the state of emergency caused by COVID-19, on-site volunteering activities were suspended. Instead, a pilot of Virtual Corporate Volunteering program was carried out with the participation of employees from Ferreycorp and its companies Ferreyros, Orvisa and Soltrak.

This was a multi-company initiative - organized by Empresarios por la Educación, Enseña Peru and Asociación Civil Trabajo Voluntario - called Kallpachay Educación, where volunteers provided virtual tutoring sessions to primary and high school students from six schools nationwide. Given the positive results of this pilot program, the initiative will be replicated in 2021 with a larger number of volunteers from the corporation.

3.4.5 Ferreycorp 4K

For eleven years, the corporation has been carrying out the "Ferreycorp 4K" race to raising funds for corporate volunteering. This activity takes place simultaneously in 14 cities in Peru where the corporation operates and is attended by more than 3,400 employees from eleven subsidiaries, as well as family, friends and pets.

Due to the global health situation, the first Virtual Ferreycorp 4K was held in 2020, which was an opportunity to include, for the first time, all the subsidiaries abroad. The edition had more than 3,149 participants from countries such as Belize, Chile, Ecuador, El Salvador, United States, Guatemala, Nicaragua and Peru, who followed the streaming from home and performed exercises, dances and walks, among other physical activities, in order to contribute to corporate volunteering, as well as to reinforce the feelings of union and solidarity that are so important in this context.

3.4.6 Relationship and frequency

(GRI 102-43)

The interaction with the community is regular and takes place through various institutions such as universities, social support organizations, regional and local authorities, among others.

3.5 Customers

- The **Voice of the Customer** survey allows Ferreycorp to standardize complaint management, implement customer experience standards and improve experience protocols for customer service channels in the corporation's subsidiaries.
- **All Ferreycorp companies** have **permanent channels for customer service and reception of suggestions and complaints about products and services,**
- In most of the companies with the highest operating volumes in Ferreycorp's Peru, there is a **consistent improvement in the level of customer loyalty** to the products and services offered.

The corporation, through its operating companies in Peru and abroad, is mainly engaged in the trade and distribution of products of prestigious brands and recognized quality. The company 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 trade and distribute 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 its customers, with the purpose of satisfying their expectations, establishing solid long-term relationships and generating recommendation of Ferreycorp's companies, achieving higher and higher levels of customer loyalty.

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

In addition, the corporation provides its customers with an efficient supply chain. The company has an important *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 of the required products in the country and for 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 subsidiaries to focus on customers, has customer satisfaction measurement indicators 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 information on the business performance of Ferreycorp and its subsidiaries in 2020, please refer to the Business Management section.

3.5.1 Product quality and customer satisfaction

(GRI 417-1)

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 enhance 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 through this survey Ferreycorp obtain the customer satisfaction index, as well as the *Net Loyalty Score* (NLS), 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 on the three questions- minus detractors - those who score 5 or less in any of the questions.

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

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

Type of survey	Ferreyros		Unimaq	
	Satisfaction 2019 (%)	Satisfaction 2020 (%)	Satisfaction 2019 (%)	Satisfaction 2020 (%)
New machinery	55	61	38	48
Services	58	64	51	50
Spare parts	59	64	41	46
Used equipment sales	48	53	48	50
Allied brands after-sales service	-	-	46	50
Rental	77	79	41	51
% Total	59	64	42	47

Type of survey	Orvisa		Motored	
	Satisfaction 2019 (%)	Satisfaction 2020 (%)	Satisfaction 2019 (%)	Satisfaction 2020 (%)
New machinery	53	69	63	73
Services	32	58	40	52
Spare parts	45	56	58	65
% Total	43	59	54	62

Type of survey	Soltrak	
	Satisfaction 2019 (%)	Satisfaction 2020 (%)
Lubricants	100	56
EPPs	27	43
Tires	17	39
% Total	48	46

Type of survey	Fargoline	
	Satisfaction 2019 (%)	Satisfaction 2020 (%)
Service	67	47
% Total	67	47

(*) Consider: Ferreyros, Unimaq, Orvisa, Motored, Soltrak and Fargo

In most of the companies with the highest operating volumes in Ferreycorp's Peru, there is 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 2019 (%)	NLS 2020 (%)	NLS 2019 (%)	NLS 2020 (%)
New machinery	44	52	17	36
Services	53	59	41	38
Spare parts	53	59	26	33
Used equipment sales	31	47	30	29
Allied brands after-sales service	-	-	33	47
Rental	74	79	31	42
% Total	52	59	27	35

Type of survey	Orvisa		Motored	
	NLS 2019 (%)	NLS 2020 (%)	NLS 2019 (%)	NLS 2020 (%)
New machinery	68	65	61	64
Services	51	47	23	34
Spare parts	42	46	46	51
% Total	56	55	41	47

Type of survey	Soltrak	
	NLS 2019 (%)	NLS 2020 (%)
Lubricants	47	53
EPPs	19	36
Tires	33	31
% Total	24	39

Type of survey	Fargoline	
	NLS 2019 (%)	NLS 2020 (%)
Services	67	40
% Total	67	40

(*) Consider: Ferreyros, Unimaq, Orvisa, Motored, Soltrak and Fargo

All Ferreycorp companies have permanent channels of customer service and reception of 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, there is a complaints book 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, Unimaq and Motored have a process for handling complaints and indicators; registration and follow-up are carried out through the SAP CRM system.

3.5.2 Customer health and safety

(GRI 416-1)

In all the countries where it operates, Ferreycorp is committed to providing a safe environment in order 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 integrity of its employees, customers, suppliers and the environment. Likewise, in the offices, workshops or operations there are internal safety regulations that seek to guarantee the integrity of all those who are in the area. Also, 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 aspect.

The following is information on the six largest Ferreycorp 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 the origin, safety instructions and disposal instructions for the product. In the case of the equipment, these have safety manuals with specific information for each model.

Product and service labeling information (*)

Labelling	Ferreyros				Unimaq				Orvisa				Soltrak				Motored			
	Equipment	Accessories	Spare parts	Services	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	Yes	-	Yes	Yes	Yes	-
Contents: 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	Yes	Yes	-	Yes	Yes
Disposal of the product	-	-	Yes	Yes	-	-	Yes	Yes	-	-	Yes	Yes	-	Yes	Yes	Yes	-	-	-	-

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

Customer health and safety policies, standards and best practices by company (*)

Company	Policy	Standards and best practices
Ferreyros	<ol style="list-style-type: none"> 1. Integrated Safety, Health and Environment Policy 2. Fatigue and drowsiness policy 3. Stop unsafe work policy 4. Internal Safety Regulations 	<ul style="list-style-type: none"> ▪ ISO 9001-2015 Certification in process as related to the laboratory. ▪ ISO 45001: 2018 ▪ ISO 14001: 2015 (In process of implementation and to be certified in 2022) ▪ Greenhouse Gas Verification Declaration Certification ISO 14064-1.2007
Unimaq	<ol style="list-style-type: none"> 1. Integrated Safety, Health and Environment Policy. 2. Cleanliness and order policy 3. Alcohol and drug use policy 4. Policy on possession and use of weapons 5. Policy on the right of workers not to perform unsafe work. 6. Policy on suspension of unsafe work 	<ul style="list-style-type: none"> ▪ ISO 9001-2015 ▪ Socially Responsible Company - Peru 2021 (Annual Certification) ▪ Greenhouse Gas Verification Declaration Certification ISO 14064-1.2007
Orvisa	<ol style="list-style-type: none"> 1. Integrated Safety, Health and Environment Policy 2. Fatigue and drowsiness policy 3. Right to Refuse Unsafe Work Policy. 4. Internal Safety Regulations 	<ul style="list-style-type: none"> ▪ ISO 14064-1.2007 Greenhouse Gas Verification Statement Certification
Fargoline	<ol style="list-style-type: none"> 1. Integrated Safety, Health and Environment, Social Responsibility and Property Safety 2. Internal Safety Regulations 	<ul style="list-style-type: none"> ▪ ISO 9001 2015 ▪ ISO 14001: 2015 ▪ ISO 45001: 2018 ▪ Greenhouse Gas Verification Declaration Certification ISO 14064-1.2007
Soltrak	<ol style="list-style-type: none"> 1. Integrated Health, Safety and Environment Policy 2. Alcohol and drug use policy 3. Fatigue and drowsiness policy 4. Policy on the right of employees to refuse to perform unsafe work. 5. Internal safety regulations 	<ul style="list-style-type: none"> ▪ ISO 9001-2015 certified ▪ ISO 45001 (In process of implementation) ▪ ISO 17025-2006 (In process of implementation) ▪ ISO 14064-1.2007 Greenhouse Gas Verification Statement Certification
Motored	<ol style="list-style-type: none"> 1. Integrated Health, Safety and Environment Policy 2. Policy to refuse to carry out unsafe work. 3. Disciplinary Policy 4. Fatigue and drowsiness policy 5. HSE Internal Regulations 	<ul style="list-style-type: none"> ▪ ISO 14064-1.2007 Greenhouse Gas Verification Statement Certification

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

3.5.3 Customer privacy

(GRI 418-1)

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 the case of processing 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 Standard for the Protection of Personal Data.
- 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.

3.5.4 Relationship and frequency

(GRI 102-43)

Communication with clients is daily and personalized, with the objective of contributing to the success of their business through products, services and solutions. The contact is made through email, telephone, online digital platforms, among others.

3.6 Suppliers

(GRI 102-9)

- **11,881 man-hours of training** for Ferreycorp suppliers
- Implementation of **compliance best practices with suppliers**, so all contracts with third parties include anti-corruption, ethical compliance and sustainable development terms.
- **Internal approval of 37%** of the holding suppliers during the fiscal year
- Ferreycorp conducted an **analysis of the role of suppliers in the value chain**, which contributes to supply chain risk management.

Ferreycorp is committed to developing long-term, reliable and fair relationships with all its suppliers, considering them as strategic partners and a fundamental part of its supply chain. For this reason, the corporation has a procurement policy based on clearly established principles, such as transparency and fair treatment. Ferreycorp's relationship with its suppliers is based on a mutual growth perspective.

3.6.1 Type of suppliers

Ferreycorp and its subsidiaries have two types of suppliers: commercial and non-commercial, both local and foreign.

The importation of capital goods is the main activity of most of the corporation's companies, to which specialized support is added. The main commercial suppliers of the corporation, mainly foreign, are the manufacturers of the brands represented, whose goods are imported from different parts of the world by Ferreycorp's subsidiaries. It is worth mentioning the relationship that has been maintained since 1942 with Caterpillar, the organization's flagship brand.

It should be noted that Caterpillar, as well as other leading brands represented, such as Chevron, Terex, Iveco, Kenworth and Massey Ferguson, are leading companies with a recognized track record in international markets and world-class sustainability practices. Their commitments in this area range from high environmental and social responsibility to the principle of promoting lasting relationships with their stakeholders, such as customers, shareholders, distributors and employees; this includes providing products that comply with safety and environmental regulations; having inclusive work environments; and respect for human rights, among other aspects.

About its non-commercial activities, Ferreycorp also manages a portfolio of local and foreign suppliers that provide goods and services, as insurance and telephone companies; carriers and truck fleet suppliers; travel, customs and logistics agencies; general services and cleaning companies; infrastructure, environmental and technology services; stationery, uniforms and *merchandising* supplies; among many others. There are also suppliers that provide goods for IT services such as computers, supplies and fixed assets.

The supplier selection system includes a competitive bidding process, which considers variables such as price, quality, good corporate governance practices and sustainability, as well as the review of financial aspects and commercial references of the candidates. In the year 2021, the corporation will develop a Supplier Code of Conduct, which will

include the topics of labor practices and standards, environmental policy and anti-corruption measures, in addition to a risk matrix identified in the supply chain, referring to ESG aspects.

During 2020, Ferreycorp's main companies in Peru and the holding company have contracted with suppliers for more than S/. 3,620 million. For more details, see section 5.6.6 - Spending on suppliers.

3.6.2 Supplier sustainability practices

(GRI 408-1; 409-1)

Ferreycorp and its subsidiaries are committed to the sustainable management of its supply chain. In order to mitigate risks and potential impacts, as well as to maintain a good reputation and relationship with its stakeholders, during the supplier selection process, the holding company not only verifies the economic, financial and commercial situation of the candidates, but also the adoption of basic sustainability standards such as:

- Human rights and respect for labor standards (elimination of all forms of forced labor, child labor, and discriminatory employment practices).
- Free association and timely payment of workers.
- Environment and a preventive approach that promotes environmental responsibility.
- Anti-corruption commitment.
- Safety standards.

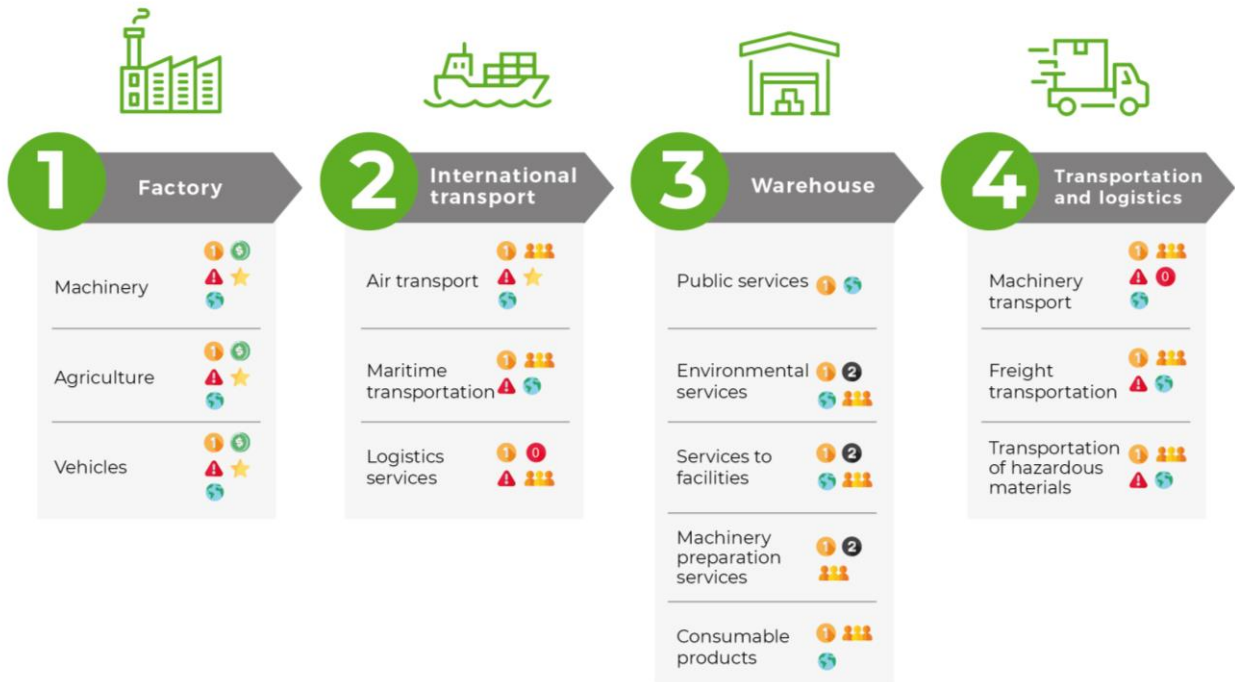
In this regard, in 2019, the holding began a process to approve its suppliers as own title, in which they declare their compliance with social responsibility, governance, environmental and safety practices, as well as their legal and financial situation. During the year, 85 suppliers were approved, representing 14% of the total. In 2020, Ferreycorp have continued with this practice and have achieved the internal approval of 188 suppliers, representing 37% of the total.

Likewise, as part of the Compliance System, Ferreycorp implemented supply chain management best practices, such as ensuring that all contracts include anti-corruption clauses, as well as ethical and sustainable development principles. Also, a Supplier Affidavit and a Due Diligence Questionnaire were integrated into the supplier registration process as part of the ethical standards established by the corporation.

It should be noted that, in order to add efficiencies, Ferreycorp launched in 2019 the new supplier portal, which allowed to manage the payment of invoices electronically. In this way, the carbon footprint is reduced, due to the less use of paper, as well as the reduced use of fuel in the transfer of suppliers to the main office to physically leave their invoices. During the year 2020, we continued to train suppliers in the use of this tool.

In order to identify supply chain risks, a value chain analysis was conducted, taking into account the different purchasing groups, supplier criticality, qualification as a direct or indirect supplier and sustainability risks (environmental, social and corporate governance).

Analysis of product and service offerings in the supply chain



CRITICALITY CRITERIA:	SUSTAINABILITY RISK:	SUPPLIER LEVEL:
<ul style="list-style-type: none"> Value of purchases Critical product or service Non substitutable product or service or limited supply 	<ul style="list-style-type: none"> Risk to the environment Social risk Corporate governance risk 	<ul style="list-style-type: none"> Supplier that was integrated Direct supplier (level 1) Indirect supplier (level 2) Indirect supplier (level 3)



(*)Other: Travel agencies, insurance companies, legal services, financial services and training.

3.6.3 Supplier health and safety

The corporation and its subsidiaries seek to promote a safe work culture at all levels of the organization, preventing injuries and occupational illnesses to minimize health and safety risks.

Within each company's Safety Management System, corporate standards and procedures are established, aligned with OHSAS 180001 standards, which promote compliance and, therefore, ensure that stakeholders work in a safe environment.

To ensure proper management of supplier health and safety, Ferreycorp has rigorous policies and standards. FSA/COVID-19

In addition, it manages the health and safety of its suppliers in different lines of work:

- Products and services: A risk assessment is carried out to eliminate or minimize identified hazards as well as to determine preventive measures.
- Equipment: The units have operating manuals that include safety issues.
- Plant visits: There are safety guidelines to ensure the integrity of visiting personnel, such as: contractor induction, Supplementary Work and Risk 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 employees, are part of the scope of Ferreycorp's Safety, Health and Environment Management System (HSE).

3.6.4 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 context, local suppliers are trained in different relevant topics, such as health and safety. On the other hand, in 2020, training was organized on the Compliance System for the Prevention of Corruption, which was carried out with suppliers of the parent company Ferreycorp. For 2021, a group of suppliers from all subsidiaries will be trained in the GRI methodology to help them to publish their first sustainability reports.

The following is a list of supplier training on relevant topics, developed by the Ferreycorp and its subsidiaries in Peru.

Supplier training in 2020

Training topics	Ferreycorp y Ferreyros	Unimaq	Orvisa	Motored	Soltrak
Total suppliers trained	4,317	83	116	20	40
Man hours of supplier training	10,098	336	259	623	275
% of suppliers trained in health and safety	100%	100%	0%	100%	100%
% of suppliers trained in service quality	Not applicable	100%	0%	0%	0
% of suppliers trained in product quality	Not applicable	100%	0%	0%	0
% of suppliers trained in customer privacy	Not applicable	0	0%	0%	0
% of suppliers trained in other topics	Not applicable	0	0%	0%	0

Training topics	Fargoline	Sitech	Motriza	Forbis	Ferrenergy
Total suppliers trained	145	0	14	1	0
Man hours of supplier training	290	0	14	1	0
% of suppliers trained in health and safety	100%	0%	100%	0%	0%
% of suppliers trained in service quality	Not applicable	0%	0%	0%	0%
% of suppliers trained in product quality	Not applicable	0%	0%	0%	0%
% of suppliers trained in customer privacy	Not applicable	0%	0%	0%	0%
% of suppliers trained in other topics	Not applicable	0%	0%	0%	0%

3.6.5 Spending on suppliers

(GRI 102-9; 204-1)

The volumes of purchases that the parent company Ferreycorp and its subsidiaries in Peru made from suppliers in 2020 are shown below.

Spending on suppliers in 2020

Topics	Ferreyros	Unimaq	Orvisa	Motored
Total number of suppliers	5,543	1,270	2,458	2,267
Total amount of purchases made in goods and services (S/)	2,706,092,361	315,098,307	61,713,196	134,896,273
Total amount of domestic purchases (goods and services) (S/)	586,202,829	143,186,419	29,836,888	47,168,904
% of purchases from domestic suppliers	22%	58%	48%	35%
Total amount of foreign purchases (goods and services) (S/)	2,119,889,533	171,911,888	31,876,308	87,727,369
% of purchases from foreign suppliers	78%	42%	52%	65%

Topics	Soltrak	Fargoline	Sitech	Motriza
Total number of suppliers	628	194	75	365
Total amount of purchases made in goods and services (S/)	203,899,299	11,027,400	5,691,107	66,016,935
Total amount of domestic purchases (goods and services) (S/)	111,301,921	11,027,400	2,856,279	18,378,422
% of purchases from domestic suppliers	55%	100%	50%	73%
Total amount of foreign purchases (goods and services) (S/)	92,597,378	0%	2,834,829	47,638,513
% of purchases from foreign suppliers	45%	0%	50%	27%

Topics	Forbis	Ferrenergy	Matriz Ferreycorp
Total number of suppliers	442	816	500
Total amount of purchases made in goods and services (S/)	49,681,752	26,511,065	39,447,482
Total amount of domestic purchases (goods and services) (S/)	9,603,124	24,673,892	34,926,609
% of purchases from domestic suppliers	19%	93%	89%
Total amount of foreign purchases (goods and services) (S/)	40,078,628	1,837,173	4,520,873
% of purchases from foreign suppliers	81%	7%	11%

3.6.6 Relationship and frequency

(GRI 102-43)

Communication is through e-mail, in-person and virtual meetings, web page, among others. In addition, we periodically carry out approval processes for the different suppliers and give safety talks to those who carry out work within the companies' facilities.

3.7 Environment

- **25% reduction in emissions** over the last three years, based on the most recent verified data as of 2019.
- **38% reduction in water consumption** in 2020 compared to 2018.
- **Inclusion for the fourth consecutive year in the Dow Jones Sustainability Index**, which considers aspects of environmental management and other dimensions.
- Ferreycorp, **the business group with the highest number of recognitions** in the **Carbon Footprint** Peru platform of the Ministry of the Environment.
- The corporation has set the **goal of reducing its GHG emissions by 54.6% by 2030** compared to 2017, in its nine largest locations, under the Science-Based Target methodology.

Ferreycorp is committed to sustainable business management and is responsible for its environmental impacts. Therefore, it has internal regulations that ensure proper environmental management, requiring its employees to comply with these guidelines in their daily work, and promoting among its customers and suppliers the incorporation of a culture that respects the environment.

Ferreycorp has a Corporate Environmental Management Standard and a Corporate Sustainable Development Policy, documents that guide its performance and lay the groundwork for implementing actions to reduce and mitigate environmental impacts.

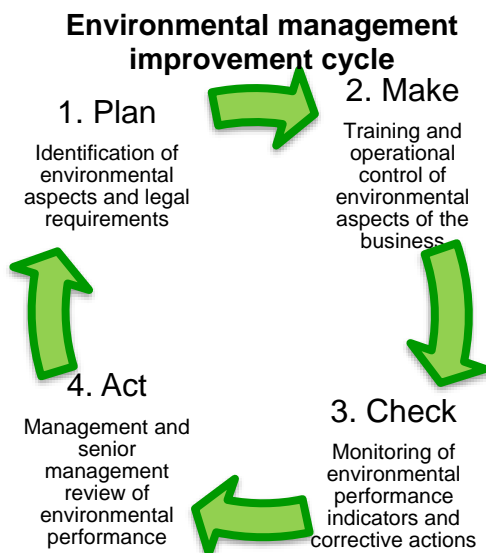
Following these guidelines, Ferreycorp's subsidiaries in Peru and abroad incorporate into their management policies and procedures according to each business, which are in turn implemented through Environmental Management Systems, expressing the commitment and responsibility at all levels of the corporation.

Currently, Ferreycorp companies are aligned to ISO 14001:2015, and are working to become certified to this standard. The subsidiaries Fargoline, in Peru, and Trex, in Chile, have certified their environmental management systems under this standard for their facilities in Gambetta (Callao) and Antofagasta and Santiago, respectively.

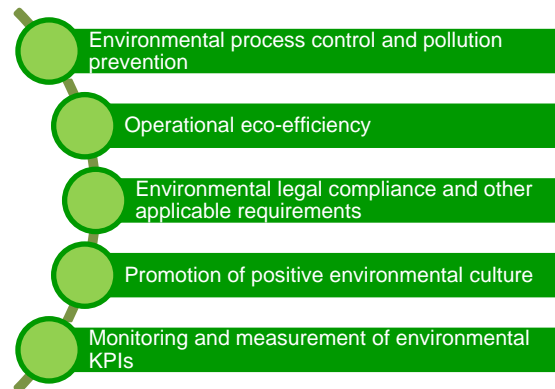
The corporation's subsidiaries have an Environmental Management Plan (EMP) comprising four stages:

- 1) Planning and identification of impacts;
- 2) Execution of actions for the prevention, mitigation and control of environmental impacts;
- 3) Follow-up of actions taken and results;
- 4) Monitoring and evaluation of main indicators and decision-making.

In this regard, each company has areas specialized in this aspect that operate under corporate guidelines.



Pillars of the Environmental Management Program



As part of the improvements in environmental management, in 2020 Ferreycorp expanded the scope of the Horizon platform, which allows the collection of environmental indicator data from 61 sites nationwide and 19 operations at customer facilities. During the year, fuel consumption and waste management indicators were added to this platform and Trex in Chile was included in the environmental report, expanding the measurement coverage. This tool, launched in 2019, facilitates the monitoring of operational eco-efficiency and environmental footprint reduction actions.

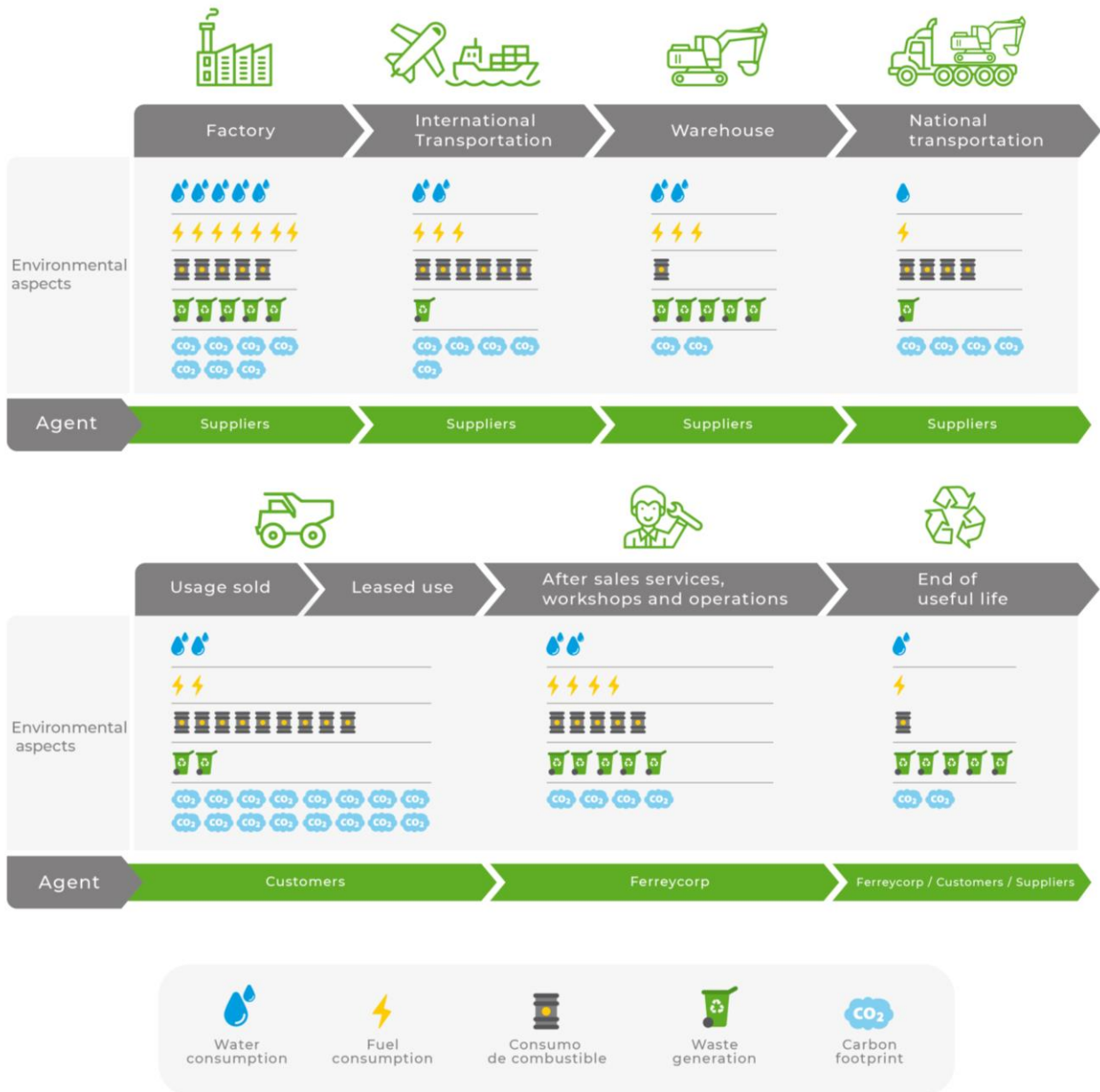
Ferreycorp considers it essential to reduce the environmental impacts associated with climate change, so it focuses its efforts on reducing its greenhouse gas emissions and those of its customers, contributing to the Sustainable Development Goals and the national targets in the Paris Agreement. It also works hard to reduce energy consumption and adopt cleaner sources, to reduce water use, and to responsibly manage its effluents and waste.

The following is a description of the environmental management carried out during 2020 in the holding company Ferreycorp and the main locations of its subsidiaries Ferreyros, Unimaq, Orvisa, Soltrak, Motriza, Motored and Fargoline, in Peru, and Trex, in Chile, considering a total of 61 locations.

3.7.1 Materiality analysis of environmental issues

Throughout the value chain, Ferreycorp and its companies interact with the environment directly, through its headquarters, and indirectly, through its suppliers and customers. For this reason, the following analysis was prepared in 2020:

Graph 1: Environmental analysis of the value chain



The study of the value chain made it possible to perform a materiality analysis of environmental issues, to identify the aspects with the greatest environmental impact, helping to focus efforts on project management in these areas, as an opportunity to generate positive impacts and reverse negative ones. These are the following issues:

- Climate, energy and emissions
- Water and effluents
- Waste and materials

3.7.2 Climate Commitment: Energy Use and Emissions

Aware of the impact on the environment due to the generation of GHG emissions, Ferreycorp has been working to reduce energy consumption in its operations and increase the use of cleaner energies.



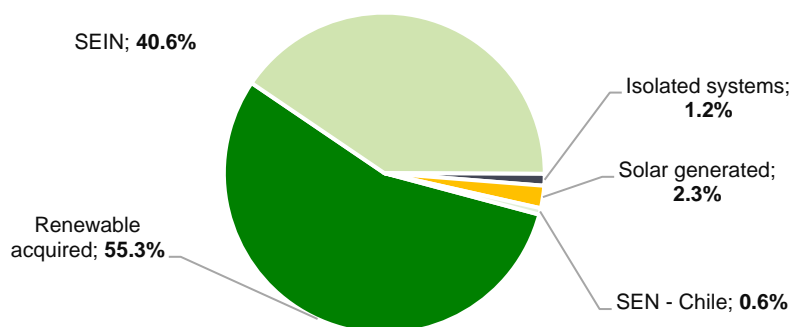
a) Electric power consumption

(GRI 302-1)

In 2020, 55.3% of the electricity consumption of Ferreycorp and its subsidiaries at the 61 sites analyzed corresponded to renewable energy acquired as a free user, entirely from hydroelectric sources. This energy was used in five of the corporation's main locations.

Likewise, 2.3% of the total electrical energy corresponds to self-generated solar energy, while 40.6% corresponds to energy from the Peruvian National Interconnected Electrical System (SEIN), among other sources detailed as follows:

Graph 2: Electricity Consumption by Supplier



It should be noted that the electrical energy of the SEIN - which is used in most of Ferreycorp's premises in Peru - comes from different generation sources: 55.4% from renewable hydroelectric sources, 34.5% from fossil fuel sources and 10.1% from other renewable energies, according to the statistics of the Committee of Economic Operations of the National Interconnected System (COES) 2020.

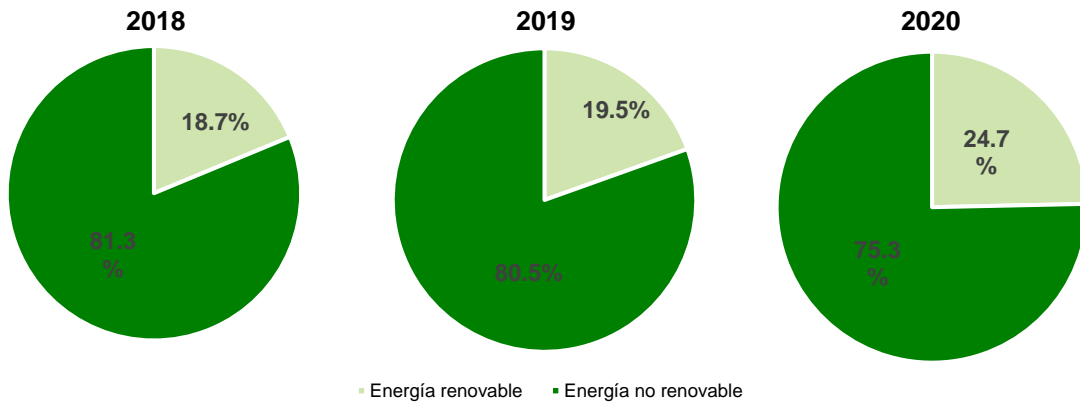
On the other hand, in Chile, 43.4% of the electrical energy used by the Trex operation is of renewable origin, based on 2019 annual statistics.

b) Total energy consumption by renewable and non-renewable sources

(GRI 302-1)

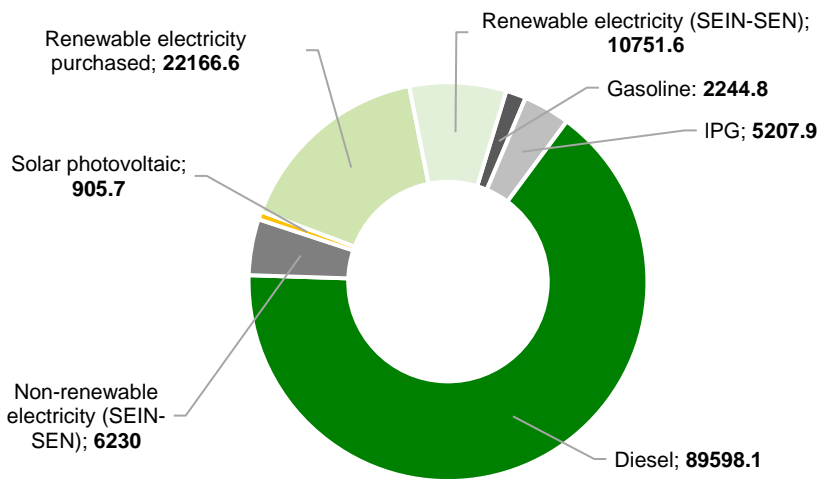
The energy used in the 61 analyzed sites of Ferreycorp and subsidiaries, as well as in 19 mining operations in which three companies of the group are present, comes from different sources. They have been grouped into renewable and non-renewable sources.

Graph 3: Evolution of total energy use: renewable and non-renewable



The graph shows the evolution of the use of renewable energy in the last three years. In 2019, the use of this type of energy reached 19.5% compared to the previous year; in 2020, the increase amounted to 24.7% compared to the previous year. Thus, a progressive increase can be observed.

Graph 4: Total energy consumption detailed by type (GJ)



*The data used for the graphs can be found in item 5.7.6.

In 2020, 24.7% of the energy used at the 61 sites and 19 mining operations analyzed came from a renewable source. It was distributed as follows: 16.2% from electricity purchased as a free user for five main locations; 7.8% from energy purchased from the National Interconnected Electrical System (SEIN) of Peru and the National Electrical System (SEN) of Chile; and 0.7% from solar energy, thanks to the use of photovoltaic panels at the Ferreyros headquarters in La Joya, Arequipa.

In turn, 75.3% of the energy used at the aforementioned locations came from non-renewable sources. It was distributed as follows: 65.5% diesel fuel and 1.6% gasoline (in both cases, used mainly for machinery testing, van fleet and component transfer); 3.8% LPG (for internal transfer of components, washing machines and use in canteens); and 4.5% from non-renewable sources from SEIN (Peru), isolated systems (Peruvian rain forest) and SEN (Chile).

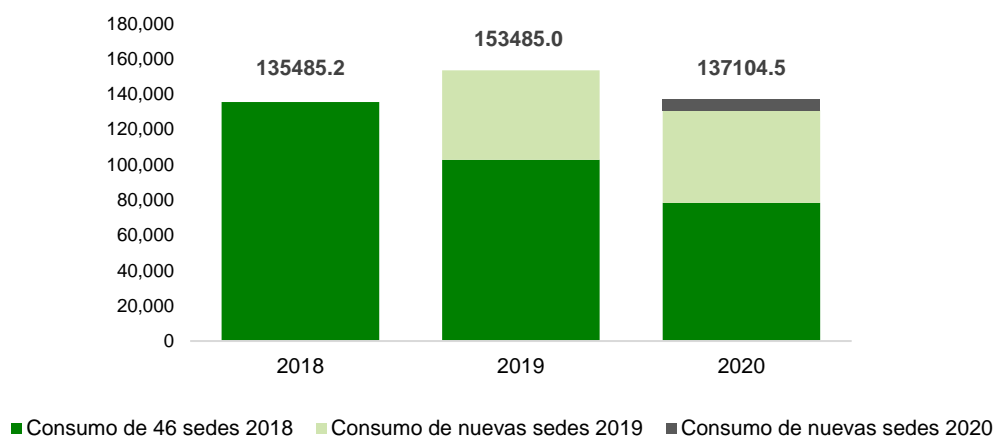
c) Reduction of energy consumption

(GRI 302-4)

The corporation has been developing multiple initiatives to reduce its energy consumption and achieve greater efficiency in its operations.

In 2020, Ferreycorp has continued with the implementation of LED lighting in new infrastructure works. In addition, daily surveillance rounds are conducted by personnel to verify that all equipment that is on or connected is turned off. During the quarantine and in compliance with the measures established by the government, Ferreycorp kept some sites closed and others in partial operation, which also resulted in a reduction in energy consumption.

Graph 5: Energy consumption reduction

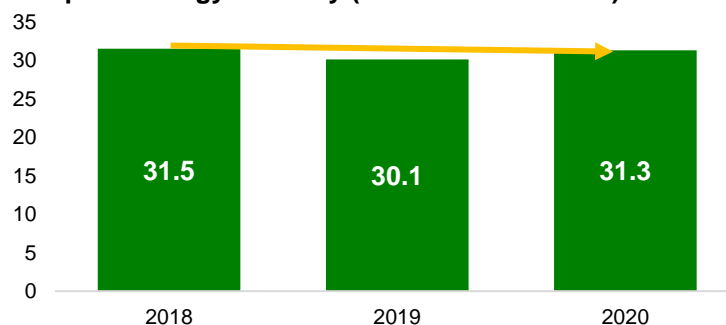


The graph shows the evolution of total energy consumption over the last three years. The reduction in energy consumption can be seen both in the 46 sites considered in 2018 (yellow line) and in the 12 sites incorporated as of 2019 (red line).

d) KPI Energy intensity

(GRI 302-3)

Graph 6: Energy intensity (GJ / MM soles sales)



In 2020, the Energy Intensity KPI (GJ per million soles in sales) increased slightly by 4% compared to the previous year, considering the 61 Ferreycorp sites and subsidiaries analyzed, and the 19 mining operations added.

This variation indicates that there has been a minimal increase in the KPI with respect to 2019. While it is true that there was a reduction in energy consumption as a result of the restrictions to control COVID-19, there was also a reduction in sales.

Likewise, it is observed that the trend in the three years shown in the report is downward.

e) Greenhouse Gas Emissions (GHG)

(GRI 305-1) (GRI 305-2)

Since 2016, Ferreycorp and its subsidiaries have implemented the good practice of carrying out Carbon Footprint measurements at its largest locations (see Table 14), gradually increasing the number of locations assessed. These measurements are carried out in compliance with the principles of the GHG Protocol and the guidance of international standard ISO 14064-1. It should be noted that most of the measurements taken at these locations, from 2017 to 2019, were exposed to verification by an independent third party.

Currently, Ferreycorp is in the process of measuring the carbon footprint for the 2020 period, which will add new locations to expand coverage, in line with the policy established by the corporation.

In 2020, Ferreycorp and its companies Ferreyros, Unimaq, Orvisa, Motored and Soltrak were recognized by the Ministry of the Environment for having obtained the highest number of recognitions as a corporate group in the new virtual platform Huella de Carbono Peru. Likewise, Ferreycorp is the company with the second highest number of individual recognitions. This platform recognizes achievements in measuring, verifying, reducing and compensating carbon footprint.

Table 1: GHG emissions

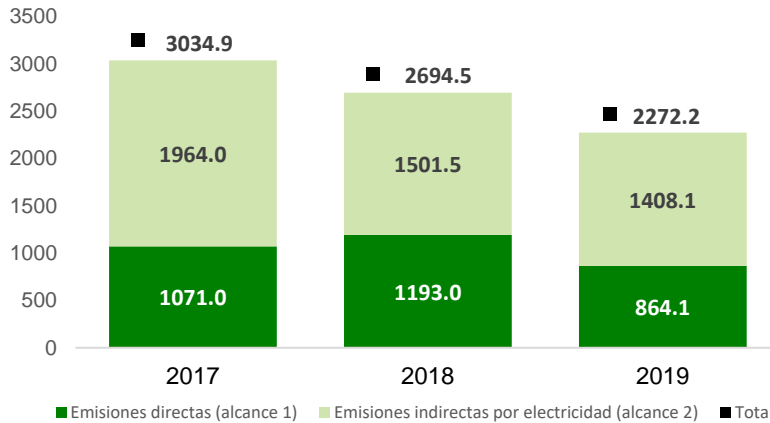
Scope	Carbon footprint (t CO2 e)		
	2017*	2018*	2019*
Direct emissions (Scope 1)	1071.0	1193.0	864.1
Indirect emissions from electricity (Scope 2)	1964.0	1501.5	1408.1
TOTAL ANNUAL (Scope 1 and 2)	3034.9**	2694.5	2272.2
Coverage in locations	9	9	9
Coverage in sales	27.97%	26.94%	28.65%

* Emissions for the years 2017, 2018 and 2019 have been verified by an independent third party, except for the Soltrak Callao location in 2017. The measurement of this last location has been calculated in 2020 during the standardization of premises for the definition of the Science-Based Targets.

** (GRI 102-48) Variation with the 2019 Report: In order to evaluate the same locations measured in the years 2018- 2019, the 2020 Report excludes the 2017 measurement of the Fargoline Callao location and includes the 2017 measurement of the Soltrak Callao location, unlike what was recorded in the 2019 Report. For this reason, there are variations in the recording of GHG emissions for 2017 in the 2019 and 2020 Reports.

f) Emissions reduction
(GRI 305-5)

Graph 7: GHG emission reduction (t CO2e)



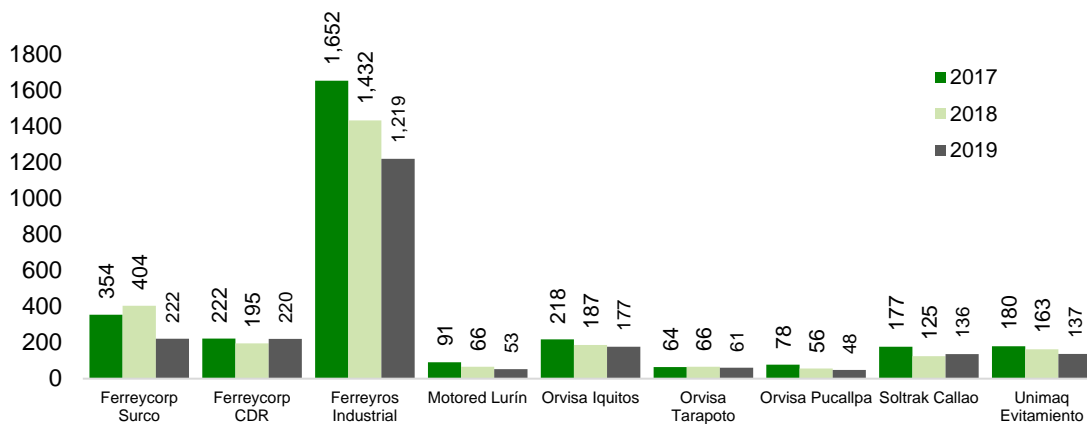
A gradual and constant reduction of emissions is observed over the three year period evaluated, having achieved by 2019 a reduction of 25.1% with respect to 2017 base year emissions, in the nine largest locations.

As part of the commitment to reduce emissions from its activity, the corporation's main companies have implemented the following actions:

Table 2: Measures to reduce GHG emissions

Measures to reduce GHG emissions	Headquarters
Scheduled maintenance of equipment that consumes fuel and refrigerant gases.	Ferreyros, Orvisa, Fargoline, Unimaq
Implementation of a program for the progressive changeover of the conventional lighting system to a LED system and motion sensors, which contributes to the reduction of electricity consumption	Ferreycorp, Ferreyros, Fargoline
Daily monitoring by security personnel at each headquarter to turn off or unplug equipment that may be on or connected outside working hours.	Ferreyros, Orvisa, Fargoline, Unimaq, Motored
Talks are given at each site on the efficient use of electrical energy.	Ferreyros, Orvisa, Fargoline, Unimaq

Graph 8: Emission reductions at the 9 locations (t CO2e)

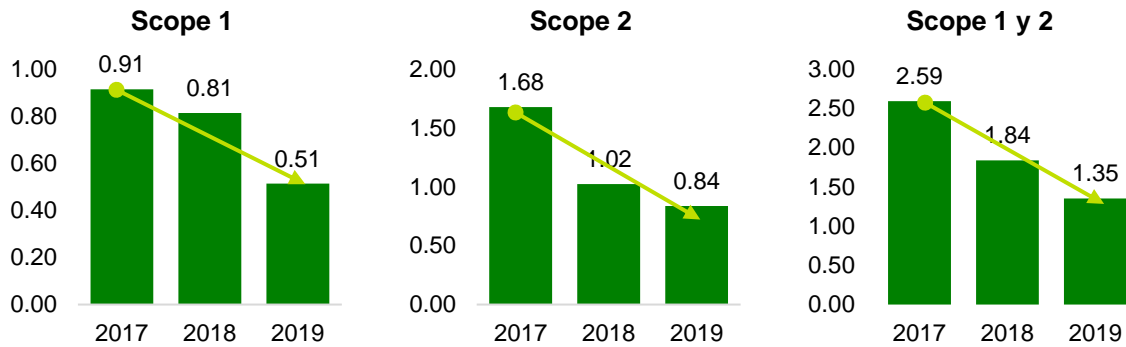


Emission reductions are observed in all premises evaluated in the period 2017-2019.

g) Emissions intensity
(GRI 305-4)

To measure emissions intensity, sales expressed in millions of soles are used as the denominator, considering the measurement coverage for each year.

Graph 9: Emissions intensity (t CO2e / MM soles in sales)



A gradual and constant reduction in emissions intensity is observed over the three-year period evaluated, accumulating a decrease of 47.8% in the period 2017- 2019.

This reduction is the result of the efforts that have been made to reduce the consumption of electricity and fuels, as well as the use of electrical energy, improving year by year the Percentage of renewable energies.

h) Emissions offsets
(GRI 305-5)

Based on the 2016 measurement, Ferreycorp's main headquarters in Surco, Lima, offset its carbon footprint through the REDD+ Cordillera Azul National Park project of the National Service of Natural Areas Protected (Senarnp), achieving Carbon Neutral status in scope 1 and 2 for one year.

Based on the 2017 carbon footprint measurement, six sites offset the footprint generated in that exercise and are Carbon Neutral in scope 1 and 2 for one year. This offset was carried out through the project "Nii Kaniti": Forest management to reduce deforestation and degradation in the Shipibo Conibo and Cacataibo indigenous communities of the Ucayali Region (REDD+ Project).

The offsets in 2018 and 2019 have been made through the REDD+ Project of the Tambopata National Reserve and Bahuaja Sonene National Park- RNTAMB-PNBS, which also integrates biodiversity conservation in these two natural protected areas.

In all cases (2016, 2017, 2018 and 2019), the carbon credits are registered in the Market Environmental Registry, guaranteeing their international validity. Offsetting the carbon footprint in this type of project, REDD+, allows the conservation of carbon stocks in the forest and contributes to the conservation of the associated biodiversity.

Table 3: GHG Emissions Offsets

Scope	Carbon Footprint (t CO ₂ e)			
	2016	2017	2018	2019
Compensated premises	Southco	Southco, Evitamiento, Lurín, Iquitos, Tarapoto, Pucallpa	Southco, CDR	Southco, CDR
Number of premises	1	6	2	2
Tons of CO ₂ e offset	462	985	601	443

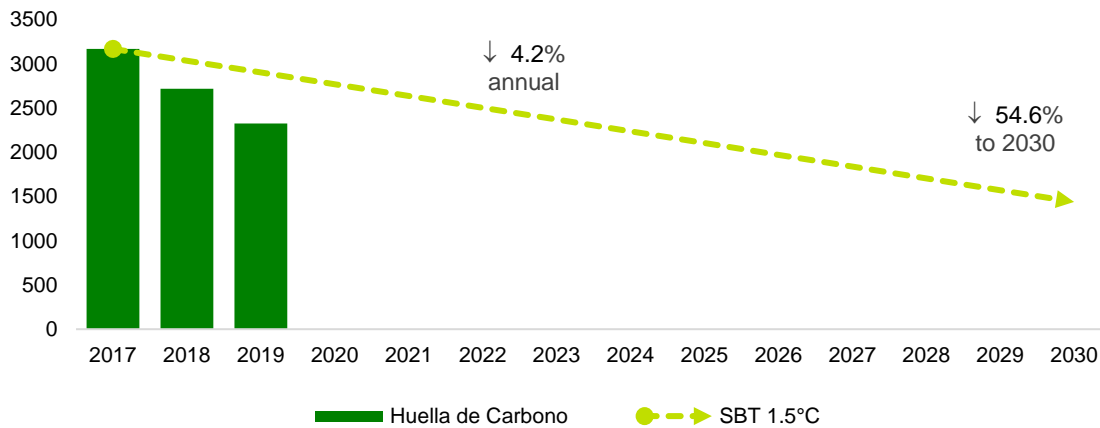
i) Emission reduction targets

(GRI 305-5)

In 2020, Ferreycorp worked with a specialized consulting firm to define its GHG emissions reduction targets for 2030, aligned with climate science and the Paris Agreement.

In accordance with the methodology of the global Science Based Targets Initiative (SBTi), the corporation Ferreycorp has set the goal of reducing its GHG emissions by 54.6% by 2030 compared to the base year 2017, in its nine largest locations. In this way, it is helping to ensure that the global temperature increase does not exceed 1.5°C compared to pre-industrial times.

Graph 10: Actual GHG emissions and SBT reduction target



It can be seen that actual emissions are below the reduction target.

3.7.3 Conserving resources: Water use and effluent management

Water is a resource of primary value, both for human consumption and in the service processes of Ferreycorp companies; therefore, its proper and efficient management is extremely important.



a) The water as a shared resource (GRI 303-1)

Ferreycorp, through the Works for Taxes mechanism, interacts generating a positive impact on water and communities, as it understands that water is a shared resource.

During 2020, we continued with the Shared Value Plan "Expansion and improvement of the drinking water system, sewerage and treatment plant of the capital of the district of Colquepata, province of Paucartambo, Cusco", which benefits more than 2,000 people living in this area and provides drinking water and subsequent wastewater treatment, minimizing environmental impacts.

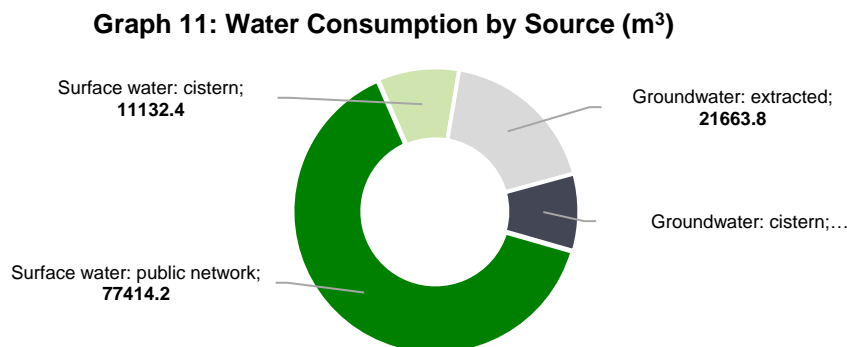
The "Improvement and expansion of drinking water and wastewater services in the Piuray-Ccorimarca microwatershed, located in the district of Chinchero, in the province of Urubamba", a project that will benefit more than 5,300 people of the Piuray, Ccorimarca microwatershed, was also started.

In addition, as part of its environmental strategy, Ferreycorp has been gradually measuring the water footprint of its main facilities as well as taking measures to reduce it. Both practices, together with the shared value works, have enabled Ferreycorp to apply for the Certificado Azul (Blue Certificate), a program promoted by the National Water Authority (ANA), through which organizations seek to reduce water consumption and implement shared value programs.

b) Water consumption at Ferreycorp's facilities (GRI 303-3, GRI 303-5)

In the service processes of the corporation's companies, the water is mainly used for washing machinery in the workshops, as well as for cooling.

The water used by 61 of the corporation's sites analyzed in this report comes mainly from public water supply systems (73.9%). Some 26.1% comes from groundwater extracted or acquired through tanker trucks.

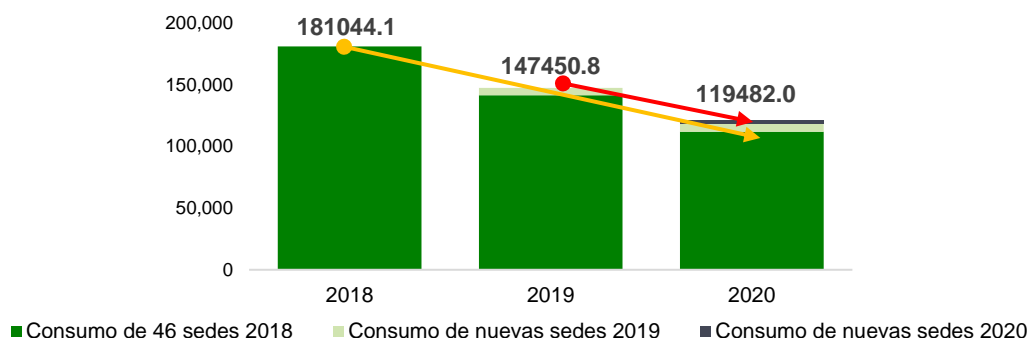


The data used for the graphs are shown in Table 15.

d) Reduction of the water consumption

The chart shows the evolution of water consumption over the last three years. The reduction in water consumption can be seen both in the 46 sites considered in 2018 (yellow line) and in the 12 sites incorporated as of 2019 (red line).

Graph 12: Reduction in water consumption (m3)

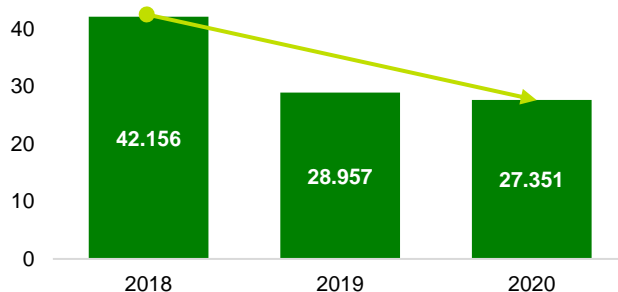


This result could be attributed to the impact of the pandemic on operations that had to close temporarily due to the measures established by the Government; however, Figure 5 shows a reduction in the intensity of water consumption.

The reduction from the base year (46 base year sites) is 39% and the reduction from the previous year is 20.8% (46 base year headquarters + new 2019 locations).

e) KPI Water consumption intensity

Graph 13: Intensity of water consumption (m3/MM soles in sales))



Water consumption per million soles in sales has been reduced by 5.5% with respect to the previous year, considering the 61 headquarters mentioned above.

This result is mainly due to the continuation of water efficiency practices already implemented, such as water reuse at the La Joya plant and the use of flow control valves at the Spare Parts Distribution Center (CDR) and Surco headquarters.

f) Water footprint measurement

With the commitment to reduce water consumption, in 2019 the 2018 water footprint measurement of the Ferreyros Operations Complex in La Joya, Arequipa, the second largest operational headquarters nationwide, was carried out.

These results are a tool for monitoring the quantity, quality and impact of direct and indirect water consumption throughout the production process over a period of one year.

Table 4. Water Footprint (m3)

Headquarter	Direct use of water	Indirect use - Supply chain	Indirect use - Energy and transportation	Total
CDR (2017)	3,487.50	1,912.54	19,413.58	24,813.62
La Joya (2018)	4,004.37	712.32	23,325.64	28,042.33

g) Risks associated with water consumption

To better understand the risks associated with water consumption and its impact on the environment as well as on processes and services, it is necessary to visualize the availability of the resource at the sites of operation. In this way, it is possible to plan and take action for a better management of this resource.

To this end, Ferreycorp has conducted an analysis of its locations in Peru and Chile using the "Aqueduct" platform of the World Resources Institute (WRI). This analysis allows the corporation to make better decisions regarding the use of water and the environment in which it operates, as well as to foresee future changes in the availability of this resource.

Graph 14: Percentage of water consumption by hydric stress zones



h) Industrial and domestic wastewater management

(GRI 303-2, GRI 303-4, GRI 306-1)

Ferreycorp, by using water both for domestic use and for its machinery repair service processes, generates two types of wastewater:

- Domestic wastewater: From human consumption and use.
- Non-domestic or industrial wastewater: From washing machinery, from some cooling processes and - in the larger sites - from 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, there are primary treatment plants 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 type of treatment also allows the water to be reused, for example, for irrigating green areas.

There is also a corporate program for environmental monitoring of effluents at several of the corporation's facilities through accredited laboratories.

Table 5: Treatment systems and water quality standards used for wastewater discharge

Type of wastewater discharge	Domestic wastewater		Industrial wastewater	
	Treatment system	Water quality standard	Treatment system	Water quality standard
Discharge to the public sewage system	No treatment	Domestic wastewater for discharge into the sewer does not require pretreatment	Most of the sites have primary treatment systems (settling tanks and grease traps). Since 2020, Ferreyros' industrial plant has had a physical-chemical WWTP to reuse wash water. Ferreyros's industrial plant has a microbiological treatment system with aeration for treating canteen effluents.	VMA*
Percolation	Septic tank	-ECA Water / Category 3 -WHO Guide -DIGESA drinking water quality	Primary treatment systems (settler and grease trap) to later enter the septic tank. Periodic sludge suction.	-ECA Water / Category 3 - WHO Guide - Quality of water for human consumption by DIGESA
Natural body	Treatment plant type UMV-30	LMP-PTAR Domestic (discharge)** ECA Water / Vegetable irrigation (receiving body) ***	Primary treatment systems (settler and grease trap) to later enter the septic tank. Periodic sludge suction.	VMA* (discharge) ECA Water / Vegetable irrigation (receiving body) ***
Reused for irrigation of green areas	WWTP with aerobic degradation	ECA Water / Vegetable irrigation***	WWTP with physicochemical treatment. Periodic sludge suction.	ECA Water / Vegetable irrigation***
Suctioned and sent to landfill	Not applicable	Not applicable	Primary treatment system (settler and grease trap). Suction and disposal of sludge after evaporation.	Must not contain hazardous substances according to solid waste regulations.

* VMA: D.S. Nº 003-2010-MINAM - Maximum Allowable Values for the discharge of non-domestic wastewater to the sewage system.

** LMP - Domestic WWTP: D.S. Nº 003-2010-MINAM: Maximum Permissible Limits for effluents from Domestic or Municipal Wastewater Treatment Plants.

*** ECA Water - Irrigation of vegetables: D.S. 004-2017-MINAM. Category 3 - D1.

*** WHO Guidelines for the quality of water for human consumption.

Table 6: Wastewater

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza
a. Volume (m³) total wastewater	Domestic wastewater	12253.2 m3	29919.6 m3	3905.0 m3	2969.7 m3	625.6 m3
	Non-domestic wastewater	0,00	24738.9 m3	0,00	440.0 m3	625.6 m3
b. Destination of water discharge		Public sewage system	<ul style="list-style-type: none"> Public sewage system Reuse for irrigation of green areas Septic tank Surface body Suction and disposal in sanitary landfill 	<ul style="list-style-type: none"> Public sewage system Biodigester and chemical toilets 	<ul style="list-style-type: none"> Public sewage system Suction and landfill disposal 	<ul style="list-style-type: none"> Public sewage system

		Orvisa	Soltrak	Unimaq	Trex Chile	TOTAL FERREYCORP
a. Volume (m ³) total wastewater	Domestic wastewater	1515.7 m3	3420.8 m3	6568.7 m3	1146.8 m3	62325.15 m3
	Non-domestic wastewater	1143.3 m3	0,00	6568.7 m3	1146.8 m3	34663.21 m3
b. Destination of water discharge		Public sewage system	Public sewage system	<ul style="list-style-type: none"> Public sewage system Septic tank 	<ul style="list-style-type: none"> Public sewage system Septic tank 	---

* The volume of wastewater, both domestic and industrial, has been estimated based on the water consumed, taking into account that the companies evaluated use water for domestic use and machinery washing. In accordance with the National Building Regulations, an 80% contribution factor was adopted for wastewater.

3.7.4 Responsible production and consumption: Use of materials and wastes

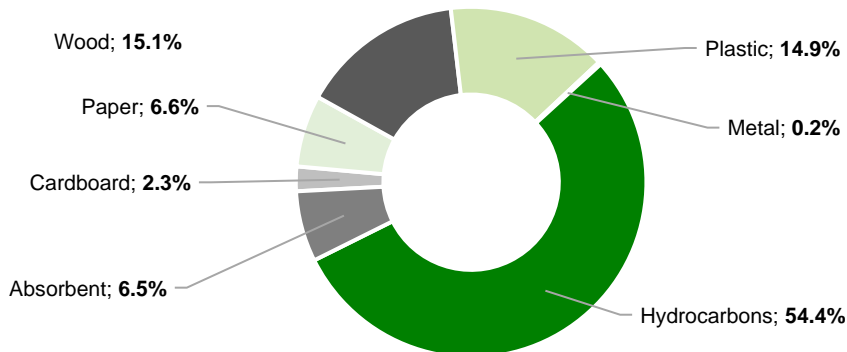
a) Material consumption (GRI 301-1)

Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline, Motored, Motriza and Soltrak seek to achieve levels of production and energy efficiency that contribute to reducing the direct and indirect carbon footprint of their operations, which is also reflected in the materials they use.



As part of the corporation's service processes, they use both renewable resources (such as paper, cardboard and wood) and non-renewable resources (plastics, metals, oils and lubricants, and absorbent materials).

Graph 15: Consumption of materials by type



The materials corresponding to non-renewable resources are managed to facilitate their insertion into a circular economy process. Such is the case of oils and lubricants, which are recycled through an authorized company that extends their useful life instead of using them for thermoelectric generation.

As part of its commitment to operational eco-efficiency, the flagship company Ferreyros has implemented good practices for handling cardboard, which is reused internally from the workshops that receive the spare parts and return them to the Spare Parts Distribution Center for reuse.

Another good management practice at Ferreyros is the reuse of wood, since there is a carpentry shop that uses the wood that is part of the packaging of the spare parts received, and manufactures pallets and boxes for domestic shipments.

Replicating and adapting this type of good operational eco-efficiency practices is a challenge for environmental management 2021.

b) Waste generated and its management

(GRI 306-2)

Within the framework of good waste management and disposal practices, the strategies adopted by Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline, Motored, Soltrak and Motriza to minimize the impacts generated by their processes are noteworthy.

As part of good corporate practices in environmental management, the corporation has signed agreements with companies specialized in the recycling and final disposal of waste. Agreements have been signed for the management of waste electrical and electronic equipment (WEEE), hazardous waste, scrap metal, used oil, among others.

The corporation seeks that the companies awarded these contracts 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 processes, treatment and/or authorized landfills.

During the year 2019, the percentage of recycled waste in the corporation reached 52.6%, and non-recycled waste reached 47.4%.

The percentage of recycled waste decreased in 2020 mainly due to the COVID-19 pandemic, as more waste was generated from disinfection of spaces and personal protective equipment, which by their nature are not recyclable waste.

c) Hazardous waste transportation

(GRI 306-4)

All hazardous waste generated is transported by authorized EO-RS companies and disposed of in safety landfills and/or authorized recycling systems within the national territory.

Many cities in the country do not have industrial hazardous waste treatment and/or disposal systems. For this reason, the corporation took the lead and tendered this service on a nationwide basis (all branches and companies of the group) through a collection system by routes, optimizing the use of resources and reducing the carbon footprint associated with transportation.

d) Destination of recyclable waste

The following table describes the destination of the corporation's recyclable waste:

Table 7: Destination of recyclable waste

Waste	Distribution
Waste oil	It is destined for recycling, which prolongs their useful life, turning them into raw material.
Metallic wastes	<ul style="list-style-type: none"> ▪ Casting of parts or spare parts that cannot be recovered and are categorized as non-reusable. ▪ Return of new spare parts to Caterpillar. ▪ Return to customers (some cases), when obtained during the machinery repair process.
Waste electrical and electronic equipment	IT and telecommunications equipment are managed under a corporate agreement. This waste is sent to a WEEE operator who is responsible for transportation, dismantling, decontamination, sorting, segregation, shredding, pressing, compacting and reuse of parts that can be recycled.
WEEE	They are marketed with authorized EO-RS which oversee the recycling process.
Batteries	<ul style="list-style-type: none"> ▪ There is a corporate agreement with the Asociación de Ayuda al Niño Quemado (Aniquem) which, through recycling, generates income for the benefit of burned children. ▪ In the cities where Aniquem does not have coverage, or where the minimum collection is not achieved, these wastes are donated to formalized recyclers' associations or given to municipal recycling programs.
Paper, Cardboard, Plastics, Glass	As with paper, cardboard, plastic and glass, reusable wood is donated to associations of formalized recyclers or given to municipal recycling programs.

In 2020 we continued with the corporate agreement with Asociación de Ayuda al Niño Quemado (Aniquem). Thanks to this agreement, we have been able to donate 61,040 tons of waste that allowed us to benefit 40 burned patients with physical therapies for one year; 7 patients with psychological therapies; and 10 patients with occupational therapies. It was also possible to acquire liquefied masks for three patients who survived second- and third-degree burns, in addition to the environmental benefits explained in the following table.

Table 8: Socio-environmental impacts of donated waste*.

	Waste donated (Kg)	Trees saved (un)	Water saved (m3)	Landfill space savings (m3)	Electricity saved (KWh)	Scholarships provided/ patients benefited
2017	12,664**	215	1,013	NR***	60,152	38
2018	14,046**	239	1,124	NR***	66,719	35
2019	42,091	716	NR***	105,2	172,573	48
2020	61,040	1037	NR***	153	3650	60

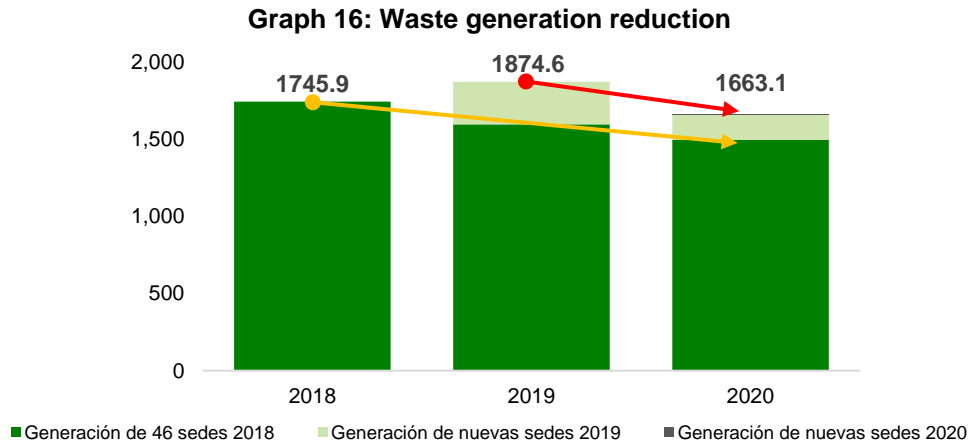
* Subsidiaries currently participating in this agreement: Ferreycorp, Ferreyros and Soltrak.

** In 2017 and 2018 only paper was donated. In 2019, in addition to paper, plastics, cardboard and bottle caps were donated.

*** NR: Data not reported.

e) Reduction in the amount of waste generated

The graph shows the evolution of waste generation over the last three years. The reduction can be seen both in the 46 headquarters considered in 2018 (yellow line) and in the 12 headquarters incorporated as of 2019 (red line).



In 2020, waste generation at these sites were reduced by 11.4% with respect to the previous year.

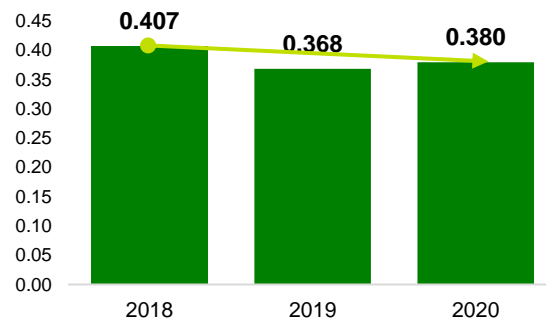
f) KPI Waste generation intensity

In 2020 the KPI Waste generation intensity (ton per million soles in sales) increased slightly by 3.1% compared to the previous year.

This variation indicates that there has been a minimal increase in the KPI with respect to 2019. While there was a reduction in waste generation due to restrictions to control COVID-19, there was also a decrease in sales. Due to the pandemic and the disinfection measures, use of personal protective equipment and other biosecurity practices, there was an increase in the intensity of waste generated.

However, we note that the trend over the three years shown in the report is downward and from 2018 to 2020 a reduction of 6.6% has been achieved.

Graph 17: Intensity of waste generation



3.7.5 Environmental commitment in products and services

a) Machinery design

The machinery marketed by the corporation's companies incorporates modifications and new configurations made by the manufacturers to contribute to reducing environmental impact. For example, Cat generator sets, both diesel and natural gas, have highly efficient electric generators and engines with state-of-the-art technologies in electronic fuel injection, which reduce emissions and fuel consumption. In addition, as part of the subsidiaries' portfolio, the adoption of Cat natural gas generator sets is being promoted in the domestic market.

In addition, for several years, a wide range of Cat equipment in the country has been equipped with Advanced Combustion Emission Reduction Technology (ACERT) engines, which reduce the units' emissions levels. At the same time, 400-ton and 250-ton Cat truck models do not consume fuel when going downhill. The 250-ton trucks with 35 Series engines can incorporate a dual system to operate with a high percentage of liquefied natural gas (LNG). Similarly, the *Ventilation Reduction* system, incorporated on Cat low profile loaders from 6.3 yd³ and up, reduces emissions and increases the efficiency of fuel consumption.

b) Pollution control standards

Caterpillar has developed a set of contamination control standards for the different stages of repair of its products, with the objective of ensuring the reliability and durability of its units during their useful life. These pollution control standards apply to its worldwide dealer operations.

Caterpillar conducts periodic audits of compliance with high standards in all its processes throughout the repair and service life of the equipment. It considers key parameters such as order and cleanliness, at all levels; proper disposal of waste; and appropriate use of fluids with cleanliness levels in oils, coolants and fuels. The responsible use of resources reflects the commitment of Caterpillar and its dealers to care for the environment.

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

Table 9: Workshops certified by Caterpillar in Pollution Control

5 Stars	4 Stars	3 Estrellas
<p>Ferreyros: Arequipa; Cajamarca; CRC in Lima and La Joya; Chimbote; Cusco; Lambayeque; Trujillo; workshops in Lima (Machines and Hydraulic Cylinders); Central Training Center (CDT).</p> <p>Orvisa: Tarapoto</p>	<p>Ferreyros: Piura, Rentafer, Huancayo</p>	<p>Ferreyros: Spare Parts Distribution Center (CDR)</p>

c) Extended product liability

Ferreyros, seeking to minimize the negative impacts of solid waste on the environment, promotes the circular economy in the industry through reconstruction programs for equipment and components with a high level of wear and tear or that have already been discarded. Rebuilding allows the company to offer customers equipment with a new useful life, with the operational capacity of new units, at a lower cost.

The CAT Certified Rebuild (CCR) program, for deep mining and heavy construction equipment, requires the completion of a series of mandatory repairs and parts replacement, as well as the incorporation of improvements that were implemented after the equipment's date of manufacture. The equipment that is eligible for this program, after repairs, gets a new serial number and a new warranty period from Caterpillar.

Ferreyros' general equipment rebuilding program offers the possibility of rehabilitating a wide range of machines - giant electric shovels, haul trucks, auxiliary mining equipment and heavy construction equipment - through the processes of component repair, parts recovery and exchange of parts for spare parts, at different levels of depth according to each customer's needs. This program delivers the rebuilt equipment with a new warranty period issued by Ferreyros.

In recent years, the company has successfully rebuilt large-scale machines such as mining trucks and electric cable shovels, as well as low-profile loaders for deep mining, other auxiliary equipment for large mining and heavy construction equipment. It should be noted, for example, that in 2020, an overhaul or total rebuild of a third Cat 7495 shovel - the largest model in the Caterpillar portfolio in Peru - was started at a mine in the south of the country.

Among the main environmental benefits of this practice are:

- Reduction of soil contamination caused by machinery buried in industrial landfills or "machine cemeteries".
- Reduction of air pollution caused by the traditional processes of machinery foundry.
- Maximization of production processes and use of resources: this production is based on the use of inputs and discarded materials.

Table 10: Extended Product Responsibility Programs

Equipments	2019	2020
Cat Low Profile Loaders	21	2
Cat heavy construction equipment	8	12
Cat Trucks	12	8
Other Cat Large Mining Equipment	6	1
Total	47	23

3.7.6 Environmental data

Table 11: Electricity consumption by type

		Electricity consumption in GJ										Coverage	
Origin	Type	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Trex	TOTAL		
2018	SEIN-Peru** National interconnected electricity system	TOTAL	7289.2	22343.3	2985.3	1738.2	254.1	1449.5	1718.1	3463.8	NR	41241.5	78.94% sales 46 sites
		% renewable	4489.4	13761.3	1838.6	1070.5	156.5	892.7	1058.2	2133.3	NR	25400.6	
		% non-renewable	2799.8	8582.1	1146.6	667.6	97.6	556.7	659.9	1330.4	NR	15840.8	
	Isolated systems-Peru	TOTAL	0.0	0.0	0.0	0.0	0.0	932.4	0.0	0.0	NR	932.4	
		% non-renewable	0.0	0.0	0.0	0.0	0.0	932.4	0.0	0.0	NR	932.4	
TOTAL 2018		7289.2	22343.3	2985.3	1738.2	254.1	2381.9	1718.1	3463.8	NR	42173.9		
2019	SEIN-Peru** National interconnected electricity system	TOTAL	7302.1	29102.7	2914.3	1731.0	307.3	753.8	1490.3	3536.1	NR	47137.7	86.9% sales 58 sites
		% renewable	4540.3	18095.4	1812.0	1076.3	191.1	468.7	926.7	2198.7	NR	29309.2	
		% non-renewable	2761.8	11007.3	1102.3	654.7	116.2	285.1	563.7	1337.4	NR	17828.5	
	Isolated systems-Peru	TOTAL	0.0	0.0	0.0	0.0	0.0	838.5	0.0	0.0	NR	838.5	
		% non-renewable	0.0	0.0	0.0	0.0	0.0	838.5	0.0	0.0	NR	838.5	
Self-generated	solar photovoltaic	0.0	679.6	0.0	0.0	0.0	0.0	0.0	0.0	NR	679.6		
TOTAL 2019		7302.1	29782.2	2914.3	1731.0	307.3	1592.2	1490.3	3536.1	NR	48655.7		
2020	SEIN-Peru** National interconnected electricity system	TOTAL	0.0	11056.8	47.4	1334.8	262.1	474.1	62.3	3012.9	0.0	16250.4	90.21% sales* 61 sites
		% renewable	0.0	7239.0	31.0	873.9	171.6	310.4	40.8	1972.6	0.0	10639.3	
		% non-renewable	0.0	3817.8	16.4	460.9	90.5	163.7	21.5	1040.3	0.0	5611.1	
	Renewable acquired	Renewable acquired	4734.5	13024.1	3410.2	0.0	0.0	0.0	997.8	0.0	0.0	22166.5	
	Isolated systems-Peru	TOTAL	0.0	0.0	0.0	0.0	0.0	472.4	0.0	0.0	0.0	472.4	
		% renewable	0.0	0.0	0.0	0.0	0.0	472.4	0.0	0.0	0.0	472.4	
	National electricity system SEN-Chile***	TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	258.8	258.8	
		% renewable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	112.3	112.3	
% non-renewable		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	146.5	146.5		
Self-generated	solar photovoltaic	0.0	905.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	905.7		
TOTAL 2020		4734.5	24986.5	3457.6	1334.8	262.1	946.5	1060.1	3012.9	258.8	40053.8		

* Coverage with respect to 2020 sales: The data presented in the table represents 90.21% of the corporation's sales.

** SEIN: National Interconnected Electrical System (of Peru): Administered by COES. The % of renewable energy was downloaded from the COES statistics of the annual accumulated to December 2020. <https://www.coes.org.pe/Portal/Publicaciones/Boletines/>

*** SEN: National Electric System (of Chile): Administered by the CNE. The % of renewable energy considered was from 2019 due to the fact that the consolidated 2020 statistics are not yet published. <https://www.cne.cl/nuestros-servicios/reportes/informacion-y-estadisticas/>

Table 12: Consumption of non-renewable fuels

		Non-renewable fuels consumption in GJ										
	Fuel	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Trex	TOTAL	Coverage
2018	Diesel	0.0	37301.9	41349.4	361.5	377.2	1887.2	377.9	4363.6	NR	86018.8	78.94% sales 46 sites
	LPG	0.0	5304.1	0.0	219.7	18.4	0.0	188.3	37.4	NR	5767.9	
	Gasoline	0.0	413.7	98.8	180.3	0.0	0.0	339.8	492.0	NR	1524.7	
	TOTAL 2018	0.0	43019.7	41448.2	761.5	395.6	1887.2	906.0	4893.1	0.0	93311.3	
2019	Diesel	0.0	59934.8	28835.3	599.2	400.2	2063.5	3815.1	4055.8	NR	99703.9	86.9% sales 58 sites 18 mining op. *
	LPG	0.0	2943.5	0.0	19.0	5.3	0.0	177.7	0.0	NR	3145.6	
	Gasoline	0.0	682.5	0.0	190.1	0.0	0.0	305.2	801.9	NR	1979.8	
	TOTAL 2019	0.0	63560.9	28835.3	808.3	405.5	2063.5	4298.1	4857.7	0.0	104829.3	
2020	Diesel	46.5	51667.3	22643.3	615.3	660.0	1514.9	3394.6	4922.8	4133.4	89598.0	90.21% sales 61 sites 19 mining op.
	LPG	0.0	4213.7	0.0	228.2	0.0	0.0	184.2	581.8	0.0	5207.9	
	Gasoline	197.3	534.4	0.0	65.5	0.0	0.0	223.0	1224.6	0.0	2244.8	
	TOTAL 2020	243.8	56415.4	22643.3	909.0	660.0	1514.9	3801.7	6729.2	4133.4	97050.8	

* Variation with the 2019 Report: In the year 2019, 21 mining operations were reported, but several of them are short projects of the assembly department. For this reason, in 2020 all short assembly projects are reported as a single operation and the 2019 number is corrected to be consistent with this new structure.

Table 13: Total energy consumption

		Total energy consumption in GJ											
Type	Origin	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Trex	TOTAL	Coverage	
2018	Renewable energy	% SEIN removable*	4489.4	13761.3	1838.6	1070.5	156.5	892.7	1058.2	2133.3	NR	25400.6	78.94% sales 46 sites
		TOTAL	4489.4	13761.3	1838.6	1070.5	156.5	892.7	1058.2	2133.3	NR	25400.6	
	Non-renewable energy	% SEIN non-renewable* TOTAL	2799.8	8582.1	1146.6	667.6	97.6	556.7	659.9	1330.4	NR	15840.8	
		Isolated electric systems	0.0	0.0	0.0	0.0	0.0	932.4	0.0	0.0	NR	932.4	
		Diesel	0.0	37301.9	41349.4	361.5	377.2	1887.2	377.9	4363.6	NR	86018.8	
		LPG	0.0	5304.1	0.0	219.7	18.4	0.0	188.3	37.4	NR	5767.9	
		Gasoline	0.0	413.7	98.8	180.3	0.0	0.0	339.8	492.0	NR	1524.7	
TOTAL	2799.8	51601.8	42594.8	1429.1	493.2	3376.4	1565.9	6223.5	NR	110084.6			
	TOTAL 2018	7289.2	65363.1	44433.5	2499.7	649.8	4269.1	2624.1	8356.8	NR	135485.2		
2019	Renewable energy	% SEIN removable*	4540.3	18095.4	1812.0	1076.3	191.1	468.7	926.7	2198.7	NR	29309.2	86.9% sales 58 sites 18 mining op.***
		Solar photovoltaic generated	0.0	679.6	0.0	0.0	0.0	0.0	0.0	0.0	NR	679.6	
		TOTAL	4540.3	18775.0	1812.0	1076.3	191.1	468.7	926.7	2198.7	NR	29988.8	
	Renewable energy	% SEIN non-renewable* TOTAL	2761.8	11007.3	1102.3	654.7	116.2	285.1	563.7	1337.4	NR	17828.5	
		Isolated electric systems	0.0	0.0	0.0	0.0	0.0	838.5	0.0	0.0	NR	838.5	
		Diesel	0.0	59934.8	28835.3	599.2	400.2	2063.5	3815.1	4055.8	NR	99703.9	
		LPG	0.0	2943.5	0.0	19.0	5.3	0.0	177.7	0.0	NR	3145.6	
Gasoline	0.0	682.5	0.0	190.1	0.0	0.0	305.2	801.9	NR	1979.8			
TOTAL	2761.8	74568.2	29937.5	1463.0	521.8	3187.1	4861.8	6195.1	NR	123496.2			
	TOTAL 2019	7302.1	93343.1	31749.6	2539.3	712.9	3655.7	5788.4	8393.8	NR	153485.0		
2020	Renewable energy	% SEIN renewable Peru*	0.0	7239.0	31.0	873.9	171.6	310.4	40.8	1972.6	0.0	10639.3	90.21% sales 61 sites 19 mining op.
		% SEN renewable Chile**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	112.3	112.3	
		Solar photovoltaic generated	0.0	905.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	905.7	
		Renewable purchased	4734.5	13024.1	3410.2	0.0	0.0	0.0	997.8	0.0	0.0	22166.5	
		TOTAL	4734.5	21168.7	3441.2	873.9	171.6	310.4	1038.6	1972.6	112.3	33823.8	
	Non-renewable energy	% SEIN non-renewable Peru	0.0	3817.8	16.4	460.9	90.5	163.7	21.5	1040.3	0.0	5611.1	
		Isolated electricity systems	0.0	0.0	0.0	0.0	0.0	472.4	0.0	0.0	0.0	472.4	
		% SEN non-renewable Chile**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	146.5	146.5	
		Diesel	46.5	51667.3	22643.3	615.3	660.0	1514.9	3394.6	4922.8	4133.4	89598.0	
		LPG	0.0	4213.7	0.0	228.2	0.0	0.0	184.2	581.8	0.0	5207.9	
Gasoline	197.3	534.4	0.0	65.5	0.0	0.0	223.0	1224.6	0.0	2244.8			
TOTAL	243.8	60233.2	22659.6	1369.9	750.4	2151.0	3823.2	7769.5	4279.9	103280.7			
	TOTAL 2020	4978.3	81401.9	26083.0	2243.8	922.0	2461.4	4861.8	9742.1	4392.2	137104.5		

* SEIN: National Interconnected Electrical System (of Peru): Administered by COES. The % of renewable energy was downloaded from the COES statistics of the annual accumulated to December 2020. <https://www.coes.org.pe/Portal/Publicaciones/Boletines/>

** SEN: National Electric System (of Chile): Administered by the CNE. The % of renewable energy considered was from 2019 due to the fact that the consolidated 2020 statistics are not yet published. <https://www.cne.cl/nuestros-servicios/reportes/informacion-y-estadisticas/>

*** (GRI 102-48) Variation with 2019 reporting: In 2019, 21 mining operations were reported, but several of them are short projects of the assembly department. For this reason, in 2020 all short assembly projects are reported as a single operation and the 2019 number is corrected to be consistent with this new structure.

Table 14: GHG emissions standardized to the same premises for defining the reduction target based on climate science

		GHG emissions in tCO ₂ e									Standardized for SBT	
		Ferreycorp		Ferreyros	Motored	Orvisa			Soltrak	Unimaq	TOTAL	Coverage
Year	Scope	Southco	CDR	Industrial	Lurín	Iquitos	Tarapoto	Pucallpa	Callao	Evitamiento		
2017	Scope 1	22.9	58.9	653.3	36.1	41.6	44.2	54.1	68.0	91.9	1071.0	9 sites
	Scope 2	331.2	163.5	998.3	54.4	176.2	19.9	23.6	108.9	88.0	1964.0	27.97% sales
	TOTAL 2017	354.1	222.4	1651.6	90.5	217.8	64.1	77.7	176.9	179.9	3034.9	
2018	Scope 1	171.2	68.0	649.9	27.3	45.1	54.3	39.1	40.0	98.1	1193.0	9 sites
	Scope 2	233.2	127.3	781.9	38.6	141.7	12.1	16.9	84.9	64.8	1501.5	26.94% sales
	TOTAL 2018	404.5	195.3	1431.8	65.9	186.8	66.4	56.1	124.9	162.9	2694.5	
2019	Scope 1	30.4	91.4	487.7	14.1	40.7	50.0	30.0	50.0	70.0	864.1	9 sites
	Scope 2	191.2	128.9	731.3	38.5	136.0	11.0	18.3	86.0	66.9	1408.1	28.65% sales
	TOTAL 2019	221.6	220.3	1218.9	52.6	176.7	61.0	48.4	136.0	136.9	2272.2	

* The emissions for the years 2017, 2018 and 2019 have been verified by an independent third party, with the exception of the Soltrak Callao location in 2017. The measurement of this last location has been calculated in 2020 during the standardization of premises for the definition of the Science-Based Targets.

** The organizational boundaries of the GHG inventory at the Surco and CDR sites have been determined using the shareholding approach, while the other sites have had an operational control approach.

*** (GRI 102-48) Variation with the 2019 Report: In order to evaluate the same locations measured in the years 2018-2019, the 2020 Report excludes the 2017 measurement of the Fargoline Callao location and includes the 2017 measurement of the Soltrak Callao location, unlike what was recorded in the 2019 Report. For this reason, there are variations in the recording of GHG emissions for 2017 in the 2019 and 2020 Reports.

Table 15: Water consumption

Type of water source		Water consumption in m3										Coverage*	
		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Trex	TOTAL		
2018	Surface water	Public network	23785.7	71935.2	353.1	2639	1890.9	570.2	6843.7	20462	NR	128479.8	78.94% sales 46 sites
		Cistern	0	13832	0	0	0	0	0	0	0	NR	
	Groundwater	Extracted	0	23203.1	4175.6	0	0	4411.9	0	0	NR	31790.6	
		Cistern	0	3020.7	1261	2660	0	0	0	0	NR	6941.7	
		Bottled	NR	NR	NR	NR	NR	NR	NR	NR	NR	0	
TOTAL 2018		23785.7	111991	5789.7	5299	1890.9	4982.1	6843.7	20462		181044.1		
2019	Surface water	Public network	24789	50176.8	0	3913	1486.5	821	7093.8	14135.9	NR	102416	86.9% sales 58 sites
		Cistern	0	11840	267.3	701.8	0	0	0	0	NR	12809.1	
	Groundwater	Extracted	0	9884.4	2909.1	0	0	5277.4	0	5017.5	NR	23088.4	
		Cistern	0	6451	1213	1440	0	0	0	0	NR	9104	
		Bottled	0	20.2	3.2	9.6	0	0	0	0.3	NR	33.3	
TOTAL 2019		24789	78372.4	4392.6	6064.4	1486.5	6098.4	7093.8	19153.7		147450.8		
2020	Surface water	Public network	15316.5	42909.7	0.0	2960.0	1564.0	836.0	4276.0	7377.0	2175.00	77414.2	90.21% sales** 61 sites
		Cistern		10801.5	128.7	202.2			0.00			11132.4	
	Groundwater	Extracted		8523.2	3325.8			2487.8	0.00	7327.0		21663.8	
		Cistern		5870.0	252.0	1100.0			0.00	1717.6	692.00	9631.6	
		Bottled		0	0				0			0.0	
TOTAL 2020		15316.5	68104.4	3706.5	4262.2	1564.0	3323.8	4276.0	16421.6	2867.0	119842.0		

* Data coverage: The table shows in the last column, the Coverage of data expressed both as number of headquarters, as well as its representation in % of sales for the three years reported.

** Coverage with respect to 2020 sales: The data presented in the table represents 90.21% of the corporation's total sales.

Table 16: Use of materials

		Material consumption in tons										Coverage	
Type	Material	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Trex	TOTAL		
2018	Renewable	Cardboard	50.1		0.1	0.1	NR	0.1	9.8	0.8	NR	61.0	78.94% sales 46 sites
		Paper	23.6		3.3	3.4	NR	2.9	NR	6.1	NR	39.3	
		Wood	29.2		18.7	NR	NR	0.1	40.1	2.5	NR	90.5	
	Non-renewable	Plastic	149.5		5.1	NR	NR	1.5	7.4	81.0	NR	244.5	
		Metal	NR		31.1	NR	NR	NR	NR	NR	NR	31.1	
		Hydrocarbons	151.7		NR	NR	NR	NR	NR	NR	NR	151.7	
	Absorbents	64.0		NR	NR	NR	NR	NR	NR	NR	NR	64.0	
TOTAL 2018		467.9		58.2	3.5	0.0	4.6	57.4	90.4		682.0		
2019	Renewable	Cardboard	0.0	60.4	0.3	0.1	0.5	0.0	21.4	1.5	NR	84.1	86.9% sales 58 sites 18 mining op.
		Paper	0.7	23.5	2.2	1.9	1.1	3.3	3.4	5.6	NR	41.6	
		Wood	0.0	27.4	3.1	4.8	0.0	0.8	0.4	0.0	NR	36.3	
	Non-renewable	Plastic	0.0	157.2	6.3	3.4	0.4	0.9	8.3	4.5	NR	180.9	
		Metal	0.0	0.0	2.0	0.0	0.0	0.3	0.0	0.0	NR	2.2	
		Hydrocarbons	0.0	132.2	1.1	1.0	0.0	4.9	0.0	15.4	NR	154.5	
	Absorbents	0.0	71.3	0.0	0.1	0.4	0.2	0.0	1.0	NR	72.9		
TOTAL 2019		0.7	471.9	14.8	11.1	2.4	10.3	33.5	28.0	NR	572.6		
2020	Renewable	Cardboard	0.0	0.0	0.0	0.0	0.5	0.0	10.0	4.3	0.0	14.7	90.21% sales 61 sites 19 mining op.
		Paper	0.1	14.6	13.9	1.4	4.7	1.0	1.6	4.5	0.9	42.8	
		Wood	0.0	54.0	42.3	0.0	0.6	0.0	0.3	0.0	0.0	97.3	
	Non-renewable	Plastic	0.0	33.9	5.0	2.3	0.3	1.3	4.9	47.6	0.7	96.0	
		Metal	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	1.5	
		Hydrocarbons	0.0	298.6	6.4	0.0	6.6	0.0	0.0	39.6	0.0	351.2	
	Absorbents	0.0	41.3	0.2	0.1	0.2	0.2	0.0	0.2	0.0	42.1		
TOTAL 2020		0.1	442.5	69.4	3.8	12.9	2.5	16.8	96.0	1.6	645.6		

Table 17: Waste generation by type

		Waste generation in tons											
Management	Type	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Trex	TOTAL	Coverage	
2018	Recycling	Non-hazardous	719.5	41.7	9.6	1.3	5.0	3.3	15.5	NR	795.9	78.94% sales 46 sites	
		Hazardous	156.2	19.7	24.9	3.9	0.4	0.0	29.9	NR	235.0		
		Electronic waste	2.6	0.0	0.0	0.0	0.0	0.0	0.0	NR	2.6		
		TOTAL RECYCLING	878.3	61.4	34.5	5.2	5.4	3.3	45.4	0.0	1033.5		
	Disposal in landfill (sanitary/safety)	Non-hazardous	282.2	135.5	23.1	0.7	8.9	13.4	99.5	NR	563.3		
		Hazardous	103.4	7.6	8.0	0.8	1.9	1.5	25.9	NR	149.1		
		TOTAL WILLING	385.6	143.1	31.1	1.5	10.8	14.9	125.4	0.0	712.4		
TOTAL 2018		1263.9	204.5	65.6	6.7	16.2	18.2	170.8	NR	1745.9			
2019	Recycling	Non-hazardous	2.4	776.3	20.5	21.2	1.0	5.7	3.2	5.9	NR	836.1	86.9% sales 58 sites
		Hazardous	0.0	189.8	13.1	37.5	4.6	0.2	5.6	35.5	NR	286.1	
		Electronic waste	0.0	2.5	0.0	0.0	0.0	0.0	0.2	0.0	NR	2.6	
		TOTAL RECYCLING	2.4	968.5	33.5	58.7	5.6	5.8	8.9	41.4	0.0	1124.9	
	Disposal in landfill (sanitary/safety)	Non-hazardous	62.6	298.5	137.5	8.7	5.1	6.9	13.1	0.0	NR	532.3	
		Hazardous	0.5	172.6	11.9	1.9	0.4	0.4	4.1	25.6	NR	217.4	
		TOTAL WILLING	63.2	471.0	149.4	10.6	5.5	7.4	17.2	25.6	0.0	749.7	
TOTAL 2019		65.5	1439.6	182.9	69.3	11.1	13.2	26.1	67.0	NR	1874.6		
2020	Recycling	Non-hazardous	106.7	503.4	34.3	9.3	4.0	3.3	3.3	12.3	0.0	676.6	90.21% sales 61 sites
		Hazardous	0.0	119.1	10.0	30.7	0.1	0.0	1.4	36.0	0.0	197.3	
		Electronic waste	0.0	0.0		0.0	0.0		0.2	0.0	0.0	0.2	
		TOTAL RECYCLING	106.7	622.5	44.4	40.0	4.1	3.3	4.9	48.3	0.0	874.1	
	Disposal in landfill (sanitary/safety)	Non-hazardous	41.1	166.0	145.8	10.7	0.6	3.6	9.3	59.6	0.0	436.7	
		Hazardous	2.9	300.3	4.7	3.5	0.6	0.1	3.2	35.2	1.9	352.2	
		TOTAL WILLING	44.0	466.3	150.6	14.2	1.2	3.7	12.4	94.7	1.9	789.0	
TOTAL 2020		150.7	1088.7	194.9	54.2	5.2	7.0	17.3	143.1	1.9	1663.1		

4. Materiality Process

(GRI 102-44, 102-46, 102-47, 102-49)

The Sustainability Report presented contains information on the sustainable management based on economic, social and environmental aspects of the operations of **the corporation Ferreycorp and its six subsidiaries with the largest operating volumes in Peru**, from January 1 to December 31, 2020.

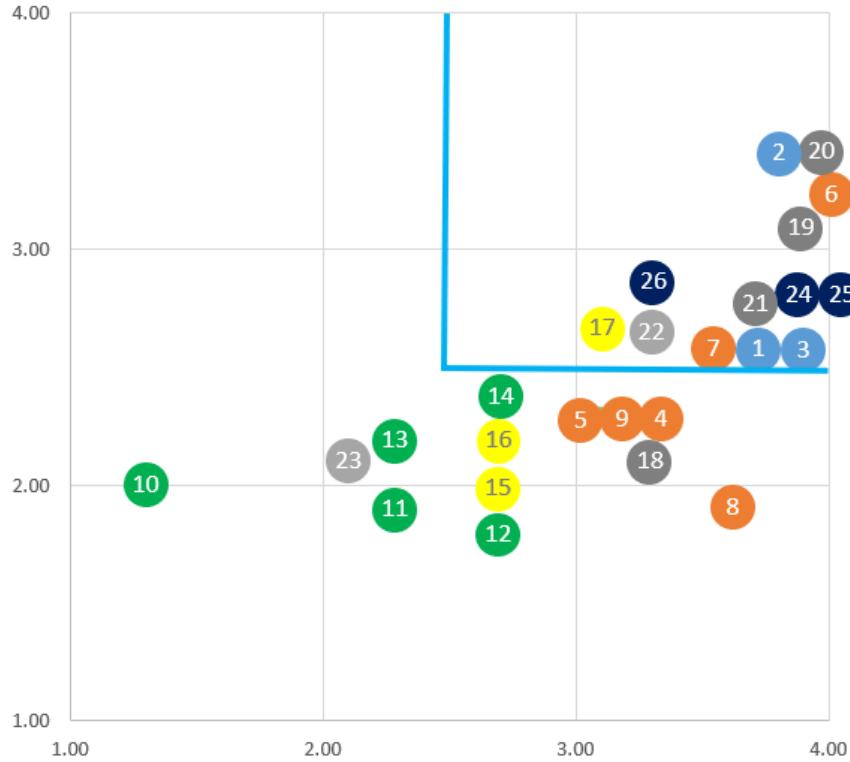
Ferreycorp reports in this document 18 specific contents of the GRI Standards, which were selected considering the following sustainability reporting criteria:

- a. Stakeholder participation: The participation of employees and customers was included in the materiality process, considering the expectations of both stakeholders, collected through the Working Environment survey and The Voice of the Customer survey, as well as the interests of shareholders.
- b. Sustainability context: The risks and impacts for the Trading & Distribution Companies sector of the S&P SAM Sustainability Yearbook, to which Ferreycorp and its subsidiaries belong, were considered.
- c. Completeness: The risks and impacts of each material content were considered and their coverage was specified using the GRI 103 Management Approach Standards for each material content.
- d. Materiality analysis: The materiality analysis was updated in December 2020. The selection process of the 26 material issues, organized into six thematic aspects, is detailed below. Thirteen issues were prioritized at the threshold of high relevance (position above 2.5 points in each axis).

Stages of materiality análisis

1. Review	2. Identification	3. Prioritization	4. Validation	5. Grouping
Ferreycorp's 2019 materiality analysis and S&P SAM Sustainability Yearbook 2020 were used as input, highlighting the GRI thematic standards of the material topics reported.	Interviews were conducted with the main management and corporate heads selected for the report, where the main impacts were defined.	The risks and expectations collected in the identification stage were reviewed and then prioritized. Organizational leaders validated the importance criteria for each stakeholder group and assigned a rating to the issues identified.	The materiality results were validated with the Corporate Finance Management.	Finally, the 13 material topics, organized in six aspects, were selected.

Materiality matrix of Ferreycorp corporation and its 6 main subsidiaries



Corporate Governance and Compliance	
1	Corporate Governance
2	Compliance, ethics and integrity
3	Internal control and risk management

Employee development and well-being	
4	Talent Development
5	Training and educational opportunities for employees
6	Occupational health and safety
7	Competitive salary and equal pay
8	Diversity and inclusion
9	Human Rights

Commitment to environmental management	
10	Materials
11	Energy efficiency
12	Emissions
13	Waste
14	Water and effluents

Commitment to society	
15	Water and wastewater infrastructure and educational infrastructure
16	Youth education programs
17	Development of operators and technicians

Excellence in services	
18	Supply Chain Management
19	Relationship with represented brands
20	Relationship with clients
21	Innovation, business digitization and adoption of new technologies
22	Operational efficiencies
23	Extended Product Liability

Business management	
24	Financial results
25	Market economic conditions
26	Competitors

Ferreycorp reports in this document 22 specific contents of the GRI Standard. These are related to the 26 issues that are covered by the materiality analysis, in order to maintain the comparability of the figures from year to year, regardless of the position of each issue in the period.

Specific GRI contents related to the thematic axes

Identification of specific GRI content and Coverage				
N°	Thematic focus	Specific GRI related content	Coverage	Related stakeholders
1	Corporate governance and compliance	Anticorruption	Internal and External	Employees, customers, suppliers and government
2	Employee development and well-being	Employment	Internal	Employees
		Training and education	Internal	Partners
		Market presence	Internal	Partners
		Occupational health and safety	Internal and External	Partners and suppliers
		Diversity and equal opportunities	Internal	Partners
		Non-discrimination	Internal	Collaborators
		Freedom of association and collective bargaining	Internal and External	Collaborators and suppliers
		Child labor	Internal and External	Collaborators and suppliers
		Forced or compulsory labor	Internal and External	Employees and suppliers
3	Commitment to environmental management	Materials	External	Community and environment
		Energy	External	Customers
		Emissions	External	Community and environment
		Effluents and waste	External	Community and environment
		Water	External	Community and environment
4	Commitment to society	Local communities	External	Community
		Indirect economic impacts	External	Community
5	Excellence in services	Customer health and safety	External	Customers
		Procurement practices	External	Suppliers
		Marketing and labeling	External	Customers
		Customer privacy	External	Customers
6	Business management	Economic performance	Internal	Shareholders

4.2 GRI content index

(GRI 102-55)

GRI Standard	Content	Global Compact	SDG	Detail
General Contents				
GRI 102: General Aspects 2017	Organization profile			
	102-1 Name of the organization			Ferreycorp S.A.A.
	102-2 Activities, brands, products and services			Pages: 10-14
	102-3 Location of headquarters			Jirón Cristóbal de Peralta North N° 820, Surco, Lima, Peru.
	102-4 Location of operations			Pages: 10.14
	102-5 Ownership and legal form			Open Stock Corporation
	102-6 Markets served			Pages: 10-14
	102-7 Scale of the organization			Pages: 10-14
	102-8 Information on employees and other workers			Pages: 50-72
	102-9 Supply chain			Pages: 85-90
	102-10 Significant changes in the organization and its supply chain			No significant changes have been reported
	102-11 Precautionary Principle or approach			The corporation's environmental strategy is oriented toward managing the risks of environmental impacts under the Standard Environmental Management System based on ISO 14001. This system is implemented, monitored, and audited through each company's Environmental Management Program (EMP).
	102-12 External initiatives			Pages: 35-36, 42
	102-13 Membership of associations			Pages: 35-36
Strategy				
102-14 Statement from senior decision makers			Integrated Annual Report 2020 page 4-11 https://www.ferreycorp.com.pe/assets/uploads/ar	

GRI Standard	Content	Global Compact	SDG	Detail
				chivos/de70841ccca9f1a6f26e26796828e731.pdf
Ethics and Integrity				
	102-16 Values, Principles, Standards and norms of behavior			Pages: 6, 42, 72
Governance				
	102-18 Governance Structure			Pages: 21-29
Stakeholder involvement				
	102-40 List of stakeholder's groups			Pages: 42
	102-41 Collective bargaining agreements			Collective bargaining agreements cover 100% of the workers, whether or not they belong to the union.
	102-42 Identifying and selecting stakeholder			Pages: 42
	102-43 Approach to stakeholder engagement			Pages: 49, 72, 77, 84, 90
	102-44 Key topics and concerns raised			Pages: 118-120
Reporting practices				
	102-45 Entities included in the consolidated financial statements			Pages: 38-41
	102-46 Definition of report content and topic Boundaries			118-120
	102-47 List of material topics			118-120
	102-48 Restatement of information			Pages: 97, 113, 114
	102-49 Changes in reporting			The materiality analysis was updated Pages: 118-120
	102-50 Reporting period			January 1 to December 31, 2020
	102-51 Date of most recent report			2019
	102-52 Reporting Cycle			Annual
	102-53 Contact point for questions regarding the report			E-mail responsabilidadsocial@ferreycorp.com.pe Telephone line 0-800-13372 Website: www.ferreycorp.com.pe

GRI Standard	Content	Global Compact	SDG	Detail
	102-54 Claims of reporting in accordance with the GRI standards			This report has been prepared in accordance with the Core option of the GRI Standards.
	102-55 GRI content index			Pages: 121-127
	102-56 External assurance			Pages: 2-3
Material issues				
Corporate Governance and Compliance				
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary			Pages: 45-49
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 205: Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	Principle 10	SDG 16	Pages: 30-32
Employee development and welfare				
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary			Pages: 50-72
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 401: Employment	401-1 New hires and staff turnover		SDG 1 and 10	Pages: 56-58
	401-3 Parental Leave		SDG 8	Pages: 63-64
GRI 404: Training and education	404-1 Average hours of training per year per employee		SDG 5 and 8	Pages: 66-67
	404-2 Programs of upgrading employee skills and transition assistance programs		SDG 5	Pages: 65
	404-3 Percentage of employees receiving regular performance and career development reviews		SDG 5 and 8	Pages: 66-67

GRI Standard	Content	Global Compact	SDG	Detail
GRI 403: Occupational Health and Safety 2018	403-9 Work related injuries		SDG 3	Pages: 68-70
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees.		SDG 5	Pages: 60-63
GRI 406: No discrimination	406-1 Cases of Discrimination and Corrective Actions Taken	Principle 6	SDG 10	Pages: 64
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Principle 3		Page: 59
GRI 408: Child labor	408-1 Operations and suppliers at significant risk of incidents of child labor	Principle 5	SDG 8	Page: 64
GRI 409: Forced or compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Principle 4	SDG 8	Page: 64
Commitment to the environmental management				
GRI 103: Enfoque de gestión	103-1 Explanation of the material topoc and its Boundary	Principle 7 Principle 8 Principle 9		Pages: 91-117
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 301: Materials	301-1 Materials used by weight or volume		SDG 15	Pages: 105-106
GRI 302: Energy	302-1 Energy consumption within the organization		SDG 13	Pages: 94-95
	302-3 Energy intensity			Page: 96-97
	302-4 Reduction of energy consumption			Page: 96
GRI 305: Emisions	305-1 Direct (Scope 1) GHG emissions		SDG 9 and 13	Pages: 97
	305-2 Energy Indirect (Scope 2) GHG emissions			Page: 97
	305-5 Reduction of GHG emissions			Pages: 98-100
GRI 306: Waste and effluents	306-2 Waste by type and disposal method			Page: 106

GRI Standard	Content	Global Compact	SDG	Detail
	306-4 Transport of hazardous waste		SDG 13	Page: 106
GRI 303: Water	303-1 Interaction with water as a shared resource		SDG 6	Page: 101
	303-2 Management of water discharge-related impacts			Page: 103-105
	303-3 Water withdrawal			Page: 101-103
	303-5 Water consumption			Page: 101-103
Commitment to the society				
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary			Pages: 73-77
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported			Pages: 74
Excellence in the services				
GRI 103- Management approach	103-1 Explanation of the material topic and its Boundary			Pages: 78-84
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product or service categories		SDG 3	Pages: 82-83
GRI 204 Procurement Practices	204-1 Proportion of spending on local suppliers			Page: 89-90
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling			Pages: 79
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			During 2020, there have been no substantiated complaints from third parties or regulatory entities in this regard, nor have there been any incidents related to

GRI Standard	Content	Global Compact	SDG	Detail
				breaches of customer data privacy at the parent company Ferreycorp, Ferreyros, Unimaq, Orvisa, Motored, Soltrak or Fargoline. Page: 84
Business management				
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary			Pages: 43-44
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 201: Economic performance	201-1 Direct economic value generated and distributed			Consolidated financial statements of Ferreycorp S.A.A. and all its subsidiaries. Pages: 43-44
Own indicators				
Own indicators	Extended Product Liability		SDG 12	Pages: 110
	Supplier training			Pages: 88-89