

INTEGRATED ANNUAL REPORT 2019



**Passion for our Customers,
Vision for Development**

*Version approved by the Annual General Shareholders Meeting
Held on July 30, 2020*

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Declaration of Responsibility

The present document contains truthful and complete information regarding the business development of Ferreycorp S.A.A. during the year 2019.

Without preconception of the responsibility held by the issuer, the signatories take responsibility for its content in accord with applicable legal mandates.



Mariela García Figari de Fabbri
General Management



Patricia Gastelumendi Lukis
Corporate Finance Management



Miguel Espinosa Rivas
Budget and Accounting Management

Lima, July 30, 2020

Previous Report to the President's Letter

The most recent concluded semester has undoubtedly been the most difficult one we remember in the history of our times. The world crisis resulting from the pandemic has produced disastrous effects on the Peruvian economy, affecting, as can be expected, the company's situation. However, we can inform our shareholders that due to various circumstances and to the adoption of suitable measures taken by the management, we have tried to minimize the economic impact, reactivate the commercial activity, which was never completely interrupted, and ensure that finances, subject to a prudent management, allow us to develop the operations, during the rest of the year, without major emergencies.

Although the year 2020 began with an optimistic outlook, foreseeing that we could achieve significant growth in our turnover and therefore in profits, the crisis, which became evident in mid-March, interrupted a successful commercial process in which sales and profits exceeded those of the same period in the previous year.

Most of our activities were interrupted after the achievements of the first two months, and by the end of March we had a revenue level of PEN 1,179 million, which is lower than what we reported in the same period of the previous year. The return to operations, authorized in the second half of May, was executed gradually, not only because of the challenges of returning all workers to their positions, especially those assigned to mining operations, but also because our clients had to organize their operations gradually. Thus, second quarter revenues were PEN 805 million, 41% lower than the previous year. These revenue results are closely related to other demand-side indicators from the industries we serve. Mineral production in March, April and May was approximately 50% lower than the previous year, while investments were in the range of US \$ 1,559 million, 24% lower than the previous year. An indicator we monitor through the connectivity of Caterpillar equipment is that the large mining transport machinery park was operative in 50%, 60% and 70%, respectively, in April, May and June. Regarding the construction fleet, these percentages were 17%, 23% and 30%, with a greater impact on this sector.

Revenue reduction generated a quick reaction from management, which adopted a plan for immediate cost control, with an approximate reduction of 10%, ensuring that it would not affect the return to operations planned for May. Special emphasis was placed on the management of human resources, avoiding collective dismissals of employees, because they constitute the key factor of our success, and by reasons of business ethics, in order not to contribute to further affect the most vulnerable Peruvian families. We must mention the voluntary and staggered reduction of a percentage of their income by the staff of all the Corporation's companies, starting with the executive.

In order to guarantee the fulfillment of our obligations, among them the payment to our workers, a strategy was implemented to obtain resources that reached US \$ 298 million, a great part of which served as a reserve fund since they were not used, starting its return to the creditors since June. Likewise, we can highlight that the strategy considered improving the average term of the debt, having taken US \$ 42 million of medium term funds for up to three years. Finally, as part of an operation which gives prestige to our financial management, on 23rd of this month, in the midst of the crisis, a private issue of seven-year bonds was arranged with Prudential, a leading international insurance company, totalling around US \$ 90 million under very advantageous terms.

At the end of July, approximately 70% of our operations were reestablished and the sales curve showed a favorable evolution, ranging from PEN 158 million, PEN 275 million and PEN 374 million from April to June, respectively.

It is important to highlight the spirit of commitment shown by the management and our collaborators, which added to a positive vision of the future performance of the international mineral market and of several public investment projects announced by the Government, will allow us to return to operate with a strong boost and recover income levels in the second half of the year. We remain optimistic about the opportunities we will have for the rest of the year, although it is likely to be impossible to fully offset the drop in revenues during the first three months, which could mean lower than expected sales and profits.

We thank the shareholders for the confidence shown in this difficult situation we are facing and we reaffirm our commitment to the company.

The following letter addressed to the shareholders will be read out, giving an account of the 2019 financial year, which has been available to everyone since 26 February 2020.

Some paragraphs may seem outdated or out of date, but I wish to comply faithfully with the statutory mandate to submit a full Report covering the financial year ended, despite the legal and physical impossibility of meeting in the Meeting on 30 March as planned.

1. Letter from the President

(GRI 102-14)

In 2019, the Corporation remained faithful to its mission of operating through several subsidiaries with a high degree of specialization in capital goods and consumables distribution and service businesses, representing prestigious global brands. It did so, as it has done for many years, with a great focus on its business, with high standards of efficiency and profitability, with ambitious development policies for its employees and with a clear vision of sustainability, which largely explains why it is considered a reference of modern and responsible company. Thus, the Corporation progressed one more year towards being a useful instrument to increase its client's productivity and, indirectly, to contribute with the development in the countries where it operates. It continued to show a solid leadership in the distribution of Caterpillar machinery and engines and at the same time, by complementing its growth, through the diversification of its portfolio based on high quality and prestigious equipment and consumables, as well as services related to them.

The expansion of the corporation has led it to be present in several countries in South and Central America, including Guatemala, El Salvador and Belize, where it also represents the Caterpillar brand, as well as Chile, Colombia and Ecuador where it is leading the representation of goods of capital and equipment, which in many cases are similar to those that are commercialized in Peru.

The distribution of products from Caterpillar's portfolio and the provision of services around them, including the Central American territory, continued to be the main business of the corporation with a participation of approximately 76% of total revenues. The other businesses that complement the Caterpillar distribution accounted for 24% of revenues, including those related to the Metso construction equipment, the Massey Ferguson and Valtra agricultural trucks, the Paus underground mining equipment, Kenworth and DAF trucks, Iveco dumpers, Terex and Demag cranes, Good Year tires, Chevron lubricants and personal protection equipment of 3M and MSA brands, among others. In Central America, the portfolio includes John Deere agricultural trucks and Mobil lubricants. By geographic area of performance, operations in Peru accounted for 87% of the total, with 13% outside of Peru in the aforementioned countries.

ECONOMIC ENVIRONMENT AND COMMERCIAL RESULTS

The Corporation's business in Peru was carried out in a low-growth economy where GDP grew only 2%, the lowest rate in recent years. The mining and construction sectors, critical for the Corporation, performed even more critically, with mining decreasing by 1.5% and construction growing by only 1.8% during the year. This situation is partly explained by a low level of total investment, in which private investment had an increase of 4.2%, while public investment decreased in 3.5%. These rates are far from the levels that allowed sustaining the growth of the Corporation in former years, as in 2013 when private and public investment grew in 7.1% and 11.1% respectively.

However, in this year's modest scenario, the Corporation's commercial efforts recorded revenues of PEN 5,900 million, representing a 12.4% growth with respect to the previous year. It is worth noting that income in dollars was US \$ 1.8 billion. Since no new investment projects were announced during the year, the Corporation's income was obtained through very good market coverage by the Corporation's companies in the market segments in which they participate, meeting the needs of their clients.

In the mining sector, despite the decrease in gross product, investment grew by 24% over the previous year, reaching a volume of US \$ 6 billion, lower than the record volumes of almost US \$ 9 billion in 2013. The largest mining investment is largely due to the Quellaveco project, for which the Corporation and specially Ferreyros started to make their first deliveries as part of the good pro obtained at the end of 2018, through which they will provide an important fleet of Caterpillar mining production equipment, accompanied by specialized support through contracts, worth over US \$ 500 million. Shipment of this machinery began in 2019 and will be completed in 2021, while the supply of spare parts and services will be carried out over five years. Similarly, a fleet of around 30 units, including 250-tonne trucks, was delivered to the Marcobre project during the year. It is worth mentioning that new units arrived to the country during the year, including the first 400 ton Caterpillar electric mining trucks, which increase the versatility of the Corporation's portfolio, and the delivery of digital solutions for large-scale mining operations was increased.

Regarding the construction sector, the establishment of a large mining project as described above generated some dynamism in the mining contractors. But, without considering this development, the construction performance in general was very limited, with no relevant infrastructure projects. The greatest activity was seen in local and regional works, which generated opportunities for small contractors in different areas of the country. It is estimated the aggregate demand for heavy construction machinery was 800 units, slightly higher than the 700 of the previous year, although well below the maximum volume of 2,200 units demanded in 2012. The light machinery market for smaller works also showed some dynamism, going from 1,200 units in 2018 to 1,300 in 2019, at levels lower than the 1,700 units in 2012. The expected investment for reconstruction work in the northern part of the country and the start of major infrastructure works announced did not reach the expected levels.

As in previous years, Ferreyros and Unimaq managed to take a high percentage of the market opportunities, reaching a very high participation along with the different lines of Caterpillar machinery and equipment. In the large open-pit mining equipment segment, more than 60% of the units brought into the country were Caterpillar. Likewise, it is estimated that Caterpillar has a 75% participation in the underground mining market and 58% in the construction market, according to FOB import values.

It is worth noting that in these sectors of mining and construction, a new record was achieved in sales of spare parts and services, which was over PEN 2,900 million and 7% higher than in 2018. This line of business is largely driven by the attention to the fleet of around 600 mining trucks in the country and a park of earth-moving equipment and engines of more than 11,000 units. Sales of spare parts and services represented 50% of the Corporation's total income.

For all the above, we must highlight the performance in the year of the subsidiary Ferreyros, a company that represents an important contribution to the income and profits of the corporation. Its high market shares and its advanced practices, following the guidelines of the corporation, have been recognized internally and externally.

With regard to the other subsidiary companies, we can point out that they had a varied behavior, affected, in some cases, by the limitations of their respective markets. The company Trex reached a significant expansion in the Terex and Demag crane business, both in the sale of new units, as well as in the rental and used units in all the countries in which it operates. Sales for 2019 reached PEN 414 million and were 29% higher than the previous year with important growth rates in Chile and Peru.

Motored, despite obtaining a volume of operations in the order of PEN 199 million marketing trucks of the Kenworth, DAF and Iveco brands, did not reach the expected levels of profitability, so it is facing a restructuring process in which it plans to increase the focus on the sale of parts and services. It should be noted that the Kenworth brand reached a participation of approximately 17% in the heavy truck segment in which it competes.

The Soltrak Company's results were further affected by the introduction of a new brand of lubricants in the Corporation, reaching sales close to those obtained the previous year. Soltrak, with many years of experience in the lubricant distribution business, took over the management of the prestigious global lubricant brand Chevron in 2018, which has opened up new opportunities as it can now cover the entire country. It should be remembered that Soltrak also sells Good Year tires and personal protection equipment from prestigious brands such as 3M, MSA, Kleenguard (Kimberly-Clark), Alphatec (formerly Ansell Microgard), Bullard and Tecseg.

Logistic operations of the Corporation, under the responsibility of the subsidiaries Fargoline and Forbis, had a good performance, increasing their operations in 13% and 12% respectively. Although foreign trade, the main segment to which these companies are oriented, did not grow during the year, transportation services and specialised project management allowed their growth, holding an expected place in the offer of this type of services.

Companies operating in Central America achieved sales of PEN 436 million, 3% greater than the previous year, highlighting the leading market participation of Caterpillar equipment, and the portfolio diversification with other equipment for construction and agriculture segments. In 2019, Caterpillar celebrated its 10th anniversary of investment in its distribution companies in Central America, having already recovered the investment made. It is expected to increase opportunities in the region due to the economic and social initiatives of new governments in charge of two of the countries where the Corporation operates.

CAPACITY DEVELOPMENT

During the year the companies of the Corporation continued developing new capacities along with their different represented companies, highlighting the drive given by Caterpillar to operate with the highest standards in maintenance and repair processes, rentals, marketing, digital marketing, among others. To do this, Caterpillar distributors must complete certification programs globally, having achieved very good results in 2019. It is important to highlight the well-known capacity to provide high quality after-sales services, a field in which the time frame for many of these services has been improved in 2019.

As part of a global strategy driven by Caterpillar, the Corporation and especially Ferreyros have been actively developing the electronic parts trade. The Corporation, aware of the changes in the market due to the growing use of technology and the consequent appearance of new value proposals and business models, has been actively promoting innovation as a critical element in the execution of its strategy, driven by the innovation committees of the board of directors and management that held regular meetings, and with the commitment for change of the 150 leaders of the corporation. The program emphasizes e-commerce, Internet of things and big data, having identified several business ideas and projects which are in process of analysis and development.

In this regard, it is worth noting that the SAP Business Excellence Project continued to be developed, since it began at the end of 2017. In 2019, this new system began operating in three companies of the Corporation and it is expected to be implemented in two more companies in 2020.

In addition, investments continued to be made for the infrastructure required to efficiently carry out repair and maintenance work on machinery and equipment delivered to the market. During the year, new branches of Ferreyros in Ica and Moquegua, and of Unimaq in Trujillo were inaugurated. During the year the Capex in infrastructure and equipment was US \$ 11 million.

FINANCIAL RESULTS AND PARTICIPATION IN CAPITAL MARKETS

As a result of the aforementioned operations and in spite of some adverse factors in some of the business segments, the Corporation obtained a very positive result. The net profit for the year was PEN 246 million, 10% greater than the amount reached in the previous year, due to the growth in sales and the stability of the gross margin. Sales showed growth in all lines of business, notably trucks and machinery for large mining, which grew by 73%. Similarly, the line of associated equipment rose by 17%, while the rental and used equipment line grew by 16%. On the other hand, the line of spare parts and services maintained a high share of 50%. The Corporation showed a slight increase in operating expenses, in line with higher income and in financial expenses, due to the higher levels of assets it has to sustain higher income. It is important to emphasize that in 2019, unlike 2018, there was no relevant difference in the rate of exchange for the whole twelve months period, although there were differences between the different quarters of the year.

The increase in the income of the corporation was accompanied by greater assets, especially inventories and accounts receivable. Inventories grew by PEN 172 million (10%) and accounts receivable by PEN 176 million (12%). The increase in inventories is due to deliveries that will be made in the first months of 2020, mostly for large-scale mining units in Ferreyros, which represent an approximate amount of PEN 97 million. At the same time, inventories of the rest of the Corporation's companies grew in only PEN 75 million.

The assets also grew due to investments in right-of-use assets in the order of PEN 109 million, the adoption of IFRS 16 for leases, as well as the investment in the SAP Business Excellence project for the implementation of an ERP. The investment in 2019 for this project was PEN 69 million during the year, with a total of PEN 184 million from the beginning, an amount that will increase considering the completion of the project by the end of 2020. The justification for this investment, besides enabling the complex operations of the company, is to achieve in the coming years, the commercial, operational and financial benefits by using best practices and collecting efficiencies derived from the new system, as well as better market coverage, lower operating costs and less investment in assets over the years following its implementation.

In order to finance the assets required to operate the business, the Corporation focused on bank financing sources that offered the best interest rates and other favorable conditions. By year-end, 96% of the financing came from banks and the remaining 4% from Caterpillar Financial Services. During the year, a significant portion of the debt was taken on a short-term basis, since it was used to finance the aforementioned inventory growth. The average interest rate increased from 3.43% in December 2018 to 3.68% in December 2019.

It is worth noting that the Corporation, at its Shareholder's Meeting in March, approved the payment of a cash dividend of PEN 121 million in compliance with its Dividend Policy. Additionally, two extraordinary dividends were approved, in March and October, for a total of PEN 100 million derived from the extraordinary income received at the beginning of the year from the sale of investments. A share buyback program approved by the Board of Directors for up to 50 million shares was restarted in November.

The share price showed a decrease at the year-end compared to the beginning of the year, having closed at PEN 2.19. However, the average of the year was PEN 2.25 and the maximum was PEN 2.67. Lower growth expectations in the country, the concern for the future demand of commodities and the still low negotiation volume are factors that have affected stock appreciation levels, notwithstanding the improvement in the Corporation ROE that increased to 80 basic points in the year.

HUMAN RESOURCES

In 2019, the Corporation continued to be an important source of work for a large number of employees. At the year-end there were 6,650 people working for the Corporation and its different subsidiaries, with a very high level of commitment and a safety culture that allowed a control in the accident rate. In order to maintain commitment and maintain the value generation for its employees, the Corporation provides solid human resources practices that include training programs, communication programs, establishment of cascading objectives, performance evaluation, talent development and succession plans, among others.

In order to keep up with the best labor practices, the Corporation, Ferreyros and several of its subsidiaries participate in the Association of Good Employers (ABE) of Amcham, in the Chamber of Commerce of Spain and in other forums, and received some distinctions as in the Competition of Good Labor Practices of the Ministry of Labor and Promotion of Employment, as well as in the PAR 2019 Ranking of Aequales.

SUSTAINABILITY, SOCIAL RESPONSIBILITY AND GOOD CORPORATE GOVERNANCE

As is well known, Ferreycorp is committed to responsible business management, seeking positive relationships with all its stakeholders and living up to the values of integrity and fairness that it advocates. It guides its actions and those of its companies with this sense of responsibility, watching over the preservation of the environment and reaffirming its commitment to the Ten Principles of the United Nations Global Compact and to sustainability. This has allowed it to be considered, for third consecutive year, as part of the Dow Jones Sustainability Index (DJSI) for the MILA- Pacific Alliance region, which includes 57 companies registered in the stock exchanges of the Pacific Alliance countries, with only five of them being companies of the Lima Stock Exchange, which stand out in terms of sustainability.

In the same way, Ferreycorp is part of the Good Corporate Governance Index (IBGC) of the Lima Stock Exchange, since its launching and for twelve consecutive years, entity that distinguished Ferreycorp for the seventh time with the Key of the BVL, in merit to its high standards of corporate governance.

In 2019, Ferreycorp maintained important initiatives in order to generate value for its stakeholders.

The Ferreycorp Association continued with its free workshops nationwide, in 38 universities and five technical schools in all regions of the country, aiming at strengthening the ethical training, the civic commitment and the soft skills of the future professionals of the country. On the other hand, the Corporation continued promoting activities to benefit technicians and machinery operators in the country through the Technician's and Heavy Equipment Operator's Clubs. It is worth mentioning that Ferreycorp, through its subsidiaries, delivered two work projects carried out under the Tax Works model, with an investment of PEN 12.5 million. Nowadays, there is a portfolio of projects for an additional PEN 40 million.

These actions were recognized by specialized institutions such as Peru 2021, which awarded the Socially Responsible Company Distinction to Ferreyros and five other companies of the Corporation.

COMPLIANCE AND MANAGEMENT WITH VALUES

The Corporation is firmly committed to achieving high compliance standards and contributing to curbing corruption in the country. In this sense, throughout 2019 the compliance program was reinforced with the updating of the code of ethics and dissemination of complementary regulations, as well as the detailing of training on compliance. By the end of the year, its subsidiary Ferreyros obtained the anti-bribery certification from the organization Empresarios por la Integridad, promoted by IPAE. It is expected to obtain ISO 37001 certification in the coming months. Likewise, the report presented by the Ethics and Compliance Officer to the Audit and Risk Committee every six months continued. It is worth mentioning that Ferreycorp's leaders actively promote the struggle against corruption in our companies and seek to encourage and engage other entrepreneurs.

CONCLUDING WORDS

Before concluding and expressing our appreciation to all those who have made these results possible, I would like to point out that this letter has a special meaning for me.

It is the last one I address to my director friends and our esteemed shareholders, since at the beginning of 2020, I announced my decision not to run for re-election to the board of directors and to leave the executive presidency I have held since 2008. I therefore leave the Corporation after 40 years, with the deep feeling of leaving a company that has been a central part of my life, but at the same time very satisfied with what I have achieved.

With this decision I have had the opportunity to reflect deeply on our company and its future. Let me share with you some of these reflections on my last day.

Few companies in the country can show the level of growth that Ferreyros and the Corporation have experienced. In the 1980s it sold about US \$ 50 million in machinery and another US \$ 50 million in consumables. In 2019 its consolidated sales level is close to reach US \$ 2 billion.

There may be many explanations for this growth. I believe, however, the behavior of Ferreyros before and after Ferreycorp in all these years, has been characterized by a mixture of correct decisions under risk, faith in the business and in its people, the permanent validity of values and a constant attitude of change. This and the close relationship with Caterpillar, has allowed us to get where we have gone with a permanent leadership path in the heavy machinery business.

Although the success of Ferreyros could not always be reproduced with the same characteristics, in the other companies of the Corporation, the effort made in these predicts a very positive evolution for the next years, as long as the appropriate decisions continue to be taken.

At the moment when important changes in society are foreseen within what has been called the fourth industrial revolution and which will definitely affect the way of doing business, these excellent results cannot lead us to a situation of satisfaction.

I believe, therefore, that the board of directors and the management must maintain an exercise of permanent thinking about our future, in particular that of Ferreyros and the Corporation as a whole, and consider in time the changes of objectives and policies demanded by these times.

The business environment in which we will operate will probably be characterized not only by the presence of our traditional competitors, but also by different actors, to which we must add challenges and risks arising from technological change.

Ongoing reflection must therefore be geared towards achieving a clear distinction in our business model, in which we must emphasize the concept of "client-centred" and seek hard to find other ways of reaching them in order to increase their productivity.

The use of tools brought by technological innovation should help us to make a significant impact on this change. I am pleased to see the efforts the Corporation has been making to continue this transformation. This process cannot be stopped or slowed down, however costly it may be and however slow the early harvest may be. Time will prove us right again. The loyalty of grateful customers will be one of the ways of compensation.

This process should be accompanied by an increase in the quality of relations with Caterpillar and our other distinguished suppliers, but above all Caterpillar, whose loyalty and constant support I wish to emphasize at this time.

For all these reasons and based on realistic optimism, I am convinced of the great future the Corporation and its companies have ahead of them, as modern, efficient, highly technological companies with high levels of profitability.

But all this effort would be unproductive if we do not continue to preserve one of the important characteristics of our existence: values. That set of written and unwritten rules that frame our activities, which rule our discernment and that drive us to do the right thing, to act fairly, with the shareholder, the customer, the worker, the society, the environment. I usually say that acting with integrity is good business. I believe we have proven it.

To conclude these brief thoughts, I would like to thank the shareholders for trusting my management for so many years and my fellow directors for their valuable contribution to the running of the company and pay my tribute to the people of Ferreycorp. They are the authors of the company's successes. My thanks go to those who have accompanied me during these long years, serving the company with dedication, enthusiasm and loyalty, identified with the values we profess. I have no doubt that our success is largely due to these people and these values. Knowing the qualities of our management and their commitment to the Corporation, I am confident that this will continue to be so.

I am pleased to present to the shareholders the 2019 Management Report, prepared by the Management and approved by the Board of Directors on February 26, 2020, as well as the financial statements, in accordance with Conasev Resolution No. 141.98 EF/94.10, which establishes the presentation of the annual reports of companies, including the statement of responsibility required by that regulation.

Óscar Espinosa Bedoya
President & CEO

Forty years of success

After the Concluding Words of Engineer Oscar Espinosa in the President's Letter, we would like to honor in this section the transcendence of his legacy in our history, and we mention some of the multiple milestones of his 40 years of management in our organization.

We must emphasize that the leadership of engineer Espinosa led Ferreycorp, with Ferreyros as its flagship company, to become one of the most important corporations in Peru, with more than 6,500 employees and presence in several Latin American countries.

Joined the company in 1980: was its managing director for 25 years - after holding other management positions - and later, its president & CEO for 12 years.

Among the most remarkable achievements of its management are the company's resilience strategies against a number of economic crises experienced by Peru, as well as the decision to move away from the consumables business early in the 1990s to focus on the capital goods business. In this long journey, he has been responsible for maintaining a solid relationship with Caterpillar and other represented.

Likewise, engineer Espinosa identified the potential of Peruvian mining early on, in the 90s, and bet on planning important investments in workshops and human capital to assist the sector. It should be noted that this development of capacities allowed decisive business opportunities for the future of the organization.

In the following years, the investment in support capacities, logistics and national coverage; the expansion of the portfolio of products and services; and the creation or incorporation of specialized companies, in areas such as light machinery, automotive, energy, consumables, Asian equipment and machinery rental, were of particular importance.

During his management, he developed the best practices of corporate governance, most notably in the last 20 years, committing the organization to continuous improvement and giving it a place of reference. He also expanded the company's participation in the capital market, which contributes to the sustainability of its operations.

In 2008, he assumed the executive presidency of the organization. From his new role until 2020, he led a Corporation that made the leap to internationalisation and continued with active growth strategies.

Engineer Oscar Espinosa leaves a deep and indelible mark in Ferreycorp, after four decades of successful business management, the development of the Corporation's vision and strategy, and the personal drive to the culture that characterizes it. Its most important legacy, proudly taken up by more than 6,500 employees of the Corporation, is the principle of doing business with values -such as integrity, equity, excellence, commitment and respect for people-, which defines the sustainability of this organization.

As engineer Espinosa expressed to his leaders: only those companies managed with solid values can endure in time.

Here are some of his phrases in recent years:

“Why has this company survived 98 years, all the crises in the country, left and right governments, both corrupt and non-corrupt? Because it is a company with values”.

“We're optimistic and we're fighters. That's why this company is about to turn 100”.

“Which are the four basic criteria we have managed in the company, with which we intend to continue projecting ourselves? Strategic vision, focus on business, a great emphasis on qualified people... and the values we practice. This makes an organization powerful. It makes it invincible!”

It is also worth mentioning that, expanding his contribution to the country's development, in addition to the work done in Ferreycorp, Engineer Espinosa has always been part of several trade and social organizations, making important contributions in the definition of their strategy and in their relationship with the business sector.

Today he is president of the association Empresarios por la Integridad, a non-profit association that encourages the ethical business practices Peru needs, to which he will remain linked, as well as other relevant initiatives.

Thanks to the leadership and vision of engineer Espinosa, Ferreycorp Corporation has managed to transcend time and project itself successfully into the future. The human team of Ferreycorp expresses its maximum gratitude to the engineer Oscar Espinosa.

2. Somos Ferreycorp

2.1 About Ferreycorp



Ferreycorp is a Peruvian corporation that has existed for 96 years and is specialized in the provision of capital goods and related services. It is mainly active in Peru, its country of origin, where it concentrates nearly 90% of its revenue; in many countries from Central America as well as in Chile, Ecuador, Colombia and Bolivia through its subsidiaries focused in their business and with a high level of specialization with a staff of more than 6,500 employees.

Since 1942, it has maintained a solid relationship with its represented Caterpillar, global leader in machinery, and also acted as a distributor of other world-class brands. It is remarkable due to the quality of its machinery and especially due to the services related to the capital goods field that it provides, such as maintenance, repairs, condition monitoring, consultancy in the use of equipment, training and financing, among others. Subsidiaries of the Corporation thus develop an integral solution portfolio for their clients and strengthen their market coverage.

Ferreycorp has more than half a century in the stock market, having registered its share in the Lima Stock Exchange (BVL) in 1962. Today, this shareholder society has local investors, such as AFPs, mutual funds and companies of insurance, as well as various funds from abroad. The corporation is recognized for this history in the capital market and is a benchmark for its good corporate governance practices and for its responsible management, for the sake of sustainability.

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

2.1.1 Mission y vision

(GRI 102-16)

MISSION

- Operate, through its subsidiaries with focus and high degree of specialization, distribution businesses of capital goods and supplies and of services and support, for prestigious global brands with high standards, efficiency and profitability, in turn achieving the development of its collaborators and being referents of modern and responsible companies.

VISION

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

2.1.2 Values of Ferreycorp (GRI 205-2)

Ferreycorp's values remain solid over time: they are the pillars that guide the daily actions of the employees of the corporation and contribute to maintaining the good reputation and ethical conduct of the organization.

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



For Ferreycorp, integrity and transparency are central axes in the governance and sustainability of the business. The ethical behavior of Ferreycorp is governed by a Code of Ethics, by the Principles of Good Corporate Governance and by its values and culture, which are lived transversally throughout the corporation.

These elements constitute a permanent guide for the leaders in the definition of policies, rules and procedures, as well as for all employees in their daily behavior and their optimal relationship with all stakeholders. This style of managing the corporation brings with it a good reputation and image, intangibles that sustain a solid brand.

Positive impacts: Integrity and transparency

Being honest and transparent Ferreycorp achieves:	<p>Economic Dimension To be a source of interest for investors, as well as to be considered as a sustainable and reliable partner who establishes long term relationships of trust.</p>
	<p>Social Dimension Being socially responsible, it increases their relationships of trust and business prestige.</p>
	<p>Environmental Dimension Proving to be reliable, safe and environmentally friendly by meeting regulations and improving environmental performance.</p>

Anticorruption Prevention System and Code of Ethics

(GRI 205-2)

During 2019, Ferreycorp achieved important progress in the implementation of a Compliance System that strengthens and consolidates many of the actions that were already being executed to prevent corruption in the Corporation and its subsidiaries. The implementation of a reinforced system will allow us to strengthen the culture of integrity we have maintained over the years and to make our employees and other stakeholders aware of the importance of this matter for our Corporation.

In June, the Board of Directors of Ferreycorp S.A.A. approved the Corporate Compliance Policy, which considers the commitment of the holding company and its subsidiaries in their fight against the commission of corruption crimes. In order to guarantee its correct implementation, the Board of Directors designated the former Corporate Compliance and Ethics Officer, previously assigned by the General Management, and delegated to the last-mentioned some functions and responsibilities of the Compliance System, such as the deployment of norms and procedures in the Corporation's companies.

Between July and September, the boards of Ferreyros S.A., Soltrak S.A., Fargoline S.A. and Ferrenergy S.A.C. adhered to these agreements, in order to implement the Corporation's anti-corruption commitment in each of these companies. Next year, the other subsidiaries of the Corporation in Peru and abroad will adhere to these agreements.

In addition to the Corporate Compliance Policy with statements of principles, the system includes a set of regulations and procedures, some of which already existed and were updated, as well as new ones, which are being spread throughout the companies.

In November, Ferreyros was the first company in the Corporation to obtain the "Certified Anti-Bribery Company" Certification from Empresarios por la Integridad, a non-profit association constituted by businessmen committed to promoting ethical business practices, sponsored by IPAE, after successfully undergoing an independent audit by SGS. Throughout 2020, the other national companies of the Corporation will seek to obtain this certification. With this first certification obtained by Ferreyros, the Corporation reaffirms its vision of doing business with values and commitment to Peru, while recognizing the importance of the Entrepreneurs for Integrity initiative to promote ethical business performance, which the transformation of our country requires.

Also, in the first quarter of 2020 a certification audit will be carried out to adopt the ISO 37001- Anti-bribery Management System standard in Ferreyros S.A., and throughout that year the Corporation will seek certification in the rest of its domestic subsidiaries, concluding in 2021 with the certification of the Corporation's foreign subsidiaries.

The implementation of the Compliance System in the Corporation, as well as the compliance with the Corporate Compliance Policy and the Code of Ethics - subjects considered essential in Ferreycorp's operations - are aspects analyzed and reported every six months to the Audit and Risk Committee of the Board of Directors, through the *Compliance* Report, as can be seen in Chapter 5- Corporate Governance.

Employee training

A relevant aspect in the compliance with the current anti-corruption regulations and the strengthening of a corporate culture based on values is the continuous training provided to the employees of Ferreycorp and its subsidiaries.

Specifically, the staff is trained each year in the Compliance System to Prevent Corruption and the Corporate Compliance Policy, as well as the Corporate Code of Ethics and the complementary rules of the system. These latter address matters such as conducting business with the State; relations with customers in joint ventures; due action to avoid conflicts of interest; the policy on the delivery and/or receipt of gifts, among other central aspects.

In this context, Ferreycorp Corporation reaffirms a policy of zero tolerance for acts of bribery.

At the same time, the employees of Ferreyros, Motored, Motriza, Orvisa and Unimaq, within the scope of the money laundering and financing of terrorism regulation, participate in on-line trainings on the Prevention System of such risks.

Whistleblower channel

It is important to underline that the Corporation has a Whistleblower Channel, accessible through the corporate intranet, electronic mail, reserved annex, physical mailbox and in a personal way directly with the Corporate Compliance and Ethics Officer. Complaints are sent directly to the Corporate Compliance and Ethics Officer who keeps them confidential. The Corporation protects the complainant from any kind of threat, coercion, or retaliation against him or her.

Ferreycorp's Corporate Compliance and Ethics Officer is there to advise, guide and support all the Corporation's collaborators, customers and suppliers in matters of ethical performance and compliance.

During the year, fifteen cases of complaints were received; all of them were investigated and treated with the corresponding sanction or resolution.

Percentage of employees who completed the Online Course on Code of Ethics at January 31, 2020 (*)

Company	%
Holding Ferreycorp	98.6
Ferreyros	92.6
Unimaq	98.5
Orvisa	99.5
Fargoline	99.5
Soltrak	97.2
Motored	93.2
Motriza	89.1
Forbis	95.3
Asociación Ferreycorp	100
Ferrenergy	94.6
Sitech	93.8
Cogesa	97.3
Gentrac	90
Maquicentro	100
Trex	100

(*)The percentage of collaborators who have not yet completed the course will specify their participation in the following months of 2020.

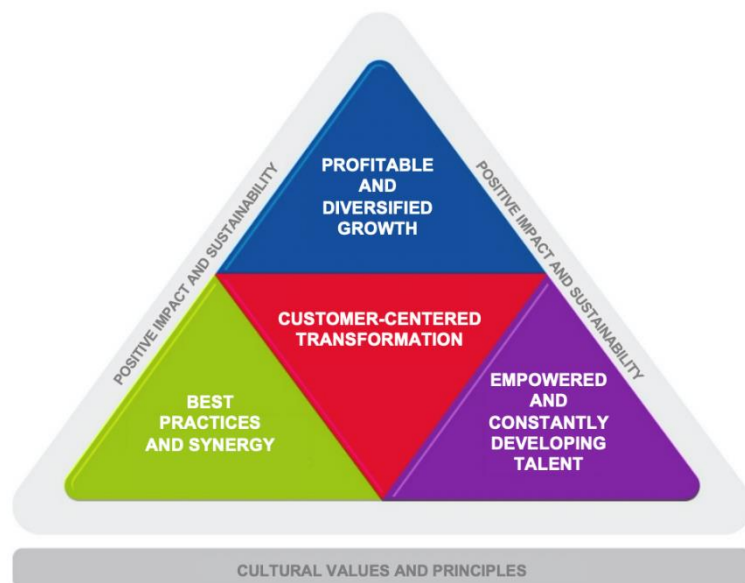
2.1.3 Strategy for 2021

To realize the vision of the corporation and taking into account the opportunities and trends in the markets where it operates, as well as the new behaviors and needs of customers, Ferreycorp has defined a strategy to 2021 that seeks to consolidate the business units, promote the growth with sustainability, and drive customer-centric digital transformation, thus ensuring the value of the corporation over time.

The strategy incorporates ambitious growth targets and diversification guidelines in services and ratifies the actions of the corporation in the field of heavy equipment, vehicles and spare parts, consumables, logistics and other related services, with a committed and empowered team, as well as generating positive effects in the societies in which it operates. To do so, it establishes five strategic pillars:

- **Profitable and diversified growth**, which highlights the interest to grow in those businesses and markets that ensure profitability and the value of the corporation over time.
- **Transformation focused on the client**, which highlights the need to adapt and transform business and value proposition for the client, placing greater emphasis on knowledge management, the adoption of new technologies, digital capacity generation and the development of solutions and services based on connectivity and knowledge.
- **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 to achieve efficiency and operational excellence.
- **Talent empowered and in constant development**, which reflects the importance of talent in the execution of the strategy and the need to drive the constant learning and skill development of the digital age.
- **Positive impacts and sustainability**, which includes the commitment to continue operating as an ethical and responsible corporation, contributing to the welfare of society and the development of the countries in which it operates.

FERREYCORP STRATEGY 2021



2.2 Companies of the Corporation

(GRI 102-2)

Ferreycorp is formed by the following subsidiaries and/or businesses:

Representation of Caterpillar and allied brands in Peru



CAT Heavy machinery and partner brands



CAT Light machinery and partner brands



CAT Machinery and partner brands in the Amazon region



Assembly and operation of power generation plants

Representation 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)

Supplementary businesses in Peru and and other countries of South America



Heavy transport vehicles



Consumables



Asian machinery



Cranes, platforms and port equipment (Chile, Ecuador, Colombia and Peru)



Light machinery (Ecuador)



Standard, temporary and customs warehousing



Freight forwarders



Technological solutions





These subsidiaries contribute to national development in the countries where they operate by targeting their products and services at sectors such as mining, construction, industry, energy, oil, agriculture, fisheries, trade and transport.


The Business Areas section 3 includes a comprehensive description of these subsidiaries, their business activities and operations.




For further information about the Economic Group according to the Stock Market Superintendency (*Superintendencia del Mercado de Valores* or SMV in Spanish), please refer to Appendix 1, section 1.1.3.

2.3 Presentation of the companies




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






Representatives of Caterpillar and allied brands in Peru				
Name	Year of Incorporation	Sectors	Product / Service	PaíPEN Region
Ferreyros  <small>UNA EMPRESA FERREYCORP</small>	1922	Construction, mining, hydrocarbons, energy, marine and fishing, government, agriculture, commerce, industry and services.	Marketing of heavy machine and equipment. Rental and provision of spare parts and services.	Peru North: Piura, Tumbes, Lambayeque, Cajamarca, Trujillo, Chimbote Center: Cerro de Pasco, Huancayo, Ica, Ayacucho, Huaraz, Lima. South: Arequipa, Cusco, Moquegua y Puno
Ferrenergy 	2006	Mining, hydrocarbons, government, energy, construction, fishing and industry.	Energy solutions from 1MW up to the unlimited amount required, with gas, diesel and residual oil (HFO) generating equipment.	Peru Lima Guatemala Guatemala City
Unimaq  <small>UNA EMPRESA FERREYCORP</small>	1999	Construction, mining, hydrocarbons, agriculture, government, commerce, industry and services.	Marketing and rental of light equipment.	Peru North: Cajamarca, Chiclayo, Piura, Trujillo Center: Cerro de Pasco, Huancayo, Lima, Huaraz South: Arequipa, Ayacucho, Cusco, Ilo, Moquegua, Puno
Orvisa  <small>UNA EMPRESA FERREYCORP</small>	1973	Hydrocarbons, energy, river transport, construction, government, forestry, agriculture and agro-industry.	Marketing of heavy machine, equipment and consumables. Rental and provision of spare parts and services.	Perú North: Bagua, Iquitos, Tarapoto Center: Pucallpa, Huánuco South: Puerto Maldonado

Representatives of Caterpillar and allied brands in Central America				
Name	Year of Incorporation	Sectors	Product / Service	PaíPEN Region
Gentrac  <small>UNA EMPRESA FERREYCORP</small>	2010	Construction, mining, aggregates, agriculture, petroleum extraction, government, energy, industry and commerce.	Marketing of heavy machine and equipment. Rental and provision of spare parts and services.	Guatemala Guatemala City, Quetzaltenango, Teculután, Escuintla, Morales y Retalhuleu Belize Ladyville

<p>General de Equipos</p> 	2010	Construction, housing, power generation, industry, government, agriculture and automotive.	Marketing of heavy machine and equipment. Rental and provision of spare parts and services.	El Salvador San Salvador, Sonsonate, San Miguel
<p>Soltrak</p> 	2013	Construction, industry and transport.	Marketing of lubricants.	Nicaragua Managua
<p>Motored</p> 	2015	Construction, transportation of merchandise and passengers, government, commerce and services.	Provision of spare parts for trucks and buses; consumables; trucks and buses.	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

Complementary businesses in Peru and other South American countries

Name	Year of Incorporation	Sector	Product / Service	PaíPEN Region
<p>Motored</p> 	1995	Construction, mining, transportation of merchandise, passenger transportation, government, commerce and services, and government.	Marketing of automotive vehicles: trucks, tractors and buses. After-sales service and spare parts.	Peru North: Cajamarca, Chiclayo, Piura, Trujillo Center: Huancayo, Lima South: Arequipa, Cusco
<p>Soltrak</p> 	2007	Mining, construction, transport, industry, energy and hydrocarbons, agriculture, fishing and forestry.	Comprehensive solution for tire management, lubricants, filtration, predictive maintenance and personal protection equipment.	Peru North: Piura, Talara, La Libertad, Cajamarca Center: Lima, Junín South: Arequipa Bolivia Santa Cruz
<p>Cresko</p> 	2007	Construction, mining, agriculture and industry in general.	Marketing of products of Asian origin: loaders, trucks, agricultural tractors, engines, forklifts, among others.	Peru Lima

<p>Trex</p>  <p>UNA EMPRESA FERREYCORP</p>	2014	Mining, port industry, commerce, services and construction, among others.	Cranes and other lifting solutions.	<p>Peru Lima Chile Santiago, Antofagasta, Calama Colombia Barranquilla Ecuador Quito, Guayaquil</p>
<p>Fargoline</p>  <p>UNA EMPRESA FERREYCORP</p>	1983	Capital goods, consumer goods, energy, mining, construction, fishing, agriculture, commerce and services.	Temporary storage of containers, loose and rolling cargo, customs warehouse; simple storage; project cargo movement; transport and distribution.	<p>Peru Lima, Callao, Arequipa and Moquegua</p>
<p>Forbis Logistics</p>  <p>UNA EMPRESA FERREYCORP</p>	2010	Automotive, mass consumption, mining, energy, retail, industry.	International transportation of air and sea freight for import and export, and consolidation, inspection and cargo processing services.	<p>Peru Lima EE.UU. Miami Chile Santiago</p>
<p>Sitech</p> 	2013	Mining, construction, hydrocarbons and agriculture.	Integration of technologies to create solutions that increase the productivity of customers.	<p>Peru Lima</p>
<p>Maquicentro</p>  <p>UNA EMPRESA FERREYCORP</p>	2015	Construction, mining, oil, industrial and agricultural.	Marketing and rental of light equipment.	<p>Ecuador Guayaquil, Quito and Riobamba</p>

2.4 Representation

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

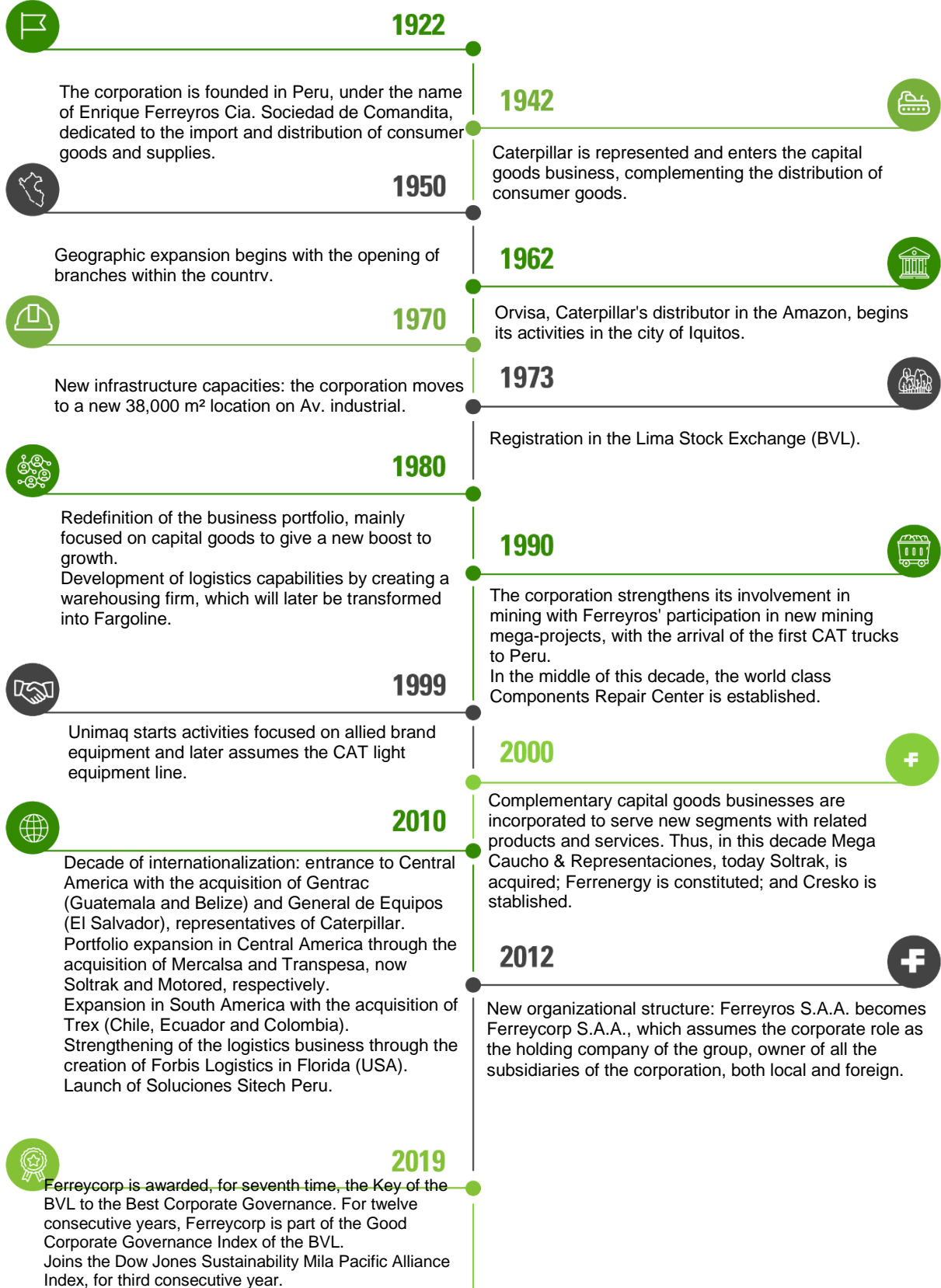
At the same time, throughout its history Ferreycorp has incorporated the distribution of a number of brands for representation both in Peru and in other Latin American countries.



Thanks to the experience and knowledge acquired with Caterpillar, the corporation and its subsidiaries have established strong long-term relationships with a number of global brands. Ferreycorp has consolidated a prestigious portfolio of represented brands, becoming the undisputed leader in its field. The corporation capitalizes on the knowledge it has gained over the years and its optimized capabilities to serve the brands it represents in different territories with growth potential.

2.5 History

The following is a graphic summary of the Corporation's main milestones in its 96 years of operations. For further information, please refer to the Historical Overview in Appendix 1, Section 1.2.3.1.



2.6 Main Awards

Ferreycorp is constantly looking for continuous improvement in its operational performance and corporate management. This has led the corporation to be distinguished with a series of recognitions in the different areas in which it operates.



Programs of Excellence Caterpillar 2019

Oro: Ferreyros (Service, Spare parts, Rental, Used).

Plata: Ferreyros (Digital), Unimaq (Service and Rental), Orvisa y Cogesa (Service), Gentrac (Service and Spare parts).

Bronce: Orvisa y Cogesa (Spare parts, Digital, Marketing), Gentrac (Digital, Rental).



Five Stars in Caterpillar Pollution Control

Fourteen workshops of Ferreyros and one from Orvisa, in the national scope, have this distinction at the end of 2019.



Caterpillar Certification: Workshops *World Class*

Certification granted to the Components Repair Centers (CRC) in Lima and La Joya (Arequipa).



Best Distributor of South America

Genie awarded Terex with the distinction of Best Distributor South America 2019.



Key from BVL

Granted by the Lima Stock Exchange to Ferreycorp, on seven occasions, as the issuing company with the best corporate governance practices in Peru.



Good Corporate Governance Index (IBGC) of the BVL

Ferreycorp integrates this index of the Lima Stock Exchange since its launch eleven years ago.



Ranking La Voz del Mercado (EY and BVL)

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



Dow Jones Sustainability Index for MILA- Pacific Alliance

Ferreycorp included for the third consecutive year in this index, which recognizes the leading companies in sustainability in the the Pacific Alliance region.



Distinctive Socially Responsible Company (ESR)

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



Merco Social Responsibility and Corporate Governance

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



Merco Companies

Ferreyros among the five companies with the best corporate reputation in Peru and as the most outstanding in the Industrial sector.



Merco Talent

Ferreyros among the ten best companies to attract and retain talent in Peru.



Good Labor Practices Competition 2019 (Ministry of Labor)

First place awarded to Ferreyros in the Promotion of Work-Family Balance category.



Good Labor Practices Competition 2019 (Ministry of Labor)

First place awarded to Fargoline in the Promotion of Orderly Work with Clients and Suppliers category.



Good Labor Practices Competition 2019 (Ministry of Labor)

Second place awarded to Ferreycorp and Orvisa in the Prevention of Sexual Harassment and Harassment at Work and Promotion of Equal Opportunities between Women and Men categories, respectively.

3. Business Areas

(GRI 102-6, GRI 102-7)

In 2019, Ferreycorp and its subsidiaries managed consolidated sales of PEN 5,858 million, 12% more than the previous year (PEN 5,211 million). In American Dollars, sales reached US \$ 1,754 million, with an increase of 11% over 2018 (US \$ 1,585 million).

This result was driven by a higher activity in all the portfolio lines offered by the Corporation's companies. Overall, the increase in the Caterpillar equipment sales for large mining clients was outstanding, as well as the high dynamism of the spare parts and services line that enables supplying the population of machinery delivered to clients.

It should be noted that, with a vision of the future, in 2019 Ferreycorp launched the "For the Next 100 Years" Program, which focuses its efforts on driving innovation and client-centered transformation in the digital era, thus contributing to the generation of value in a new business context and to the sustainability of the Corporation's leadership in the following decades.

This important program began to be implemented during the year through alignment workshops, digital mindset and digital trends addressed to 150 leaders of the Corporation, under which various innovation and digital transformation initiatives have been developed within Ferreycorp and its companies.

Simultaneously, during the year, more than 900 Corporation employees participated in more than 40 innovation workshops and conferences, while 60 innovation agents were trained in the use of the Innovation Toolkit, a set of tools designed to develop ideas, solve business challenges and effectively execute projects in an agile and user-centered manner.

The following is an overview of the commercial and operational management of Ferreycorp's subsidiaries in 2018, according to the three groups of companies described in Chapter 2 - We are Ferreycorp.

3.1 Representative Companies of Caterpillar and Allied Brands in Peru

The subsidiaries representing Caterpillar and allied brands in Peru, Ferreyros, Unimaq and Orvisa, registered sales of PEN 4,481 million in 2019, 13% more than those recorded the previous year. In dollar terms, these revenues amounted to US \$ 1,342 million, 12% higher than in 2018. Sales of this group of companies contributed 77% of the Corporation's consolidated income.

Through the management of these subsidiaries, the main represented Caterpillar increased its leadership in Peru in 2019, with a 55% participation in the national market, according to official information of imports in FOB values.

The flagship company Ferreyros, leader in heavy machinery and services in our country, specializes in the machinery and equipment of greater importance in the portfolio. Also,

Unimaq focuses on the light equipment line, while Orvisa is dedicated to serve the Peruvian Amazon, with Ferreyros and Unimaq's product portfolio, as well as other lines focused on the needs of that region.

3.1.1 Ferreyros

Ferreyros, Ferreycorp's flagship company and the main supplier of heavy machinery and services in Peru, recorded sales levels of over PEN 3,948 million (US \$ 1,183 million) in 2019, higher than those of the previous year. The company provided expert attention to different productive sectors, as can be seen in the following pages, with a portfolio of products and services leader in its field.

The company reached the maximum qualification -Gold- in the Program of Excellence of its main represented Caterpillar, in the scopes of Service, Spare parts, Rental and Used, as well as the Silver level in the Digital area. Worldwide, Ferreyros obtained the first place in the Service category, having been drawn with another Latin American distributor, after evaluating more than 30 aspects including quality of service, customer satisfaction and support efficiency.

During the year, Ferreyros achieved a significant time reduction in equipment repair, thanks to the optimization of processes and state-of-the-art equipment in its main workshops, as well as the improvements achieved regarding the level of service linked to spare parts, which reached its highest performance in the last decade.

The Component Repair Centers (CRC), located both in Lima and La Joya (Arequipa), were again certified by Caterpillar as World Class Workshops. Also, the main workshop in Lima Industrial, obtained for the first time the ISO 45001-2018 certification, which confirmed the strength of its system of safety and occupational health, adding to recertification in ISO 9001 and ISO 17025, about quality management processes in workshops and laboratories.

Ferreyros launched the first Caterpillar solar plant in Peru at the CRC in La Joya, replacing 20% of the energy used at this location, allowing it to reduce its carbon footprint and project itself into future economic savings.

Meanwhile, the Spare Parts Distribution Center (CDR), Ferreyro's central parts warehouse, exceeded all its management indicator objectives, leading to greater logistical efficiency with national impact; likewise, the objective of spare parts inventory accuracy throughout the country was surpassed.

Among other strategies, it is worth mentioning the improvement of key management processes and systems, the automation of reports and the performance of direct import operations at CDR, in its capacity as Authorized Economic Operator.

The provision of spare parts via e-commerce continued to be consolidated. In 2019, 28% of Ferreyro's spare parts sales through its stores were made via the Internet, through digital channel Parts.Cat.Com (PCC). Online sales in the amount of US \$ 27 million showed a growth of approximately 60% compared to the previous year.

Clients from sectors such as mining, construction, fishing and industry used this platform, with active participation from cities such as Arequipa, Cajamarca, Huancayo, Lambayeque and Trujillo. 44% of sales came from outside Lima.

Decentralized development showed again the greatest relevance for Ferreyros. With an investment of over PEN 5 million, the company opened a new 3,500 m² subsidiary in Ica,

located at km 297 of the Panamericana Sur, to replace its previous location, in order to expand its capacity to serve the region.

This subsidiary includes a modern workshop to service Caterpillar construction machinery; at the same time, it doubles its capacity to service agricultural machinery. Likewise, Ferreyros started the operation of its office in Moquegua, focused on the attention of construction, quarrying and mining clients.

Open-pit mining

During 2019, Ferreyros was part of the beginning history of important mining projects in Peru, while contributing to the productivity and efficiency of the existing operations, which it maintains a long term relationship with.

CAT machinery sales to large mining customers reached high levels in the year, more than 70% higher than in 2018. As part of this set, around 30 pieces of CAT equipment were delivered to a major mining project in Ica region, including 250 ton mining trucks, loaders, tractors, motor graders and other units.

Likewise, the first machinery deliveries were made for a large scale copper project in Moquegua region, which will be supported by highly specialized after-sales support. As mentioned in the 2018 Report, this is the most important commercial transaction in the history of the company, through contracts worth over US \$ 500 million.

During the year, the provision of machinery for current mining operations continued, due to the expansion and renovation of the fleet, including the largest CAT units in the country, which contributed to maintain the leadership of Ferreyros and Caterpillar. Seven out of ten large mining equipment demanded in Peru during the year were CAT, according to the sales report of its distributors.

In the services sector -which showed a slight increase during the year-, there was a notable interest in the reconstruction of machinery as a cost-effective alternative for mines. The integral reconstruction (overhaul) of a second shovel CAT 7495, the largest equipment in the portfolio of our country, was carried out and a similar execution for a third shovel and a large drill was programmed for 2020.

An important goal was also achieved during the year: Ferreyros set a new world record regarding the time it took to remove and install the engine of the giant CAT 797F truck, with a power of 4,000 HP, in the Toquepala operation. This good practice has been shared with Ferreyro's expert personnel, in order to acquire skills allowing it to be replicated in the future in other Peruvian mines.

Additionally, the Product Support Division achieved two relevant skills having an impact in the attention to large mining equipment. Caterpillar certified Ferreyros in the reconstruction of a large component, critical in mining shovels: the saddle block. Also, a new mining truck workshop was put into operation at the new location in La Joya, Arequipa, as part of a plan to expand services at such facility.

Ferreyros provides surface mining with a wide portfolio of CAT equipment, recognized for its quality and productivity, along with permanent support during the mine's lifetime. This includes 24/7 service modalities in the operation, a wide infrastructure of workshops and warehouses, monitoring and planning centers, technological solutions and training, among other aspects.

Focused on the contractor companies serving the mining industry, about 10 trucks were extensively repaired and 19 other used units were delivered during the year, with capacities ranging from 150 to 250 tons.

Underground mining

During 2019, underground mining showed high levels of production and activity. However, it reduced the requirements of new equipment for its operations and focused on refurbishing units, which affected the demand for machinery in the domestic market. Nevertheless, Ferreyros and Caterpillar maintained their solid leadership, with a 75% share in low profile loaders over 4yd3.

During the year, the company expanded its portfolio for underground mining. At the Perumin Mining Convention in Arequipa, Ferreyros reintroduced the Elphinstone motor graders, which are well known in the country for their high resistance, quality and productivity, and complement the CAT offer. In addition, the UG20K model was presented, designed for road maintenance, loading and transportation in mines.

Over the year, Ferreyros continued to lead the way with rock scalers or unbreakers of German brand Paus, with more than 50% of the market share, despite the lower demand for this equipment due to the reduction of gallery deepening projects in the country's main underground operations.

Technology has been expanding the scope of its solutions to underground mining. In 2019, a mining company was supplied with a low profile CAT loader, model R1700K, which will have the capacity to be operated from a cabin located several kilometers away from the mineshaft, for the first time in Peru, in order to significantly increase safety and efficiency in the operation.

In another area, equipment rebuilding was an option valued by customers. Ferreyros rebuilt nearly 20 low profile CAT loaders under the Caterpillar Certified Rebuild (CCR) program, which gives the equipment a second life for operation, with a new warranty and serial number. This process took place in Ferreyros workshops located in its branches and in Lima.

Construction

For second consecutive year, heavy construction machinery industry grew in our country, after the long contraction experienced between 2013 and 2017. More than 800 heavy construction units of different brands were demanded in Peru during the year, according to the sales reports of its distributors, although in lower volumes than those presented at the beginning of the decade.

This recovery resulted mainly from construction work at new mining operations; small-scale construction work in the countryside; and a few regional infrastructure projects. No dynamism was observed in Reconstruction with Change activities, although smaller works were carried out in Piura. Likewise, there was a significant reduction in public infrastructure projects; the improvement works of the Lima Canta- Huayllay road corridor and the Chuquicará- Puente Quiroz road were noteworthy.

After a great deployment of attention with national and regional scope, Ferreyros increased its participation to 59% in the Peruvian market, according to import information in FOB values. The sales of heavy construction equipment grew 20% compared to 2018, thanks to the support of a decentralized network of branches, which were particularly active during the year, and the attention to customers operating nationally.

During 2019, the company introduced CAT products for construction. Ferreyros presented new models of the GC line, low cost, which are characterized by their versatility and low cost of ownership and operation, and whose first sales were made in the year. In this portfolio, the 140GC motor grader, 330GC and 336GC excavators, and the H130GC-s and H140GC-s hydraulic hammers stand out.

At the same time, the leading heavy equipment company deployed various customer service strategies throughout the country, including flexible rate programs, customized service schemes, parts reusability and financing, boosting workshop repairs and spare parts and machine sales.

It also surpassed 2,200 pieces of equipment under Customer Value Agreements (CVA), which allow customers to entrust Ferreyros with the maintenance of their machines, in optimal conditions. During the year, a greater development was achieved in the execution of these support services, improving the availability of equipment for construction customers and other economic sectors.

In another area, the participation of Chinese and other companies in the Peruvian construction market is being appreciated. Ferreyros organized visits to the main companies in China, presenting their leading support skills and the breadth of the CAT portfolio in Peru.

Meanwhile, the rental business unit, Rentafer, offered the construction sector the most complete fleet of its kind in the country, with around 200 CAT machines and engines of over 200 kw of power.

Agrobusiness

In 2019, the market for agricultural tractors registered a growth of nearly 8%, mainly due to the development of agro-exports - which favoured the cultivation of blueberries and avocado - and to greater stability in the prices of traditional crops, with the exception of rice and sugar cane. However, this performance did not allow the market to fully recover from the fall shown in fiscal year 2018.

In this scenario, Ferreyros marketed over 260 new Massey Ferguson farm tractors; deliveries rose by 27%, in units, compared to 2018, and represented a 26% market share in FOB terms. This also improved inventory turnover indicators and reduced inventory age.

As part of the portfolio, the specialized tractors for grapes, blueberries and avocado of 85 hp and 95 hp were the most required by the agro-export companies, being again among the main drivers of sales to the agricultural sector. Likewise, the tractors of the Global Massey Ferguson series, introduced in the Peruvian market the previous year, were required by the State.

In response to demand from agro-export, Ferreyros launched the new MF3700 Series of compact tractors from Italy, whose low steering wheel height, engine power and torque characteristics meet market requirements. Together with the MF4200 Series, this product range completes the portfolio of orchard tractors.

During 2019, several initiatives were also launched to optimize the service to the sector. It is important to highlight the opening of the new branch in Ica, as mentioned in the introduction of the chapter referring to Ferreyros: with an investment of more than PEN 5 million, Massey Ferguson and Valtra tractors are marketed in this location, while the capacity to serve these equipments is doubled.

It also highlights the opening in Chincha of the first AGCO Express, a shop exclusively for agricultural spare parts, in alliance with a local workshop, which also has exhibition machinery. New stores are expected to open in 2020 under this format, which seeks to generate greater proximity to agricultural customers.

On the other hand, Ferreycorp and AGCO - manufacturer of MF and Valtra tractors - inaugurated, in the Ferreycorp Development Center, in Lima, the AGCO Academy. This is the first AGCO School to be held in Latin America in alliance with one of its distributors, in which technical and commercial training will be given to other AGCO representatives in the region and local customers.

Government

In the first half of 2019, the acquisition of capital goods in the government sector maintained the trend of contraction that characterized the previous year. The outlook for the first six months of the year was marked by the low dynamism of the Reconstruction with Change program and by the situation of a new set of authorities, following the electoral process held at the end of 2018.

However, in the second half of the year, a greater number of tenders were issued in the country. In this context, Ferreyros was awarded 68% of the construction machines tendered, equivalent to 58 units, as well as 28 agricultural tractors.

Energy

Ferreyros's marketing of equipment and services to customers requiring energy solutions increased 33% over 2018.

During 2019, sales of temporary energy solutions - particularly the rental of generators - to meet the needs of mining projects and industrial operations increased.

Ferreyros also supplied generators to mining customers for new operations, renovation or expansion of emergency plants. It was particularly noteworthy the manufacture and delivery of a high-powered mobile generator set to power the electric shovels of a major mining operation in the south of the country. During the year, the volume of attention to mining was close to that of 2018.

The company obtained a 34% market share in the supply of generators, according to information on imports in FOB values; although this is a lower result than the previous year, the company maintains its leadership in the country. Within the most required units for mining - generators from 600 KW to 2,600 KW - Ferreyros reached a 45% share in FOB values.

Ferreyros continued the process of consolidating gas-powered CAT generators during the year, meeting the demand from generating, industrial and commercial companies. The units delivered provided, as a whole, a generation capacity of 7.0 MW, with a 66% participation in this segment, according to FOB import values.

On a different note, the inauguration of the first Caterpillar solar plant in Peru, at the Ferreyros Component Repair Center (CRC) in La Joya, Arequipa, dedicated to mining, implemented in collaboration with the Ferrenergy subsidiary, to reduce its carbon footprint and to project future economic savings.

Thus, CAT solar panels were introduced in Peru, complementing Ferreyro's portfolio of energy solutions. All over the world, Caterpillar is promoting the adoption of these solutions through its distributors.

In relation to hydrocarbons, the market has been preparing for projects such as the drilling of the Marina 1 well in the deep water block Z-38, belonging to Karoon International and Tullow Oil, whose exploration work will begin in 2020, as well as the exploration campaign planned by Petroperú in block 192, in Amazonas.

In this context, clients dedicated to supporting the petroleum activity opted during the year to intensify the maintenance of their drilling engines, investing in spare parts and services, gradually increasing with respect to 2018. Therefore, they are preparing for longer periods of use with their equipment in the future.

Ferrenergy, a subsidiary of Ferreyros that specializes in the assembly and operation of thermal and solar energy generation plants, showed a significant growth in sales of over 70% compared to 2018. The provision of energy with crude oil and diesel, as well as photovoltaic energy, promoted this result in Peru and Guatemala, with the support of mining, hydrocarbons and industry sectors.

The company - established in 2006 in partnership with Energy International Corporation, SoEnergy - once again distinguished itself as the leader in its sector, exceeding its share of the temporary and permanent energy supply market by 60%.

During the year, the following projects were noteworthy: the energy sales project for Petrotal in Lot 95, based on HFO crude oil through six CAT engines; the renewal of the energy sales contract signed with the Cempro cement project in Guatemala, for 18 additional months; and the commissioning of the first Caterpillar solar plant in Peru, at the CRC of Ferreyros in La Joya, as mentioned above.

This plant is comprised of 2,000 m² of solar panels, with an operating capacity of up to 200 kW. It supplies fixed loads of energy to the CRC in La Joya, focused on repairing large mining components in the southern part of the country.

It should be noted that Ferrenergy was honored by its client Anglo American Quellaveco for the environmental policies and practices it applies to this mining project.

Fishing and Marine

During 2019 a late start of industrial fishing activities was produced, due to climatic factors, along with a lower quota allocated for the first fishing season. In addition, weather conditions during the second season led to a greater operational effort by the fishing sector, which caused an increase in extraction costs of over 20%.

In addition to domestic factors, there was a difficult situation in export destination markets such as China, where several factors affected fishmeal prices.

Despite this complex environment, sales of equipment, spare parts and services to various clients in the marine sector were 44% higher than the previous year. Ferreyros was once again the leader in the industrial fishing segment, by providing CAT engines, with a 76% share in FOB values. It is worth mentioning the demand for new CAT C280-6 marine engines, which are in the process of being introduced.

In addition, in semi-industrial and small-scale fishing, the delivery volume of low-power marine engines (from 250 to 650 HP) was maintained, with a market share of 27% according to imports in FOB values, and repair and repowering services continued to be provided to this customer segment.

In 2019, opportunities to serve the Peruvian Navy continued. Ferreyros completed the delivery of three CAT 3516C HD marine propulsion engines with their respective marine boxes, as well as four CAT C9.3 marine generators for the Rio Tumbes and Rio Locumba marine patrol boats. In terms of after-sales service, for nine consecutive years the Customer Value Agreement (CVA) was renewed to provide support for the CAT engines on Navy vessels.

About Ferreyros

- Leader in the provision of heavy machinery and specialized services in Peru, Ferreyros distributes the large-scale equipment of the Caterpillar portfolio required by various economic sectors within the country.
- Along with the products of its main brand, Caterpillar, Ferreyros represents other prestigious brands such as Metso equipment to produce aggregates for construction, Paus underground mining equipment and Massey Ferguson farming tractors, among others.
- With the most complete after-sales support in the market, it has around 60 points of service throughout the country, including branches, offices and headquarters, as well as a permanent presence at customers' operation sites.

3.1.2 Unimaq - The Cat Rental Store

In 2019, Unimaq, especialista en la provisión de equipos ligeros Caterpillar y de marcas aliadas, generated sales of PEN 421 million (US \$ 126 million), below those of 2018, in a context of low dynamism regarding the execution of large infrastructure works in the country and a lower growth rate of the economy.

The company, which celebrated 20 years of activity, remained the market leader with its representative Caterpillar, with a 58% share in Peru, according to FOB import values. Sales of CAT units showed a slight increase compared to the previous year, mainly due to the demand for equipment from emerging customers and to some sanitation projects at the end of the year.

However, the commercialization of some of Unimaq's allied lines, such as forklifts and concrete mixers, was affected during 2019 by the lower market demand. Nevertheless, the company took a relevant part of the business opportunities presented, exceeding 60% of the market share, measured in imports, with Carmix concrete mixers, and an outstanding performance in other product lines.

Overall, 63% of Unimaq's sales were driven by business outside Lima, supported by a network of 12 branches and offices.

In this context, it is worth noting that Unimaq opened the first retail store of its kind in the country in Trujillo. This new format will speed up the purchase, in self-service format, of Caterpillar light equipment and allied brands for general or urban construction projects.

La Libertad was chosen to launch this Unimaq store because of its growth potential for business, as well as its proximity to other important regions, such as Ancash. The goal is to speed up the purchase processes of companies that operate in the construction, mining and agro-export sectors, among others.

Likewise, Unimaq has been present in Ferreyros branches opened in Ica and Moquegua. Therefore, it reinforces its national coverage and contributes to integrate a complete portfolio of machinery and services for the different sectors.

In May, the company launched its Condition Monitoring Center (CMC), capable of monitoring the condition of CAT machinery and allied lines of all brands in its portfolio.

Unimaq's CMC processes data obtained during technical inspections, which is then analysed by its monitoring specialists. This way, in less than 48 hours, reports on the status of the clients' fleet are issued, speeding up the delivery of results to avoid unscheduled stops. By the end of 2019, data from more than 1,000 units inspected was recorded.

On the other hand, the company strongly entered the online sale of spare parts through the Parts.Cat.Com (PCC) platform, where you can find a wide range of parts and components from the portfolio.

In the support area, Unimaq continued to provide maintenance services to light equipment of mining companies and other sectors, in their own places of operation, where specialized technical personnel stands out. It also promoted service programs with differentiated benefits for its customers.

As part of its value proposition, the company has a vast fleet of light equipment rentals. At the end of 2019, the fleet was constituted by more than 485 units, both Caterpillar and allied brands. Similarly, the long-term forklift rental fleet comprised 650 units.

Unimaq was awarded important distinctions during the year. It was again rewarded with the prize for the Best Caterpillar Light Equipment Distributor worldwide, as it obtained a high market share in the country. At the same time, it achieved the Silver level, both in Service and in Rental, in Caterpillar's Excellence Program. All its workshops obtained three stars in the Pollution Control Certification of its main represented brand.

About Unimaq

- Established in 1999, Unimaq is the company in charge of sales and rental of light capital goods from Caterpillar and allied brands. It serves the light urban construction sector as well as other sectors like industry, agriculture, trade, services and mining.
- In addition to the CAT General Construction line (compact equipment), it distributes allied brands such as CAT forklifts, Caterpillar generator sets up to 220kw, Carmix self-loading concrete mixers, Wacker compaction equipment, Lincoln Electric welding equipment, CIFA mixers and concrete pumps, Blends mobile concrete plants, lighting towers Terex y Luxtower, Enerpac hydraulic equipment, Sullair portable compressors, Gardner Denver stationary compressors,

- Lincoln Industrial lubrication system, Valtra farming tractors, among others.
- It has branches in Piura, Cajamarca, Lambayeque, Trujillo, Huancayo, Arequipa, Cusco and Ilo, and operates in new branches in Ica and Moquegua. It also has offices in Cerro de Pasco, Huaraz, Ayacucho and Puno. Its main office is located in Lima, where it also has a store in the southern area, dedicated to renting units.

3.1.3 Orvisa

Orvisa, Ferreycorp's subsidiary focused on the Peruvian Amazon, registered in 2019 sales amounting to PEN 141 million (US \$ 42 million), a lower number than the one obtained in the previous period, under a context of low dynamism in the execution of the investment portfolio foreseen in the region during the year.

Over the year, most of the commercial activity of Orvisa, leader in the jungle region with its main representative Caterpillar, was driven by supplying machinery of this brand to local companies in order to execute infrastructure works, mainly in the department of Ucayali.

Particularly, the sale of CAT machinery such as excavators, back-hoe loaders, road rollers and motor graders contributed to Orvisa's revenues, mainly in the last quarter.

In the year, the company expanded its portfolio with the introduction of the 120 Next Gen motor grader, which adds to the range of equipment in this new CAT series. In addition, it promoted among its customers the adoption of service packages such as Repair Options and Customer Value Agreements (CVA), to provide the Caterpillar machine park with more competitive prices.

In the agricultural sector, Orvisa maintained sales levels similar to those of the previous year, thanks to the slight recovery observed in the price of rice, among other factors that encouraged the demand for agro-industrial equipment of Zaccaria and Kepler Weber brands, as well as for Massey Ferguson agricultural tractors between 52HP and 72HP.

Also, in the hydrocarbons sector, operations continued to focus on spare parts and services, which showed a similar behavior as in the previous year. Likewise, this market influenced the river transport sector, which demanded the river construction products provided by Motomaq, a subsidiary of Orvisa.

During the year, Orvisa carried out a series of initiatives to optimise its operations and adjust to the digital transformation. During the year, Orvisa launched the new SAP S/4HANA platform, implemented the e-commerce platform for CAT spare parts, renewed its website and increased its presence in social networks.

In Caterpillar's programs of excellence, Orvisa was distinguished with the Silver level in Services, and obtained the Bronze level in Spare Parts, Marketing and Digitalization.

About Orvisa

- A specialist in capital goods, services and consumables in the Peruvian Amazon, Orvisa's primary represented brand is Caterpillar.
- Its portfolio is integrated by the same lines of products and services of Ferreyros and Unimaq, as well as by products of specific application in the jungle area. Includes CAT machines, Massey Ferguson

agricultural equipment, Iveco trucks, Terex cranes and Carmix concrete mixers, among other products specifically for the area.

- Serves sectors such as construction, fluvial transport, hydrocarbons, forestry and added value to wood, as well as agriculture and agroindustry.
- With its main office in Iquitos, it has branches in Pucallpa, Tarapoto, Bagua, Huánuco and Puerto Maldonado.

3.2 Companies Representing Caterpillar and Other Business in Central America

In 2019, companies representing Caterpillar and other businesses in Central America recorded sales levels of PEN 436 million, 3% more than the previous year. In dollars, they obtained revenues of US \$ 130 million, with a variation of 1% over the previous year. This group of subsidiaries contributed with 7% of the Corporation's consolidated sales during the year.

The Corporation joined Central America in 2010, with the acquisition of Caterpillar's representative companies in Guatemala and Belize (Gentrac) and in El Salvador (General de Equipos). Subsequently, it acquired Soltrak (formerly Mercalsa), a wholesale distributor of Mobil lubricants in Nicaragua, and Motored (formerly Transpesa), which provides spare parts for heavy transport in El Salvador.

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

During 2019, the lower activity of traditional sectors such as construction and mining persisted in Guatemala, as well as the limited dynamism of commerce, industry and agriculture. However, Gentrac, Caterpillar's representative in that country, achieved a relevant recovery by reaching sales of PEN 227 million (US \$ 68 million), higher than the previous year, with good results in indicators such as margins, profits and asset turnover.

The business line with the greatest importance in sales was the supply of Caterpillar machinery, leader in its field with a 30% share, 15 points above the second place in the market, according to unit import records. During the year, the Caterpillar portfolio in Guatemala was expanded with the launch of the new generation of CAT excavators and the incorporation of the CAT GC line.

It also emphasized the commercialization of CAT spare parts through the online sales platform Parts.Cat.Com, which represented more than 20% of total spare parts sales. The company also carried out certified repairs (CCR) on CAT trucks and loaders owned by a major client in Guatemala's construction sector.

In addition, it is worth mentioning the provision of a mobile crane for Marine Travelift boats to the Guatemalan National Defense Navy. At the same time, Gentrac added other brands to its portfolio: Schwing, with a complete line of mixers, pumps, booms and concrete plants, and Marini asphalt plants, in order to expand its capacity to supply the market.

The company implemented a number of business strategies during the year, such as capturing new business opportunities with its current clients in the agricultural and vertical construction sectors; promoting its financing programs for the acquisition of machinery; expanding its client portfolio; and expanding its sales force.

It should be noted that Gentrac opened a new branch in the city of Retalhuleu, to enhance its coverage in the southwestern region, with a focus on providing spare parts and attracting machinery sales opportunities.

The company also became the first Caterpillar distributor in Latin America to receive 5- star certification in Retail Experience, for both the headquarters and the Xela branch.

In addition, Caterpillar reached the Silver level in Service and Parts in the Excellence programs; as well as the Bronze level in the Digital and Machinery Rental programs.

In 2019, Gentrac Belize recorded sales of PEN 13 million (US \$ 4 million), lower when compared to the previous year, within a slow performance of the country's economy.

The provision of machinery, spare parts and services, mainly for large contractors working in road construction, quarries and aggregates, showed a 6% growth. This result offset lower sales of the Mobil line of lubricants, with Gentrac as the wholesale distributor in Belize.

The company remained the market leader, with a 100% market share, thanks to the delivery of CAT tractors, excavators and back-hoe loaders. In addition, Gentrac continued to perform both preventive and corrective maintenance on CAT machinery and generators operating in the territory.

In Nicaragua, the Mobil lubricants representative in the country, Soltrak, reached sales levels of PEN 20 million (US \$ 6 million) last year, similar to those presented in 2018.

The lubricant market, the company's main business line, declined with respect to the previous year due to lower growth in the Nicaraguan economy, influenced by the political situation. The sub-distributor or B2C segment was the main driver of lubricant sales; new points of sale for these products were activated in the territory during the year. Soltrak was among the three main players in the lubricant market in Nicaragua, with a 10.4% share

During the year, exceptionally, the supply of prefabricated bridges of the British brand Mabey, which were required in public tenders in Nicaragua, contributed to Mercalsa's sales.

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

- In Guatemala, Gentrac is the exclusive representative of Caterpillar machinery and equipment as well as a national distributor of Mobil lubricants and representative of other renowned brands, such as Mitsubishi (forklifts), Marine Travelift, Kalmar, Mabey, Terex/Finlay Genie, Valley, SKF, Alemite, Sullair, Wacker Neuson (light-duty and compact), Lincoln Electric, Cifa, Carmix, among others.
- Gentrac's headquarters along with a spare parts store are located in Guatemala City. Branches in Quetzaltenango, Teculután, Escuintla, Morales and Retalhuleu, as well as 14 mobile warehouses in customer operations.
- Gentrac was created in 1938 under a different names and stakeholders as the exclusive Caterpillar distributor in Guatemala; it was then purchased by the distributor in El Salvador in 1998, and afterwards by Ferreycorp in 2010.

- In Belize, Gentrac is the exclusive representative of Caterpillar machinery and equipment as well as a national distributor of Mobil lubricants and representative of the brands Wacker, Sullair, Twin Disc, Mitsubishi forklifts and Olympian generators.
 - Its head office is in Ladyville, where the country's international airport also located.
 - It was established in 1998, the year in which it purchased Belize Cemcol Limited, the country's Caterpillar distributor at the time.
- Soltrak (previously Mercalsa) has its headquarters in Managua, where it serves all of Nicaragua.
 - It was incorporated to Ferreycorp in 2013. Its foundation dates to 2009, after Nicaragua Mobil transferred operations to a group of executives, assuming the development of a national distribution network.

3.2.2 General de Equipos- Cogesa (El Salvador)

General de Equipos, exclusive representative of Caterpillar and Mobil lubricants in El Salvador, among other brands, recorded sales for PEN 110 million (US \$ 33 million) in 2019, lower than the previous year, within the context of a contraction in the market for larger new equipment required by major contractors.

In this context, the company took most of the opportunities to sell smaller construction machinery, which allowed it to maintain its leadership by reaching a 57% share with the Caterpillar brand. The proper combination of product, price and added services allowed General de Equipos to defend its leading position.

During the year, the public sector was a significant sales driver, through several tenders. The firm supplied both the central and municipal governments of El Salvador with road rollers, electric forklifts, motor graders, back-hoe loaders, Caterpillar tractors and excavators, as well as Mack dump trucks and tanker trucks.

Likewise, with its represented John Deere, General de Equipos maintained the leadership in the agricultural and agro-industrial sectors with a market share of 71%, measured by imports. Agricultural tractors and sugarcane harvesters were required mainly by sugar mills and small farmers.

The Mobil line of lubricants showed growth during the year. The sub-distributor segment was the main sales destination, especially the vehicle spare parts sales chains (auto parts).

On the other hand, the commercialization of spare parts and services expanded 15% compared to 2018. The execution of several small road projects, both expansions and repairs, carried out mainly with a fleet of used machines, resulted in a greater requirement for spare parts and services, with special emphasis on the large-scale contractor segment.

It should be noted that in 2019, in Caterpillar's Excellence Programs, Cogesa reached the Silver level in Service, as well as the Bronze level in Spare Parts, Digital, Marketing and Sales.

About General de Equipos - Cogesa (El Salvador)

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

3.2.3 Motored (El Salvador)

Motored's sales in El Salvador reached PEN 60 million (US\$ 18 million) in 2019, higher than the previous year. The cargo transport sector, with spare parts and consumables sales, and the passenger transport sector, with equipment sales, were the most important sectors to the company.

The spare parts and consumables market in the country expanded during the year, becoming more competitive. Motored maintained its leading position in its field, with a market share of over 50%.

Sales growth was driven by good performance in the supply of spare parts and services. The offer of Motored excelled in the market due to the breadth of its portfolio, national coverage, distribution system and competitive prices.

Furthermore, it continued with the supply of Higer brand buses. The H5F and H6C models were the most requested, expanding the product line and sales volume. The demand for Kenworth garbage compactors from municipal authorities was also significant, although less so than in 2018.

It should be recalled that Motored has a small operation facility in Honduras, where it offers customers from that country the same portfolio of products as in El Salvador. The activities in Honduran territory had a limited scope due to the impact of the political situation of the local economy.

About Motored (El Salvador and Honduras)

- Having joined Ferreycorp in 2015, Motored (previously named Transportes Pesados S.A. de C.V.—Transpesa) has as main business area the provision of spare parts for trucks and buses in El Salvador.
- It also has additional consumable lines such as lubricants and tires, and the representation of Kenworth trucks –also represented by Ferreycorp– as well as Higer passenger busses.
- It has twelve branches in El Salvador, located in El Salvador, located in San Salvador, Santa Ana, Sonsonate, San Miguel, Metapán, Lourdes, Santa Rosa de Lima, Soyapango, Zacatecoluca, Aguilares y Usulután cities. Additionally, it has operations in Honduras.

3.3 Supplementary Businesses in Peru and other South American countries

In 2019, the businesses which complement the supply of goods and services in Peru and other South American countries generated sales of PEN 942 million, 13% higher than the previous year. In dollars, revenues of US \$ 282 million were recorded, representing an 11% growth compared to 2018. With this, these businesses contributed 16% of the Corporation's consolidated sales.

This group is composed, in the capital goods area, by Motored, specialist in transport solutions in Peru; by Trex, supplier of cranes and lifting equipment, operating in Chile, Colombia, Ecuador and Peru; by Cresko, focused on the Asian machinery segment; and by Maquicentro, dedicated to the supply of light equipment in Ecuador.

Similarly, this group of companies includes Soltrak, which supplies industrial consumables; the subsidiaries Fargoline and Forbis Logistics, which provide logistics services; and Soluciones Sitech Perú, which provides technological solutions.

3.3.1 Motored (Perú)

During 2019, the subsidiary specialized in transport solutions for the different productive sectors, Motored, reported sales of PEN 199 million (US \$ 59 million), higher than those reached in the previous year.

Transport associated with mining operations became the most relevant sector for the business, promoting the demand for heavy trucks during the year. In addition, the construction and cargo transport sectors also required units of the brands represented by Motored.

The company engaged in aggressive pricing and financing options in the market. However, its commercial strategy allowed it to place in the market approximately 400 vehicles, mainly tractors and dump trucks of Kenworth, DAF and Iveco brands, increasing its sales volumes compared to 2018.

Motored increased its participation in the heavy truck segment, reaching 17% of the market with Kenworth brand. Also, in the segment of dump trucks over 38 tons of gross vehicle weight obtained a share greater than 4.5% with its model Iveco Trakker, in line with better commercial coverage, with a specialized focus on geographical areas and product lines.

During the year, Motored continued to make efforts in order to expand its capacities nationwide. Its branch in Arequipa now has a new location, more accessible to customers, which includes workshop services and spare parts sales, support and technical advice. In addition, a workshop was opened in Piura and the workshop in Cajamarca was upgraded to optimize customer service.

In 2019, the company started an important project that will allow it to be at the forefront of technological services, offering its customers a modern fleet management system through telemetry, which will be incorporated to all new units in its portfolio. The system will allow remote monitoring of critical aspects in the operation of the customer's fleets, such as fuel consumption, hours of operation, kilometers traveled, critical events, maintenance scheduling, among others.

Simultaneously, it is important to mention that Cummins certified the technicians of Motored nationally, as well as the workshops of the company in Lima, Arequipa and Trujillo, in the support to vehicles with engines under the standards of new emissions in the country.

On the other hand, sales of automotive spare parts, provided by the Motored Parts division, reached levels close to the previous year, within the context of high competition in price and variety.

The company began a process of expanding its spare parts portfolio and opened a new point of sale in Los Olivos district, Lima, for spare parts of trucks and buses of recognized brands, such as Paccar, TRP, Fleetguard, Donaldson, Cummins, among others. This is a strategic location, where cargo and bus customers from the North of Lima converge.

Similarly, during the year, the company launched its e-commerce platform Tienda.Motored.Com.Pe, for selling spare parts, making its first sales through the digital channel. It also participated in initiatives that promote e-commerce in the country, along with other companies of the Corporation.

In another area, it is worth noting that in April the SAP S/4HANA platform was launched, which will bring efficiencies and improvements to the business. Motored is a pioneer among the distributors of its main brands represented using this platform.

Furthermore, the year continued with the improvement of the loyalty indicator par excellence, the Net Loyalty Score (NLS), which measured both customer satisfaction and the intention to buy back and recommend Motored units, services and spare parts.

About Motored (Perú)

- The company started operations in the mid-90s as the automotive division of Ferreyros and since 2012 it has functioned as the subsidiary Motored.
- It represents the Kenworth, Iveco and DAF brands, handling a comprehensive portfolio that includes tractors, trailers, and trucks with different settings, diesel and natural gas buses, as well as the equipment of allied brands for the automotive market.
- It has two branch offices in Lima: one of 30,000 m² along the Panamericana Sur highway where the main service workshop operates, spare parts sales and storage for local service, and another of 4,000 m² in Ate, on the Via de Evitamiento where the central warehouse for spare parts is located, spare parts sales and vehicles, the administrative offices.
- It has three integral offices in Arequipa, Trujillo and Cajamarca. Additionally, Motored Parts has three sales outlets in Lima and operates in the cities of Huancayo, Piura, Chiclayo and Cusco.

3.3.2 Soltrak (Perú)

In 2019, Ferreycorp's industrial consumables specialist, Soltrak, generated sales of PEN 226 million (US \$ 68 million), close to those of the previous fiscal year, along with a significant improvement in the bottom line results.

In the first full year after the new constitution of its portfolio, as Master Distributor of Chevron's *premium* lubricant brand in Peru, Soltrak obtained positive results: sales of this line showed a constant growth since it assumed the representation in the second quarter of 2018. Sales of Chevron lubricants, measured in barrels, between April and December 2019 were 90% higher than in the same period of the previous year.

As part of Soltrak's new role, new segments began to be served, including the fleet segment, in which important agreements were settled along with leading companies in the sector. Mining, construction and transportation were the main markets served by Soltrak. Likewise, the southern part of the country -in the B2B and B2C categories- excelled due to its dynamism over the other regions.

During 2019, the Chevron Lubricants business division focused on high technology specification products, Havoline for gasoline engines and Delo for diesel engines. Chevron lubricants aim to be among the three main brands in Peru.

It is worth mentioning that Soltrak complements its lubricant portfolio with expert after-sales services, which include lubrication services for mobile equipment and industrial plants; design, manufacture and operation of equipment and lubrication bays; vibration analysis, videoscopy, oil analysis and laboratory operation, preparation of studies and lubrication guides; as well as customer training.

Additionally, during 2019, the first Maintenance and Reliability Congress (Congreso de Mantenimiento y Confiabilidad, CMC) in Peru was successfully held, organized jointly with Noria Latin America, gathering 250 participants. The second edition of this congress is expected to take place in Peru in 2020.

On the other hand, in the industrial security division, Soltrak continued to lead the market in this industry. Sales in the year were slightly lower than in 2018, but better bottom line results were achieved. The portfolio included leading brands such as 3M, MSA, Alphatec (formerly Ansell), Bullard, Kleenguard (formerly Kimberly-Clark), among others.

The respiratory, skin and fall protection categories excelled in their performance. One of the most important companies in this division, 3M, confirmed Soltrak's leadership in the country and in the Andean market.

Soltrak's after-sales support for industrial safety products is backed by a team of top-notch technicians and workshops specializing in the service of self-contained respiratory protection equipment; the repair and certification of fall protection retractable blocks; and the service and calibration of gas detectors and monitors.

Tire line sales, with Goodyear as the main representative, maintained levels close to those of the previous year, due to the final closure of retreading operations in 2018 and lower demand in the large mining segment.

The tire division approach during the year was to have a profitable and sustainable operation, which made a significant contribution to the Soltrak business. Mining was the most relevant sector in sales, followed by construction, including the contractor segment, transport, industry and agriculture.

During 2019, Soltrak obtained the re-certification, without non-conformities, of the ISO 9001:2015 standard in the commercialization of industrial safety products, lubricants and tires, obtaining from SGS a valid certificate until December 2022.

About Soltrak (Perú)

- It is the subsidiary of the Ferreycorp Corporation specialized in the supply of industrial consumables, with a focus on industrial safety lines, lubricants and tires, accompanied by specialized services.
- Its product portfolio includes first-class brands such as Chevron lubricants, 3M industrial safety equipment, MSA, Bullard, Alphatec (formerly Ansell Microgard), Kleenguard (Kimberly Clark), Tecseg, as well as Goodyear tires.
- The service portfolio includes training and coaching, predictive maintenance, among others.
- It has branches in Talara, Piura, Cajamarca, Trujillo, Arequipa and Huancayo, with head offices in Lima. Additionally, it has a branch in Santa Cruz, Bolivia.
- Soltrak is certified with ISO 9001:2015 and is recognized as a Socially Responsible Company (Empresa Socialmente Responsable, ESR).
- It joined Ferreycorp in 2007 with the acquisition of Mega Caucho & Representaciones S.A.C., in the tire industry. In 2009, it merged with the purchase of Inlusa S.A., incorporating the lubricants business. In 2013, the acquisition of Tecseg S.A. was completed, providing a complete portfolio of personal protection equipment (PPE).

3.3.3 Cresko (Perú)

During 2019, Cresko, specialist in supplying products from Asia, reached sales of PEN 36 million (US \$ 11 million), achieving significant growth compared to the previous year, and reaffirming its national leadership in its field.

The main contributors to the year's sales were the construction sector, which was served by the commercialization of Shacman dumpers and the SEM machinery line, and the transport sector, which required gas and diesel tractors of Shacman brand.

Among the most outstanding operations, it is remarkable the sale of the first 17 GNV tractors of its represented Shacman, which will circulate in the Paita-Bayovar route, for a client oriented to the fuel and liquid transport. This delivery will be followed by technical support in the units' operation place and with the provision of spare parts in the customer's warehouse.

In addition, the company provided 10 Shacman dump trucks to a Chinese construction company responsible for a road project in the Lima highlands. It also supplied crushing and grinding equipment made by Shaorui, a Metso group company, in quarries of the northern and central part of the country, with excellent results in productivity and quality.

It should be noted that Cresko's main representative, SEM, under Caterpillar's brand, was again the leader in earthmoving equipment of Chinese origin and increased its market share from 28% to 34%, measured in unit imports. In addition, Shacman dumpers were positioned first in the market of units of Chinese origin with a share of 21%, according to import data.

During the year, one important strategy for Cresko was to continue with the commercial synergy developed with two subsidiaries of the Corporation, Unimaq and Orvisa, in order to ensure the coverage and infrastructure of both companies allow them to reach more customers nationwide and attract greater business opportunities.

About Cresko

- Established in 2007, Cresko commercializes products manufactured in Asia at competitive prices, with an after-sales proposal different to that offered by Caterpillar distributors. It mainly serves emerging customers in the construction, mining, agriculture and industrial sectors.
- Among its main represented brands is SEM, manufactured by Caterpillar as part of its strategy to provide products with a differentiated proposal. Cresko carries SEM loaders, crawler tractors, graders and rollers.
- Likewise, its portfolio includes Shacman trucks, Lovol (previously Foton) farming tractors), Power generators (Cresko own Brand), montacargas Mitsubishi forklifts and Shaorui crushers, among others.
- Cresko's main offices are in Lima while it expands its national coverage through several of the corporation's subsidiaries.

3.3.4 Trex (Chile, Colombia, Ecuador and Perú)

Sales of Trex, specialist in cranes and other lifting solutions, operating in Chile, Peru, Ecuador and Colombia, showed significant growth in 2019. This business reached PEN 414 million (US \$ 124 million) during the year, compared to the levels of US \$ 100 million registered in the previous year.

In Chile, the demand for Terex high-tonnage cranes, of over 220 tons of capacity, was the main driver of the business. As a complement, used equipment rental and supply showed good performance, and specialized technical support continued to be provided. Overall, the Chilean operation generated revenues of US \$ 92 million, higher than the US \$ 68 million recorded for 2018.

For sixth consecutive year, Trex maintained its leadership in the high-tonnage crane market in Chile, with a 45% share. The supply of port equipment showed a contraction, on whose recovery we have been working actively. It is worth mentioning that Trex expanded its customer base in Chile during the year, adding nearly 30 new companies.

Mining represented the sector with the greatest impact, followed by the construction of wind farms, which also demands large-scale equipment. Trex cranes were present in projects such as the expansion of Minera Quebrada Blanca and the modernization of the Arauco pulp mill, and their service capabilities reached the El Abra and Escondida mines.

In Peru, Trex achieved revenues of PEN 95 million (US \$ 28 million), compared to US \$ 22 million in the previous year, thanks to the sale of Demag mobile cranes to the mining sector and rental customers, as well as Konecranes container cranes to the port

sector. In both lines, Trex is the number one choice in the domestic market, with a 58% and 56% share, respectively.

During the year, the sale of a 700-tonne crane, the largest capacity in the Latin American region, and the delivery of 220-tonne mobile cranes to a major mining project in the Moquegua region stood out. It also included the delivery of two container cranes for the Salaverry port in La Libertad, consolidating Trex's presence in the country's port sector.

The provision of spare parts and services for the port sector continued to consolidate as an important business line for Trex Peru. In addition, the company obtained its first maintenance contract for *material handling* equipment (bridge cranes and jib cranes), which will allow it to promote similar projects with other clients.

In Colombia, it is worth noting the delivery of three container carrying equipments for the Sociedad Portuaria de Barranquilla; in addition, the after-sales strategy has been reinforced, allowing the company to introduce into the mobile crane market with the sale of two new and two used equipments. In Ecuador, new equipment was supplied to important rental companies.

In the four countries aforementioned, Trex's rental and used line showed high performance and market appreciation. During the year, this line of business reached consolidated sales of more than US \$ 28 million.

It should be noted that in 2019, the German Demag line of mobile cranes, formerly under the Terex brand, was acquired by the Tadano Group. In this line, Trex has become the official distributor of Tadano for the Demag division.

Trex is considered the main distributor of Terex and Demag in the region. Also during the year, Genie recognized Trex as its best distributor in South America, naming him Master Distributor of its products.

For business valuation purposes, Trex's sales include the revenues obtained from the sale of Terex cranes in Ecuador, although these correspond accountingly to the subsidiary Maquicentro as it provides support to the business in that country.

About Trex

- Represents Terex brands in off-road cranes (RT), Demag in all terrain cranes (AC), Genie in lifting platforms, Konecranes in port and material handling equipment lines, Donati and Demag in bridge cranes and Hyva and Mitsubishi in other lifting and loading solutions.

- Trex's business operates in Chile, Peru, Ecuador and Colombia. It was founded in the year 2000, but its origins in the industry of cranes and port equipment in Chile go back to the 80's. It joined Ferreycorp in 2014.
- The Peruvian operation of Trex started its activity in 2015. Previously, the distribution and support of Terex-Demag cranes in Peru was in charge of the subsidiary Ferreyros.

3.3.5 Fargoline (Perú)

In 2019, the logistics operator Fargoline reached sales of PEN 100 million (US \$ 30 million), higher than those registered in the previous year, with the promotion of different sectors, mainly transport, and the dynamism of its business lines.

The temporary container storage activity represented 68% of Fargo's total income. This line of business grew 9% compared to 2018, with a greater growth in export services. Likewise, the transportation and distribution lines, as well as customs and simple warehousing, also showed incremental sales, complementing the company's service portfolio.

During the year, it should be noted the start of the transportation service for a major mining project in Moquegua, as well as the expansion of services to open pit mining clients in Arequipa and Tacna. Concurrently, the company continued its transportation and distribution operations in cities such as Ica, Trujillo and Chiclayo. It is worth mentioning the 86% growth in the transportation and distribution of goods.

In 2019, Fargo began operations with a new warehouse in the city of Moquegua, which will be added to its facilities located in key logistics clusters in the country: Callao, southern Lima and the city of Arequipa.

Likewise, to reinforce its capacities, Fargoline invested in new transportation units, infrastructure maintenance in the premises where it operates, security systems and technology in its operations to improve customer service. Likewise, it continued to develop quality and environmental programs aimed at change management and the measurement of water and carbon footprints.

During the year, the company recertified BASC - certification it has maintained since 2011 - in its new standard, therefore guaranteeing its customers the highest standards in cargo control and safety in international trade. In addition, the company certified the new ISO 45001:2018 standard for safety and health in the workplace, replacing OHSAS 18001:2007, which Fargo previously had.

Aiming to contribute to the training of technical professionals in logistics, Fargo launched its Trainee Program in 2019, through an agreement with the Peruvian Institute of Applied Logistics (Inlog). Under the modality of dual professional training, students from the institute have the possibility of acquiring experience in different areas of Fargo operations. During the year, the company received two promotions of students, equally divided between men and women.

Fargoline was distinguished in the Good Labor Practices 2019 Contest, organized by the Ministry of Labor and Employment Promotion; and received the Socially Responsible Company award granted by Peru 2021. Likewise, it executed in Ica, together with Ferreyros, its first Tax Work in the remodeling of educational infrastructure, and supported for sixth consecutive year the efforts of Aldeas Infantiles Callao.

About Fargoline

- With 36 years in the national market, Fargo offers services in the regimes of temporary deposit of containers, loose and rolling cargo; customs deposit; simple storage; transportation and distribution; and movement of cargo for projects
- It is located in Callao, where it has two branches on Gambetta Avenue; in Punta Negra, south of the capital; and in the cities of Arequipa and Moquegua.
- Its Security and Control Management System is certified by the Business Alliance for Secure Commerce (BASC). Additionally, it has ISO 9001:2015 (quality) certifications, ISO 14001:2015 (environmental management) and ISO 45001:2018 (safety and security at work).

3.3.6 Forbis Logistics (Perú and Chile)

Forbis Logistics, an international forwarding agent, reached sales of PEN 138 million (US \$ 41 million) in 2019, higher than the previous year. Air and sea freight chartering was driven by the activity of current clients and the expansion of client base outside the Corporation.

During the year, it is worth mentioning the mobilization of a large volume of machinery and spare parts for two large mining investments in southern Peru, with high efficiency and safety. Additionally, the movement of cargo in Asian and European markets became more dynamic. Forbis Logistics' affiliation to international agent networks allows it to expand its cargo offer both to and from any part of the world.

Forbis Logistics ranked first in the ranking of cargo agents on the Miami- Lima air route and among the top five air cargo agents from all over the world to Peru, according to Infoescomar, which considers the kilograms transported. In the maritime sector, it remained among the main agents of oversized cargo sent to Peru.

Meanwhile, the company continued with its process of introducing into the Chilean market, by providing import and export cargo agency work, with greater volumes of operation than the previous year.

At its central warehouse in Miami, Forbis Logistics optimized its operational efficiency - which, in turn, translates into savings for its customers - by using the specialized system CubiScan, installed the previous year for automating processes in the reception and departure of cargo.

This system, which became especially relevant in a year with higher volumes of transported cargo, allowed Forbis Logistics to significantly speed up its services, going from two to eleven boxes per minute, as well as to store more cargo with the same infrastructure.

About Forbis Logistics

- Forbis Logistics is a specialist in international air and sea freight transportation through a network of agents in the world and with its own offices in Peru, the United States and Chile.
- It was created in 2010 in Miami, Florida, where it has a very well located warehouse, 9 km from the international airport of that city and 26 km from the port. In 2012, Forbis Logistics was established in Lima.
- It has the Indirect Air Carrier (IAC) and NVOCC certifications, given by the United States government, as well as the BASC certification. It is currently completing the process to obtain the ISO and BASC certifications. Likewise, it works with Caterpillar quality standards.

3.3.7 Soluciones Sitech Perú

In 2019, Soluciones Sitech Peru, specialist in technology integration, obtained sales of PEN 7 million (US \$ 2 million), lower than the previous year, amidst a low dynamism of investments in construction and underground mining, and a still slow adoption of technological solutions, which will gradually gain speed in our country.

However, mining was again the main destination of its operations, as expressed in the demand for productivity and safety solutions. In open pit mining, Sitech continued to provide fatigue monitoring services during the year to various mining operations based on the CAT DSS system. Currently, approximately 220 haul trucks are monitored by this solution, which is part of Caterpillar's portfolio.

As part of its consolidation efforts, Sitech incorporated a new technological partner during the year: the Spanish company Torsa, which will provide the Peruvian mining industry with high-precision technology solutions, contributing to the digital transformation of this market.

In underground mining, Sitech continued with the installation of its Trimble Loadrite system in the low profile CAT loaders sold by Ferreyros, for remote control and analysis of productivity in material movement operations. Likewise, Soluciones Sitech Perú continued to develop technological skills that enable them to offer customized information management services, therefore promoting the digitalization of production processes.

On the other hand, in the construction sector, the company incorporated to its client portfolio important contractors that develop infrastructure projects in mines, which demanded productivity and safety solutions.

During the year, Sitech redesigned its value proposal around safety, an aspect of utmost importance for sectors such as mining - both underground and open-pit - and construction. The company will continue to promote this value proposal in 2020, through a renewed portfolio that includes, among others, the CAT Readiband, a preventive monitoring tool complementing the company's current offer, along with the CAT DSS solution. The company has also added a new line of security cameras to its portfolio through its new representative: the Canadian brand Provox.

As part of its market positioning strategy, Sitech participated in several specialized forums as a reference company in its field, including the latest edition of the mining convention Perumin, in Arequipa, with its initiative "Connect, Decide, Transform", focused on digitalizing stages of mining operations.

About Soluciones Sitech Perú

- Since 2013, Sitech has integrated technologies to provide solutions that increase customer productivity in mining, construction, hydrocarbon and agriculture activities.
- Sitech has a complete portfolio, representing brands such as Trimble, Loadrite, Torsa, Provix, Brigade and CAT DSS, among others.

3.3.8 Maquicentro (Ecuador)

The Corporation's company, Maquicentro, specialized in light equipment in Ecuador, reached sales of PEN 19 million (US \$ 6 million) in 2019, lower than those recorded in the previous year, within the context of a general fall in the markets it serves.

Valtra tractors, used in the agricultural sector, were the main product line sold during the year. In a challenging market, which showed a 50% contraction, Maquicentro sought to expand the segments of producer customers it serves with a new model of agricultural tractor.

Carmix remained the leader in the self-loading concrete mixers segment, although with a smaller share, around 38%, in a market continuing to develop. In addition, the sale of Lincoln Electric welding equipment was focused on the petroleum sector; construction and metalworking customers opted for lower value products when affected by the economic situation.

Looking to the future, Maquicentro bet on expanding its product portfolio. In this way, the company assumed the representation of the Shell lubricants line for the industrial sector, in the last quarter, and prepared to commercialize, from 2020, a new line of heavy trucks of Asian origin.

In 2019, the company opened a new office in Riobamba, a predominantly agricultural city located in the central highlands of the country, aiming to provide greater support to customers in the area through the supply of spare parts and lubricants.

About Maquicentro

- Maquicentro specializes in Ferreycorp's light-duty equipment in Ecuador, satisfying the needs of different productive sectors.
- Its portfolio includes farming trucks, construction equipment, self-loading concrete mixers, forklifts and welding equipment, among others, with brands such as Valtra, Wacker Neuson, Carmix and Lincoln Electric.
- It has branches in Guayaquil, Quito and Riobamba and concessionaires in Imbabura and los Ríos.

3.4 Economic value generated and distributed to the interest groups

(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 their operations on the interest groups that are part of their 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.

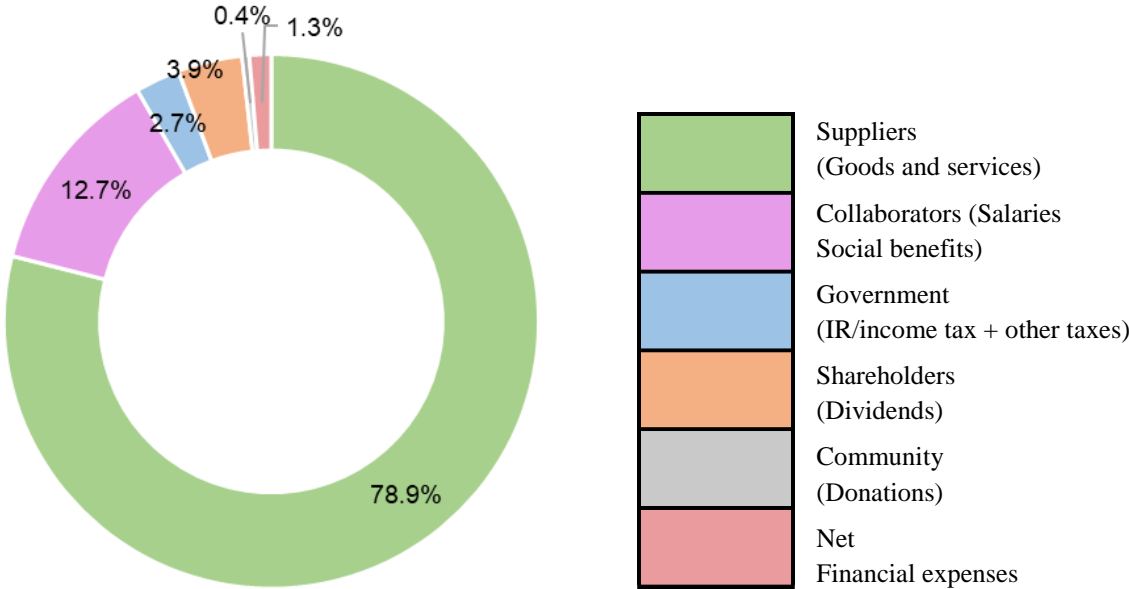
Next, we can appreciate the wide scope of the economic value generated and distributed by Ferreycorp and its subsidiaries to its stakeholders.

Value generated and distributed to the stakeholders: Ferreycorp Corporation

Ferreycorp Corporation (PEN thousands)	Ferreycorp consolidated	
	Year 2018	Year 2019
Direct Economic Value Generated (VEC)		
Sales (Net sales + participation of subsidiaries)	5,212,521	5,861,760
Other income (Sale of fixed assets + other investments)	39,740	924
Economic Value Distributed (VED)		
Suppliers (Goods and Services)	-4,023,134	-4,465,875
Collaborators (Salaries and Social Benefits)	-674,642	-718,802
Government (Income tax + other taxes)	-142,277	-152,323
Shareholders (Dividends)	-132,171	-221,515
Community (Donations and Works for tax purposes)	-21,910	-24,881
Net financial expenses	-51,605	-74,211
Economic Value Retained (VER)	206,522	205,077

In 2019, 97% of the economic value of the Ferreycorp Corporation was distributed (96% in 2018). Out of the total economic value distributed, 78.94% corresponded in 2019 to payments to suppliers, mainly stocks and services (79.73% in 2018), given the commercial nature of the Corporation's companies, which distribute machinery manufactured by third parties. The rest, 21.06%, was distributed in 2019 among the interest groups government, community, collaborators and shareholders (20.27% in 2018).

Percentage distribution of value in 2019



4. Financial Management | Analysis and Discussion of Management on Audited Financial Statements

4.1 Financial Management

(GRI 102-45)

In 2019, Ferreycorp and its subsidiaries generated significant results in the financial area, which accompanied the highest sales volumes: among them, a gross profit of PEN 1,376 million, with an increase of 10% compared to 2018; an operating income of PEN 461 million, The company's net income is 1% lower compared to 2018 due to greater extraordinary revenues recorded during that period; EBITDA of PEN 684 million, which increased by 10%; and net profit of PEN 246 million, which is 10% higher than the one recorded in 2018

EBITDA at the end of 2019 represented PEN 684 million, with a growth of 10% compared to that obtained in the same period of the previous year (PEN 621 million). The 2019 EBITDA margin was 11.7%, compared to 11.9% in 2018, due to a certain decrease in the gross margin during 2019 and the higher operating profit during 2018, as a result of Ferreycorp's investment sale in an insurance company, which generated an extraordinary income of PEN 33 million. This operation was not repeated in 2019.

The consolidated net profit of the corporation amounted to PEN 246 million, 10% more compared to fiscal year 2018, mainly due to higher sales, higher gross profit derived from higher sales, controlled expenses and a lower exchange loss (in 2019 there was an exchange loss of PEN -2 million, while in 2018 the exchange loss was PEN -59 million).

Regarding margin management, it should be noted that the gross margin decreased slightly with respect to 2018 and remained at 23.5% due in part to the composition of sales and the lower share of parts and services in total revenues, which went from 52% in 2018 to 50% in 2019. However, this business line reached historic revenue volumes.

The operating margin was 7.9%, lower than 8.9% in the same year 2018. As mentioned above, the operating profit for 2018 was benefited by selling the investment in an insurance company, which was reflected in the Other Income line, and which did not appear again in 2019.

The level of operating expenses over sales was 15.6%, lower than the previous period. Expenses increased by 7% in 2019, but below the increase in sales, due to high levels of post-sales support to mining customers, which had its correlation in a higher sale of equipment to that sector.

At the same time, financial expenses (PEN 96 million) showed a 31% increase during the year, due to a higher average debt rate, which went from 3.43% in 2018 to 3.68% at the end of 2019. It is worth mentioning that, at the beginning of the year, interest rates were high due to a change in the debt profile, which went from short to medium term at times when rates rose as a result of the increase in the reference rates of the Federal Reserve of the United States and were reduced throughout the second semester. Furthermore, during 2019, the strategy of maintaining 50% of the debt with current maturities was maintained, changing the trend of rising rates. Additionally, expenses were affected by a higher debt level (+16%), derived from the increase of inventories, greater investments in capex and the investment for the ERP SAP S/4 HANA implementation in the main companies of the Corporation, as well as the effect of the adoption of IFRS 16 that led to financial expenses recorded that were formerly considered operating expenses, amounting to PEN 6 million in 2019.

Although during 2019 the variation in the exchange rate generated exchange losses in some months, these disappeared in the second half of the year, and finally this account did not generate a greater impact for the twelve-month period (PEN -1 million). However, Trex, which operates in Chile, did generate a negative impact due to the devaluation of the Chilean peso against the U.S. dollar as a result of the social conflicts it experienced in 2019. It is clear the exchange rate in Chile was more volatile than the exchange rate in Peru.

It is important to highlight that Ferreycorp and its companies in Peru have a natural fit of currencies. The vast majority of the Corporation's companies carry out their operations in dollars; they purchase their representatives abroad in such currency; they finance their imports, working capital and investments in dollars; and they make their invoicing and collections in most of the countries where they operate in the same currency. Similar behavior is maintained in other countries, with the exception of Chile, which has rules leading to lower dollarization as it cannot finance in dollars, and the fact that the account receivable must be maintained 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 local currency financing.

The Corporation's ROE increased from 10.6% in 2018 to 11.5% in 2019, both due to the effect of the profit of the year and to the impact on equity derived from the delivery of dividends for PEN 221 million and the repurchase of shares.

The effective tax rate in 2019 (36.5%), above the target rate (30%), was affected by expenses which are not accepted for tax purposes, the main ones being: indirect expenses of exempt income (Gastos Indirectos de Rentas Exoneradas, GIRE), and others which do not meet and/or exceed the requirements of the law.

The following explains the main variations in the balance sheet of Ferreycorp and its subsidiaries.

4.1.1 Assets Management

At the end of 2019, total assets amounted to PEN 5,731 million, 6% more compared to 2018 (PEN 5,423 million), showing a lower growth in comparison to the sale, and therefore achieving an improvement in the rotation of assets, which went from 1.01 in 2018 to 1.04 in 2019.

The variation in total assets, compared to December 2018, is explained by:

- i. The increase in inventory by PEN 172 million, from PEN 1,772 million in 2018 to PEN 1,944 million in 2019, mainly as a result of the higher inventory of machinery and equipment to be delivered and invoiced in the first half of 2020.
- ii. The increase in fixed assets by right of use in PEN 109 million due to the adoption of IFRS 16 on Leases.
- iii. The increase in intangible assets of PEN 61.5 million, largely due to the investment to implement the ERP SAP S/4 HANA, affecting this account in the last two years, which we will refer to later.

4.1.2 Investment in fixed and intangible assets

As distributors of capital goods and related services, and for their storage needs, workshops, replacement of rental fleet, exhibition and business support capabilities, Ferreycorp's subsidiaries require investments in fixed and intangible assets to comply with the proposal of value to their clients and maintain the competitive advantage that has allowed them to maintain leadership in the markets where they act.

During 2019, the Corporation made investments in fixed and intangible assets for PEN 218 million.

The corporation added to its assets PEN 139 million (net), which included, among other aspects, investments for PEN 37 million in the improvement of premises and workshops, including the construction of complementary works for the La Joya Repair Center and the construction of the Ferreyros branch in Ica.

Similarly, investments were made in vehicles, workshop equipment, components, fixtures and furniture valued at PEN 39 million, while equipment was removed and transferred to inventory to be sold for PEN 39 million.

In 2019, the main subsidiary Ferreyros replaced units of the fleet with a net investment of PEN 102 million, which includes four mining trucks for delivery, as a demonstration, to a major mining company, which will be loaded in the fixed assets pending a purchase decision. Also, equipment was removed from the market and transferred to inventory to be sold for PEN 10 million.

Also, the Corporation made a significant investment in intangible assets amounting to PEN 78 million during the year, which mainly corresponded to the implementation of the ERP SAP S/4 HANA for PEN 69 million. During 2019 the implementation of such system in Motored, Orvisa and Unimaq was finished, while Ferreyros shall go live during the second half of 2020. Since the beginning of the project in 2016, PEN 184 million (US \$ 55 million) has been invested, an amount that will increase considering the completion of the project by the end of 2020.

4.1.3 Increase in liabilities

As explained, the company's financial liabilities increased by 14% to US \$ 703 million in 2019, to finance the assets mentioned above. It is worth mentioning the financial debt includes US \$ 38 million corresponding to the application of IFRS16 on Leases, a standard indicating that lease contracts must be converted into a liability and an asset equivalent to the right to use the property subject to the contract, and a financial expense resulting from bringing the corresponding obligation to present value.

The company maintains 58% of its debt with current maturities. At the end of 2019, the maturities for 2020 amount to US \$ 390 million. An important part is related to the increase in inventories, which are financed in the short term, and which will be cancelled after the sale is recorded.

The company's total debt rose from a debt/equity ratio of 1.53 to 1.67, remaining within the acceptable range of debt. On the other hand, the leverage ratio (net financial debt/EBITDA) of 3.28 also showed an increase compared to 2018.

4.1.4 Capital market

Ferreycorp is an active participant in the capital market since the entry of its stock to the Stock Exchange of Lima in 1962, with subsequent incursion into the debt market, both locally and internationally. In 2019, the corporation developed an intense activity focused on its shareholders and investors, to which it has been delivering interesting levels of profitability and dedicated attention.

During the year, the selling process of La Positiva's shares was completed, which began in 2017 with a reserved event in which Ferreycorp expressed its desire to participate in the Public Share Offering (Oferta Pública de Acciones, OPA) launched by Fidelidade. In May 2019, Ferreycorp confirmed its participation in the aforementioned takeover bid, selling its shares in La Positiva Vida, which resulted in a cash flow generation of PEN 14 million. This operation, added to the cash generated by the sale of La Positiva Seguros y Reaseguros (PEN 91 million), allowed the Corporation to pay extraordinary dividends of PEN 100 million in 2019.

In 2019, Ferreycorp shareholders received a return of -4%, considering the opening price of PEN 2.53 and the closing price of PEN 2.19, added to a dividend per share of PEN 0.227.

Also, during the year, shareholders received PEN 121 million in dividends for the 2018 fiscal year, which represented 12.45% per share. Furthermore, in order to increase the return of the shareholder, PEN 100 million was paid as extraordinary dividends, which represented 10.25% per share. To sum up, Ferreycorp delivered to its shareholders during the year 2019 dividends for a total of PEN 221 million, equivalent to PEN 0.227 per share and a dividend yield of 9%.

Given this scenario, in which the share price was below its fundamental and even accounting value, the Board of Directors approved a programme to repurchase shares of its own issue for up to 50 million shares (5% of the capital). This program allowed the Corporation to meet several objectives, such as giving the market a message of confidence in the business environment; and ensuring the share price did not fall abruptly when withdrawing shares from the market. The share repurchase program has been executed during the year and shall continue to be monitored and reported to the market. The maximum retention period for this investment in treasury stock is two years, in accordance with the provisions of the General Law on Corporations. At the closing of December 2019, Ferreycorp has repurchased 5,731,849 shares, for a value of PEN 12,237,506, at an average price of PEN 2.14.

For further information, see Appendix 2, section 2.1: Share capital and share price performance, and the chapter on Good Corporate Governance, section on Shareholders' Meetings.

4.1.5 Transactions between related companies

Ferreycorp was born as a parent company in 2012, within the framework of the simple reorganization carried out in that year. It operates through subsidiary companies that enjoy operational autonomy, within a strategic coherence and corporate guidelines for the standardization of certain processes that the matrix provides. In turn, the latter deploys processes of control and supervision as part of its functions.

To promote the best possible return on capital invested in each business, the parent company contributes, through financial planning and management control, to ensure that subsidiaries achieve their objectives of reducing operating expenses, improving asset turnover, reducing investments in working capital and carry out an adequate management of financing sources that generate the lowest expenditure in this area.

Ferreycorp provides shared services to its subsidiaries, such as the payment of payroll to personnel of the entire corporation and treasury for banking transactions (centralized in 2018), internal audit, legal advice, risk management, communications, mergers and acquisitions, security programs and environment, development of common programs for talent management, information technology and processes, as well as sustainability management, which are duly financed and contracted, in order to gain efficiencies and build synergies, reduce costs and optimize tasks, in addition to allowing Companies focus on their business activities.

It should be noted that Ferreycorp has a transfer pricing standard between related companies in the economic group and with an area in charge of reviewing the transactions between them. A rigorous analysis of inter-company sales, of the support functions provided by the corporation to its subsidiaries, of the assets or resources used for the development of those functions, as well as of the risks and costs assumed is carried out. Likewise, an auditing company annually validates the establishment of such prices and issues a transfer pricing report that is presented to the tax administration.

4.2 Analysis and discussion of the Management on the audited financial statements

Ferreycorp S.A.A., as a holding company, makes investments in its subsidiaries, both domestic and foreign, and establishes the strategic and political guidelines that all the companies of the corporation must follow. The income of the corporation, at the individual level, is generated mainly by the participation in the results of its investments in subsidiaries both in Peru and abroad, as well as in joint ventures.

By maintaining ownership of the properties used by its main subsidiary, Ferreyros S.A., the Ferreycorp Corporation receives the rents as operating income that covers the operating expenses of managing said properties. These rentals have contracts signed with fixed terms and rates at market prices.

Likewise, the corporation has the role of financing its subsidiaries to concentrate loans in higher volume operations and, therefore, obtain better conditions. In that sense, it also has as income the interest corresponding to the loans granted.

For a full understanding of the turnover and results of the entire business group of the corporation, it is recommended to read this chapter taking into consideration the consolidated financial statements.

FINANCIAL STATEMENTS SEPARATED FROM FERREYCORP S.A.A.

Analysis of the financial situation

	31-12-19	31-12-18	Variation	
			Amount	%
Assets				
Current Assets				
Cash and cash equivalents	7.8	5.3	2.5	47.2
Trade accounts receivable, net	4.8	6.6	-1.8	-27.3
Accounts receivable from related entities	179.3	154.8	24.5	15.8
Other accounts receivable, net	7.7	127.2	-119.5	-93.9
Investments in shares	0.0	10.5	-10.5	-100.0
Assets available for sale	13.9	0.0	13.9	
Investments in securities	5.0	2.5	2.5	100.0
Prepaid expenses	0.7	0.6	0.1	16.7
Total current assets	219.2	307.5	-88.3	-28.7
Long-term accounts receivable from related entities	43.9	242.0	-198.1	-81.9
Other long-term accounts receivable, net	31.5	4.8	26.7	
Investments in subsidiaries, associates and joint ventures	1,655.3	1,683.1	-27.8	-1.7
Investment properties, net	336.0	353.5	-17.5	-5.0
Property, machinery and equipment	1.1	0.9	0.2	
Other assets, net	0.3	0.5	-0.2	-40.0
Total assets	2,287.3	2,592.3	-305.0	-11.8

Analysis of the financial situation

continued from

	31-12-19	31-12-18	Variation	
			Amount	%
Liabilities and shareholders' equity				
Current liabilities				
Other financial liabilities	41.5	42.1	-0.6	-1.4
Commercial accounts payable	3.7	3.5	0.2	5.7
Other accounts payable	27.2	28.3	-1.1	-3.9
Accounts payable to related entities	0.0	0.2	-0.2	-100.0
Total current liabilities	72.4	74.1	-1.7	-2.3
Other long-term financial liabilities				
Other long-term financial liabilities	116.2	419.1	-302.9	-72.3
Deferred income tax liabilities, net	47.4	50.0	-2.6	-5.2
Total non-current liabilities	163.6	469.1	-305.5	-65.1
Total Liabilities	236.0	543.2	-307.2	-56.6
Equity				
Issued capital	975.7	975.7	0.0	0.0
Treasury stock	-5.7	0.0	-5.7	
Additional Capital	67.0	73.6	-6.6	-9.0
Legal reserve	211.6	189.1	22.5	11.9
Other equity reserves	223.5	254.2	-30.7	-12.1
Cumulative results	579.2	556.5	22.7	4.1
Total Equity	2,051.3	2,049.1	2.2	0.1
Total	2,287.3	2,592.3	-305.0	-11.8

As of December 2019, the total assets reached PEN 2,287.3 million with respect to PEN 2,592.3 million as of December 2018, which means a reduction of PEN 305.0 million (-11.8%). The main variations in assets are explained by decreases in: a) accounts receivable from subsidiaries for amortization of loans granted, b) other accounts receivable for collections from sales of investments in the previous year and c) investments for results obtained by subsidiaries, which are offset by dividends received.

On December de 2019, total liabilities amounted to PEN 236.0 million compared to PEN 543.2 million as of December 2018, equivalent to a decrease of PEN 307.2 million, due to the cancellation of the international bond.

Financial Ratios

The current ratio as of December 2019 is 3.03, lower than the current ratio of 4.15 of 31 as of December 2018. The financial indebtedness ratio as of December 2019 is 0.07, compared to 0.22 as of December 31, 2018. For the calculation of this ratio, the cash and bank balance has been excluded, as well as the liabilities with suppliers that do not generate financial expense.

The total debt ratio as of December 31, 2019 is 0.12, compared to 0.27 as of December 31, 2018.

Analysis of operating results

Income statement (in millions of Nuevos Soles)

	2019	2018	Variation
	Amount	Amount	%
Income			
Participation in the profits of subsidiaries, associates and joint ventures	272.2	213.8	27.3
Investment sales	16.4	119.7	-86.3
Financial income	11.9	14.2	-16.2
Rental Services	31.0	32.6	-4.9
Management support service	10.4	10.0	4.0
Miscellaneous revenue	1.5	1.9	-21.1
	343.4	392.2	-12.4
Operating costs and expenses			
Cost of investment sales	-10.4	-70.4	-85.2
Financial expenses	-12.8	-21.2	-39.6
Administrative expenses	-44.4	-44.3	0.2
Cost of rental services	-5.6	-6.1	-8.2
Miscellaneous expenses	-16.0	-3.0	433.3
Exchange differential, net	2.8	-2.7	
	-86.4	-147.7	-41.5
Profit before income tax	257.0	244.5	5.1
Income tax benefit	-12.1	-19.5	-37.9
Net income	244.9	225.0	8.8

The decrease in income during 2019 is due to lower sales of investments, which were partially offset by higher income from the participation of subsidiaries and associates, explained by the higher net result of these companies.

The largest expenditures in 2019 correspond essentially to the lower cost of investments. Likewise, in 2019 a profit was obtained instead, compared to the loss recorded in 2018. In 2019 there was a 1.83% appreciation of the sol against the dollar, and in 2018 there was a 5.04% appreciation of the dollar against the sol.

Changes in those responsible for preparing and reviewing financial information

During 2019 and 2018 there have been no changes in those responsible for preparing and reviewing the company's financial information.

CONSOLIDATED FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

The consolidated financial statements as of December 31, 2019 and December 31, 2018, and the explanation of the main accounts and their variations are presented below. For this purpose, certain figures have been reclassified in the income statement shown below to include the gross profit from purchase orders transferred by Caterpillar to Ferreyros, as sale and cost of sales.

Analysis of the consolidated statement of financial situation for Ferreycorp and subsidiaries

Consolidated statement of financial situation (in millions of Nuevos Soles)

	31-12-19	31-12-18	Variation	
			Amount	%
Assets				
Current Assets				
Cash and cash equivalents	84.5	73.7	10.8	14.7
Trade accounts receivable, net	1,114.9	1,195.0	-80.1	-6.7
Accounts receivable from related entities	231.1	302.0	-70.9	-23.5
Other accounts receivable, net	1,944.4	1,772.7	171.7	9.7
Investments in shares	13.9	10.5	3.4	32.4
Assets available for sale	0.0	0.0	0.0	
Investments in securities	9.3	2.5	6.8	272.0
Prepaid expenses	29.4	31.6	-2.2	-7.0
Total current assets	3,427.5	3,388.0	39.5	1.2
Long-term trade accounts receivable, net	31.8	25.5	6.3	24.7
Other long-term accounts receivable, net	32.1	5.0	27.1	
Investments in associates and joint ventures	16.7	13.3	3.4	25.6
Property, machinery and equipment, net	1,631.3	1,455.1	176.2	12.1
Intangibles, net	223.0	161.5	61.5	38.1
Commercial credit	170.4	176.3	-5.9	-3.3
Deferred income tax asset	198.4	198.5	-0.1	-0.1
Total non-current assets	2,303.7	2,035.2	268.5	13.2
Total assets	5,731.2	5,423.2	308.0	5.7

Consolidated statement of financial situation (in millions of Nuevos Soles) continued from

	31-12-19	31-12-18	Variation	
			Amount	%
Liabilities and shareholders' equity				
Current liabilities				
Financial Obligations	1,243.1	788.7	454.4	57.6
Leasing Liabilities	47.1		47.1	
Commercial accounts payable	617.8	560.4	57.4	10.2
Other accounts payable	484.0	511.6	-27.6	-5.4
Income tax liabilities	7.6	13.6	-6.0	-44.1
Total current liabilities	2,399.6	1,874.3	525.3	28.0
Other financial liabilities				
Other financial liabilities	909.6	1,210.4	-300.8	-24.9
Leasing Liabilities	79.6		79.6	
Other accounts payable	1.4	0.0	1.4	
Deferred income tax liabilities	187.0	190.0	-3.0	-1.6
Deferred Revenue	0.1	0.1	0.0	
Total Liabilities	3,577.3	3,274.8	302.5	9.2
Equity				
Issued capital	975.7	975.7	0.0	0.0
Treasury stock	-5.7	0.0	-5.7	
Additional Capital	67.0	73.5	-6.5	-8.8
Legal reserve	211.6	189.1	22.5	11.9
Other equity reserves	316.2	353.5	-37.3	-10.6
Resultados acumulados	580.8	556.6	24.2	4.3
Total Equity attributable to shareholders	2,145.6	2,148.4	-2.8	-0.1
Non-controlling shareholding	8.3	0.0		
Total equity	2,153.9			
Total	5,731.2	5,423.2	299.7	5.7

As of December 31, 2019, total assets reached PEN 5,731.2 million, million, compared to PEN 5,423.2 million as of December 31, 2018, which represents an increase of PEN 308.0 million (5.7%). The main variations of the asset accounts that explain it are the following:

- a) Increase in stock, due to greater demand for new equipment with deliveries scheduled for the first half of 2020.
- b) Increase in property, machinery and equipment, mainly due to the adoption of IFRS 16 Leases - assets by right of use.

As of December 31, 2019, total liabilities amounted to PEN 3,577.3 million, compared to PEN 3,274.8 million as of December 31, 2018, equivalent to an increase of PEN 302.5 million (9.2%), explained by the increase of the mentioned assets.

Financial Ratios

The current ratio as of December 31, 2019 is 1.43, lower than the current ratio of 1.81 as of December 31, 2018.

The financial debt ratio as of December 31, 2019 is 0.99, higher than the ratio of 0.92 as of December 31, 2018. For the calculation of this ratio, the cash and bank balance has been excluded as well as the liabilities with suppliers that do not generate financial expense.

The debt ratio as of December 31, 2019 is 1.67, higher than the 1.52 obtained as of December 31, 2018.

The net financial debt (cash) / EBITDA ratio as of December 31, 2019 was 3.28, higher than the 3.18 reached as of December 31, 2018, and higher to the adjusted ratio of 2.82, if inventory financing is deducted. With this, the corporation continues to demonstrate its ability to generate the necessary cash to meet its obligations without inconvenience and is within the covenants established in the contract for the issuance of international corporate bonds.

Analysis of the consolidated income from the operations of Ferreycorp S.A.A. and subsidiaries

Consolidated statement of income (in millions of Nuevos Soles)

	2019		2018		Variation	
	Amount	%	Amount	%		
Net Sales	5,858.4	100.0	5,211.5	100.0	12.4	
Cost of Sales	-4,482.8	-76.5	-3,957.6	-75.9	13.3	
Gross profit	1,375.6	23.5	1,253.9	24.1	9.7	
Selling and administrative expenses	-914.9	-15.6	-856.3	-16.4	6.8	
Miscellaneous income (expenses), net	0.0	0.0	68.4	1.3	-100.0	
Operating profit	460.7	7.9	466.0	8.9	-1.1	
Other income (expenses):						
Financial income	21.8	0.4	21.6	0.4	0.9	
Participation in profits of associated companies and joint ventures	3.3	0.1	1.1	0.0	200.0	
Financial expenses	-96.0	-1.6	-73.2	-1.4	31.1	
Exchange differential, net	-1.8	0.0	-59.4	-1.1	-97.0	
	-72.7	-1.2	-109.9	-2.1	-33.8	
Profit before income tax	388.0	6.6	356.1	6.8	9.0	
Income tax	-141.6	-2.4	-131.1	-2.5	8.0	
Net income	246.4	4.2	225.0	4.3	9.5	

Net Sales

(in millions of Nuevos Soles)

	2019		2018		Variation	
	Amount	%	Amount		%	
Domestic Sales	5,109.4 [▲]	87.2%	4,522.8	86.8	13.0%	
Foreign sales	749.0	12.8%	688.7	13.2	8.7%	
Total	5,858.4 [▲]	100.0%	5,211.5	100.0%	12.4%	

(in millions of Nuevos Soles)

	2019		2018		Variation	
	Amount	%	Amount		%	
Machinery and equipment:						
Mining trucks and Cat (GM) machines	508.2		293.4		73.2	
Caterpillar machines and engines to others sectors (NGM)	814.5		754.9		7.9	
Rentals and Used	542.5		467.5		16.0	
Allied equipment	683.3		585.6		16.7	
	2,548.5		2,101.4		21.3	
Spare parts and services	2,905.5		2,716.5		7.0	
Other lines	404.4		393.6		2.7	
Total	5,858.4		5,211.5		12.4	

Net sales in 2019 amounted to PEN 5,858.4 million, compared to PEN 5,211.5 million from the previous year, which represents an increase of 12.4%.

The sale of Caterpillar equipment and allied brands reached PEN 2,548.5 million, which represents an increase of 21.3%.

The sale of spare parts and services increased by 7.0%, in line with the growth and renewal of the machinery park, which is a consequence of the equipment sold over the last few years.

Other business lines show an increase of 2.7%.

When analyzing the results for each group of companies, as of December 31, 2019, the sales of Caterpillar distributors in Peru are 13.4% higher. Caterpillar distributors and other businesses abroad show a variation of 2.8%. The third group of companies, which complements the offer of goods and services through the commercialization of equipment and vehicles, consumables and logistics solutions, among other lines, showed an increase of 12.6% in sales, mainly explained by the higher revenues achieved by the Terex line.

Gross profit

Gross profit in 2019 was 9.7% higher than in 2018. In percentage terms, the gross margin was 23.5%, slightly lower than the 24.1% obtained in 2018.

Sales and Administration Expenses

Sales and administration expenses in 2019 to PEN 914.9 million, in comparison with PEN 856.3 million in the previous year, which represents an increase of 6.8%.

Other Income (Expenses), net

In 2019 the net balance was zero. In 2018, this category registered a net income of PEN 68.4 million, which basically included the profit from the sale of certain investments.

Financial Income

Financial revenues for 2019 amounted to PEN 21.8 million, slightly higher than the PEN 21.6 million from the previous year.

Financial Expenses

Financial expenses totaled PEN 96.0 million in 2019 and reached PEN 73.2 million the previous year, which represents an increase of 31.1%, explained by: a) higher debt level, b) higher interest rates and c) change in the application of IFRS 16 Leases.

Gain (lost) in Exchange Rates

In 2019 and 2018, net liabilities in foreign currency yielded a loss of PEN 1.8 million and PEN 59.4 million, respectively. In 2019 there was a 1.83% appreciation of the sol; the exchange rate was PEN 3.379 as of December 31, 2018, and decreased to PEN 3.317 as of December 31, 2019. On the other hand, in 2018 there was an appreciation of the US dollar against the sol of 5.04%; the exchange rate was PEN 3.245 as of December 31, 2017, and increased to PEN 3.379 as of December 31, 2018.

Income Tax

The Income Tax in 2019 and 2018 has been calculated in accordance with current tax and accounting standards.

Net Profit

Net income of the year amounted to PEN 246.4 million, showing an increase of 9.5%, compared to PEN 225.0 million in the previous year, basically due to higher sales volume.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA in 2019 amounted to PEN 684.2 million, which represents a 10.2% increase compared to PEN 620.8 million in the previous year, which is directly related to the higher gross profit.

5. Corporate Governance

(GRI 102-18)

During 2019, Ferreycorp Corporation reaffirmed its commitment to adopt the best practices of corporate governance. The company was honored with the highest distinction in this field, The Key to the (BVL), from the Lima Stock Exchange, for seventh time, and was included in the Good Corporate Governance Index (IBGC) for twelve consecutive years. It also ranked third in the "La Voz del Mercado" 2019 ranking, presented by EY and the Lima Stock Exchange, which reflected the perception of capital market specialists.

The company, with more than 2,500 shareholders, joined the objective of sharing and benefiting from the best practices in this field through its participation in the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle), which comprises seven leading companies and agents of change in the region.

Below are some of the activities carried out by the company in the area of good governance, which can be consulted in greater detail in the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies, in Appendix A of this Report.

Regarding our shareholders

The Shareholders' Meeting of March 27, 2019 approved the audited financial statements, the annual report and the following agenda items:

- Payment of the dividend in cash, in accordance with the Dividend Policy the company has had since 1997, which establishes the criteria for the distribution of profits. As recommended by the Board of Directors, it was agreed to distribute cash dividends of PEN 121,515,385.94, equivalent to PEN 0.1245439168 per share (12.45439168%). The dividend was paid to the shareholders in June 2019.
- Modification of the Dividend Policy to allow the delivery of extraordinary dividends above the established limit.
- Delegation of powers to the Board of Directors for the distribution of an extraordinary dividend, under the terms of the dividend policy approved in the previous point. Thus, the Board of Directors, at its meeting on May 15, 2019, pursuant to the exercise of such powers, agreed to distribute an extraordinary cash dividend of PEN 50,000,000.00 equivalent to PEN 0.051246151172 per share (5.1246151172%) to be paid in June 2019, together with the ordinary dividend.
- Approval of the Board of Directors' proposal to hire the firm Gaveglio, Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of PricewaterhouseCoopers (PwC), to carry out the financial audit for 2019, delegating the Board of Directors to negotiate the conditions of its hiring.

On July 22, 2019, the Nomination, Compensation, Corporate Governance and Sustainability Committee reported to the Board of Directors the implementation of these agreements, which will also be reported to the March 2020 Meeting.

The Board of Directors, at its meeting on October 30, 2019, agreed to distribute a complementary and extraordinary dividend of PEN 50,000,000.00, equivalent to PEN 0.051246151172 per share (5.1246151172%), to be paid in December 2019.

Regarding the Board of Directors

- In addition to the Board's three special committees (Audit and Risk; Nominating, Compensation, Corporate Governance and Sustainability; Innovation and Systems; and Investment), a fourth special committee, the Investment Committee, was created in November 2019 to monitor the Corporation's investments.
- In May 2019, the ad-hoc committee of the Board of Directors was created to follow up the process of selling the investment in La Positiva Vida Seguros y Reaseguros S.A.A., and to accompany the President and the General Manager in this operation, since the sale of the shares of this company was completed in that month.
- The Board of Directors conducted, as it does every year, a self-evaluation of its performance. It should be noted that, on a yearly basis, the Board's management is evaluated by an external consultant. The result of this evaluation was outstanding, both in terms of performance as a collegiate body and individually.
- In 2019, the Board of Directors' Regulations were modified to include the new guidelines for being qualified as an Independent Director, according to the parameters established by the SMV, as well as to update the definition and functions of the Board's Investment Committee. The policies and practices of the Board of Directors are defined in the Company's articles of incorporation and in its operating regulations.
- During the year, a decentralized Board of Directors was held in Ica; directors were trained in the prevention of money laundering and financing of terrorism, as well as in the main policies and regulations of the Corporation; and they received a presentation from the auditors on anti-elusion regulations and final beneficiary.

Regarding the control, risk and compliance environment

- During 2019, Ferreycorp's specialized Risk Control area made biannual reports to the Audit and Risk Committee of the Board of Directors on the mapping of risks in each company of the Corporation and the process for their control or mitigation, determining action plans.
- Likewise, in 2019, Ferreycorp's Corporate Audit Management presented to the Audit and Risk Committee the work plan for the year and reported periodically the results of the audit in each company of the Corporation.
- In accordance with the International Framework for the Professional Practice of Internal Auditing (Marco Internacional para la Práctica Profesional de la Auditoría Interna, MIPAI), under which the internal audit team is regulated, during 2019 an external evaluation (Standard No. 1312) was carried out by the BDO consulting firm, which gave Ferreycorp's internal audit activity the highest qualification in its field, in accordance with the standards of the Quality Evaluation Manual of the Institute of Internal Auditors (Instituto de Auditores Internos, IAI)
- In 2019, the Compliance Report was presented to the Audit and Risk Committee of the Board of Directors, which included the biannual progress made on compliance issues. The first delivery of the report was presented to the committee in February, with information by the end of 2018; the second, in September, analyzed the results of the first half of 2019.
- During the year, important progress was achieved in the implementation phase of the Compliance System for preventing corruption in the Corporation, which systematizes, organizes and implements several initiatives in this area, both existing and longstanding, as well as newly created.
- In June, Ferreycorp's Board of Directors approved the Corporate Compliance Policy, which considers the commitment of the entire Corporation -both the holding company and its subsidiary- in its fight against the commission of corruption crimes. Between July and September, the boards of Ferreyros, Soltrak, Fargoline and Ferrenergy adhered to these agreements, in order to implement in each of these companies the

Corporation's anti-corruption commitment. Next year, the other subsidiaries of the Corporation in Peru and abroad will adhere to these agreements.

- Ferreyros was awarded the "Certified Anti-Bribery Company" distinction in November by the Business Association for Integrity. This recognition demonstrates the existence and good functioning of an anti-corruption regulatory system, with clear principles to promote ethical behaviour, based on values, with all stakeholders. It should be noted that other companies in the Corporation are preparing to apply for this distinction.
- Ferreycorp, along with a renowned specialized consulting firm, is making significant efforts to adopt the international standard ISO 37001: Anti-bribery Management Systems in all the Corporation's companies, thus showing the importance it attaches to compliance issues.
- For further information on the subject and on issues related to the Code of Ethics, please refer to section 2.1.2, Ferreycorp Values / Compliance System for the Prevention of Corruption and Code of Ethics.

Regarding the information disclosure policy

- In order to provide the market with different points of contact to gather information, in 2019 Ferreycorp participated in several individual and group meetings with investors, many of them abroad, in addition to organizing a local non deal roadshow and two international non deal roadshows, where it visited its main institutional investors, who were presented in detail the results and strategy of the Corporation.
- The Corporation continued publishing quarterly results, analyzing and discussing them -both in English and Spanish-, and holding quarterly conference calls, supported by a webcast, with the participation of institutional investors, risk classifiers, investment banks, and domestic and foreign analysts.
- The company considers the deployment of these mechanisms for disclosing relevant company information has enabled foreign funds to invest in the company and maintain their high level of shareholding.

For further information on this matter and to consult other relevant aspects in these areas, please refer to the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies, in Appendix A of this Report.

6. Organization

(GRI 102-18)

Ferreycorp's governance matters are handled by the General Shareholders' Meeting, the Board of Directors and by Management, while issues related to the Board of Directors are regulated firstly by the company's articles of incorporation and in further detail by the Internal Rules of Procedure of the Board of Directors and its respective committees.

This chapter contains information on the two decision-making and control structures of the Organization: the Board of Directors and Management.

6.1 The Board of Directors

6.1.1 Composition of the Board of Directors

The number of members who compose the Board of Directors should ensure that plural opinions coexist in the Board in such a way that all decisions made in the Board of Directors' meetings will have been appropriately discussed, always bearing in mind the best interests of the company and its shareholders.

The Board of Directors of Ferreycorp S.A.A. is made up of eight to twelve directors elected for three-year periods, in compliance with the Law of Business Associations and with article 32 of the company's articles of incorporation.

In the General Shareholders Meeting held on March 29, 2017, it was agreed that the Board of Directors would be composed by nine members, and the following candidates were determined following the review of their resumes, which had been published in advance.

The directors of Ferreycorp for the 2017-2020 period are:

Non-independent Directors

Óscar Espinosa Bedoya
Carlos Ferreyros Aspíllaga
Manuel Bustamante Olivares
Juan Manuel Peña Roca
Andreas Von Wedemeyer Knigge

Independent Directors

Jorge Ganoza Durant
Humberto Nadal del Carpio
Gustavo Noriega Bentín
Javier Otero Nosiglia

The members of the Board of Directors chose Oscar Espinosa Bedoya as President & CEO and Carlos Ferreyros Aspíllaga as Vice President for the aforementioned period. The professional background of directors is available in Appendix 1, section 1.4.1. The Report on Compliance with the Principles of Good Corporate Governance provides

information on the practices of the Board of Directors. Among them, it is worth mentioning 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.

6.1.2 Special Bodies Formed and Established within the Board of Directors

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

- **Committee of Appointments, Compensations, Corporate Governance and Sustainability:** Presided over by Humberto Nadal del Carpio.
- **Committee of Auditing and Risks:** Presided over by Javier Otero Nosiglia.
- **Committee of Innovation and Systems:** Presided over by Jorge Ganoza Durant.
- **Investments Committee:** Presided over by Manuel Bustamante Olivares.

For further information on the functions and powers bestowed on each of the Board Committees, please refer to the Good Corporate Governance Compliance Report.

6.1.3 Board of Directors of the Subsidiary Companies

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

The Board of the main subsidiary, Ferreyros, is composed of 11 directors elected for a period of three years, in accordance with the provisions of the General Corporation Law and in compliance with the provisions of Article 32 of the Issuer's Statute.

The directors of Ferreyros elected for the corresponding period between June 1, 2017 and May 31, 2020, elected at the Annual Compulsory General Shareholders' Meeting held on June 1 and July 24, 2017, are the following:

Ferreyros' Directors

Oscar Espinosa Bedoya (President)
 Carlos Ferreyros Aspillaga (Vice president)
 Juan Manuel Peña Roca
 Andreas von Wedemeyer Knigge
 Manuel Bustamante Olivares
 Mariela García Figari de Fabbri (Executive Director)
 Raúl Ortiz de Zevallos Ferrand
 Jorge Ganoza Durant
 Gustavo Noriega Bentín
 Humberto Nadal Del Carpio
 Javier Otero Nosiglia

The boards of the different subsidiaries of Ferreyros in Peru, as well as that of Trex in Chile, are chaired by Mariela García Figari de Fabbri, general manager of Ferreycorp, and have the corporate business managers of Ferreycorp or the general managers of other subsidiaries as their vice-presidents, according to the activity developed by each subsidiary. In Central America, the subsidiaries' boards are chaired by Oscar Espinosa Bedoya, Ferreycorp's president & CEO and the vice president is the general manager of the corporation.

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

Name	Position	Corresponding Subsidiary
Oscar Guillermo Espinosa Bedoya	CEO of the Board of Ferreycorp S.A.A.	President of Ferreyros S.A. and the companies of the Gentrac group ⁽¹⁾ .
Mariela García Figari de Fabbri	General Manager of Ferreycorp S.A.A.	President of all the subsidiaries of the corporation (also considered as such Ferrenergy S.A.C) ⁽²⁾ , except Ferreyros S.A. and the companies of the Gentrac group, of which she is director.
Luis Alonso Bracamonte Loayza	Corporate Business Manager of Ferreycorp S.A.A.	Soltrak S.A., Fargoline S.A., Forbis Logistics S.A., Motored S.A. and Soluciones Sitech Perú S.A.
Emma Patricia Gastelumendi Lukis	Corporate Finance Manager of Ferreycorp S.A.A.	Director of all the subsidiaries of the corporation (also considered Ferrenergy S.A.C.), except Ferreyros S.A.
Rodolfo Wenceslao Paredes León	General Manager of Soltrak S.A.	Motored S.A., Fargoline S.A. and 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 Trex en Chile ⁽³⁾ .
Gonzalo Díaz Pró	General Manager of Ferreyros S.A.	Unimaq S.A., Orvisa S.A., Soluciones Sitech Perú S.A., Ferrenergy S.A.C., Motored in El Salvador, companies of the Gentrac group.
Enrique Luis Salas Rizo-Patrón	Manager of the National Accounts Division of Ferreyros S.A.	Unimaq S.A., Cresko S.A., Motriza S.A., Motored S.A. and Soluciones Sitech Perú S.A.

Andrea Sandoval Saberbein	Business Excellence Project Manager of Ferreyros S.A.	Fargoline S.A. and Forbis Logistics S.A.
Hugo Ernesto Sommerkamp Molinari	Central Finance Manager of Ferreyros S.A. up to June 2018	Fargoline S.A., Forbis Logistics S.A., Motored El Salvador, Mercalsa, and companies of the Gentrac and Trex Group in Chile.
Juan Alberto Fernando García Orams	Corporate Manager IT Processes and Innovation of Ferreycorp S.A.A.	Soluciones Sitech Perú S.A.
Luis Fernando Armas Tamayo	Manager of the Division of Large Mining 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.

- (1) Grupo Gentrac includes the General Tractor Corporation (Gentrac), General Equipment Company (Cogesa), General Equipment Company (Belize), INTI (Panamá), Mercalsa (Nicaragua), Transpesa (Honduras), among other Central American subsidiaries.
- (2) Ferreyros S.A. owns 50% of the shareholders of Ferrenergy S.A.C.
- (3) Trex in Chile includes Equipos y Servicios Trex S.p.A., Trex Latin America S.p.A. Trex Ecuador and Trex Colombia.

6.2 Management

In 2012, the company went through a reorganization process in which corporate functions were assigned to the parent company, Ferreycorp. Since then, Ferreycorp has been involved in the process of setting up its full managerial structure.

The corporate functions include choosing what businesses to explore and with which subsidiary companies; obtain financial resources for the Corporation's growth projects; monitor and control the management of subsidiaries; establish some standardised processes for subsidiaries; and provide some shared services. To perform these functions, Ferreycorp has a general management and corporate management. In turn, the subsidiary companies have a structure adapted to the complexity and size of their operations.

Below is a list of the senior management of Ferreycorp and of its subsidiary companies in 2019. The professional background of each of these managers is available in Appendix 1, section 1.4.2.

6.2.1 Managers of Ferreycorp S.A.A.

Mariela García Figari de Fabbri
General Manager

Oscar Rubio Rodríguez
Corporate Business Manager

Luis Bracamonte Loayza
Corporate Business Manager

Patricia Gastelumendi Lukis
Corporate Finance Manager

Alberto García Orams
IT Corporate Manager, Processes and Innovation

María Teresa Merino Caballero
Human Resources Manager

Eduardo Ramírez del Villar López de Romaña
Corporate Affairs Manager

Tito Otero Linares
Corporate Internal Audit Manager

6.2.2 Senior Managers of Ferreyros S.A.

Gonzalo Díaz Pró
General manager

Luis Fernando Armas Tamayo
Manager of the Large Mining Division

Enrique Salas Rizo-Patrón
Division Manager National Accounts

Ronald Orrego Carrillo
Division Manager Regional Accounts

Paul Ruiz Lecaros
Energy and Retail Manager

Angélica María Paiva Zegarra
Division Manager Administration and Finance

José López Rey Sanchez (until January 2020)
Central Human Resources Manager

Jorge Durán Cheneaux
Product Support Division Manager

Alan Sablich Nairn
Division Manager Marketing and Digital Business

José Gutiérrez Jave
Division Manager Supply Chain

6.2.3 Senior Managers of other subsidiaries and businesses of Ferreycorp 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 y Belice) and Cogesa (El Salvador)

Rodolfo Paredes León
General Manager of Soltrak

Víctor Otero Pizarro
General Manager of Trex Latinoamérica

Carlos Ojeda Iglesias
Manager of Trex in Perú

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 Perú

Ernesto Velit Suarez
General Manager of Ferrenergy

7. Sustainable management

(GRI 102-16)

Ferreycorp Corporation believes in the importance of operating under a sustainable management model, which allows the generation of value for all its stakeholders: shareholders and investors, collaborators, customers, community, suppliers, environment, government and society in general. Within this framework, and taking into consideration the ESG (environmental, social and governance) practices, it manages its economic, social and environmental impacts responsibly.

This vision contributes to ensuring the sustainability of its businesses, not only through profitable growth but also through outstanding results in areas of great relevance, such as integrated risk management; attracting, motivating and retaining human talent; investor relations; access to capital; and positioning and reputation in the market where it operates and in society.

In this chapter, Ferreycorp's sustainable management model can be explored with its various stakeholders, as well as the main results obtained during 2019.

7.1 A sustainable approach

7.1.1 Our inspiration

(GRI 102-12)

Sustainability is a key concept for business management, as it allows organizations to focus their efforts on ensuring that their activities endure over time.

Ferreycorp is aware of the fundamental role of being a leader in its activity, so it actively assumes the role of agent of change and driver of the country's progress. Through a socially responsible management model, it focuses all its efforts on building an inclusive and sustainable future, generating positive impacts on all its stakeholders.

In this context, the corporation aligns the purpose of providing profitability to its shareholders and investors with the commitment to generate value to its various stakeholders, promoting the progress of the country. Sustainability and social responsibility are part of Ferreycorp's corporate strategy and business model.

The business management of Ferreycorp is aligned to:

- **The Ten Principles of the United Nations Global Compact**, which enjoy universal consensus and which encourage companies to adopt, support and promulgate, within their sphere of influence, a set of fundamental values. As every year, in 2019 the corporation –added since 2004 to these principles- issued its Progress Report of the Global Compact, in order to communicate about the actions implemented in relation to respect for human rights, responsible work, the preservation of the environment and the fight against corruption.

Since 2004, the corporation reports to the United Nations how its actions reflect its commitment to the 10 Principles of the Global Compact. This report is published on the website of the Covenant.

- **The 17 Sustainable Development Goals (SDGs) of the United Nations**, The 17 United Nations Sustainable Development Goals (SDGs), which call for action among governments, businesses and civil society to end poverty and create a life of dignity and opportunity for all. The SDGs provide specific targets which guide companies in setting their goals and measuring their impacts. For further details on Ferreycorp's contribution to the SDGs, see page 85 onwards.



The most sustainable companies have clearly defined indicators and apply these principles and objectives as a basis to define, align and report their efforts, through their sustainable development initiatives, as part of their business management.

7.1.2 Indicators

- **More than US \$ 1,750 million in sales** in 2019
- **55%** market share with the main represented Caterpillar
- **PEN 221 million in dividends** paid in 2019
- **PEN 152 million in payment of taxes and duties**
- **More than 34,000 Peruvians benefited** under the Tax Works mechanism, with an investment commitment of more than **PEN 91 million**
- **6,650 employees** throughout Ferreycorp Corporation
- **98% participation in** the Biennial Work Climate Survey: **91%** of employees are **proud** to belong to the Corporation
- **18%** of the Corporation's management positions are **held by women**
- **94.2%** of the Corporation's **employees** completed the Code of Ethics online course
- **Ferreyros, Unimaq, Orvisa, Motored, Soltrak, Cresko, Trex and Fargoline** are members of the **Association of Good Employers (Asociación de Buenos Empleadores, ABE)**
- **More than PEN 5,500 million** in orders from suppliers in 2019 made by the six largest companies in Peru and the parent company
- **3,083 students from 38 universities and five institutes** in Peru discussed ethics and citizen commitment to the programs of the **Ferreycorp Association** during 2019
- **100%** in the new La Joya Operations Complex in Arequipa for irrigation of green areas
- **80 tCO₂e of emissions prevented** by reducing energy consumption and use of solar energy, at the three main headquarters nationwide (Industrial, Surco, La Joya).
- **Badge of Socially Responsible Company 2019** awarded to Ferreyros, Unimaq, Orvisa, Motored, Soltrak and Fargoline
- Member of **Dow Jones Sustainability MILA Pacific Alliance Index** for third consecutive year
- **Seven times** winner of the **BVL Key** as the company with the **best corporate governance** in Peru.
- **Twelve consecutive years** in the **Good Corporate Governance Index** of the Lima Stock Exchange

7.1.3 Contribution to the Sustainable Development Goals of the United Nations (SDGs)

The following is a list of the key actions performed by Ferreycorp and its subsidiaries, in line with the Sustainable Development Goals (SDGs) of the United Nations, details which can be found in this Report.

	<p>Ending poverty at all levels around the world</p> <p>1.1 By 2030, eradicate extreme poverty for everyone and everywhere (people living on less than US\$1.25 a day are currently considered to suffer from extreme poverty).</p>
<ul style="list-style-type: none"> ▪ More than PEN 80 million committed to date in projects to improve and expand drinking water, sanitation and sewage services via Obras por Impuestos, benefiting more than 28 thousand people nationwide. (Page 121) ▪ Ferreycorp employs over 6,650 employees, contributing to generating income and progress for their families. (Page 98) 	
	<p>Ending hunger, achieving food safety and improved nutrition, and promoting sustainable agriculture</p> <p>2.1 By 2030, eradicate hunger and ensure access for all people, especially the poor and those in vulnerable situations, including children under 1 year old, to sufficient, safe and nutritious food throughout the year.</p>
<ul style="list-style-type: none"> ▪ The Corporation promotes healthy nutrition and life balance among its employees. (Page 112). ▪ The Corporation's companies serving the agricultural sector contribute to food safety in the countries where they market tractors and implements by promoting technology and increasing productivity. (Pages. 35-36) ▪ Through the Water and Sanitation Tax Works and training in health and hygiene practices, we contribute to the prevention of gastrointestinal diseases and, therefore, to chronic child malnutrition. (Page 121) 	

3 GOOD HEALTH AND WELL-BEING



Ensuring healthy living and promoting well-being for all people at all ages

3.4 By 2030, reduce premature mortality from non-communicable diseases by one third through prevention and treatment, and promoting mental health and well-being.

- The Corporation's companies have private insurance alternatives to complement the State's offer. The Corporation provides subsidies for programs with health care providers (entidades, prestadoras de salud, EPS), not only for their employees but also for their children and spouses or partners. In addition, it organizes health and disease prevention campaigns and fairs aimed at collaborators. (Page 112)
- Implementation of the safety system in operations to avoid accidents that put life and health at risk. (Pages 109-110)
- Occupational disease screening and more often for those who are going to perform tasks in remote branches with more demanding climate and geography. (Page 110)

4 QUALITY EDUCATION



Ensuring inclusive, equitable and quality education and promoting lifelong learning opportunities for all

4.1 By 2030, ensure all girls and boys complete primary and secondary education, which should be free, equitable with quality, and produce relevant and effective learning outcomes.

4.3 By 2030, ensure equal access for all men and women to quality technical, vocational and higher education, including university education.

4.a Develop and adapt educational facilities for children and people with disabilities and gender differences that provide safe, non-violent, inclusive and effective learning environments for all.

- The Corporation encourages the education of its employees and their families. It offers financial facilities to employees to complete their education, and at the beginning of the school year it provides assistance for families to enroll their children. (Page 112)
- 217,088 man-hours of training implemented in the six companies with the highest operation volumes in Peru. (Page 109)
- More than 37,000 young people benefited from Professional Development workshops of Ferreycorp Association. In 2019 alone, 3,083 students from 38 universities and 5 institutes were trained. (Page 122)
- Promotes technical training through its Heavy Equipment Operators Club with 16,890 members and its Heavy Equipment Technicians Club with 5,900 members. (Pages 123-124)
- Sponsors career students at technical institutes with scholarship or internships. (Page 123)
- The Corporation and its subsidiaries have built four schools in La Libertad and Ica through the Tax works mechanism (Page 121)



Achieving gender equality and empowering all women and girls

5.1 Ending all forms of discrimination against all women and girls worldwide.
5.5 Ensure the full and effective participation of women and equal opportunities for leadership at all decision-making levels in political, economic and public life.

- Gender equity is promoted among the Corporation's companies through a Corporate Gender Equity Policy, a Gender Equity Committee, and the Peer Program with training and awareness talks, parental leave and wage parity, among others. (Pages 102-104)
- 18% of the Corporation's management positions - including the General Manager and the Corporate Finance Manager - are held by women. (Pages 102-103)
- The Corporation supports female engineering students with scholarships and lectures and offers talks at schools to promote technical careers and the empowerment of women. (Page 123)
- Ferreycorp was recognized among the five leading companies in gender equality and diversity in our country, according to the PAR 2019 ranking of the consultancy firm Aequales, placing third in the category of companies with up to 250 employees. (Page 104)
- Corporation main employees participate in discussion and promotion forums on the role of women and their empowerment to share their best practices and assist other companies seeking to develop their programs and action plans. Among these, the Organization of Women in International Trade (OWIT) (Page 185)



Ensuring the availability and sustainable management of water and sanitation for all

6.1 By 2030, achieve universal and equitable access to safe drinking water affordable to all.
6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene services for all and end open defecation, paying particular attention to the needs of women and girls and those in vulnerable situations.

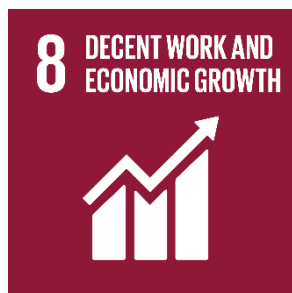
- PEN 80 million allocated to date to improve and expand drinking water, sanitation and sewage services via Tax Works, for more than 28 thousand Peruvians. (Page 121)
- Reduction of water consumption by 18.56%, compared to the previous year. (Page 133)
- Measuring the water footprint at the La Joya Complex. (Page 135)
- Participation in the National Water Authority's Blue Certificate program. (Page 135)
- Treatment of waste water from the machinery repair process, through sedimentation systems, grease trap, physical-chemical, microbiological, among others. (Pages 135-137)
- Reuse of treated wastewater for irrigation of green areas in La Joya and Cusco. (Pages 135-137)



Ensuring access to affordable, safe, sustainable and modern energy for all

- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
- 7.2 By 2030, increase significantly the proportion of renewable energy in the energy mix.
- 7.3 By 2030, double the global rate of energy efficiency Improvement.

- 2,000 m2 of solar panels at the La Joya Operations Complex (second largest operating facility in the country), with an installed capacity of up to 200 kW, replacing 20% of the energy used at this location, allowing it to reduce its carbon footprint and project itself into future economic savings. (Pages 137-138)
- In 2019, the implementation of LED lights and energy efficiency actions has continued. (Page 138)
- During the year, CAT solar panels were introduced in Peru, complementing Ferreyros' portfolio of energy solutions. In addition, Ferreenergy, a subsidiary of Ferreyros, includes among its solutions the assembly and operation of solar energy generation plants. (Page 37).
- The Caterpillar portfolio of generator sets incorporates technologies to reduce emissions and fuel consumption. In addition, the Corporation promotes the use of clean energy, through natural gas generator sets which also generate less expensive energy. (Page 148)



Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value.
- 8.6 By 2030, reduce significantly the proportion of young people who are not employed and who are not studying or training.
- 8.8 Protecting labour rights and promoting a safe and secure working environment for all workers, including migrant workers, in particularly migrant women and those with precarious employment.

- The Corporation and its companies have generated 6,650 direct employments in 2019. (Page 98)
- Ferreycorp and its subsidiaries have an Industrial Safety, Occupational Hygiene and Environmental Management System, and an Occupational Safety and Health Committee. (Page 109-110)
- All workspaces maintain appropriate standards to provide safe working environments for their employees. (Pages 109-110)
- Ferreycorp does not support any type of forced or child labour in its operations or along its value chain and respects human rights in all its operations and management system. (Page 106)
- More than 37,000 young people benefited from the Ferreycorp Association's professional development workshops. (Page 122)
- We have 13 employees with disabilities working in the Corporation. (Page 105)



Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation

9.4 By 2030, modernizing infrastructure and converting industries to be sustainable, using resources more efficiently and promoting the adoption of clean and environmentally safe industrial technologies and processes, and ensuring all countries take action in accordance with their respective capabilities.

- The Corporation contributes to the creation of new infrastructure not only by selling equipment and machinery, but also by accompanying projects, in the same construction sites, with maintenance and consultancy services. The mechanization of the country, promoted by the Corporation's businesses, helps the sustainability of the industries. (Pages 31)
- The Corporation is undergoing its own restructuring process with a greater use of technology, supervised by its Innovation and Systems Board Committee (Page 77).
- The Corporation is undergoing its own restructuring process with a greater use of technology, supervised by its Innovation and Systems Board Committee (Page 77).
- Aiming at sustainable infrastructure and processes, the wastewater treatment systems at La Joya and Industrial headquarters were improved, which along with the Cusco branch allow the reuse of water. In addition, Surco and CDR have flow regulating valves for greater water efficiency. (Pages. 135-137).
- Likewise, there is a Technology, Processes and Innovation Management which provides shared services to the whole Corporation and a laboratory where new ideas and solutions are proposed. (Page. 32)
- In 2019, the hackathon "Customer Centered Transformation for the next 100 years Ferreycorp" was held, with 110 leaders of the Corporation participating (Pages. 107-108).



Reducing inequality within and between countries

10.2 By 2030, enhance and promote social, economic and political inclusion of all people, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status.

- The Corporation has a diverse workforce and promotes inclusion and diversity. (Pages 102-105)
- 13 employees with some kind of disability are part of the Corporation's workforce, promoting sensitivity among employees, social inclusion and respect for others. (Page 105)
- No cases of employment discrimination were reported in 2019. (Page 105)
- The Corporation promotes the development of its technical personnel through programs and initiatives to ensure their permanent training, as they go through various levels of specialization and skills certification. (Pages 108-109)



Making cities and human settlements inclusive, safe, resilient and sustainable

11.1 By 2030, ensure access for all people to adequate, safe and affordable housing and basic services and improve slums.

- To date, PEN 80 million has been allocated through the mechanism of Tax Works for the improvement and expansion of drinking water, sanitation and sewage services, benefiting more than 28 thousand Peruvians. (Page 121)
- The Corporation's companies sell light machinery and materials used in urban construction projects. Likewise, it sells buses used for public passenger transport. (Pages 38-40, 45)
- Ferreycorp is part of the Crusade Road Association, an initiative promoting alliances between the public and private sectors to contribute to the development and progress of transit systems, transport and road safety in Peru. (Page 185)



Ensuring sustainable consumption and production models

12.5 By 2030, reduce significantly the generation of waste through prevention, reduction, recycling and reuse.

- Ferreyros applies a circular economy model through equipment and component rebuilding programs, providing a second, third and even fourth life to its customers' mining and construction machines. (Page 147)
- Scrap metal is recycled in the workshops after machine repairs and is then delivered to certified foundries. (Pages 143-144)
- Used oils and lubricants are delivered to certified companies so that they can be filtered and dialysed for subsequent reuse, thus extending their useful life. (Page 145)
- Other waste, such as paper, cardboard and PET bottles are collected and recycled mainly to benefit non-profit social organizations. (Pages 145)

13 CLIMATE ACTION



Adopt urgent measures to combat climate change and its effects

13.2 Integrate climate change measures into national policies, strategies and plans.

- The Corporation provides solar panels in its business portfolio in order to reduce the energy consumption of its clients' operations. (Page 37)
- During 2019, 2,000 m² of solar panels were implemented at the La Joya headquarters, betting on clean renewable energy. (Pages 137-138)
- After measuring the carbon footprint, a total of 984 tons of CO₂ were offset in 2019, which contributes to the preservation of the Amazon forests. (Page. 152)
- The Corporation promotes good environmental practices with its recycling and waste treatment program. (Pages 143-144)
- In 2019, the 2018 water footprint of the Ferreyros Operations Complex in La Joya, Arequipa, the second largest operating site in the country, was measured. (Page 135)
- Fargoline and Trex Chile have certified, in three important branches, their environmental management system under the ISO 14001:2015 standard. (Pages 53, 132)
- Manufacturers of the equipment sold by the Corporation have made important changes in setting up their units in order to reduce gas emissions generated by clients when using the machinery. (Page 147)

14 LIFE BELOW WATER



Conserving and using the oceans, seas and marine resources for sustainable development sustainably

14.2 By 2020, manage and protect marine and coastal ecosystems sustainably to avoid significant adverse impacts, including by enhancing their resilience, and take steps to restore them in order to restore the health and productivity of the oceans.

14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels.

- Thanks to technological improvements implemented by the manufacturers of the equipment the Corporation sells, we contribute to reducing greenhouse gas emissions and the effects of ocean acidification. (Page 148)
- Participants in the Ferreycorp Association's student development program organize and participate in volunteer activities to clean up beaches and riverbanks nationwide, contributing to the preservation of underwater life. (Page 122)



Sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss

15.2 By 2020, promote the sustainable management of all types of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation globally.

15.5 Take urgent and meaningful steps to reduce degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect threatened species and prevent their extinction

- Ferreycorp has offset the carbon footprint of several branches in 2016 and 2017 through REDD+ (Reduced Emissions from Deforestation and Degradation) projects ensuring forest conservation and the protection of associated biodiversity. (Page 152)
- Ferreycorp has a Compliance Unit against Illegal Mining (Cumplimiento Contra la Minería Ilegal, UCMI), focused on demanding key documentation from customers (authorization to start mining activities, mining certificates, work contracts that prove the destination of the equipment, sworn statement assuring it does not operate in illegal mining, among others), as an indispensable requirement for the commercialization of its products at a national level.



Promote peaceful and inclusive societies for sustainable development, facilitate access to justice for all and establish effective, accountable and inclusive institutions at all levels

16.5 Significantly reduce corruption and bribery in all its manifestations..

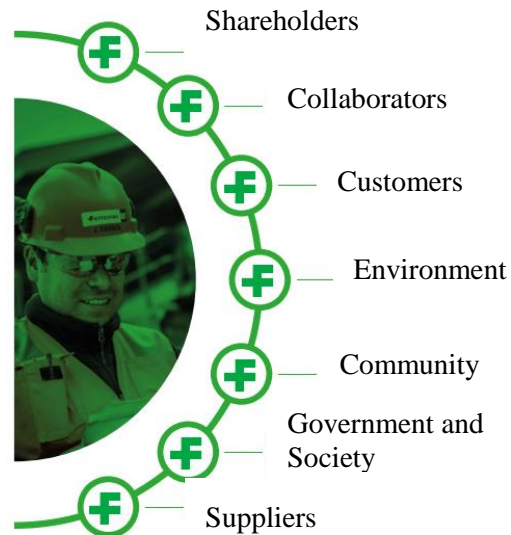
- The Corporation promotes and supports the Principle of Zero Tolerance to cases of bribery, through its Compliance System for the Prevention of Corruption and the Corporate Compliance Policy, as well as the Code of Ethics. (Pages 20-21)
- Ferreyros received in 2019 the Certification "Certified Anti-Bribery Company" of Entrepreneurs for Integrity; in 2020 the other companies of the Corporation in Peru will seek to obtain it. (Page 20)
- In 2020, the certification audit will be sought to adopt the ISO 37001- Anti-bribery Management System standard in the national subsidiaries; in 2021, in the foreign subsidiaries. (Page 20)
- The Corporation promotes responsible citizenship among its employees.

7.1.4 Our stakeholders

(GRI 102-40; 102-42; 102-44)

The interest groups of Ferreycorp are constituted by the persons or entities influenced by the activities of the corporation. They are fundamental to achieve an adequate management of the organization.

Ferreycorp has identified seven interest groups, whom the corporation respects, recognizes and values, incorporating them in its management model, when formulating commitments aimed at generating value; establish strategies and actions for each group; and incorporate their opinions and expectations in the development of social projects and programs.



Investors and shareholders	<p>Ferreycorp seeks to maximize the value of the investment made by its more than 2,500 shareholders, through the value of the stock in the BVL; of good dividends - whose delivery is part of a strict compliance policy - that reflect positive results; and a healthy financial structure. In addition, it deploys good corporate governance practices that have allowed it to align the interests of its shareholders with those of the different management bodies. The corporation is widely recognized in Peru and abroad for these practices, which are supported by a continuous improvement approach that leads to permanent progress in its field of action.</p> <p>More information: Chapter 4: Financial Management (Pages 58 -72) Chapter 5: Corporate Governance (Pages 73-75) Chapter 6: Organization (Pages 76-81) Appendices 1, 2 and 3</p>
Contributors	<p>Human capital is the most important asset of the corporation. Thanks to the work of its more than 6,600 employees, Ferreycorp achieves great achievements and overcomes significant challenges. For this reason, the corporation recognizes the efforts of its employees and makes sure to provide them with optimal working conditions, as well as the necessary incentives for their proper integral development. In addition, it highlights the high sense of pride and belonging of this human group, and its identification with the ethical standards of the organization.</p> <p>More information: Pages 98-114</p>
Customers	<p>As part of its values, corporate principles and strategic pillars, Ferreycorp establishes a passion for customers as a guide to provide them with ever more value through each of the subsidiaries. With a focus on the continuous improvement of the services offered and seeking to anticipate future needs, the organization performs constant monitoring of customer satisfaction and claims management. In this way, it promotes commercial relationships of mutual benefit and long-term.</p> <p>More information: Pages 115- 120 Chapter 3: Business Management (Pages 31-57)</p>
Community	<p>Ferreycorp focuses its support efforts on the community through two key issues for the development of the country: infrastructure and education. Through the Works for Tax Deduction modality, it has been financing and executing water and sanitation works, as well as building educational infrastructure. In parallel, it deploys training initiatives such as the Think Big program, the Operators Clubs and Heavy Equipment Technicians and the workshops of the Ferreycorp Association. For their part, the employees of the corporation contribute to the community through volunteering.</p> <p>More information: Pages 121- 125</p>
Suppliers	<p>For Ferreycorp, its suppliers are strategic long-term partners. With them, it seeks to establish relationships of trust, fairness and mutual benefit, under principles such as transparency and fair treatment. To achieve this, it promotes the application of good labor practices and training in topics such as health and safety, privacy and quality. Likewise, it promotes the formalization and development of local suppliers, contributing to the growth of the economies of their places of origin.</p> <p>More information: Pages 126- 131</p>

Environment	<p>Ferreycorp assumes the responsibility of adopting a preventive approach to protect the environment. In accordance with its Corporate Environmental Management Standard and the policies of its subsidiaries in this field, Ferreycorp seeks to prevent negative impacts and achieve good results in its environmental performance. Thus, there are environmental management systems and programs are deployed around them for their execution. In addition, to optimize the management of operations, the carbon footprint, water footprint, water and energy consumption, as well as the amount of waste generated, are being measured, seeking the segregation of these and their recycling.</p> <p>More information: Pages 132- 153</p>
Governance and Society	<p>Through its Code of Ethics, Ferreycorp takes care that its interests are never favored by the fraudulent or illegal behavior of its collaborators, expressly prohibiting the use of unethical practices in commercial relationships with State entities. Likewise, it requires all its employees, without exception, to comply with the laws and regulations applicable to their activities. Likewise, the corporation encourages responsible citizenship and a culture based on values.</p>

7.1.5 Relations with our stakeholders

(GRI 102-43)

Interest group	Type of relationship	Frequency
Shareholders	Communication with shareholders is constant and is carried out through the directors, email, telephone, website and communications to the market regulator.	Regular basis
Collaborators	Communication with the employees of the different subsidiaries is given through press releases, opinion and satisfaction surveys that measure the work climate, reporting channels, safety committees, gender committee, management committees, performance evaluation, group work sessions, innovation sessions, and fellowship meetings, among others. There are a number of communication channels including magazines and intranets. Trade unions are also important spaces for communication with employees.	Daily
Clients	Personalized service to contribute to the success of your business through products, services and solutions. The contact is frequent in person, email, telephone, online digital platforms, among others.	Daily
Community	The interaction with the community occurs through various institutions such as universities, social support organizations, regional and local authorities, among others.	Regular basis
Suppliers	The communication is through email, face-to-face meetings, and web page, among others. In addition, approval processes are periodically carried out for the different suppliers and safety talks are given to those who perform work within the companies' facilities.	Daily
Environment	The effort is focused on preventing environmental impacts and continuously improving its environmental performance, in accordance with the Integrated Health, Safety and Environment Policy. Therefore, a Standard Management System based on the ISO 14001 standard is maintained, which includes a planning process to identify environmental impacts; training and awareness on the care of the environment; operational control; and verification of indicators.	Daily
Governance and Society	The contact with this interest group is established through the web platforms of the regulatory and inspection bodies, as required. They are given directly or through trade organizations that present proposals to the state. In cases of emergencies such as earthquakes or floods, work meetings are held to prepare action plans and contribute from the capacities and experience of the Corporation.	Regular basis / If needed

7.2 Value for shareholders

Ferreycorp, with 57 years in the Lima Stock Exchange (BVL), looks for the satisfaction and the maximization of the value of the investment of its near 2,500 shareholders. Therefore, the strategy of its management is clearly aligned with this purpose.

The corporation makes important efforts to maintain its leadership in the market, generate the expected return and maintain a healthy financial structure, all attributes valued by its shareholders and investors. It is also characterized by its high standards of compliance and leadership: for this reason, it is recognized both in Peru and abroad for its good corporate governance practices.

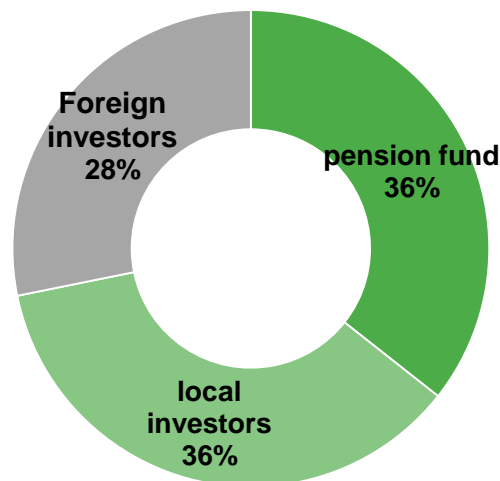
7.2.1 Profitability for its shareholders

The Ferreycorp Corporation is a 100% shareholder company spread, with a free float of 82.99%. It promotes the permanent improvement of the value of its action through good financial results and transparent practices. In addition, it has a market maker to improve the liquidity of its stock in the BVL.

It should be noted that, for more than 20 years, Ferreycorp has complied with a dividend policy for its shareholders. In 2019, PEN 121,515,385.94 was distributed to shareholders as dividends corresponding to fiscal year 2018, which represented 12.45% per share. Additionally, in order to increase the return of the shareholder, PEN 100,000,000 was paid as extraordinary dividends which represented 10.25% per share.

Basically, Ferreycorp delivered to its shareholders during the year 2019 dividends for a total of PEN 221 million equivalent to PEN 0.227 per share.

Next, we can see Ferreycorp's shareholder composition:



Composition of Ferreycorp shareholders as of December 31, 2019

The shareholders with 4% or more participation in the capital of the company are the following:

Name	Number of shares	Shares (%)	Source
Prima - Fund 2	68,253,171	7.00%	Peru
Onyx Latin America Equity Fund LP	64,820,765	6.64%	United States of America
Integra – Fund 3	52,647,619	5.40%	Peru
Integra - Fund 2	51,240,799	5.25%	Peru
Profuturo – Fund 2	47,199,794	4.84%	Peru
Prima - Fund 3	42,318,537	4.34%	Peru

Major shareholders of Ferreycorp as of December 31, 2019

Ferreycorp's shareholding in the subsidiaries constituting its economic group can be found in Appendix 1.1.3: Economic Group.

For further information, it is suggested to consult the following sections:

- Chapter 4: Financial Management
- Chapter 1 / Section 1.1.3: Economic Group
- Appendix 2: Equity Capital y ownership structure
- Appendix 3: Information related to the Stock Market
Registered in the Public Registry of the Stock Market

7.2.2 Good Corporate Governance

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

These actions are deployed within a scope of control of their management and the risks that may affect their results. In this way, its well-known good corporate governance practices have allowed it to align the interests of its shareholders with those of the different management bodies.

The Board of Ferreycorp S.A.A. It is made up of nine directors, four of them independent, elected for a period of three years, ensuring the plurality of opinions within it, so that the decisions made in it are the result of appropriate deliberation, always observing the best interests of the company and shareholders.

Likewise, the president and vice president are elected by the members of the Board. It should be noted that the Ferreycorp Board has four comités (committees (Nominations, Remuneration, Corporate Governance and Sustainability, Audit and Risks, and Innovation and Systems; and investments), three of them chaired by independent directors.

In 2019, Ferreycorp received the Key to the BVL for seventh time, a distinction awarded by the Lima Stock Exchange in recognition of its good corporate governance practices. Likewise, it was once again integrated into the Good Corporate Governance Index (IBGC) of the Lima Stock Exchange, as it has been doing for twelve years, since the creation of this distinction Likewise, the corporation has active participation in the Circle of Companies of the Latin American Round Table of Corporate Governance (Companies Circle), which it has been incorporating since 2006.

For more information, it is suggested to consult the following sections:

- Chapter 5: Corporate Governance
- Chapter 6 / Section 6.1: Organization / The Board
- Appendix A: Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies

7.3 Value for collaborators

(GRI 102-8)

7.3.1 Impact on collaborators

The Ferreycorp Corporation attaches utmost importance to the management of human capital in all its companies. The more than 6,600 employees of Ferreycorp are the most important and valuable resource of the corporation, to whom the success and transcendence of Ferreycorp is due, during its 97 years of trajectory.

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. Build the solid and transcendent **Ferreycorp Culture** that can drive the performance of the corporation.
2. **Promote talent**: to achieve the best results and contribute to the sustainability of the business.
3. **Manage costs** and optimize processes to **mitigate risks**.
4. **Generate organizational** efficiency, creating synergies among the Corporation's companies and fostering a high performance culture to achieve the best results.

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

The following describes key aspects of human management in the Corporation.

7.3.1.1 Employment

(GRI 401-1)

a) Generation of employment

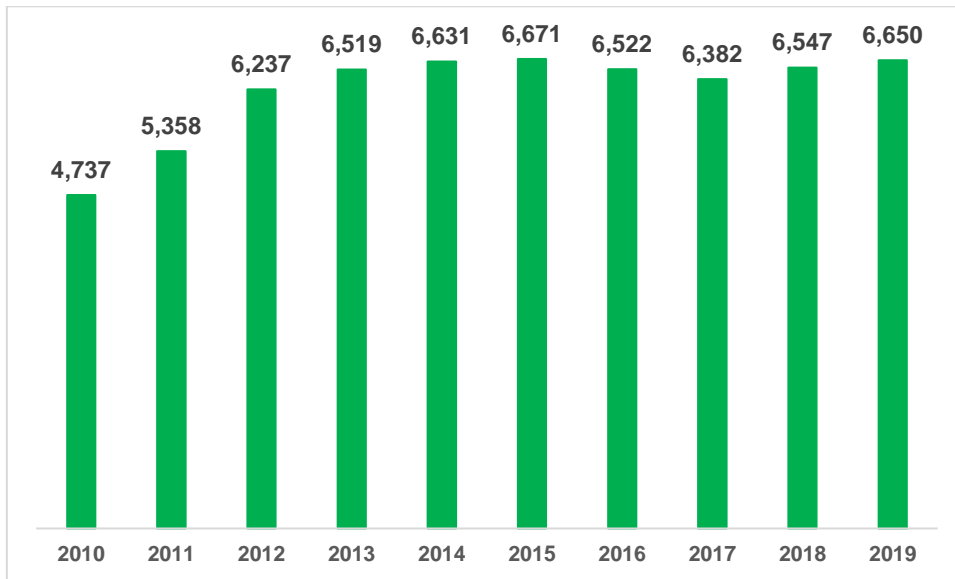
Committed to the development of Peru, the corporation had at the end of 2019 with a team of 6,650 employees, compared to 6,547 workers in the year 2018, which represents a growth of 1.6%.

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

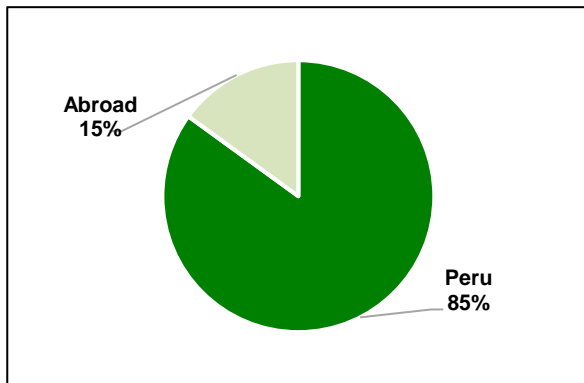
The corporation is committed to continue adding to its workforce those talents that, together with a good attitude and commitment, can perform and grow within any of their companies.

Next, we can see the evolution of the entire corporation's workforce - at similar levels in recent years - as well as the distribution according to geographical location, type of collaborator and gender.

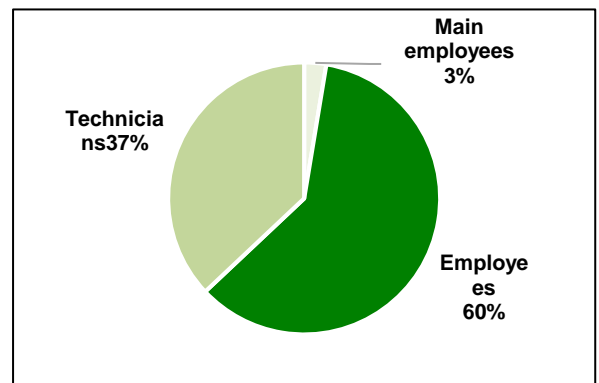
Evolution of the workforce



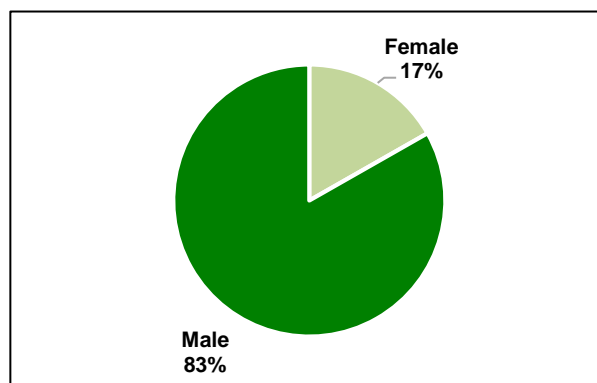
Distribution by geographic location



Distribution according to type of collaborator



Distribution according to gender



If an analysis is made between the companies with the highest operating volumes in Peru (Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak and Motored), as well as in the Ferreycorp SAA holding company, it can be seen that a total of 1,030 new hiring during 2019.

New contracting during 2019*:

		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Recruitment per region	Lima	327	36	1	80	93	32	22	591
	Provinces	272	85	9	9	45	19		439
Recruitment per age	Up to 30 years	424	76	5	34	56	21	10	626
	Between 31 and 50 years	174	44	5	49	79	28	7	386
	50 years and older	1	1		6	3	2	5	18
Recruitment per gender	Female	128	29	5	9	28	13	16	228
	Male	471	92	5	80	110	38	6	802
Total		599	121	10	89	138	51	22	1,030

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

b) Staff turnover

As part of human management, constant monitoring of the rotation indicators is carried out to analyze each case and take corrective actions if necessary. In addition, compliance with the law regarding the type of contract is ensured.

In the following table, which includes the six companies with the largest operating volumes in Peru and the Ferreycorp SA S.A.A holding, the total and voluntary personnel turnover is shown. It should be noted that the total turnover of this group of companies is 18%, and the voluntary turnover is 9%, both below the market average.

Percentage of staff turnover during 2019*:

		Ferreyros		Unimaq		Orvisa		Fargoline		Soltrak		Motored		Holding Ferreycorp	
		Total	Volunt.	Total	Volunt.	Total	Volunt.	Total	Volunt.	Total	Volunt.	Total	Volunt.	Total	Volunt.
Region	Lima	11%	6%	15%	6%	0%	0%	43%	24%	32%	23%	29%	18%	11%	6%
	Province	15%	8%	37%	13%	15%	6%	56%	13%	51%	24%	26%	9%		
Age range	Up to 30 years	19%	10%	27%	9%	11%	2%	51%	30%	39%	25%	37%	25%	7%	7%
	Between 31 and 50 years	10%	6%	26%	10%	15%	9%	42%	20%	39%	23%	24%	11%	15%	8%
	50 years and older	8%	0%	24%	0%	29%	0%	38%	13%	33%	4%	28%	11%	9%	0%
Gender	Female	15%	7%	23%	7%	18%	9%	26%	19%	25%	14%	38%	32%	5%	2%
	Male	12%	7%	27%	10%	14%	6%	49%	24%	44%	26%	26%	12%	17%	9%
Type of employee	Main employees	5%	2%	7%	0%	33%	0%	25%	0%	14%	14%	30%	10%	4%	0%
	Employees	11%	7%	26%	10%	16%	7%	45%	23%	39%	23%	29%	16%	14%	7%
	Technicians	15%	7%	28%	9%	10%	5%					25%	18%		
Total		13%	7%	26%	9%	15%	6%	44%	23%	39%	23%	28%	16%	11%	6%

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

c) Labor relations

(GRI 407-1)

The corporation respects the free grouping of its collaborators, so it does not have policies that affect their decisions regarding becoming members of unions or signing collective agreements.

Since 1946 - and without interruption - the staff of Ferreyros, the main subsidiary of the corporation, is represented by a Unitary Union of Workers, which at the end of 2019 had 505 member. This group of collaborators maintains good relations with the company and contributes to improving the policies that favor working conditions. In November 2019 collective bargaining with the Unitary Union was closed for two years, which materialized in a general increase and in the increase of some benefits.

Likewise, the subsidiary Trex, in Chile, has a Unitary Union integrated by 47 employees, which also maintains a good relationship with the company. In August 2019, a two-year collective bargaining agreement was concluded with the Unitary Union, which resulted in the increase of some benefits.

During 2019, the holding company has reinforced labor relations advice it provides to its subsidiaries, to ensure compliance with legal labor regulations, standardize processes and manage labor relations among employees, respecting the principles of gender equity and equality and non-discrimination in employment. The labor harassment complaint process has been reinforced through the Ethics Channel and training.

It should be noted that the Corporation has been implementing a series of measures aimed at complying with the labour standards promoted by the Government, including the Wage Equity Act, the Act on the Prevention and Punishment of Sexual Harassment and the amendments to the Occupational Safety and Health Act and Regulations.

d) Compensations and benefits

(GRI 202-1; GRI 405-2)

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

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

The salary of 99% of the employees in Peru is above the minimum vital remuneration. 1% receive a salary within the standards of such remuneration.

There is equality in the average annual income between women and men, according to an analysis carried out in the Peruvian subsidiaries in 2019.

In addition, short-term variable bonds are available as performance bonuses for main employees and incentives for sales force and commercial heads. The performance bonus for main employees takes into account the evaluation of performance and the achievement of its objectives of the previous year. On the other hand, the variable incentive applies to commercial positions (sales force and commercial heads) based on compliance with certain objectives and goals established by each subsidiary.

7.3.1.2 Diversity and human rights

a) Gender Equality

Aligned with the Sustainable Development Goals of the United Nations, the Ferreycorp Corporation promotes gender equity among its companies. It is a long-term issue that is not only embodied in tangible policies, but is lived on a day-to-day basis.

While the number of women is still low due to the item, at the end of 2019, 857 women were working in the six subsidiaries of the corporation with the largest operating volumes in Peru (Ferreiros, Unimaq, Orvisa, Fargoline, Soltrak and Motored), as well as in the Ferreycorp SAA holding, which represents 14% of this group of companies. There is no inequality with women on salary issues, job opportunities or positions. If we consider only the non-technical positions, the percentage of women increases to 15%.

Ferreycorp has been promoting the development of women in the workplace, even in technical careers, in which the market still does not have the necessary offer.

Distribution of collaborators by type of employment, gender and age *:

Type of employment	Sex	Age	Year 2019
Main employees	Male	Up to 30 years	-
		Between 31 and 50 years	50
		51 years and over	47
		Total main employees	97
		Percentage	1.78%
	Female	Up to 30 years	-
		Between 31 and 50 years	13
		51 years and over	11
		Total main employees	24
		Percentage	0.44%

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

Employers	Male	Up to 30 years	480
		Between 31 and 50 years	1,636
		51 years and over	246
		Total employers	2,362
		Percentage	43.40%
	Female	Up to 30 years	287
		Between 31 and 50 years	435
		51 years and over	64
		Total employers	786
		Percentage	14.44%
Technicians	Male	Up to 30 years	678
		Between 31 and 50 years	1,328
		51 years and over	121
		Total technicians	2,127
		Percentage	39.08%
	Female	Up to 30 years	41
		Between 31 and 50 years	6
		51 years and over	-
		Total technicians	47
		Percentage	0.86%
Total	Male	Up to 30 years	1,158
		Between 31 and 50 years	3,014
		51 years and over	414
		Total collaborators	4,586
		Percentage	84.26%
	Female	Up to 30 years	328
		Between 31 and 50 years	454
		51 years and over	75
		Total collaborators	857
		Percentage	15.74%
Total collaborators		5,443	
Total percentage		100%	

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

In 2018, the corporation published a Corporate Policy on Gender Equity and implemented the Pares program, which seeks to ensure equal opportunities for employees without distinction by gender; promote the inclusion of more women in the organization; and establish human resource practices that enable their participation and development.

Additionally, Ferreycorp has established, since two years ago, a Gender Equity Committee, integrated by the Corporate General Management and representatives of the main subsidiaries, in order to:

- Seek greater participation of women in the labor force and in leadership positions.
- Put in the agenda and incorporate the gender perspective in all the programs and policies of the organization.
- Allow life balance, giving flexibility and better conditions to the collaborators who give birth.
- Sensitize and establish guidelines to prevent and punish any type of behavior of sexual harassment in the workplace and, in general, towards any form of discrimination or violence against women.

In 2019, the Corporation and its companies were awarded for their performance on gender equity:

- Ministry of Labour and Employment Promotion's Good Labour Practices Competition:
 - Ferreycorp was recognized for second consecutive year, this time in the category "Prevention of Sexual Harassment and Workplace Harassment", for developing policies, campaigns and actions in relation to this issue, as well as for establishing sanctions, victim protection systems and safe ways to report it.
 - Ferreyros was awarded in the category Promotion of Work-Family Balance, for its actions to contribute to the work-family balance of its employees, promoting optimal development of its human team in both dimensions.
 - Fargoline was awarded in the category Promotion of Orderly Work with Clients and Suppliers. In this context, Fargoline stands out for its Driving Values program, which transmits civic and ethical values to workers who provide services to the company.
 - Orvisa distinguished in the category Promotion of Equal Opportunities between Women and Men, for actions aimed at promoting justice and equality between men and women, respecting rights and seeking a balance of opportunities for both.
- PAR 2019 Ranking:
 - 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 consultancy firm Aequales, after an audit carried out by PwC.
 - The evaluation was focused on four key areas for gender equity: management of objectives, organizational culture, organizational structure and talent management.

In Ferreycorp, the participation of female personnel is monitored within our training programs and promotions in relation to the total personnel, in order to achieve growth in different indicators such as:

- Training hours
 - Number of promotions
 - Number of women in leading positions
 - Salary by category and gender (Average salary men versus women).
- From the Pares program, Ferreycorp continued to promote gender equality during 2019 with activities such as the Third Meeting of Ferreycorp Women Leaders, in which 150 women in leadership positions within the Corporation participated, with distinguished

guests who shared their experiences in their fields. Since 2017 this annual space for networking and reflection has been held.

In addition, four "He for She" workshops were held, which seek to sensitize male leaders on how they can contribute, from their position, to make a more equitable organization with opportunities for all. At the same time, the Corporation has been promoting initiatives such as the commemoration of the Day of Non-Violence against Women and Women's Day. As part of the induction offered to all newcomers, it addresses issues of labour harassment, gender equity and the diffusion of line 100 of the Ministry of Women's Affairs.

It should be noted that several executive positions in the Corporation, such as General Manager, subsidiary boards, Corporate Human Resources Manager and Corporate Finance Manager, among others, are held by women.

b) Equal opportunities and inclusion

Ferreycorp is committed to promote and maintain a work environment free of discrimination, favoring equal opportunities based on the merits of each employee, without distinction of sex, ethnicity, origin, creed or social status. It should be noted that the employees of the corporation come from different geographical areas and from different socioeconomic strata.

Ferreycorp and its subsidiaries respect the procedure for publishing job opportunities, established by law, in reference to labor inclusion. During 2019, a total of 13 employees with a disability have been maintained, seeking to strengthen their safety and self-esteem, and integrating them into the world of work and no cases of employment discrimination have been reported.

c) Parental leave

(GRI 401-3)

During 2019, in the six companies mentioned above, as well as in the Ferreycorp holding company, 100% of the employees who were parents enjoyed parental leave. More than 270 collaborators, between parents and mothers, could be together with their children and enjoy those wonderful first months.

At the end of the parental leave, 100% of said employees rejoined the work during 2019. Regarding the retention index, understood as the percentage of workers who after returning to the company decided to remain working in the same, 93% of collaborators remained in the organization during 2019.

Likewise, the employees, who made use of the maternity leave contemplated by law, had the option to work less hours upon their return and complete the day progressively after the postnatal period, receiving their full salary, thanks to the staggered return program.

Once they return to the work station, breastfeeding mothers have at their disposal breastfeeding spaces, implemented and conditioned according to the regulatory requirements.

Collaborators and Parental Reincorporation Index (*)

Reincorporation	Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total	%
Yes	186	31	19	6	14	11	4	271	100%
No									
Total	186	31	19	6	14	11	4	271	

Collaborators and Parental Retention Index (*)

Retention	Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total	%
Yes	177	28	19	5	9	11	4	253	93%
No	9	3		1	5			18	7%
Total	186	31	19	6	14	11	4	271	

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

d) Respect for human rights

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

Ferreycorp is committed to the respect of human rights, which constitute a fundamental part of its sustainability strategy and which covers its entire value chain, which includes more than 6,500 collaborators of the Corporation.

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

As signatories of the Global Compact, Ferreycorp and all its companies are committed to its 10 guiding principles, which means maintaining and incorporating best practices in relation to respect for human rights, responsible work, preservation of the environment and fight against the corruption. In addition, the corporation maintains a vision of demand and care for these principles throughout its entire value chain and with all its stakeholders.

Ferreycorp does not endorse or contemplate the work of minors, inside or outside the workplace. Likewise, it does not use or sponsor practices that induce forced or compulsory work that attempts against their will or freedom of hiring.

During the 2019 period there were no incidents, complaints or denunciations in reference to child labor, forced, compulsory or non-consented, or any other form of discrimination in any of the subsidiaries of Ferreycorp.

In another area, it is important to emphasize that the Ferreycorp Corporation respects the free association of employees. For more information on the subject, consult the Labor Relations section.

7.3.1.3 Training

a) Performance management

In 2016, the Performance Management Program was reformulated, strengthening its systematization and measurement parameters. Initially, the systematization processes and measurement parameters were strengthened, while the 13 corporate competencies related to climate and culture were defined and grouped together. In 2017, efforts were concentrated on strengthening the government to meet the stages of defining objectives and evaluating performance. Also in 2018, the feedback process was reinforced, including it as a module of the performance management process.

In 2019, 95% of the employees of all the Corporation's companies in Peru met their performance evaluation.

Level of compliance – Performance evaluation 2018, done in January 2019 (*)

Company	% Evaluated
Ferreycorp	96%
Ferreyros	96%
Unimaq	99%
Orvisa	97%
Ferrenergy	100%
Soltrak	86%
Fargoline	77%
Forbis Perú	89%
Sitech	100%
Motored	89%
Motriza	90%
Total	95%

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

b) Succession and development of leaders

(GRI 404-2)

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

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

In 2019 it was decided to adapt the Development Program to the challenging transformation environment, in order to accompany 150 leaders of the Corporation to develop a new mentality for innovating and creating value to customers. In a process of joint creation regarding 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 to create ideas. There were 108 hours of training, learning by doing and experience sharing sessions with other market leaders.

In this context, 110 leaders of the Corporation participated in the hackathon called "Customer Centered Transformation for the next 100 years Ferreycorp", developed in alliance with the University of Engineering and Technology (UTEC), with the objective of putting into practice the knowledge acquired during the Development Program, in order to create new business ideas.

c) Training and job opportunities

Ferreycorp promotes the development of its employees through training, internal and external, and job opportunities, through movements between subsidiaries to fill a new or vacant position. As an example of this, in the companies in Peru, 654 employees had a change of position during 2019, a change, be it promotion, promotion or horizontal movement. Likewise, 23 employees were able to assume new responsibilities when changing their subsidiary.

The training policy is focused on developing the performance conducts necessary to achieve the business objectives. In this context, the educational proposal was expanded with new agreements that offer collaborators and their families scholarships and discounts in undergraduate, masters, diploma and specialization programs, among others. In 2019, a total of 31 agreements were reached.

It also highlights the training of technical personnel, which takes place in the modern Technical Development Center (CDT) of Ferreyros. This enclosure is also used in technical courses; of safety, health and environment; and regulations of the corporation.

To facilitate access to training for employees from the most diverse parts of the country, Ferreycorp has updated its Virtual Campus, through which it offers the mandatory corporate courses and others such as Information Security, Personal Data Protection Law, Peruvian Financial Intelligence Unit, Code of Ethics and Environmental Management.

Below is the distribution by worker type and gender of the 5,586 employees trained in the six companies with the largest operating volumes in Peru and the holding Ferreycorp S.A.A.

Trained collaborators 2019

		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Main employees	Female	18	2		2		2	32	56
	Male	81	23	7	4	14	11	21	161
Employees	Female	415	109	26	9	113	41	36	749
	Male	1,366	276	127	55	282	135	21	2,262
Technicians	Female	49	2						51
	Male	2,059	182	40			26		2,307
Total		3,988	594	200	70	409	215	110	5,586

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

On the other hand, the distribution by worker type and gender of the 217,088 hours carried out in the six companies with the largest operating volumes in Peru and the Ferreycorp SA S.A.A holding company is also shown.

Man hours of training 2019

		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp	Total
Main employees	Female	452.5	120		45		127	540	1,285
	Male	2612.5	1134.5	161.63	86.5	374.5	755	534	5,659
Employees	Female	6523	4085	452.29	47	2297	668	575.5	14,648
	Male	47,068	10397	2341.23	501	4485	3471	280.5	68,543
Technicians	Female	2415.62333	56						2,472
	Male	111,625	8163	1387.01			3307		124,482
Total		170,696	23,956	4,342	680	7,157	8,328	1,930	217,088

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

7.3.1.4 Health, safety and social welfare

a) Occupational health care, safety and working conditions

(GRI 403-1, 403-3)

Ferreycorp has developed a Safety, Occupational Health and Environmental Management System of high standards, which reflects the commitment to protect employees, society and the environment, in line with corporate values such as equity, integrity and respect for person. This system includes regulatory aspects, mechanisms for dissemination, control and monitoring, as well as the active role of leaders.

The companies with the highest operating volumes in Peru and abroad adopt this system, while they also have a Health and Safety Committee at work, of equal composition (50% employer and 50% workers). The objective is to monitor the compliance, by the organization and the workers, with the preventive measures provided to ensure the safety, integrity and health of the personnel, as well as to protect the environment. Other companies of the corporation are in the process of aligning their practices to these standards.

The identification of hazards and risk assessment, embodied in a matrix, is the basis for the development of preventive plans and programs, as well as to define the guidelines to safeguard 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.
- Initiate an investigation immediately in order to determine the causes.
- Define the corrective measures to avoid a possible repetition of the event.
- Issue an alert to companies about the event and its causes to take preventive measures and avoid recurrence.

The companies of the Ferreycorp Corporation have an Occupational Health Program, aimed at preventing the onset of occupational diseases or as a result of work, as well as carrying out a medical surveillance to all employees who are included in the risk groups.

The main health problems identified in 2019, for the different jobs, were:

- Endocrine, nutritional and metabolic diseases
- Musculoskeletal system diseases
- Digestive system diseases
- Respiratory system diseases
- Circulatory system diseases
- Skin and subcutaneous tissue diseases

b) Security management indicators

(GRI 403-2)

The following is the detail of the three main indicators of the management of security in the corporation: injury frequency rate, rate of lost days (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.

Injury frequency rate

The injury frequency rate is a calculated indicator between the number of accidents with lost time and hours worked.

Formula:

$$\text{Frequency rate} = \frac{\text{Number of accidents with lost time} * 1000000}{\text{Working hours}}$$

Year 2019		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp
Region	Lima	4,99	2,26	0,00	11,49	12,03	3,20	0,00
	Provinces	2,10	0,00	1,98	30,93	8,70	0,00	0,00
Type of personnel	Own	2,93	1,41	2,41	8,50	10,90	2,40	0,00
	Third parties	4,02	3,49	0,00	0,00	35,90	3,40	0,00
Gender	Female	2,02	2,82	0,00	0,00	2,70	0,00	0,00
	Male	3,25	0,00	2,74	16,22	16,40	3,10	0,00

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

Lost days rate (severity)

The rate of days lost (severity) is a calculated indicator between the number of days of medical leave due to work accidents and the hours worked. The results of the subsidiary Fargoline reflect the accident occurred causing an employee to be injured while providing a third party service to Ferreyros. Such accident is also reflected in Ferreyros' third party results.

Formula:

$$\text{Lost days rate (severity)} = \frac{\text{Number of days of medical leave due to work accidents} * 1000000}{\text{Working hours}}$$

Year 2019		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp
Region	Lima	160,77	5,64	0,00	565,50	47,34	51,40	0,00
	Provinces	63,98	0,00	3,95	92,78	427,14	0,00	0,00
Type of personnel	Own	76,77	3,53	4,83	455,00	182,60	38,70	0,00
	Third parties	195,07	34,92	0,00	0,00	251,20	6,90	0,00
Gender	Female	101,84	11,28	0,00	0,00	8,20	0,00	0,00
	Male	97,95	0,00	5,49	578,67	298,88	49,00	0,00

* Considering: 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 highest 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 in 2019 an accident rate of 0.34.

It also highlights the good management carried out by the subsidiaries Unimaq, Orvisa and Motored to minimize the accident rate over the years, achieving zero accidents during 2019.

Formula:

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

Year 2019		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Motored	Holding Ferreycorp
Region	Lima	0,80	0,01	0,00	2,30	0,58	0,20	0,00
	Provinces	0,14	0,00	0,01	0,00	3,72	0,00	0,00
Type of personnel	Own	0,23	0,01	0,01	0,00	2,00	0,10	0,00
	Third parties	0,78	0,12	0,00	9,38	9,00	0,00	0,00
Gender	Female	0,21	0,03	0,00	1,40	0,02	0,00	0,00
	Male	0,32	0,00	0,02	1,60	4,90	0,06	0,00

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

c) Social welfare

The corporation seeks to promote the welfare of its employees in the various 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 various initiatives in 2019 to contribute to the well-being of its human team. Among other aspects, it built the foundations of the Balance of Life program, which seeks to promote the balance of personal and work life through three axes: integral health, time flexibility and time management, as well as activities with the collaborator and the family. Also, the Good Life program, to promote the care of physical and mental health.

Likewise, Ferreycorp developed health campaigns in the different subsidiaries, with outreach to employees and their children; screening for diseases such as breast cancer; planes nutricionales; activities for future parents, among other initiatives. These initiatives are carried out as a complement to 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 the same. 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 sports championships, Christmas parties, among other family celebrations; artistic activities and recreational vacations for employees' children; as well as training programs in productive activities for their families, provision of school vouchers and Christmas bonuses, among other actions. There were also corporate agreements with various institutions to offer discounts on goods and services to employees and their families, including those in the educational and entertainment sectors. During the year, close to 3,700 employees in Peru participated in these initiatives.

7.3.1.5 Climate and culture

a) Organizational climate

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

In 2018, we collected the opinion of the entire Corporation's employees in the Biennial Work Climate Survey; in 2019, we executed the improvement plans, which were carried out transversally by the Human Resources teams of the subsidiaries, and individually with the leaders of each company, thus promoting the focus on the microclimate.

To monitor the execution of these actions, an automated and self-management corporate tool was used, allowing the centralization of information on the actions carried out. Therefore, by 2020, almost 50% of the actions included in the Work Climate Plan at corporate level have been completed, and these are periodically reviewed according to the needs of both employees and the business.

The effectiveness of these actions will be validated in 2020, with the new application of the corporate survey, collecting an updated perception of the employees of all subsidiaries.

b) Culture and internal communication

In 2019, Ferreycorp continued with its efforts to strengthen its culture, aligned with its corporate strategy and the achievement of the vision. In this path, the approach to the subsidiaries, understanding their communication needs, has played a predominant role.

One of the actions that contributed to the fulfillment of this objective was the second edition of the "Ferreycorp Challenge", a corporate game based on the premise of "Knowing ourselves better makes us stronger", which promoted the active participation of more than 3,100 collaborators, including administrative and technical staff. Through this game, the reinforcement of cultural and strategic concepts, knowledge of the subsidiaries, and products and services offered as a Corporation, was achieved.

On the other hand, we worked on a pilot implementation of a new collaborative communication tool, Workplace, in two subsidiaries of the Corporation, in order to measure the levels of adoption and engagement. In both cases, indicators were satisfactory, with adoption levels above 80% and engagement with peaks of 65%; therefore, it shall begin with the gradual deployment to all Corporation companies.

As described above, Ferreycorp uses various internal communication channels, both physical and digital, and even its network of correspondents, to achieve the alignment of its collaborators and keep them always informed, opening spaces for feedback and continuous improvement.

c) Ferreycorp cultural principles

(GRI 102-16)

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

The cultural principles of Ferreycorp are:

1. **Passion for the client:** Genuine interest in the success of the client; effort to understand their needs and exceed their expectations.
2. **Initiative and decision making:** Trust 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 fluent, personalized and transparent conversation at all levels of the organization.
5. **We always innovate:** Anticipating new trends, creating better solutions with a long-term vision.
6. **We work as a team:** Collaborative work to achieve the proposed objectives.

7.4. Value for customers

7.4.1 Introduction

The corporation, through its operating companies in Peru and abroad, is mainly engaged in importing and marketing products of prestigious and recognized quality brands. 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 the commercialization of capital goods and related services in several Latin American countries. Within the framework of this mission, it fulfills 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 business recommendations. Ferreycorp, achieving increasing levels of loyalty.

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

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

Finally, in order to achieve customer loyalty, the corporation offers medium-term credit for the purchase of machinery, equipment and spare parts and, through the financial arm of Caterpillar, financing with excellent financial conditions.

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

- Corporate Customer Experience Management Policy, which contains tools to fulfill the promise of brand 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 control and compliance audit.
- Corporate Policy on Information Security, in compliance with the Personal Data Protection Law in Peru.

For information on the commercial performance of Ferreycorp and its subsidiaries in 2019, consult the section on Business Management.

7.4.2 Product quality and customer satisfaction

(GRI 417-1)

The corporate area of customer experience management is aimed at guiding the development of the capabilities of the subsidiary companies to build customer loyalty. In particular for 2019, the main objectives are to expand the "Voice of the Customer" survey via social networks, standardize claims management, implement prime customer experience standards and services, as well as support the development of experience protocols for channels of attention established by the Business Excellence project.

According to this model, Ferreycorp companies carry out the following good practices:

- According to this model, Ferreycorp companies carry out the following good practices
- Periodic mechanisms for lifting "Voice of the Client"
- Specification of loyalty indicators (satisfaction, repurchase, recommendation)
- Realization of confidence recovery actions (service recovery)
- Analysis of client pain points or insights
- Specification of initiatives to improve customer experience and / or improve the value proposition of products and services

Ferreycorp not only uses the customer satisfaction index, but also adds the NLS (Net Loyalty Score). The NLS considers three rigorous indicators: satisfaction, repurchase intention and recommendation. Based on these three scores, under a scale from 1 to 10, the number of loyal customers or promoters (who score 9 or 10 in the three questions) minus detractors (who score 5 or less in any of the questions).

The process of collecting the NLS index is called "Voice of the Customer" (customer surveys), and its analysis is complemented with the "Voice of the Collaborator" process, used when some incidents reported in the "Voice of the Customer" surveys must be investigated, and then a meeting is held to establish corrective measures and improvements to the reported issues.

The following is a description of the level of customer satisfaction regarding the products or services offered by the six companies with the largest volumes of operations in Peru: Ferreyros, Unimaq, Orvisa, Motored, Soltrak and Fargo. It is worth mentioning the improvement in the results of most of these companies.

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

Type of survey	Ferreyros		Unimaq	
	Satisfaction 2018 (%)	Satisfaction 2019 (%)	Satisfaction 2018 (%)	Satisfaction 2019 (%)
New machinery	49	63	43	38
Services	63	56	57	51
Spare parts	62	59	48	41
Sale of used equipment	-	51	50	48
After-sales service allied brands	-		46	46
Rental	48	77	51	41
% Total	61	59	48	42

Type of survey	Orvisa		Motored	
	Satisfaction 2018 (%)	Satisfaction 2018 (%)	Satisfaction 2019 (%)	Satisfaction 2019 (%)
New machinery	71	53	61	71
Services	56	32	38	58
Spare parts	52	45	52	53
% Total	60	43	50	61

Type of survey	Soltrak	
	Satisfaction 2018 (%)	Satisfaction 2019 (%)
Lubricants	44	100
PPEs	43	27
Tires	50	17
% Total	46	48

Type of survey	Fargoline	
	Satisfaction 2018 (%)	Satisfaction 2019 (%)
Services	84	67
% Total	84	67

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

Likewise, Ferreyrcorp's six largest operating volumes in Peru show a consistent improvement in the level of customer loyalty with the products and services offered.

Consolidated results of NLS loyalty level of customers regarding the products or services offered by the Company

Type of Survey	Ferreyros		Unimaq	
	NLS 2018 (%)	NLS 2019 (%)	NLS 2018 (%)	NLS 2019 (%)
New machinery	42	58	33	19
Services	56	52	52	42
Spare parts	57	53	38	27
Sale of used equipment	-	40	33	29
After-sales service allied brands	-	-	33	36
Rental	36	75	44	27
% Total	55	53	39	28

Type of Survey	Orvisa		Motored	
	NLS 2018 (%)	NLS 2018 (%)	NLS 2019 (%)	NLS 2019 (%)
New machinery	66	69	38	61
Services	46	51	14	23
Spare parts	42	44	35	46
% Total	51	58	29	41

Type of Survey	Soltrak	
	NLS 2018 (%)	NLS 2019 (%)
Lubricants	35	47
PPEs	12	19
Tires	18	33
% Total	21	24

Type of Survey	Fargoline	
	NLS 2018 (%)	NLS 2019 (%)
Services	89	67
% Total	89	67

Type of Survey	Soltrak		Motored	
	NLS 2018 (%)	NLS 2019 (%)	NLS 2018 (%)	NLS 2019 (%)
New machinery	-		38	61
Services	21	24	14	23
Spare parts	-		35	46
% Total	21	24	29	41

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

All Ferreycorp companies have permanent customer service channels and receive suggestions and complaints regarding products and services through various means of communication. Specifically in Peru, in accordance with Law No. 29571, there is a book of claims available to customers.

Additionally, each subsidiary company, based on its operational independence, has generated processes for the reception and management of complaints and claims.

For example, Ferreyros, Orvisa and Unimaq have a process to deal with complaints and indicators; the registration and follow-up is done through the SAP CRM system.

7.4.3 Health and safety of customers

(GRI 416-1)

In all the countries in which it operates, Ferreycorp is committed to providing a safe environment, in order to guarantee 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 their employees, customers, suppliers and the environment. Also, in the offices, workshops or operations there is an internal security regulation that seeks to guarantee the integrity of all those who are inside said space. In the same way, they have established procedures for the handling, segregation, storage of solid waste and hazardous liquids. Currently, subsidiaries abroad are in the process of adapting their management systems in this area.

Below is information on the six largest Ferreycorp companies in Peru. These have hundreds of products and families of products, equipment, accessories and spare parts of their different brands represented. 100% of the products show the data required by current regulations, such as the origin, safety instructions and product disposal instructions. In the case of equipment, these have safety manuals that include specific information for each model.

Labeling information of products and services (*)

Labeling	Ferreyros				Unimaq				Orvisa				Soltrak				Motored			
	Equipments	Accessories	Spare parts	Services	Equipments	Accessories	Spare parts	Services	Equipments	Accessories	Spare parts	Services	Equipments	Accessories	Spare parts	Services	Equipments	Accessories	Spare parts	Services
Source	Yes	Yes	Yes	-	Yes	Yes	Yes	-	Yes	Yes	Yes	-	-	Yes	Yes	-	Yes	Yes	Yes	-
Content: Presence of substances that may affect the environment	-	-	Yes	Yes	-	-	Yes	Yes	-	-	Yes	Yes	-	Yes	Yes	-	-	-	-	-
Security 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	-	-	-	-

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

Policies, standards and good practices in health and safety of clients by company (*)

Company	Policy	Standards and good practices
Ferreyros	Integrated Security, Health and Environment Policy and Internal Security Regulation	ISO 9001-2008, ISO 17025-2006
Unimaq	Integrated Policy on Quality, Safety, Health, Environment and Social Responsibility.	ISO 9001, ISO 14001, OHSAS 18001
Orvisa	Integrated Safety, Health and Environment Policy	ISO 14001, OHSAS 18001, Buenas Prácticas Laborales MINTRA
Fargoline	Integrated Safety, Health and Environment Policy	ISO 9001 2008
Soltrak	Integrated Safety, Health and Environment Policy	ISO 9001-2008
Motored	Integrated Quality Policy and SSOMA	ISO 9001, ISO 14001, OHSAS 18001, Ley 2983

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

7.4.4 Customer privacy

(GRI 418-1)

In compliance with the Peruvian Law on Protection of Personal Data, Ferreycorp and its subsidiaries in the country request prior, informed, express and unequivocal consent to carry out the processing of data or information of a natural person. In case of sensitive data processing, written consent is also required. Likewise, the corporation considers that the client has adequately provided its consent when it has a positive way in virtual media of the "click", "tap" or similar option when requesting acceptance of the present terms applicable to the treatment of your personal data.

The techniques have been developed to avoid any undue manipulation, accidental loss, destruction or unauthorized access by third parties to this information, using the appropriate means to counteract them.

7.5 Value for the community

(GRI 413-1; GRI 413-2)

Ferreycorp works closely with various sectors of the community, mainly on two issues that it considers key to the country's progress: education and sanitation. To do this, it finances public investment projects through the Works for Tax Deduction mechanism, and deploys technical training and soft skills development programs for young people.

7.5.1 Projects of Public Works for Tax Deduction

(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 form of Works for Tax Deduction. Thanks to this modality it is possible to take the capacities of the private sector to reduce the infrastructure gap in the country more expeditiously.

The Corporation focuses on water and sanitation works, as well as the improvement of educational infrastructure. The final result is a direct increase on life quality and development possibilities of remote and low resource populations, without access to the most elementary services.

In 2019, Ferreyros continued with the execution of two water and sanitation works in Cusco, in the province of Paucartambo, district of Colquepata; as well as in the province of Urubamba, district of Chinchero, in consortium with the company Backus.

Ferreyros, in consortium with Unimaq, opened an educational center in La Libertad that will benefit 1,280 students. Likewise, Ferreyros, in consortium with Fargoline, completed the execution of a school in Ica that will benefit 5,240 students, in a 10-year horizon.

Up to date, Ferreycorp Corporation and its subsidiaries, individually or in a consortium, have already committed PEN 91 million in 10 Works for Tax projects, in Acomayo, Anta, Urubamba and Paucartambo (Cusco); Chepén and Laredo (La Libertad); Pueblo Nuevo (Ica); Huayllay (Cerro de Pasco); and Yauli (Junín).

The execution of Works for Tax Deduction allows private companies to finance and implement public projects and then recover the investment made through a certificate for the payment of their income tax. It is worth mentioning the important management effort that the corporation demands for this modality in the different stages of the works, from the identification of the projects to their delivery to the beneficiaries.

7.5.2 Education programs

For Ferreycorp, investing in education is to promote economic development in the country: it is one of the most powerful instruments to reduce poverty and inequality, and lays the foundations for sustained economic growth. Below, some of the most relevant initiatives deployed in this field during the year.

7.5.2.1 Ferreycorp Association

Through the contribution of its members: Ferreycorp, Ferreyros, Unimaq, Orvisa, Cresko, Fargoline, Motored and Soltrak, the Ferreycorp Association deploys the Ferreycorp Program for Professional Development, which aims to stimulate future professionals to raise their awareness of the important role they play within society and highlight the importance of ethical values as an irreplaceable basis for the development of the individual and society.

For more than 20 years, the Ferreycorp Association has benefited more than 37,000 students, 87% belonging to universities in the provinces. Currently, it has a presence in 35 higher education institutions nationwide, where it develops a program in three modules, whose contents are complementary to those usually taught in universities and institutes.

The modules are carried out through an interactive and playful methodology, which promotes the analysis and solution of practical cases through dialogue, using group dynamics and exercises in which the maximum participation of students is sought through doing, feel and think.

After completing the three modules, participants organize and execute volunteer activities, called Solidarity Challenges, which allow them to put into practice the skills developed during the program and thus become agents of change. Most of these activities focus on contributing to environmental and social causes of interest to the area where the students live.

During 2019, 67 Solidarity Challenges were carried out involving 2,135 students and 19 Ferreycorp employees. The most far-reaching activities were those related to the cleaning of beaches and riverbanks for the conservation of underwater life habitats, which impacted more than 1,800 beneficiaries.

To carry out its objective, the Ferreycorp Association is made up of a professional and talented team of facilitators, which each year develops the workshops throughout the country, with resources of the association itself. It also has a steering committee made up of managers of the corporation.

7.5.2.2 Think Big Program

Since 2002, Ferreycorp has been preparing technicians specialized in Caterpillar products for two years. The training is carried out in Tecsup and the students' practices are carried out in the Ferreyros workshops. After finishing, the graduates have as a first option to enter a defined career line within the workforce of Ferreyros and Unimaq.

7.5.2.3 Senati Dual Learning Program and Sembrando Tu Futuro Program

The Senati Dual Learning Program, sponsored by Ferreyros, Motored, Orvisa and Unimaq, takes place in Lima and Cajamarca. The young maintenance students of heavy machinery complement their technical training with a practical apprenticeship in the facilities of the companies.

In turn, with the Sembrando Tu Futuro Program, Unimaq is responsible for covering the cost of studies of low-income schoolchildren in the community of Huaycán (Lima), with outstanding performance and a high degree of interest in pursuing higher education in Senati. In the same line, it develops the Uniqas program, which provides sponsorship and opportunities to women studying technical and automotive careers in Senati.

7.5.2.4 Pre-professional Practices Program, support for academic research and vocational guidance

Since 2019, Ferreycorp, in agreement with the University of Engineering and Technology, UTEC, launched the Ferreycorp Scholarship, thanks to which two outstanding students of the Colegio Mayor Presidente de la República were awarded scholarships to study Electronic Engineering and Mechatronics.

In this way, we seek to promote the education of women in these professional branches, with the objective to increase their participation in the labor market of the main productive sectors of the country.

In Peru, Ferreyros, Unimaq, Soltrak, Motored, Orvisa and Cresko have pre-professional internship programs through which a mentor is assigned to university students in recent years to guide them through a learning program and is responsible for feedback their performance for the development of professional skills. We also support different students who elaborated academic research works in relation to Ferreyros.

Additionally, the Corporation's companies receive periodic visits from students in their final years of high school, in order to introduce them to the operations of the companies and help them learn about the field of work in the professional careers they are interested in.

7.5.2.5 Heavy Equipment Operators Club

Ferreyros, Unimaq and Orvisa, representatives of Caterpillar in Peru have been contributing to the development and recognition of machine operators through this program that was launched in 2013. Over the years, the Operators' Club has increased its number of members, reaching today 16,890.

The Heavy Equipment Operators Club promotes the acquisition of knowledge and the exchange of experiences through free decentralized seminars and the publication of contents on the website www.clubdeoperadores.com.pe and its Facebook page. Furthermore, it promotes the recognition of the Heavy Machinery Operator's Day, and carries out the contest "The Best Heavy Equipment Operator in Peru", which in its four editions has summoned more than 6,800 operators from all over the country.

7.5.2.6 Heavy Equipment Technicians Club

With this program, launched in 2016, the companies Ferreyros, Unimaq and Orvisa seek to generate positive impacts in the development of the professional group of heavy equipment technicians in the country. To date, the Heavy Equipment Technicians Club has more than 5,900 members.

Through digital platforms such as the website www.clubdetecnicos.com.pe, and its Facebook page, the Club spreads valuable information and promotes interaction among its members. In addition, it organizes the "Best Heavy Equipment Technician in Peru" Contest, with over 3,000 registered participants in its two editions.

7.5.3 Volunteering of collaborators

With the purpose of generating positive impacts on society, promoting the participation of employees in activities related to the community, and strengthening their commitment to vulnerable populations, Ferreycorp develops Corporate Volunteering every year nationwide.

During 2019, volunteer activities were carried out in different parts of the country and the initiatives were focused on improving infrastructure and transferring knowledge in various educational centers, as well as subsidizing assets and strengthening the capacities of vulnerable groups. More than 1,200 volunteers participated in all campaigns conducted during this period, benefiting more than 4,300 people including children, youth, adults and the elderly.

In the last year, a new corporate volunteer initiative called "Warming Dreams, Joining Hearts" (Abrigando Sueños, Uniendo Corazones) has been added. With the participation of more than 200 volunteers, more than 2,000 wool hats were knitted and delivered to people affected by the cold, children and adults with cancer and the elderly in homes in Lima, Ayacucho and Puno.

In 2019, the following activities were carried out:

Company	Volunteer program	City	Participating volunteers	Allied institutions	People benefited
Ferreycorp	Warming Dreams (Abrigando Sueños): wool cap fabric for donation to cold areas and for people undergoing treatment for cancer.	Lima, Arequipa	+200	-	+2,000
Ferreyros	Initiatives related to the improvement, maintenance and expansion of educational infrastructure in areas most in need, which are complemented by activities to transfer knowledge and / or skills.	Chimbote, Huaraz, Puno, Piura, Lambayeque, Huancayo, Cajamarca, Arequipa, Cerro de Pasco, Trujillo and Ayacucho	20+	Schools of each city	200+

Company	Volunteer program	City	Participating volunteers	Allied institutions	People benefited
Unimaq	Christmas Volunteer	Lima, Arequipa, Ilo, Trujillo, Piura	84	CEBE N° 04 - Miraflores, Lircay Club, Santísima Trinidad Parish, Regional Institute of Diseases, 26 de octubre District	360
	Cold campaign (Campaña friaje)	Arequipa	2	-	100
	Recycling campaign	Lima, Cusco y Huancayo	406	Rehabilitation of the Homeless (Rehabilitación de Marginados, REMAR), San Vicente de Paul Home, Kalla Educational Institution, San Camilo Home, Aniquem	41
	Beach cleaning campaign: "Clean beaches"	Ilo	30	-	-
	Initiatives related to the improvement, maintenance and expansion of infrastructure	Lima, Piura	24	San Vicente de Paul Home, 26 de Octubre Home	207
Orvisa	Eran Kakiri Project ("Good life" in Kukama language)	Iquitos	64	Dignidad Perú Asociación	750
Fargoline	Donation of wooden pallets	La Victoria	15	Luis Armando Cabello Hurtado School	350
	Renewal of the nutritional and educational program "Cuida de Mi" for Aldeas Infantiles	Callao	5	Aldeas Infantiles SOS Callao	53
	Collection for the Campaign against Child Sexual Abuse - Aldeas Infantiles	Callao	200	Aldeas Infantiles SOS Callao	53
Motored	Programa Kallpa	Lima	10	Kallpa	100
	Annual collection of the Peruvian League Against Cancer	Lima	6	Peruvian League Against Cancer	-
	Blood donation campaign	Lima	35	Hospital Nacional del Niño	-
	Collection of caps	Lima	100	Aniquem	-
	Toy collection	Lima	20	AA.HH. Las Moras	150

7.5.4 Ferreycorp 4K

Since ten years ago, the corporation has been running the "Ferreycorp 4K" race, a fundraising activity for corporate volunteering, which is being developed simultaneously in all branches nationwide and has the participation of more than 3,400 employees of eleven subsidiaries, their relatives, friends and pets.

Thanks to this activity, in 2019 it was possible to collect an approximate of PEN 75,000, an amount that will be used in the volunteer activities of the following year.

7.6 Value for the suppliers

(GRI 102-9)

Ferreycorp is committed to developing long-term, reliable and fair relationships with all its suppliers, whom it considers to be its strategic partners and a fundamental element of its supply chain. Therefore, the Corporation has a contracting policy under clearly established principles, such as transparency and equal treatment. Ferreycorp is linked to its suppliers from a mutual growth perspective.

7.6.1 Type of suppliers

Ferreycorp presents two types of suppliers: commercial and non-commercial, both local and foreign.

The import of capital goods is the activity par excellence of the majority of companies in the corporation, to which specialized support is added. The main commercial suppliers of the corporation, mainly foreigners, are therefore the manufacturers of the brands represented, whose goods are imported from different parts of the world by the subsidiaries of Ferreycorp. It highlights the relationship that has been maintained since 1942 with Caterpillar, the organization's flagship brand.

It should be noted that both Caterpillar and other leading brands represented, such as Chevron, Terex, Iveco, Kenworth and Massey Ferguson, are recognized leaders in international markets with world-class sustainability practices. Their commitments in this area range from a high level of environmental and social responsibility to the principle of promoting lasting relationships with their stakeholders, such as customers, shareholders, distributors and collaborators. According to its own expressions, this includes providing products that comply with safety and environmental regulations; having inclusive working environments; and supporting the diversity of people, among other aspects.

At the same time, international transport service companies (airlines, shipping companies), customs and freight agencies are involved in the supply chain of the Ferreycorp Corporation.

In relation to its non-commercial activities, Ferreycorp also manages a portfolio of local and foreign suppliers that provide goods and services. Among those of local operation are insurance and telephony companies; transporters and suppliers of truck fleets; travel agencies, customs and logistics; general service and cleaning companies; of infrastructure, environmental and technology services; of provision of stationery, uniforms and merchandising; among many others. At the same time, there are suppliers that supply goods such as computers, supplies and fixed assets.

The system to hire suppliers includes a competitive process, which takes into account variables such as prices, quality, good corporate governance practices and the environment, as well as the review of financial aspects and commercial references of the candidates.

During 2019, the main Ferreycorp companies in Peru and the parent company have contracted with suppliers for an amount exceeding PEN 4,658 million. For more details, consult section 7.6.6- Expenditure on suppliers.

7.6.2 Supplier sustainability practices

(GRI 408-1; 409-1)

Given that the provider is an important stakeholder group for the organization, it seeks to work with companies rated as sustainable. During the supplier selection process, the corporation does not limit itself to verifying 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 employment discrimination practices).
- Free association and timely payment to their workers.
- Environment and a preventive approach that favors the environment and that promotes environmental responsibility.
- Anti-corruption commitment.
- Security rules.

In 2019, the parent company Ferreycorp began a process of homologation of its suppliers in its own capacity, in which they declare their compliance with social responsibility, governance, environmental and safety practices, as well as their legal and financial situation; up to date, 60% of the parent company's suppliers have already been homologated. We are committed to extend in the future these practices to the Corporation's subsidiaries.

Likewise, Ferreycorp implemented good compliance practices aimed at suppliers, which include anti-corruption clauses, compliance with ethical principles and sustainable development, in all contracts with third parties. Likewise, an Affidavit of Suppliers was integrated to the supplier registration processes, which incorporates compliance with ethical standards established by the Corporation.

The parent company also continued the practice of granting, in corporate supplier tenders, an additional score in favour of those suppliers who demonstrate high standards of sustainability.

In another area, the homologation processes carried out each year by the transporters of Ferreyros and Unimaq subsidiaries before SGS are noteworthy. Since 2007, Ferreyros has integrated them into a Committee of Carriers to share experiences and good practices.

By 2019, the following numbers of approved suppliers are available:

- Ferreycorp: 78 suppliers approved internally.
- Unimaq: 28 suppliers approved with an external company and 179 suppliers approved internally.
- Motored: 6 suppliers approved with an external company and 3 are in process.
- Ferreyros: 684 suppliers approved externally.

7.6.3 Health and safety of suppliers

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

To ensure adequate health and safety management of suppliers, Ferreycorp has rigorous policies and standards:

- Integrated Safety, Health and Environment Policy.
- Suspension Policy and Right not to Perform Unsafe Work.
- Fatigue and Drowsiness Policy.
- Corporate Standard for the Works and Services of Contractors and Suppliers.
- Standard for the Selection of Permanent Services of Third Parties.
- Procedure for the Entry of Carriers as a Service Provider.
- Code of Ethics.

On the other hand, it manages its suppliers' health and safety in different lines of work:

- Products and services: A risk assessment is carried out in order to eliminate or minimize the identified hazards, as well as to determine the preventive measures.
- Equipment: The units have operating manuals that include safety issues.
- Plant visits: There are safety guidelines to ensure the integrity of the visiting staff, such as: Contractor Induction, Complementary Risk Work Insurance (SCTR), Safe Work Analysis (ATS), safety signage, security, use of personal protection equipment, risk map, evacuation map, etc.

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

7.6.4 Training

From the different Ferreycorp companies, we 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 providers are trained in various relevant topics, such as health and safety. In addition, the parent company organized a safety workshop for its national suppliers.

The following shows the activities carried out by the Ferreycorp parent company and by the six largest subsidiaries in Peru.

Training of suppliers in 2019

Training Topics	Ferreyros y Ferreycorp	Unimaq	Orvisa	Motored	Soltrak	Fargoline
Total number of trained suppliers	6,368	426	19	186	168	237
Supplier training man-hours	21,927	1,530	183	804	504	474
% of suppliers trained in health and safety	100%	100%	100%	92%	100%	95%
% of suppliers trained in quality of service	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
% of suppliers trained in product quality	Not applicable	Not applicable	Not applicable	8%	Not applicable	Not applicable
% of suppliers trained in client privacy	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
% of suppliers trained in other subjects	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	95%

7.6.5 Key initiatives

The Corporation ensures its suppliers' health and safety by means of policies, procedures and standards, as well as preventive practices, maintaining high performance standards, prioritizing the safe development of work and complying with the provisions of applicable legal regulations in force.

In addition, it is considered essential to promote professional and equitable relationships with the entire service chain, which favors the fulfillment of customer requirements, prevents accidents and improves the efficiency of the service.

Some of the most relevant initiatives that Ferreycorp develops with its suppliers are:

- Health and safety: Alignment of the safety management system to the OHSAS 18001 standards.
 - Within the Safety Management System of each company, corporate standards and procedures are set out to encourage compliance and therefore ensure that stakeholders work in a safe environment.
- Relationship: Creation of reliable and permanent relationships over time with suppliers, under the perspective of mutual growth.
- Regulations: Adoption of standards, within Ferreycorp, that operate as a framework for the management of suppliers.
 - Corporate Standard for Non-Commercial Procurement of Goods and Services (Norma Corporativa para las Compras No Comerciales Administrativas de Bienes y Servicios) (FIN-ADMIN-NC-004).
 - General Standard for Non-Commercial Purchases in Branches (Norma General para las Compras No Comerciales en Sucursales) (FIN-ACR-NG-007).
 - General Regulation for the Control of Payments to General Service Providers at the national level (Norma General para el Control de Pagos

- o a los Proveedores de Servicios Generales a nivel nacional) (FIN-ACR-NG-010).
- o General Standard for Non-Commercial Purchases and Supplier Management (Norma General para las Compras No Comerciales y Gestión de Proveedores) (FIN-ADMIN-NG-001).

It is worth noting that, in order to add efficiency, Ferreycorp launched the new Supplier Portal in 2019, in order to manage the payment of invoices electronically. In this way, the use of paper and the carbon footprint are reduced, as well as the use of fuel in the transfer of suppliers to the headquarters to physically leave their invoices. During the year, suppliers were trained in the use of this tool.

7.6.6 Expenditure on suppliers

(GRI 102-9; 204-1)

The volumes of purchases that the six largest volume subsidiaries in Peru and the Ferreycorp parent made to 2019 are shown below.

Expenditure on suppliers in 2019

	Ferreyros	Unimaq	Orvisa
Total number of suppliers	13,686	1,426	4,947
Total amount of purchases in goods and services (PEN)	3,479,342,202	381,001,090	101,523,884
Total amount of domestic purchases (goods and services) (PEN)	713,925,164	135,009,815	55,344,068
% of purchases from domestic suppliers	21%	35%	55%
Total amount of foreign purchases (goods and services) (PEN)	2,765,417,038	245,991,275	46,179,816
% of purchases from foreign suppliers	79.48%	65%	45%

	Motored	Soltrak	Fargoline	Matriz Ferreycorp
Total number of suppliers	2,615	838	852	801
Total amount of purchases in goods and services (PEN)	176,025,631	170,195,434	81,711,593	268,597,032
Total amount of domestic purchases (goods and services) (PEN)	46,887,047	111,076,411	81,677,063	267,296,801
% of purchases from domestic suppliers	27%	65%	99.9%	99%
Total amount of foreign purchases (goods and services) (PEN)	129,138,584	59,119,023	34,530.00	1,300,231
% of purchases from foreign suppliers	73%	35%	0.04%	1%

7.6.7 Supplier performance evaluation

Ferreycorp and its subsidiaries have the following assessment mechanisms to ensure the good performance of their suppliers:

- **Evaluation in quantitative aspects:**
 - Compliance with the required technical and functionality specifications.
 - Delivery times in the times agreed in the contract or the purchase order.
 - Amounts attended.

- **Evaluation in qualitative aspects:**
 - Compliance with security standards.
 - Timely response to requirements or complaints made (after-sales service).
 - Quality of service / product versus price.

7.6.8 Method of payment

Since 2019, a 30-day payment has been established for small and medium-sized enterprises (SMEs), which is half the time limit for large companies, in order to support their operations. There is also a procedure for payment through factoring contracts, which allows suppliers to charge practically against invoices, to the extent that they assume the financial cost of this modality.

The corporation seeks to transfer to suppliers competitive interest rates for this advance payment, taking into account the credit risk of the companies of the subsidiaries.

7.7 Value for the environment

The Ferreycorp Corporation is committed to sustainable business management, responsible for its environmental impacts. Therefore, it has internal regulations that ensure proper environmental management; who demand from their collaborators the experience of these parameters in their day to day; who demand compliance with the highest standards from their suppliers; and that they promote among their clients the incorporation of a culture that respects the environment.

Ferreycorp has a Corporate Environmental Management Standard and its Corporate Policy for Sustainable Development, documents that guide its performance and that lay the foundations on which to implement actions that reduce and mitigate impacts on the environment.

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

Currently, companies are aligned to the ISO 14001 standard, and work to become certified in this standard. Fargoline is the first subsidiary to have an environmental management system certified with this standard, from 2018, for its premises located in Avenida Gambetta, in Callao.

In 2019, Trex Chile managed to certify its environmental management system under ISO 14001:2015 for its branches in Antofagasta and Santiago, becoming the second subsidiary to have this management system certified.

The companies¹ of the corporation have an Environmental Management Program (PGA) that includes four stages:

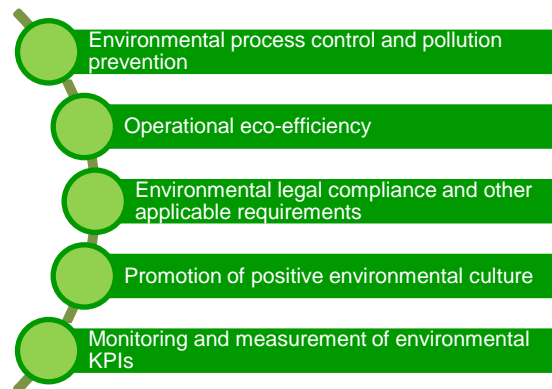
- 1) Planning and identification of impacts;
- 2) Training and sensitization to the groups of interest;
- 3) Operational control; and
- 4) Monitoring of main indicators.

In this sense, each company has areas specialized in the matter that operate under the corporate guidelines.

Environmental Management Improvement Cycle



Pillars of the Environmental Management Program



As part of the improvements and innovation for environmental management, the Horizon platform was launched in 2019, a digital tool that allows the data collection of environmental indicators, such as water and energy consumption from 58 branches nationwide, and will facilitate the monitoring of operational eco-efficiency actions and reduction of the environmental footprint. In 2020, the platform for fuel consumption, waste management and other relevant indicators will be expanded.

7.7.1 Conserving resources: water, energy and waste

The corporation is committed to the proper management of resources, especially those having a significant use in the operations of their companies.

7.7.1.1 Water and effluents

a) Water consumption

(GRI 303-1, GRI 303-3)

Water is a resource of prime value, both in service processes and in human consumption; therefore its adequate and efficient management is extremely relevant.

Within the service processes of Ferreycorp's subsidiaries, water is mainly used for washing machinery before entering the workshop. Likewise, in some processes, water is used for cooling purposes.

Most of the water used came from public water supply systems (78.1%). 21.8% came from groundwater extracted or acquired through tankers.

Table 1. Water consumption (m³)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp	No. of branches
2018	Ground water	0,0	26223,8	5436,6	2660,0	0,0	4411,9	0,0	0,0	38732,3	46
	Surface water (public supply)	23785,7	85767,2	353,1	2639,0	1890,9	570,2	6843,7	20462,0	142311,8	
	Bottled water for drinking	NR	NR	NR	NR	NR	NR	NR	NR	NR	
	Total 2018	23785,7	111991,0	5789,7	5299,0	1890,9	4982,1	6843,7	20462,0	181044,1	
2019	Ground water	0,0	16335,4	4122,1	1440,0	0,0	5277,4	0,0	5017,5	32192,4	58
	Surface water (public supply)	24789,0	62016,8	267,3	4614,8	1486,5	821,0	7093,8	14135,9	115225,1	
	Bottled water for drinking	0,0	20,2	3,2	9,6	0,0	0,0	0,0	0,3	33,3	
	Total 2019	24789,0	78372,4	4392,6	6064,4	1486,5	6098,4	7093,8	19153,7	147450,8	

* Data coverage: The table shows data from 2018, when 46 branches were assessed nationally. In 2019, coverage was increased to 58 branches.

** Variation with 2018 report: This measurement includes branches not reported in 2018 (Ferreyros La Joya and Gambetta), which explains the variation in the 2018 data presented in that year's Report.

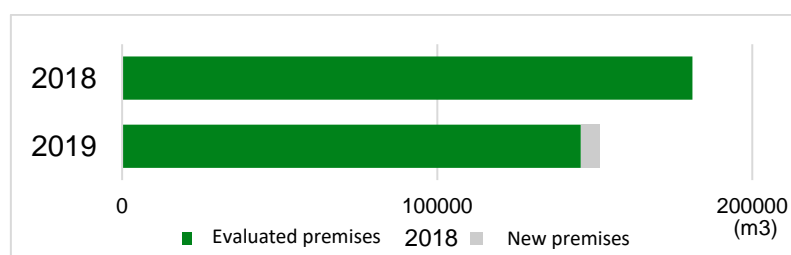
*** Coverage regarding 2019 sales: Data presented in the table represent 86.9% of the Corporation's sales.

It is worth noting that, in spite of having increased the coverage of measured premises, water consumption has been reduced from 181,044.1 m³ in 2018 to 147,450.8 m³ in 2019, which represents a reduction of 18.56%.

For comparative purposes, the following table shows water consumption in 2019 considering the same premises evaluated in 2018. The result is even more significant, as it can be seen that the reduction in water consumption reaches 21.8%.

Table 2. Comparative consumption in the same number of branches

	Water consumption (m³) FERREYCORP	No. of branches
Total 2018	181044,1	46
Total 2019	141511,9	46
Variation	-21.8%	



This result is mainly due to the implementation of water efficiency actions, such as the improvement of water reuse systems at La Joya headquarters and the installation of flow regulation valves at the Spare Parts Distribution Center (Centro de Distribución de Repuestos, CDR) and Surco headquarters.

Committed to reducing water consumption, in 2019 the 2018 water footprint of Ferreyros' La Joya operations complex in Arequipa, the second largest operating site in the country, was measured.

These results constitute 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 3. Water footprint 2018 (m³)

Location	Direct use of water	Indirect use - Supply chain	Indirect use - Energy and transport	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

In this context, the Ferreycorp Company participates in the Huella Hídrica program, promoted by the National Water Authority (ANA), through which organizations seek to reduce water consumption and implement a shared value program in support of the community, carrying out projects focused on improving water quality and service.

During 2019, the Shared Value Plan "Expansion and improvement of the potable water system, sewage and treatment plant of the capital of the district of Colquepata, province of Paucartambo- Cusco" was designed, presented and implemented, which will benefit more than 2,000 inhabitants of the area and which is estimated to culminate in June 2020.

These actions will allow the corporation to obtain the Blue Certificate in the short term, a distinction that demonstrates the commitment and results of the proper management of the water resource.

b) Industrial and domestic wastewater treatment

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

Regarding the dumping of waste water, Ferreycorp has two types of waste water: domestic, coming from human consumption and use, and industrial, coming from the washing of machinery, some cooling processes and - in the largest sites - from the canteens.

Table 4. Waste water

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza
		Surco and CDR	6 branches in Lima 15 branches in Province	4 branches in Lima 1 in province	2 branches in Lima 3 in province	1 location in Lima
a. Total volume (m ³) of water discharges	Domestic wastewater	19831,2 m3	34980,6 m3	3514,1 m3	4057,6 m3	594,6 m3
	Non-domestic wastewater	0,00	30922,2 m3	0,00	793,9 m3	594,6 m3
b. Destination of the water discharge		Public sewage system	- Public sewage network - Reuse for irrigation of green areas - Septic tank - Surface body Suction and landfill disposal	<ul style="list-style-type: none"> Public sewage network Biodigesto chemical baths 	-Public sewage system - Suction and landfill disposal	Public sewage system

		Orvisa	Soltrak	Unimaq	TOTAL FERREYCORP
		6 branches in Lima Province	1 branches in Lima 6 in Province	3 branches in Lima 8 in Province	59 branches
a. Total volumen (m ³) of water discharges	Domestic wastewater	2663,2 m3	5675 m3	7661,5 m3	78977,72
	Non-domestic wastewater	2215,6 m3	0,00	7661,5 m3	42187,72
b. Destination of water discharge		Public sewage network	Public sewage network	-Public sewage network -Septic tank	

According to the type of wastewater (domestic or industrial) and its quality, as well as the environment or receiving body, there are treatment systems prior to its discharge.

Table 5. Treatment systems and water quality standards for wastewater disposal

Type of wastewater disposal	Domestic wastewater		Industrial waste water	
	Treatment system	Water quality standard	Treatment system	Water quality standard
Dumping into the public sewage system	No treatment	Domestic wastewater for dumping into the sewage system does not require prior treatment	Most branches have primary treatment systems (Sedimentator and grease traps). From 2020, Ferreyros' industrial location will have a physical-chemical HPP that will allow the reuse of washing water. Ferreyros' industrial location has a microbiological treatment system with aeration for treating effluents from the cafeteria.	VMA*
Filtration	Septic tank	-ECA water – 3 Category -- -WHO guidelines - Quality of water for human consumption from DIGESA	Primary treatment systems (sedimentator and grease trap) to subsequently enter the septic tank. Periodic suction of the sludge.	ECA water – 3 Category ---WHO guidelines - Quality of water for human consumption from DIGESA
Natural flow	Treatment plant type UMV-30	Domestic LMP-PTAR (disposal)** ECA Water - Plant Irrigation (receiving body)***	Primary treatment systems (sedimentator and grease trap) to subsequently enter the septic tank. Periodic sludge suction.	VMA* (disposal) ECA Water - Plant Irrigation (receiving body)***
Reused for green areas irrigation	Aerobically Degraded PTAR	ECA Water - Vegetable Irrigation***	PTAR with physicochemical treatment. Periodic sludge suction.	ECA Water - Vegetable Irrigation***
Absorbed and sent to landfill	Not applicable	Not applicable	Primary treatment system (Sedimentator and grease trap). Suction and disposal of sludge after evaporation.	It must not contain hazardous substances according to solid waste regulations

*VMA: D.S. N° 003-2010-MINAM - Maximum Allowable Values for Disposal of Non-Domestic Wastewater to the Sewer System.

** LMP - PTAR domestic: D.S. N° 003-2010-MINAM: Maximum Permissible Limits for Effluents from Domestic or Municipal Wastewater Treatment Plants.

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

*** WHO Guide to drinking water quality

7.7.1.2 Energy

The Corporation is committed to reducing and efficiently using energy within its operations, as well as using cleaner, low-carbon energy.

a) Electrical Power Consumption

(GRI 302-1)

During 2019, Ferreycorp and its seven main subsidiaries in Peru increased by 23% the number of branches where they carry out their operations. In spite of this greater number, the electricity consumption of these companies remained at levels very close to those of the previous year.

Likewise, it is necessary to emphasize that the Corporation has bet on the use of energies from renewable sources with zero carbon emissions in 2019, implementing solar panels to generate photovoltaic solar energy in La Joya headquarters, its second largest operational headquarters in the country.

Similarly, Ferreycorp, in 2019, has continued with the implementation of LED lights in all new works and made gradual changes in the lighting system in various branches such

as the Tarapoto headquarters in Orvisa. In addition, daily rounds of surveillance are carried out by the staff to verify all equipment is switched on or connected.

Ferreycorp consumes more than 96% of the electric energy of the National Interconnected Power System (Sistema Eléctrico Interconectado Nacional, SEIN) whose matrix is relatively clean as it consumes 58.7% of renewable hydroelectric energy, 37.8% of fossil fuels, 1.5% of solar energy and 2.5% of wind energy, according to statistics of the Economic Operation Committee of the National Interconnected System (Comité de Operación Económica del Sistema Interconectado Nacional, COES) 2018.

Table 6. Electrical Power Consumption (GJ)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp	% of total consumption
2018 (46 branches)	Power connected to SEIN	7289,2	22343,3	2985,3	1738,2	254,1	1449,5	1718,1	3463,8	41241,5	97,8%
	Power not connected to SEIN	0,0	0,0	0,0	0,0	0,0	932,4	0,0	0,0	932,4	2,2%
	Photovoltaic solar generated	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0%
	Total 2018	7289,2	22343,3	2985,3	1738,2	254,1	2381,9	1718,1	3463,8	42173,9	100,0%
2019 (58 branches)	Power connected to SEIN	7302,1	29102,7	2914,3	1731,0	307,3	753,8	1490,3	3536,1	47137,7	96,9%
	Power not connected to SEIN	0,0	0,0	0,0	0,0	0,0	838,5	0,0	0,0	838,5	1,7%
	Photovoltaic solar generated	0,0	679,6	0,0	0,0	0,0	0,0	0,0	0,0	679,6	1,4%
	Total 2019	7302,1	29782,2	2914,3	1731,0	307,3	1592,2	1490,3	3536,1	48655,7	100,0%

* Data coverage: The table shows data from 2018, when 46 branches were assessed nationally. In 2019, coverage was increased to 58 branches.

** Variation with 2018 report: The data of energy consumed in 2018 (GJ), included in this Report, includes Ferreyros La Joya headquarters, not considered in the 2018 Report.

*** Coverage regarding 2019 sales: Data presented in the table represent 86.9% of the Corporation's sales.

b) Consumption of non-renewable fuels (GRI 302-1)

Concerning the consumption of non-renewable fuels, an increase is observed in the 2019 result, as a consequence of the greater number of branches measured during the year.

Table 7. Consumption of non-renewable fuels (GJ)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp	N° of branches
2018	Diesel	0,0	37301,9	41349,4	361,5	377,2	1887,2	377,9	4363,6	86018,8	46
	LPG	0,0	5304,1	0,0	219,7	18,4	0,0	188,3	37,4	5767,9	
	Gasoline	0,0	413,7	98,8	180,3	0,0	0,0	339,8	492,0	1524,7	
	Total 2018	0,0	43019,7	41448,2	761,5	395,6	1887,2	906,0	4893,1	93311,3	
2019	Diesel	0,0	59934,8	28835,3	599,2	400,2	2063,5	3815,1	4055,8	99703,9	58 branches and 21 mining operations
	LPG	0,0	2943,5	0,0	19,0	5,3	0,0	177,7	0,0	3145,6	
	Gasoline	0,0	682,5	0,0	190,1	0,0	0,0	305,2	801,9	1979,8	
	Total 2019	0,0	63560,9	28835,3	808,3	405,5	2063,5	4298,1	4857,7	104829,3	

* Data coverage: The table shows data from 2018, when 46 branches were assessed nationally. In 2019, coverage was increased to 58 branches and 21 mining operations.

** To calculate the energy at GJ, the factors provided by Infocarbon of the Ministry of the Environment were used – Peru (<http://infocarbono.minam.gob.pe/>).

*** Coverage regarding 2019 sales: Data presented in the table represent 86.9% of the Corporation's sales.

**** (GRI 102-48) 2018 data have been restated due to changes in the calculation method.

While there is an increase in 2019 of 16.34 % over the previous year, the measurement coverage includes both the fuel used by the mining operations' trucks and 12 additional branches.

c) Total energy consumption by type of source (GRI 302-1)

Table 8. Total energy consumption (GJ)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp	% total consumo energét.
2018 (46 branches)	Contracted electric power	7289,2	22343,3	2985,3	1738,2	254,1	2381,9	1718,1	3463,8	42173,9	31,1%
	Self-generated photovoltaic solar	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0%
	Non-Renewable Fuels	0,0	43019,7	41448,2	761,5	395,6	1887,2	906,0	4893,1	93311,3	68,9%
	TOTAL 2018	7289,2	65363,1	44433,5	2499,7	649,8	4269,1	2624,1	8356,8	135485,2	100,0%
2019 (58 branches and 21 mines)	Contracted electric power	7302,1	29102,7	2914,3	1731,0	307,3	1592,2	1490,3	3536,1	47976,1	31,3%
	Self-generated photovoltaic solar	0,0	679,6	0,0	0,0	0,0	0,0	0,0	0,0	679,6	0,4%
	Non-Renewable Fuels	0,0	63560,9	28835,3	808,3	405,5	2063,5	4298,1	4857,7	104829,3	68,3%
	TOTAL 2019	7302,1	97073,7	31749,6	2539,3	712,9	3655,7	5788,4	8393,8	153485,0	100,0%

* Data coverage: For data on electric power contracted and generated, 47 branches nationwide were considered in 2018 and 58 branches in 2019. For non-renewable fuel data, 46 own branches were considered in 2018, and 58 branches and 21 mining operations where transport fuels are consumed in vans were considered in 2019.

*** Coverage regarding 2019 sales: The data presented in the table represents 86.9% of sales at a corporate level.

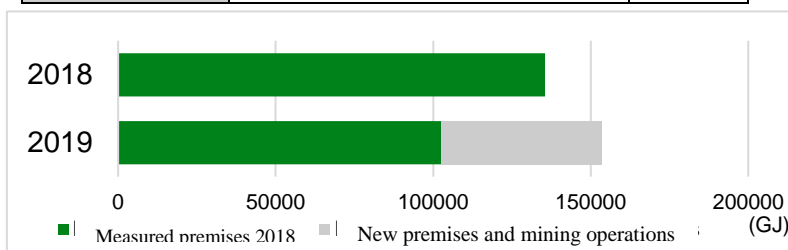
**** (GRI 102-48) 2018 data have been restated due to changes in the calculation method.

In 2019, 68.3% of the energy consumed by the Corporation came from non-renewable sources, while 31.3% was contracted electricity. Photovoltaic solar energy consumption represented 0.4%.

Considering that the 2019 results have extended the coverage and in order to provide comparable information between the last two years, the following table presents the total energy consumption for 2019, corresponding only to the same premises reported in 2018. After this analysis, it is concluded there has been a considerable reduction in energy consumption of 24.2%.

Table 9. Total energy consumption (GJ): Comparison in equal number of branches

	Total energy consumption (GJ) FERREYCORP	N° of branches
Total 2018	135485,2	46
Total 2019	102695,9	46
Variation	-24.2%	



d) Energy Intensity (GRI 302-3)

Regarding energy intensity, the Corporation continues making efforts to reduce total consumption per employee. The increase in Ferreycorp, Ferreyros and Soltrak in 2019 responds to the fact that this year there are additional headquarters to those considered in 2018, although the total number of collaborators of the companies mentioned is still a factor.

Table 10. Energy intensity (GJ)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp
2018	Energy consumption	72652,2	44433,5	2499,7	649,8	4269,1	2624,1	8356,8	135485,2	
	Number of collaborators	3715	219	186	93	195	437	638	5483,0	
	Energy intensity (GJ per capita)	19,6	202,9	13,4	7,0	21,9	6,0	13,1	24,7	
2019	Energy consumption	100645,3	31749,6	2539,3	712,9	3655,7	5788,4	8393,8	153485,0	
	Number of collaborators	3864	209	184	100	178	399	608	5542,0	
	Energy intensity (GJ per capita)	26,0	151,9	13,8	7,1	20,5	14,5	13,8	27,7	

* To calculate the energy intensity intensity, Ferreyros and Ferreycorp have joined together to share main premises.

** Ferreyros and Ferreycorp show an increase in energy intensity by including this year the power consumed in 21 mining operations and La Joya headquarters. Soltrak included the premises of Piura, Trujillo, Talara, Cajamarca, Huancayo and Arequipa.

e) Reduction of energy consumption and its contribution to the reduction of emissions
(GRI 302-4)

Ferreycorp has reduced the consumption of contracted electric power in its second largest operating headquarters in the country, La Joya, through the generation of photovoltaic solar energy thanks to the implementation of solar panels.

The use of this renewable energy has allowed the reduction of GHG emissions by 31,64 tCO₂e.

Table 11. Reduction of electrical power (KWh) and GHG emissions

Branches	Electric power consumption KWh		Reduction in KWh of SEIN	Reduction of GHG emissions [t CO ₂ e]
	2018	2019		
La Joya*	NA	NA	188774,0	31,64
Surco**	1313881,52	1135337,89	178543,6	29,86
Industrial**	4452341	4341181,87	111159,1	18,59

* Calculations at La Joya headquarters consider the reduction of emissions from solar energy consumption instead of SEIN electricity.

** At Surco and Industrial branches, it is considered the reduction of electric power consumption compared to the previous year.

7.7.1.3 Materials

(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, both renewable resources (such as paper, cardboard and wood) and non-renewable resources (plastics, metals, oils and lubricants, and absorbent material) are used).

Table 12. Types of materials (Tn)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq
2018	PAPERBOARD Boxes	50,09		0,08	0,08	NR	0,06	9,83	0,82
	WOOD Pallets, slats	29,20		18,66	-	NR	0,11	40,09	2,47
	PAPER bond sheets, ream of paper, formatry	23,56		3,32	3,39	NR	2,91	-	6,13
	PLASTIC Strech film, bags, packing tape	149,48		5,09	-	NR	1,51	7,43	81,00
	METAL Chains, tensioners, etc.	-		31,05	-	NR	-	-	-
	HYDROCARBONS Oils, lubricants	151,65				NR			
	ABSORBENT MATERIAL	63,95				NR			

Cloths, absorbent saudades, pads, etc.								
TOTAL 2018	444,36	58,20	3,47	0	4,59	57,35	90,42	

	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq
PAPERBOARD Boxes	0,00	60,39	0,29	0,05	0,49	0,00	21,39	1,50
WOOD Pallets, slats	0,00	27,35	3,09	4,75	0,00	0,78	0,36	0,00
PAPER bond sheets, ream of paper, formatry	0,65	23,49	2,18	1,87	1,08	3,31	3,40	5,61
PLASTIC Strech film, bags, packing tape	0,00	157,24	6,26	3,35	0,42	0,86	8,30	4,50
METAL Chains, tensioners, etc.	0,00	0,00	1,95	0,00	0,00	0,27	0,00	0,00
HYDROCARBONS Oils, lubricants	0,00	132,16	1,06	1,04	0,00	4,88	0,00	15,36
ABSORBENT MATERIAL Cloths, absorbent saudades, pads, etc.	0,00	71,25	0,00	0,08	0,39	0,15	0,00	1,00
TOTAL 2019	0,65	471,88	14,83	11,14	2,38	10,25	33,45	27,97

* Coverage regarding 2019 sales: The data presented in the table represents 86.9% of sales at a corporate level.

In 2018, Fargoline had a higher consumption of wood due to requirements of the products to be transported/stored.

For Soltrak, the purchase of pallets was greater in 2018 due to changes in its infrastructure and expansion of the warehouse. In 2019, the pallets were reused and 4.75 tons of used pallets were sold, contributing to circular economy.

Table 13. Renewable and non-renewable materials (Tn)

	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq
Renewable	79,29	22,06	3,47	0	3,08	49,92	9,42	
Non-Renewable	365,08	36,14	0,00	0	1,51	7,43	81,00	
TOTAL 2018	444,36	58,20	3,47	0	4,59	57,35	90,42	
Renewable	0,65	111,22	5,56	6,67	1,57	4,09	7,11	
Non-Renewable	0,00	360,65	9,28	4,47	0,81	6,15	20,86	
TOTAL 2019	0,65	471,87	14,84	11,14	2,38	10,24	27,97	

* Coverage regarding 2019 sales: The data presented in the table represents 86.9% of sales at a corporate level.

Materials corresponding to non-renewable resources are managed facilitating their integration into a circular economy process. Such is the case of oils and lubricants which are recycled through an authorized company extending their useful life instead of being used for thermoelectric generation.

As part of its commitment to operational eco-efficiency, Ferreyros has implemented good cardboard handling practices, which are reused internally from the workshops receiving the spare parts and returning them to the Spare Parts Distribution Center for reuse.

Another good practice of handling in Ferreyros is the reuse of woods, since we have a carpentry shop that works with the woods used to package the spare parts we receive, and manufactures pallets and boxes for national shipments.

Replicating and adapting this type of good operational eco-efficiency practices is a challenge for environmental management 2020.

7.7.1.4 Waste

a) Waste generation and management

(GRI 306-2)

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

As part of good corporate practices in environmental management, the Corporation has signed agreements with companies specializing in recycling and final waste disposal. Thus, agreements are maintained in the handling of waste electrical and electronic equipment (residuos de aparatos eléctricos y electrónicos, RAEE), hazardous waste, scrap metal, used oil, among others. In 2019, a corporate contract was signed to collect paper and cardboard and the tender process for general waste was initiated.

The Corporation seeks to ensure 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 destined to authorized landfills.

Table 14. Waste (Tn)

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp	%	
2018 (48 branches)	HAZARDOUS	Recycled	156,2	19,7	24,9	3,9	0,4	0,0	29,9	235,0	13,5%	
		In safety landfill	103,4	7,6	8,0	0,8	1,9	1,5	25,9	149,2	8,5%	
	NON-HAZARDOUS	Recycled	719,5	41,7	9,6	1,3	5,0	3,3	15,5	795,8	45,6%	
		In landfill	282,2	135,5	23,1	0,7	8,9	13,4	99,5	563,3	32,3%	
	SPECIAL (RAEE**)	Treatment	2,6	0,0	0,0	0,0	0,0	0,0	0,0	2,6	0,1%	
Total 2018		1263,9	204,5	65,5	6,7	16,2	18,1	170,8	1745,9	100,0%		
2019 (58 branches)	HAZARDOUS	Recycled	0,0	189,8	13,1	37,5	4,6	0,2	5,6	35,5	286,1	15,3%
		In safety landfill	0,5	172,6	11,9	1,9	0,4	0,4	4,1	25,6	217,4	11,6%
	NON-HAZARDOUS	Recycled	2,4	776,3	20,5	21,2	1,0	5,7	3,2	5,9	836,1	44,6%
		In landfill	62,6	298,5	137,5	8,7	5,1	6,9	13,1	0,0	532,3	28,4%
	SPECIAL (RAEE**)	Treatment	0,0	2,5	0,0	0,0	0,0	0,0	0,2	0,0	2,6	0,1%
Total 2019		65,5	1439,6	182,9	69,3	11,1	13,2	26,1	67,0	1874,6	100,0%	

* Data coverage: The table shows data from 2018, when 48 branches were evaluated nationwide. In 2019, coverage was increased to 58 branches: in Ferreyros, the branches in Punta Negra and La Joya were included; in Soltrak, the branches in Piura, Trujillo, Talara, Cajamarca, Huancayo and Arequipa were included; in Fargoline, and branches 1 and 2 of its branch in Callao started operations.

** RAEE: Waste electrical and electronic equipment (WEEE), governed by special regulations and sent to a treatment plant.

*** Coverage regarding 2019 sales: The data presented in the table represents 86.9% of sales at a corporate level.

**** Recyclable hazardous waste includes used oil and batteries, and recyclable non-hazardous waste includes paper, cardboard, plastics, glass and scrap metal.

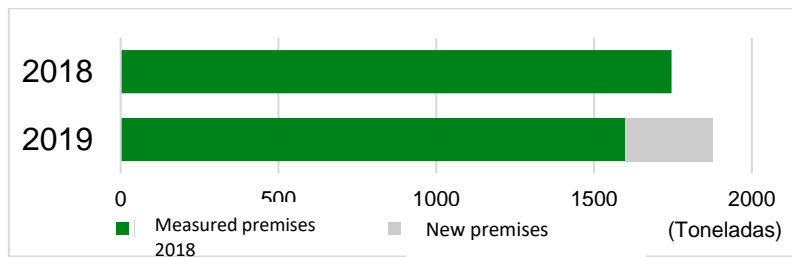
During 2019, the percentage of recycled waste in the Corporation reached 60% and non-recycled waste 40%.

Non-recyclable hazardous waste sent to landfill through EO-RS represents 11.6% and concerns used filters, absorbent cloths, chemical containers, batteries, refrigerants, solvents, contaminated PPE, etc.

When comparing 2018 and 2019 data, and considering only the locations included in both annual measurements, we can see a reduction in waste generation of 8.4%.

Table 15. Waste (Tn): Comparative in equal number of branches

	Waste Generation (Tons) FERREYCORP	N° BRANCHES
TOTAL 2018	1745,9	46
TOTAL 2019	1598,8	46



b) Waste transport
(GRI 306-4)

There are some non-hazardous waste such as wood, general and organic waste that can be managed with municipal services.

- Locations where non-hazardous waste is collected by an EO-RS:
 - Ferreyros: Industrial, Rentafer, CDR, Gambetta, Surco, Cajamarca, Arequipa, Cusco
 - Soltrak: Callao
 - Unimaq: Ate, Villa El Salvador, Arequipa, Cusco, Ilo, Trujillo
 - Fargoline: Gambetta, Punta Negra

2. Locations where non-hazardous waste is collected by a municipality:
- Ferreyros: Piura, Lambayeque, Trujillo, Chimbote, Huaraz, Huancayo, Ayacucho, Cerro de Pasco, Ica, Juliaca
 - Unimaq: Huancayo, Cajamarca, Piura, Huaraz, Chiclayo
 - Orvisa: Iquitos, Pucallpa, Tarapoto, Puerto Maldonado, Huánuco, Bagua
 - Fargoline: Arequipa
 - Motored: Ate, Lurín, Trujillo, Cajamarca, Arequipa
 - Motriza: Callao
 - Soltrak: Piura, Trujillo, Talara, Cajamarca, Huancayo and Arequipa.

Table 16. Hazardous waste transported (Tn)

	Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Total Ferreycorp	%
TOTAL HAZARDOUS 2018	259,62	27,33	32,89	4,77	2,29	1,47	55,84	384,21	100,0%	
TOTAL HAZARDOUS 2019	0,51	362,38	24,98	39,37	5,03	0,59	9,66	61,02	503,54	100,0

c) Destination of recyclable waste

The treatment of waste oils is carried out by a specialized company that extends their useful life, converting them into raw material and avoiding generating greater impacts associated with their use.

Metal waste is sent to a company responsible for treating this waste (foundry). This waste comes from parts or spare parts that cannot be recovered and are categorized as non-reusable. In some cases, this waste is returned to clients, as it is obtained during the machinery repair process.

Waste electrical and electronic equipment (WEEE), such as computer and telecommunications equipment, is managed according to the corporate agreement signed in 2016 with the company Entel, for nine corporate headquarters located in Lima. They are transported, previously meeting the process of dismantling, decontamination, classification and segregation, crushing, pressing, compacting and reuse of parts that can be recycled.

Furthermore, in 2019, a corporate agreement was signed with the Association of Aid to Burned Children (Asociación de Ayuda al Niño Quemado, Aniquem). Thanks to this agreement, it has been possible to donate 42,091 tons of waste that allowed 1 year of physical therapies for 29 patients, psychological therapies for 09 patients and occupational therapies for 10 patients survivors of second and third degree burns, in addition to the environmental benefits explained in the following table.

Table 17. Socio-environmental impacts of donated waste *

	Donated waste (Kg)	Trees saved (un)	Water saved (m3)	Space-saving landfill (m3)	Electrical energy saved KWh	Scholarships offered / 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

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

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

*** NR: Not reported.

d) Training in waste handling

In order to ensure an adequate management of each of the residues coming from Ferreycorp and its subsidiaries, the collaborators are trained in person through workshops, dynamics and simulations and also in a virtual way.

In 2019, an online course was held on environmental management, including issues of waste segregation, climate change, effluent management, spill prevention, chemical management, energy and water efficiency, among others. This course was aimed at all the Corporation's companies, in Peru and abroad.

65.3% of employees were trained, significantly expanding the scope of the previous year.

Table 18. Percentage of total employees trained in waste segregation

		Ferreycorp	Ferreyros	Fargoline	Motored	Motriza	Orvisa	Soltrak	Unimaq	Other subsidiaries	Total Ferreycorp
2018	Lima	15,3%		93,6%	0,7%	32,3%	-	3,9%	23,7%	NR	NR
	Province	46,6%		62,5%	-	-	92,8%			NR	NR
2019	Number of trained employees	108	2176	162	179	55	180	3	612	1015	4490
	Number of employees	161	3904	234	191	102	186	4	644	1448	6874
	% Training	67,1%	55,7%	69,2%	93,7%	53,9%	96,8%	75,0%	95,0%	70,1%	65,3%

* The number of employees considered in this report corresponds to the closing date of the environmental management course.

7.7.2 Extended product liability

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

The CAT Certified Reconstruction (CCR) program, for underground mining and heavy construction equipment, requires compliance with a series of repairs and changes to mandatory parts, as well as the incorporation of improvements that were implemented after the date of manufacture of the equipment. Equipment that is eligible for this program, after repairs, gets a new serial number and a new Caterpillar warranty period.

For its part, the Ferreyros general equipment reconstruction program offers the possibility of rehabilitating a wide range of machines - giant electric loaders, haulage trucks, auxiliary equipment for mining and heavy construction equipment - through component repair processes, parts recovery and replacement of parts by spare parts, in different levels of depth according to the needs of each client. This program delivers the reconstructed equipment with a new warranty period issued by Ferreyros.

In recent years, the company has successfully rebuilt large machines such as mining trucks and CAT 7495 electric cable shovels - the largest model in the Caterpillar portfolio in the country - as well as low profile loaders for subway mining, other large mining auxiliary equipment and heavy construction equipment.

Among the main environmental benefits of this practice are:

- Reduction of the affectation of soil disturbance caused by machinery buried in industrial landfills or "cemeteries of machines".
- Reduction of air pollution due to the traditional processes of machinery smelting.
- Maximization of production processes and the use of resources: this production is based on the use of inputs and discarded materials.

Table 19. Extended product liability programs

Equipment rebuilt by Ferreyros			
Equipments	2019	2018	2017
Low profile loaders CAT	21	26	22
Heavy construction machinery CAT	8	14	22
CAT trucks	12	10	0
Other CAT mining machines	6	8	11
Total	47	46	50

7.7.3 Climate change: Emissions

Ferreycorp considers it of utmost importance to reduce the environmental impacts associated with climate change, which is why it focuses its efforts on reducing its greenhouse gas emissions as a contribution to the Sustainable Development Goals and the national objectives agreed in the Paris Agreement.

The machinery sold by the Corporation's companies incorporates modifications and new configurations made by the manufacturers to contribute to the reduction of environmental impact. For example, CAT generators, both diesel and natural gas, have high efficiency electrical 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 natural gas CAT generators has been promoted in the national market.

Likewise, for several years a wide range of CAT equipment in the country has been equipped with Acert (Advanced Technology for Reduction of Combustion Emissions) engines, which allow a reduction in the units' emission levels. In addition, 400 and 250 ton CAT truck models do not consume fuel on downhill runs. On the other hand, 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 in the low profile CAT loaders of 6.3 yd³ and above, reduces emissions and increases fuel efficiency.

The following section provides information on the issues generated by the Corporation and its subsidiaries.

7.7.3.1 Emissions

(GRI 305-1)

Since 2016, Ferreycorp implements the good practice of carrying out Carbon Footprint measurements in its main locations, following the principles of the GHG Protocol and the guidance of the international standard ISO 14064-1. Since 2017, the measurement performed in the main subsidiaries was exposed to an independent third party verification with SGS. This reveals a significant increase in the values measured as of 2017 due to the increase in their coverage.

Currently, the companies are in process of measuring the carbon footprint of the 2019 period, which will add new premises to those considered in the last period 2018.

Table 20. Greenhouse gas (GHG) emissions expressed in tCO₂e

Companies	Locations	2016		2017		2018	
		Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
		[t CO ₂ e]	[t CO ₂ e]	[t CO ₂ e]	[t CO ₂ e]	[t CO ₂ e]	[t CO ₂ e]
Ferreycorp	Surco	25.33	411.86	22.90	331.16	171.24	233.22
	CDR	NR	NR	NR	NR	67.98	127.32
Ferreyros	Industrial	731.37	1,155.35	653.34	998.29	649.89	781.89
Unimaq	Evitamiento	NR	NR	91.89	88.02	98.06	64.82
Fargoline	Callao	NR	NR	2941.33	123.39	NR	NR
Soltrak	Callao	NR	NR	NR	NR	40.00	84.88
Motored	Lurín	NR	NR	36.10	54.43	27.34	38.59
Orvisa	Iquitos	NR	NR	41.61	176.18	45.06	141.73
	Pucallpa	NR	NR	54.09	23.60	39.14	16.94
	Tarapoto	NR	NR	44.18	19.90	54.29	12.09
TOTAL		756.70	1,567.21	3,885.44	1, 814.97	1,193.00	1,501.48

* NR: The Carbon Footprint measurement was not performed.

(¹)Scope 1: Emissions generated directly by the company

(²)Scope 2: Indirect emissions due to electric power consumption

7.7.3.2. Reduction of emissions

(GRI 305-5)

As part of the commitment to reduce emissions from its activity, the main subsidiaries have implemented the following actions:

Table 21. Measures to reduce GHG emissions 2018

Measures to reduce GHG emissions - 2018	Locations
Scheduled maintenance for equipment that consumes fuel and refrigerant gases	Ferreyros, Orvisa, Fargoline, Unimaq
Implementation of a program for the progressive change of the conventional lighting system to an LED system, which contributes to the reduction of electric power consumption	Ferreycorp, Ferreyros, Fargoline
Daily monitoring by the surveillance staff of each site in order to turn off or unplug the equipment that may be on or connected outside of working hours	Ferreyros, Orvisa, Fargoline, Unimaq, Motored
Talks are given in each venue on the efficient use of electric power	Ferreyros, Orvisa, Fargoline, Unimaq

It is important to note that all measurements reported in 2018 according to ISO 14064-1 verified by a third party (SGS), represented 2,635.70 tCO₂e, which compared to 2017 which represented 2,374.29 tCO₂e, has meant a reduction of 261.41 tCO₂e or a 10% reduction in emissions.

Table 22. GHG Emissions - Scope 1

Scope 1								
Year	Industrial	Surco	Evitamiento	Lurín	Iquitos	Pucallpa	Tarapoto	Total
	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year
2016	731.37	49.73						781.10
2017	653.34	22.9	91.89	36.1	41.61	54.09	44.18	944.11
2018	649.89	171.24	98.06	27.34	45.06	39.14	54.29	1085.02

Table 23. Reduction of emissions - Scope 1

Scope 1				
Location	2016 vs 2017 Variation		2017 vs 2018 Variation	
	t CO ₂ e/year	%	t CO ₂ e/year	%
Industrial	-78.03	11% Reduction	-3.45	1% Reduction
Surco	-2.42	10% Reduction	148.34	648% Increase
Evitamiento			6.17	7% Increase
Lurín			-8.76	24% Reduction
Iquitos			3.45	8% Increase
Pucallpa			-14.95	28% Reduction
Tarapoto			10.11	23% Increase

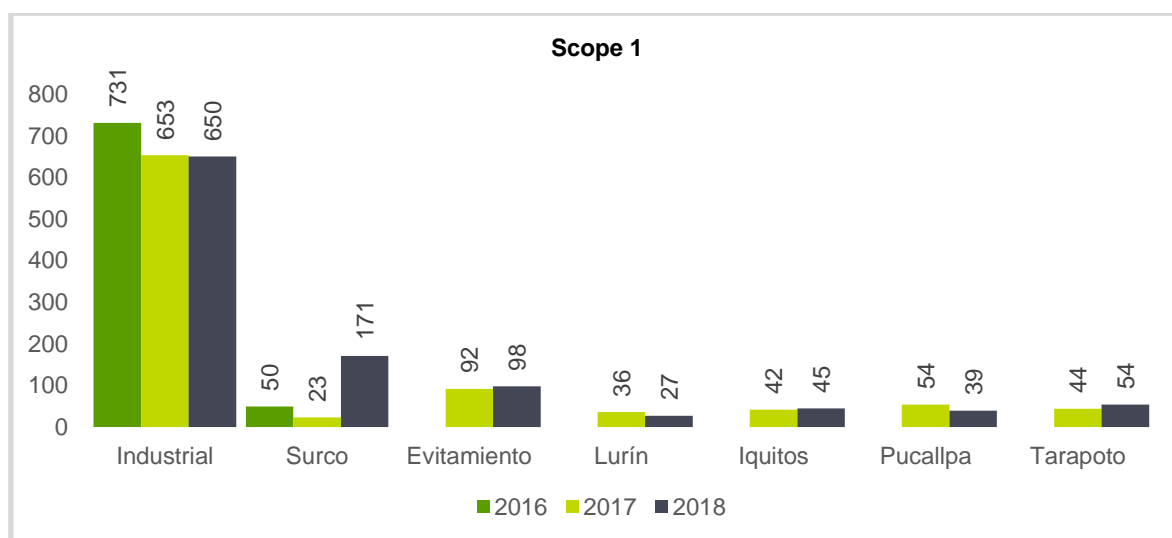


Table 24. GHG Emissions - Scope 2

Scope 2								
Year	Industrial	Surco	Evitamiento	Lurín	Iquitos	Pucallpa	Tarapoto	Total
	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year	t CO ₂ e/year
2016	1155.35	411.86						1567.21
2017	998.29	331.16	88.02	54.43	176.18	23.6	19.9	1691.58
2018	781.89	233.22	64.82	38.59	141.73	16.94	12.09	1289.28

Table 25. Reduction of emissions - Scope 2

Alcance 2				
Sede	Variación 2016 vs 2017		Variación 2017 vs 2018	
	t CO ₂ e/year	%	t CO ₂ e/year	%
Industrial	-157.06	14% Reduction	-216.4	22% Reduction
Surco	-80.7	20% Reduction	-97.94	30% Reduction
Evitamiento			-23.2	26% Reduction
Lurín			-15.84	29% Reduction
Iquitos			-34.45	20% Reduction
Pucallpa			-6.66	28% Reduction
Tarapoto			-7.81	39% Reduction

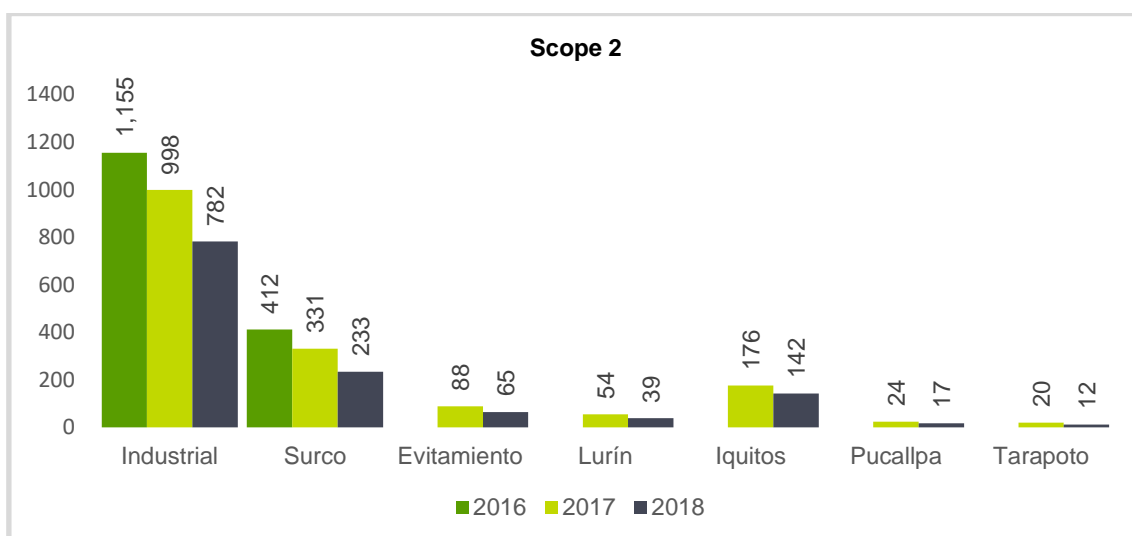
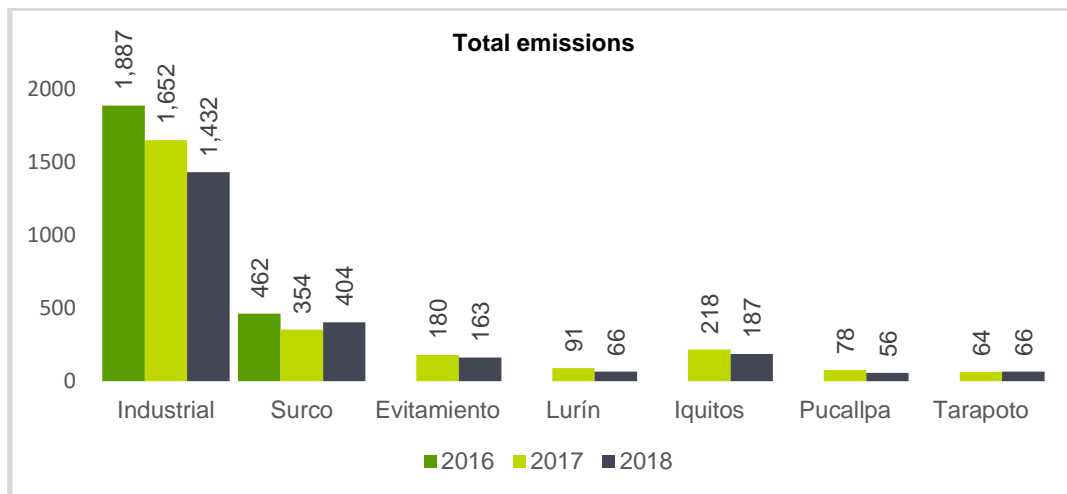


Table 26. Total GHG emissions (scope 1 and scope 2)

Total emissions								
Year	Industrial t CO ₂ e/year	Surco t CO ₂ e/year	Evitamiento t CO ₂ e/year	Lurín t CO ₂ e/year	Iquitos t CO ₂ e/year	Pucallpa t CO ₂ e/year	Tarapoto t CO ₂ e/year	Total t CO ₂ e/year
2016	1886.72	461.59						2348.31
2017	1651.63	354.07	179.91	90.53	217.79	77.69	64.08	2635.70
2018	1431.78	404.47	162.88	65.93	186.79	56.07	66.37	2374.29

Table 27. Total GHG emission reduction (Scope 1 and Scope 2)

Total emissions				
Location	2016 vs 2017 Variation		2017 vs 2018 Variation	
	t CO ₂ e/year	%	t CO ₂ e/year	%
Industrial	-235.08	12% Reduction	-219.86	13% Reduction
Surco	-83.12	19% Reduction	50.4	14% Increase
Evitamiento			-17.03	9.5% Reduction
Lurín			-24.6	27% Reduction
Iquitos			-31	14% Reduction
Pucallpa			-21.62	28% Reduction
Tarapoto			2.29	4% Increase



Based on the 2016 measurement, Surco headquarters offset its carbon footprint through the Cordillera Azul National Park REDD+ project of the National Service of Natural Protected Areas (Servicio Nacional de Áreas Protegidas, Sernanp), achieving "Carbon Neutral in Scope 1 and 2" for 1 year.

Based on the 2017 Carbon Footprint measurement, six sites offset their 2017 Carbon Footprint and are "Carbon Neutral in Scope 1 and 2" for one year.

The 2017 carbon footprint offset was implemented through the "Nii Kaniti" project: Forest management to reduce deforestation and degradation in the Shipibo Conibo and Cacataibo indigenous communities of the Ucayali region (REDD+ Project).

In both cases (2016 and 2017), the carbon credits are registered in the Market Environmental Registry, ensuring their international validity. Carbon footprint offsets in this type of REDD+ projects allow the conservation of carbon stocks in the forest and contribute to the conservation of associated biodiversity.

7.7.4 Pollution control standards

The main represented Caterpillar has developed a set of pollution control standards for the different stages of repair of its products, aiming at ensuring the reliability and durability of its units during its useful life. These pollution control standards apply to the operations of their distributors worldwide.

Caterpillar conducts periodic audits of compliance with high standards in all its processes throughout the repairs and equipment life. Consider key parameters such as order and cleanliness, at all levels; the proper disposal of waste; and the proper use of fluids with cleaning levels in oils, refrigerants and fuels. The responsible use of resources reflects the commitment of Caterpillar and its distributors to the care of the environment.

In Peru, fourteen Ferreyros workshops and one Orvisa workshop have the highest qualification of Caterpillar in pollution control, the Five Stars, having demonstrated to fully comply with the highest standards in the matter during their repair processes.

Table 28. Workshops certified by Caterpillar on Pollution Control

	5 Stars	3 Stars
Ferreyros	Arequipa, Cusco, Piura, Cajamarca, Trujillo, Chimbote, Lambayeque, Huancayo, CRC La Joya, CRC Lima, Lima Machine Workshop (National Accounts, Energy and Retail), Lima Hydraulic Workshop, Lima Training Center (CDT).	Lima (Spare Parts Distribution Center - CDR)
Orvisa	Tarapoto	
Unimaq		Lima, Ilo, Cusco, Cajamarca, Piura, Chiclayo, Trujillo, Huancayo, Arequipa

Appendix

Appendix 1: Business

1.1 Datos generales

1.1.1 Name, address, telephone, fax and contact details

Registered name	Ferreycorp S.A.A.
Type of corporation	Publicly Held Corporation
Tax payer number (RUC)	20100027292
Address	Jr. Cristóbal de Peralta Norte 820 Monterrico, Santiago de Surco, Lima, Perú
Telephone	511-626-4000
Fax	511-626-4504
Website	www.ferreycorp.com.pe
Dedicated line for customers	511-626-5000
Dedicated line for shareholders	0800-13372

1.1.2 Constitution and registration in Public Records

Ferreycorp S.A.A. (formerly known as Ferreyros S.A.A.) started its activities under the original name of Enrique Ferreyros y Compañía Sociedad en Comandita (Ferreyros y Co. Limited Partnership), by public deed on September 14, 1922 before the Notary Public of Lima, Dr. Agustín Rivero y Hurtado. It was registered in entry 1, page 299, and volume 15 of the Lima Mercantile Registry.

Enrique Ferreyros y Compañía S.A. acquired the assets and liabilities of the former company through a public deed dated September 21, 1931 before the Notary Public of Lima, Dr. Agustín Rivero y Hurtado, recorded in entry 1 of page 457 of volume 31 of the Lima Mercantile Registry. The change of name to Enrique Ferreyros S.A. was made by public deed dated November 23, 1981 before the Notary Public of Lima, Dr. Jorge Orihuela Iberico.

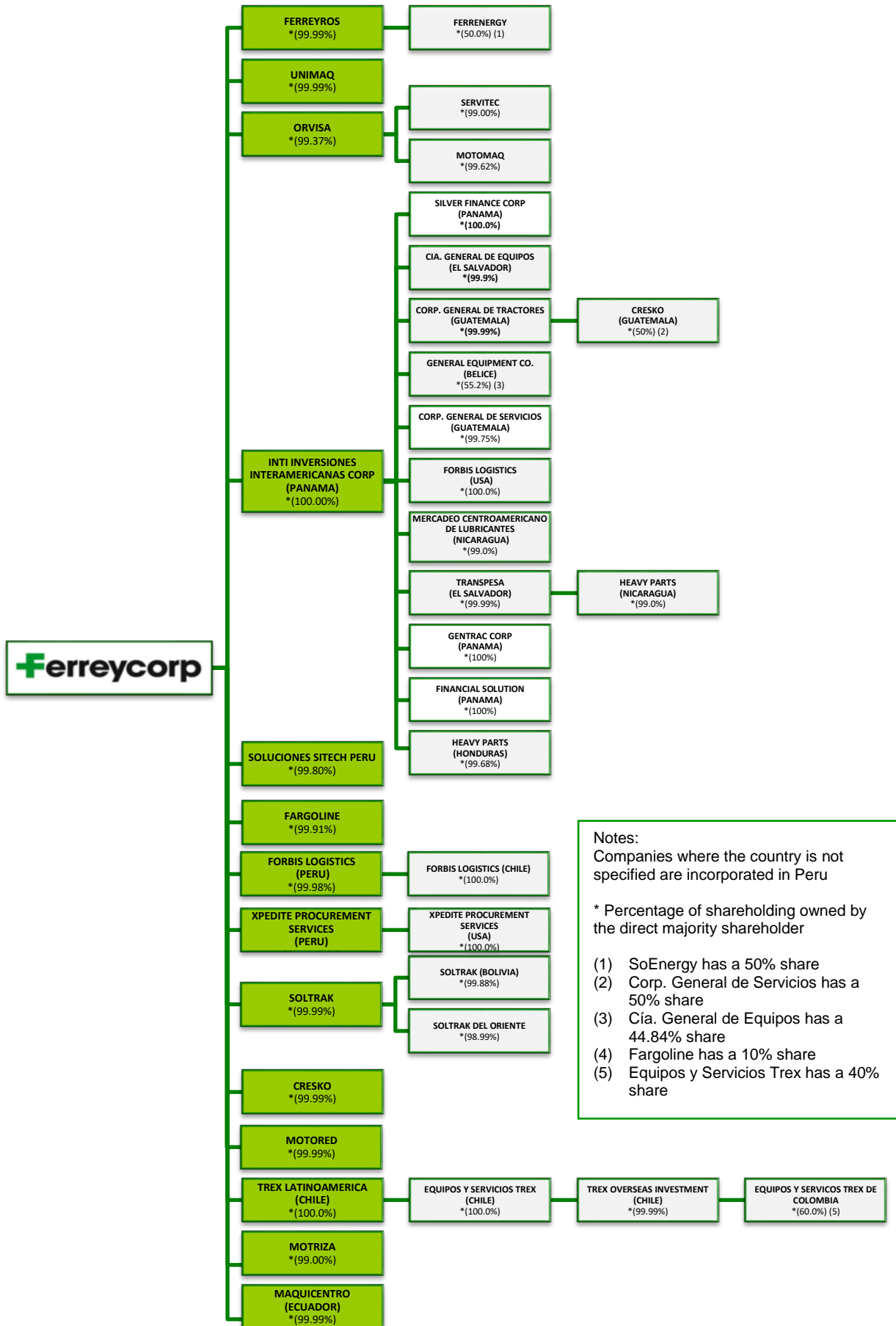
The change of name to Ferreyros S.A. was made by public deed dated May 6, 1996 before the Notary Public of Lima, Dr. Jorge Orihuela Iberico, registered in the Register of Legal Entities (Libro de Sociedades de Registro de Personas Jurídicas), File 117502. On March 24, 1998, the General Shareholders' Meeting agreed to modify the company's name to Ferreyros S.A.A., registered in Electronic Item No. 11007355 of the Register of Legal Entities.

As agreed in the Meeting of Shareholders in March 2012, the company went through a simple reorganization process, by which two patrimonial blocks were segregated to two subsidiary companies. The first block of assets, derived from the business of the automotive division, was transferred to the subsidiary Motored S.A.; and the other, derived from the business of selling machinery, equipment and after-sales services of the Caterpillar line and its allies, was transferred to the new subsidiary Ferreyros S.A.

After the segregation of these patrimonial blocks, the company changed its corporate name from Ferreyros S.A.A. to Ferreycorp S.A.A., having registered this reorganization process in the entry B00020 of the Electronic Item N° 11007355 of the Register of Legal Entities of Lima.

The new organizational structure of the parent company has allowed it to concentrate on its investment role, so that each of its operating subsidiaries can focus on improving the service provided to its customers, expanding its coverage, addressing its own business opportunities and improving its operational capabilities.

1.1.3 Economic group



Notes:
 Companies where the country is not specified are incorporated in Peru

* Percentage of shareholding owned by the direct majority shareholder

(1) SoEnergy has a 50% share
 (2) Corp. General de Servicios has a 50% share
 (3) Cía. General de Equipos has a 44.84% share
 (4) Fargoline has a 10% share
 (5) Equipos y Servicios Trex has a 40% share

1.2 Description of operations and development

1.2.1 Corporate purpose

According to the second article of its bylaws, Ferreycorp S.A.A. has as its objective "to carry out investment, financing and business services activities, among which are included i) the incorporation of companies, the acquisition, holding and administration of shares, the investment in transferable securities and the participation in companies and capital increases, in the national or international market; ii) the performance of financial operations under any modality or nature, the issuance of shares, bonds, securities or any other type representative of debt or credit, within financial and capital markets, in Peru and/or abroad; and iii) the provision of business services in general, including management services, buying and selling, leasing, assignment of use and enjoyment of real or personal property, including domestic and foreign goods and products, the import and export thereof and the transfer of items in general. Without prejudice to the main purpose indicated above, the company may enter into any type of nominal or non-nominal contract related to the acquisition or transfer of any type of real or personal property that leads to the realization of its purposes, or in any way serves the best performance thereof or that suits the corporate interests".

The modification of the company's bylaws was agreed upon at the Annual Obligatory General Shareholders' Meeting on March 30, 2016. This agreement was formally executed by means of Public Deed dated May 27, 2016, duly recorded in entries B00025 and D0079 of Electronic Item No. 11007355 of the Register of Legal Entities of Lima.

1.2.2 Term

The term of the corporation is indefinite.

1.2.3 Evolution of operations

1.2.3.1 Historical Overview

Ferreycorp S.A.A. began its activities in 1922 on the initiative of Enrique Ferreyros Ayulo and three partners, to focus on the commercialization of consumption products. During its path it adopts diverse registered names, being the first one Enrique Ferreyros y Cía. Sociedad en Comandita. In 1942, it enters the capital goods field, assuming the representation of Caterpillar Tractor, which meant a total change in its activity. Since then, it consolidates its operations in two large business units: consumer goods and capital goods. In the same decade, aiming to achieve greater coverage to sell their products, begins its decentralization and establishes offices in provinces, as well as several subsidiaries.

In 1962, with the purpose of sustaining its growth, the shareholders decided to open its shareholding and to register it in the Lima Stock Exchange, setting the basis to turn it into the company with the highest standards of corporate governance in Peru.

In the late 80's, the company disassociates itself from the consumer goods business and decides to concentrate its efforts on what today constitutes its main business line, capital goods, taking on new representations complementing the Caterpillar line. In this way, it can better serve its customers, which are in various productive sectors of the economy.

In the 90's, it bets on expanding its offer to customers, in addition to the sale of new units, by incorporating the provision of equipment for rent and the sale of used machinery. In the same decade, it begins to attend open pit mining projects, recently licensed or privatized, bringing the first off-road mining trucks Caterpillar.

In 1994, it expanded its participation in the capital market through placements of corporate bonds and commercial papers. It becomes an important participant in the capital market, where it performs with great success and demand from investors.

Since 1995, it has made significant investments to improve the infrastructure of offices and workshops, as well as to prepare its service personnel, thus creating the capacity to meet the maintenance and repair contracts of large fleets of mining trucks that are beginning to enter the country to operate in large open-pit mining - which is developed thanks to the concessions granted after the privatization of mining companies in the 1990s. Likewise, after a few years, it decided to venture into the sale of machinery for subway mining, a line of business with which Caterpillar expanded its product portfolio.

In order to expand the sources of capital to maintain the sustained growth experienced in those years, the company made a successful placement of shares in 1997 both nationally and internationally, which made it possible to increase its capital by US \$ 22 million.

From 1998 to 2001, it faced the sudden slowdown in Peru's economic growth, which had a negative impact on its sales. In this time of crisis for the country, it must adapt its organization and at the same time support its clients, through the provision of financial resources and facilities, overcoming difficult moments to return to the road of growth in the following years.

In the following years, the Corporation adopted an organic growth strategy to increase its sales in the Peruvian market where it was already operating, and another strategy of non-organic growth through the acquisition of companies, including Mega Caucho and Representations (now Soltrak) in 2005, in the consumables sector. It is important to note that in 2010, as part of this strategy and in response to an invitation from its representative Caterpillar, the Corporation began its global expansion with the acquisition of Gentrac Corporation of Panama, owner of Caterpillar distributors in Guatemala, El Salvador and Belize.

On the other hand, since 2006 Ferreycorp becomes one of the nine companies in Latin America and one of the two in Peru belonging to the Circle of Companies of the Latin American Round Table, which recognizes companies for their highest standards of corporate governance, under the sponsorship of the International Finance Corporation (IFC), the Organization for Economic Cooperation and Development (OECD) and the Global Forum on Corporate Governance. Currently, nine companies are part of the Circle, from Brazil, Colombia, Costa Rica and Peru.

In order to clearly differentiate the roles of, firstly, the parent company and the investor, and secondly, the operating company in charge of the distribution of capital goods (Caterpillar equipment, Kenworth and Iveco vehicles, among others), in 2012 the company underwent a simple reorganization by which Ferreycorp was created, in order to support a greater future growth for all the subsidiaries' businesses and, at the same time, maintain the specialization of certain activities. Likewise, Ferreyros and Motored subsidiaries are created: while the former takes over the Caterpillar business, the latter takes over the automotive business, which previously constituted a line of business of Ferreyros. Since then, the current Ferreyros S.A., the subsidiary with the largest operation volumes, incorporates new product and service lines; enhances customer coverage by focusing on large investment projects in the country, including mining, energy, petroleum and the creation of new infrastructure; and expands its customer base, all supported by significant investments in infrastructure, systems and personnel training.

On the other hand, the other Ferreycorp subsidiaries are experiencing a gradual growth, complementing the offer that Ferreyros S.A. provides to its customers -in fact, by the end of the current fiscal year, they represent 35% of the Corporation's business. Likewise, new businesses enter this period, either through the acquisition of companies or the creation of new subsidiaries.

To ensure the Corporation's healthy growth and continue to make new investments with a strong capital structure, a \$62 million capital increase was made in 2012. The new shares issued were mostly signed by Ferreycorp's shareholders, showing their confidence in the business model and their commitment to the defined growth strategy.

In the same year, Ferreyros S.A., the main subsidiary, incorporates a new line of machinery for mining (Bucyrus business line acquired by Caterpillar), of electric and hydraulic shovels, as well as drills. Therefore, the company completes its portfolio of Caterpillar products, both for open-pit and subway mining, making it the most complete option for machinery and equipment for this economic sector, which strengthens the value proposal to its customers.

In 2013, the expansion of the subsidiaries other than Ferreyros S.A. continues through acquisitions such as the distribution business of Mobil lubricants in Guatemala and Nicaragua (Mercalsa, today Soltrak), as well as a personal protection equipment business with important distributions in Peru. In addition, we have created Soluciones Sitech Peru, a technology solutions company.

The expansion of the organization and the opportunities offered by the international capital market lead the Corporation to refinance its debt and continue to have the financial resources for its investments in the best possible conditions. Thus, in 2013, it successfully placed US \$ 300 million in corporate bonds, with good interest rate conditions and a seven-year term.

In 2014, Ferreycorp enters Chile through the acquisition of Trex, representative of the Terex brand in the entire line of cranes and lifting platforms and a complete series of port

equipment in that country, with smaller businesses in Ecuador and Colombia. Currently, the Trex business is developed in Peru and in the countries mentioned above.

In 2015, the Corporation acquires Transportes Pesados S.A. (today Motored, as well as the subsidiary in Peru for transportation solutions), a leader in the commercialization of heavy transport spare parts in El Salvador, with more than 35 years in the market and currently with 11 branches in the country. Ferreycorp complements its activity in El Salvador, where it is located since 2010 with its subsidiary representing Caterpillar, Mobil and allied brands.

In 2016, a lower dynamism of the economic activity within the countries Ferreycorp operates reduces the need for working capital. Within this context, it was decided to make a bond repurchase, through a Tender Offer, which allowed the repurchase of US \$ 120 million. The repurchased bonds belonged to the issue of US \$ 300 million made in 2013, expiring in 2020.

In 2017, in order to continue improving the Corporation's financial results and give greater flexibility to the debt structure, a partial bailout of the international bond for US \$ 62,333,000 was carried out. Also, in November of the same year, 38,643,295 treasury shares were cancelled, generating a reduction in the capital stock from PEN 1,014,326,324 to PEN 975,683,029.

In 2018, the process of returning to the local capital market begins and a bond program for US \$ 100 million or its equivalent in national currency is registered.

One important milestone in 2018 is the sale of Ferreycorp's share in La Positiva Seguros y Reaseguros, taking advantage of the Public Stock Offering (Oferta Pública de Acciones, OPA) addressed to the holders of common shares representative of the capital stock of La Positiva. Therefore, 56,962,727 shares owned by Ferreycorp are sold. As a result of this operation, the total sale of shares amounts to PEN 102,532,909, with a price of PEN 1.80 per share.

In 2019, the sale of such investment will be completed after Ferreycorp took part in the Public Offering of La Positiva Vida Seguros y Reaseguros carried out in May. Through this operation, Ferreycorp sold all of its shares and generated an income of PEN 16.3 million.

1.2.3.2 Product Lines

Ferreycorp Corporation is the only representative of Caterpillar in Peru, since 1942, as well as in Guatemala, El Salvador and Belize. The vast portfolio of machinery and equipment distributed by Ferreycorp's subsidiaries includes mining trucks, front loaders, tractors, motor graders, excavators, electric and hydraulic shovels, drilling equipment, low profile loaders for subway mining, marine engines and generators, among other categories.

In addition to Caterpillar machines and engines, Ferreyros, the Corporation's largest volume subsidiary, sells a wide range of products from other quality brands, including equipment for the production of Metso aggregates for construction, as well as utility equipment, trucks and low profile loaders from Paus. Also, for agriculture, Massey Ferguson tractors, Kuhn, Tatu, Double TT implements, among others; Valley pivot technology irrigation systems, Kepler Weber drying and storage projects, Zaccaria rice piling and grain processing equipment, as well as IGSP color grain selectors, among other products.

In addition, other subsidiaries of Ferreycorp in Peru supply other first level equipment in their respective fields, such as Kenworth and DAF trucks, Iveco vehicles, Sullair and Gardner Denver compressors, Mitsubishi - CAT forklifts, Wacker compaction equipment, Lincoln Electric welding equipment, Olympian- Cat power generators, Amida lighting towers, Enerpac hydraulic tools, Carmix self-mixers, Cifa concrete pumps, mobile concrete plants Blends, Compair stationary compressors, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Lincoln Industrial lubrication systems and Valtra tractors, as well as - in the Asian machinery segment - lines such as loaders, crawler tractors, motor graders and SEM rollers, Shacman trucks, crushers and Shaorui crushers, Lovol (formerly Foton) agricultural tractors, among others. Likewise, they distribute Goodyear tires; Chevron lubricants; 3M, MSA, Bullard, Alphatec (formerly Ansell Microgard), Kleenguard (Kimberly Clark), Capital Safety, Tecseg and Westland industrial safety items; as well as Bosch and Dewalt tools, among others. On the other hand, Soluciones Sitech Perú, specialized in the provision of technological solutions, represents brands such as Trimble, Loadrite, AMT, MST and DSS, among others.

Abroad, in Central America, the subsidiaries Gentrac (Guatemala and Belize) and General de Equipos (El Salvador) are representatives of the Caterpillar brand and a complete portfolio of allied lines. Likewise, Ferreycorp companies are distributors of Mobil lubricants in Guatemala and El Salvador, as well as in Nicaragua through the company Soltrak. Also in El Salvador and Honduras, the subsidiary Motored supplies spare parts of different brands, both for the engine and for the bodywork of trucks and buses. In El Salvador, Motored also distributes Kenworth trucks and Higer minibuses. In Chile, Ecuador, Colombia and Peru, Trex represents the Terex brands in off-road cranes; Demag in all-terrain cranes; Genie in lifting platforms; Konecranes in the port equipment and material handling lines; Donati and Demag in bridge cranes; and Hyva and Mitsubishi in other lifting and loading solutions. In Ecuador, Maquicentro's light equipment portfolio includes agricultural tractors, construction equipment, concrete mixers, forklifts and welding equipment, among others, from brands such as Valtra, Wacker Neuson, Carmix and Lincoln Electric.

In order to serve customers who need to rent machinery instead of buying it, Ferreyros, Unimaq- The Cat Rental Store and Ferreycorp's subsidiaries in Central America have an important fleet of Caterpillar machines to cover these demands, especially for infrastructure and general construction projects. In Chile, the rental fleet includes man-hoisting equipment such as small and articulated cranes, and forklifts from Genie, Terex,

Hyva and CAT brands; also, it has larger equipment from Terex and Demag brands which have been delivered on trade-in and are offered for rent while waiting to be sold.

1.2.3.3 Competition

The wide range of product lines distributed by Ferreycorp companies' results in a segmented competition with a large number of suppliers that import and distribute different brands. However, and thanks to the preference of its customers, the main represented brand of the Corporation, Caterpillar, has a leading participation in the market; likewise, the range of allied brands occupies a prominent position in its field.

Regarding the competition of the main brands represented by Ferreycorp, it is worth mentioning that in auxiliary machinery and off-road trucks for large mining, Caterpillar's main competitor is Komatsu. As for low profile loaders for subway mining, the competitors are Sandvik and Atlas Copco (Epiroc). In electric and hydraulic shovels, the competitors are P&H and Hitachi.

In earthmoving machinery, Caterpillar equipment for the construction market has as competing brands Volvo, Komatsu, John Deere, Hyundai, among others. Also, since 2008, some lots of earth-moving machinery of Chinese origin have entered the country, oriented to heavy construction segment.

At the same time, Ferreyros sells the Astec asphalt plants, whose main competitors are Amman, Bomag Marini and Ciber.

Cresko's business distributes machinery of Asian origin to compete in the same segment. It supplies Shacman heavy and light commercial trucks competing with FAW, DongFeng, Foton and Sinotruck, among others. In the loaders, motor graders, rollers and SEM tractors line, its competitors include brands such as Liugong, XCMG and Chenggong, among others.

Regarding engines and generators, Ferreyros distributes Caterpillar, competing with Cummins, Weichai, Modasa, Baifa, among others, in the diesel segment; in the heavy fuel segment, with Wartsila and Man brands; and Guascor and Waukesha, in the gas combustion segment.

In surface mining drilling, it distributes Caterpillar (formerly Bucyrus line) and competes with Sandvik, Atlas Copco and P&H. In cranes of diverse characteristics and capacities, it represents Trex, and competes with Grove and Sany. In the agricultural line, it distributes Massey Ferguson, competing with brands such as John Deere and Kubota, among others.

In trucks, both in the market for dumpers and tractors, the subsidiary Motored participates with its brands Kenworth, Iveco, and DAF, and competes with Volvo, Mack International, Scania, Mercedes Benz, Freightliner, Hino, Isuzu and Volkswagen.

In Central America, the main competitors in the machinery field are Hyundai, Case, John Deere, New Holland and Komatsu; in engines, brands such as Cummins, FG Wilson and Perkins; and in lubricants, Castrol, Valvoline and Shell, among others. In the region, Manitowoc (Grove) and Liebherr cranes, Kalmar port equipment, JLG lifting equipment and Manitou manipulators are among the main competitors of Trex, a subsidiary incorporated to Ferreycorp in 2014.

In the spare parts lines of several brands sold by the Corporation, it faces competition from entities distributing non-genuine spare parts in small market segments.

For Soltrak in Peru, the Good Year tires it sells compete with brands such as Michelin, Bridgestone, Continental and Chinese brands. In lubricants, where this subsidiary is the master representative of Chevron, it competes with Shell, Mobil, Total, Castrol and Vistony, among others. Regarding personal protection equipment, it competes with the Honeywell brand and with distributors of various brands.

Fargoline develops its operations in competition with other firms from various national and foreign business groups operating as customs warehouses and bonded terminals, such as Tramarsa and Ransa (Romero Group), Imupesa (Agunsa Group of Chile), APM Terminals (Danish Group A.P. Moller Maersk), Neptunia and Dubai Ports World (holding company owned by the State of Dubai in the United Arab Emirates), Contrans (Transmeridian Group), among others.

In providing freight forwarding services, Forbis Logistics Corp. competes with Alexim, La Hanseática, Gamma Cargo, New Transport, DHL, MIQ and Flota.

Soluciones Sitech Peru, Trimble's representative in the market for positioning and machine guidance solutions, has among its main competitors the companies Topcon, owned by Komatsu, and Leica, originally from Central Europe.

1.2.4 Investment plans and policies

1.2.4.1 Investments in new businesses

The Corporation's strategy is to invest in new businesses to complement other growth strategies in order to continue increasing its sales level and to complete the value offer to its customers.

Investments in new businesses, whether through acquisitions, creation of new companies or incorporation of product lines to complete its value offer to clients, constitute one of the main pillars of the Corporation's growth.

The investment decisions are developed according to the principles established in the corporate scope, being Ferreycorp responsible for evaluating, approving and assigning the resources efficiently, according to the strategic objectives and the balance between profitability and risk of each project. Part of its corporate role is to provide the guidelines and criteria for investment or disinvestment decisions. Likewise, the Corporation must ensure the new project has the necessary capital, human and managerial resources for its operation.

No investments in new businesses were carried out in 2019.

1.2.4.2 Investments in assets

a) Inventory investment

During 2019, consolidated inventory levels (US \$ 587 million), both for machinery and spare parts, showed a significant increase of 12% over 2018 (US \$ 526 million).

This variation was mainly due to the higher inventory of Ferreyros equipment due to the higher demand of new machines, which must be delivered within the first semester of 2020.

b) Investment in accounts receivable

In 2019 the portfolio has been 4% lower compared to 2018 which showed a breakdown in the chain of payments and the lack of funds from construction companies, due to sector problems in that year.

As part of the financial solutions it provides to its customers, and looking for their loyalty, Ferreycorp has some programs with banks and with the active participation of Caterpillar Financial Services, the financial arm of the main brand represented, which provides medium-term loans to customers of Caterpillar line with good conditions. These loans granted by Caterpillar Financial are intended for Cat products, but have also served to finance customers of Motored (acquisition of heavy duty vehicles) and Trex (acquisition of cranes).

It is important to emphasize that Ferreycorp maintains the policy of not offering its clients medium term financing, unless it is essential as part of the implementation of a particular business.

c) Investment in fixed assets

As distributors of capital goods and related services, and because of their storage, workshops and exhibition needs, Ferreycorp's subsidiaries are required to make investments in infrastructure and operational fixed assets. Among the latter are major components, to provide services for mining truck repairs, as well as machinery for rental fleets, in order to comply with the value offer to customers and maintain the competitive advantage that has allowed the companies to ratify their leadership in the markets where they operate. In 2019, four mining trucks have been considered within the fleet to be delivered as samples to an important mining company, which will be loaded in fixed assets pending a purchase decision.

For further information on investment in fixed assets, please refer to the Financial Management chapter.

1.2.5 Guarantees, warranties, bonds, contingencies and commitments

1.2.5.1 Commitments

As of December 31, 2018, the Corporation has the following commitments:

a) Ferreycorp S.A.A.

On December 31, 2019, the company has commitments for guarantees to secure credit operations of subsidiaries and associates for US \$ 201,118,243 (US \$ 168,005,243 as of December 31, 2018) and guarantees to secure purchase operations with third parties for US \$ 9,218,167 (US \$ 149,398 as of December 31, 2018).

Ferreycorp guarantees the financing and guarantee operations to most of its subsidiaries, as part of the normal development of its operations and its business. The guaranteed amounts referred to above, of US\$ 310 million on December 31, 2019, are divided as follows:

• Trex	US \$ 90 million
• Motored	US \$ 60 million
• Unimaq	US \$ 50 million
• Inti y subsidiarias	US \$ 30 million
• Soltrak	US \$ 20 million
• Fargoline	US \$ 17 million
• Orvisa	US \$ 15 million
• Motriza	US \$ 15 million
• Maquicentro	US \$ 9 million
• Ferrenergy	US \$ 3 million
• Soluciones Sitech Perú	US \$ 1 million

On December 31, 2019 and 2018, the company has letters of guarantee in favor of financial entities for US \$ 13,313,138 and PEN 6,314,000, respectively, which guarantee claims and appeals before the Tax Administration.

b) Subsidiaries

Ferreyros S.A.:

- On December 31, 2019, the subsidiary has guarantees for US \$ 26,066,743 (US \$ 3,593,200 in 2018) that secure purchase operations from third parties.
- On December 31, 2018, the subsidiary has bank guarantees in favor of financial entities for US \$ 56,517,824 (US \$ 28,653,902 in 2018), which mainly secure the seriousness of the company's offer and the faithful compliance with the delivery of the products sold through public bidding and the payment of customs obligations related to the import of merchandise.

Fargoline S.A.:

- On December 31, 2019, the subsidiary has a letter of guarantee in favor of the National Superintendence of Customs for the merchandise under customs regime for US \$ 1,722,416.

Soltrak S.A.:

- On December 31, 2019, the subsidiary has guarantees for US\$ 8,540,281 and PEN 18,078,290 (US \$ 4,665,693 and PEN 32,193,473 in 2018), which secure purchase operations from third parties and financial leases, respectively, with different maturities.
- On December 31, 2019, the subsidiary has bank guarantees in favor of financial entities for US \$ 6,527,795 and PEN 545,828 (US \$ 5,454,567 and PEN 1,661,526 in 2018), which mainly secure the seriousness of the company's offer and the faithful compliance with the delivery of the products sold through public bidding, as well as the payment of customs obligations related to the import of merchandise, respectively.

Motored S.A.:

- On December 31, 2019, the subsidiary has guarantees for US \$ 18,935,000 (US\$ 2,851,000 in 2018) securing credit operations for purchases by third parties.

Orvisa S.A.:

- On December 31, 2019, the subsidiary has bank guarantees in favor of third parties for US \$ 6,373,793 and PEN 3,350,417 (US \$ 5,469,260 and PEN 903,609 in 2018), which mainly secure credit operations of subsidiaries and purchase operations of third parties.

Motriza S.A.:

- On December 31, 2019, the subsidiary has guarantees for US \$ 422,454 (US \$185,263 in 2018) that secure credit operations for the purchase of third parties.
- On December 31, 2019, the subsidiary has bank guarantees in favor of third parties for US \$ 589,000 and PEN 95,200 (US \$ 34,919 and PEN 64,385 in 2018) that mainly guarantee purchase operations with third parties.
- On December 31, 2019, the subsidiary has a guarantee in favor of the National Superintendence of Customs for the merchandise under the customs regime amounting to PEN 103,048.

1.2.5.2 Tax situation

- a) The group is subject to the tax regime of each country in which it operates and is taxed on the basis of its non-consolidated results. On December 31, 2019 and 2018, the income tax rate on taxable income in the main countries in which the company and its subsidiaries operate is:

	<u>Tax rates</u>	
	<u>2019</u>	<u>2018</u>
	%	%
Peru	29.5	29.5
Ecuador	22	22
Colombia	24	24
Chile (*)	24	24
Guatemala	25	25
El Salvador	30	30
Belice	25	25
Nicaragua	30	30
United States of America	15 y 28	15 y 28

(**)According to the tax reforms issued in Chile, the income tax rate for the following years will be:

<u>Year:</u>	<u>Regimen</u>	
	<u>Art. 14 Letter A</u>	<u>Art. 14 Letter B</u>
	<u>Tax rate</u>	
2017	25.0%	25.5%
2018 and the following	25.0%	27.0%

As long as the companies do not manifest their intention to pay taxes under the regime of Art. 14 letter "A", through an Extraordinary Meeting of Shareholders, the law establishes that by default it must be considered under the regime of Art. 14 letter "B".

In accordance with current legal provisions in some countries on December 31, 2019 and 2018, cash dividends in favor of non-domiciled shareholders are subject to income tax at the following rates:

	<u>Tax rate</u>	
	<u>2019</u>	<u>2018</u>
	%	%
Peru	5	5
Colombia	10	10
Chile	35	35
El Salvador	5	5

b) Regulatory framework - Amendments to the Income Tax Law

In Peru, on September 13, 2018, Legislative Decree No. 1422 was issued, including, among other amendments, the incorporation of concepts and/or definitions of "non-cooperating country or territory" and "preferential tax regime", "permanent establishment", "indirect disposal" of shares, as well as the following most significant:

Transfer Pricing:

The scope of application of the Transfer Pricing regulations is extended to transactions carried out from, to or through non-cooperating countries or territories or with subjects whose income or profits benefit from a preferential tax regime.

Accrual:

A legal definition of accrual is established in order to recognize income and expenses for income tax purposes, according to which third category income is understood to be accrued when the substantial events generating the income have occurred and the right to it is not subject to a condition precedent.

Deductibility of financial expenses:

New rules are incorporated for interest deductibility, and for the applicability of limits for both loans granted by related parties, and for loans granted by economically unrelated parties.

General antielusive clause (Cláusula Antielusiva General) (Rule XVI):

A special procedure has been established for the application of Rule XVI of the Tax Code, whereby Sunat may apply the provisions set forth in the second to fifth paragraphs of Rule XVI within the framework of a definitive audit, provided that a review committee composed of three (3) Sunat officials has previously given a favorable opinion. Likewise, the Board of Directors is obliged to approve, ratify or modify the acts, situations and economic relations to be carried out (or performed) within the framework of "fiscal planning".

- c) For purposes of determining income tax and general sales tax, pricing and transfer rules must be applied and are in effect in Peru, Nicaragua, Guatemala, El Salvador, Belize, Chile, Colombia and Ecuador and the United States of America and regulate transactions with local or foreign related companies and companies resident in low or zero tax territories, must be performed at market values and supported with documentation and information on the valuation methods used and the criteria considered for their determination.

The tax authorities are entitled to request this information from the taxpayer. Based on the analysis of the group's operations, Management and its legal advisors consider that, as a result of the application of these rules, no significant contingencies will arise in the group as of December 31, 2019 and 2018.

- d) The Peruvian Tax Administration has the authority to review and, if applicable, correct the income tax calculated by the company in the four years subsequent to the year of filing the corresponding tax return (years open for audit). The income tax and general sales tax returns for years 2016 to 2018 are pending audit by the Peruvian tax authorities. The affidavits corresponding to the years 2000 to 2015 have already been audited.

In addition, the income tax and general sales tax returns of the main subsidiaries are subject to audit by the Tax Administration of each country for the periods detailed below:

Period subject to audit

Subsidiaries from abroad (country):

Guatemala	2015 to 2019
El Salvador	2016 to 2019
Belice	2009 to 2019
Nicaragua	2010 to 2019
United States of America, Chile, Colombia y Ecuador	2011 to 2019

Domestic Subsidiaries:

Ferreyros S.A.	2015 to 2019
Unimaq S.A.	2015 to 2019
Cresko S.A.	2007 to 2019
Motriza S.A.	2016 to 2019
Soltrak S.A.	2017 to 2019
Fargoline S.A.	2017 to 2019
Orvisa S.A. and subsidiaries	2016 to 2019
Motored S.A.	2015 to 2019
Forbis Logistics S.A.	2014 to 2019
Soluciones Sitech Perú S.A.	2014 to 2019

Due to possible interpretations the corresponding tax authority may give to the legal norms in force, it is not possible to determine, to date, whether or not the revisions made will result in liabilities to the group, and therefore any higher tax or surcharge that may result from possible tax revisions would be applied to the results of the year in which the difference of criteria with the tax authority is solved. According to Management and its legal advisors, any eventual additional tax assessment made by the corresponding tax authorities in each country would not be significant to the consolidated financial statements as of December 31, 2019 and 2018.

- e) In Peru, the temporary net asset tax is levied on third party income generators subject to the general income tax regime. The tax rate is 0.4 percent applicable to the amount of net assets exceeding PEN 1 million.

The amount actually paid may be used as a credit against payments on account of the General Income Tax System or against the income tax regularization payment of the taxable year to which it corresponds.

1.2.5.3 Contingencies

On December 31, 2019, the group has tax proceedings on appeal or in contentious-administrative lawsuits for a total amount of approximately PEN 49,314,000 (PEN 87,945,000 as of December 31, 2018); which include fines and interest of PEN 9,310,000 and PEN 23,541,000, respectively (PEN 13,198,000 and PEN 58,252,000, respectively, as of December 31, 2018). These proceedings are pending an administrative or judicial resolution, and are related to observations made by the Tax Administration to the affidavits of the (i) income tax (including payments on account) for taxable years 2001 to 2008 of PEN 44,884,000; (ii) general sales tax for taxable years 2001 to 2006 of PEN 3,234,000; and (iii) income tax of non-domiciled individuals for taxable years 2002, 2003, 2005, 2006 and 2015 of PEN 1,196,000 (PEN 16,312,000 as of December 31, 2018).

In all cases, as of December 31, 2019 and December 31, 2018, the group has requested the advice of specialists in the field; who have determined, together with Management, the existence of certain determinations for approximately PEN 11,926,000 (PEN 9,086,000 as of December 31, 2018), whose degree of loss has been evaluated as probable. The group has recorded a provision for such amounts, which is included in the caption "Other accounts payable" of the consolidated statement of financial situation, see note 13.

Management, jointly with its legal and tax advisors, believe the Group has the technical and legal grounds to believe the Tax Court will rule in favor of the Company; in that sense, they believe the future resolutions of such processes will not result in significant liabilities and, consequently, it is not necessary to record additional liabilities for them as of December 31, 2019 and 2018.

1.3 Legal, administrative or arbitral proceedings

Ferreycorp S.A.A. and its subsidiaries are involved in certain legal proceedings arising in the normal course of its activities, most of which, neither individually nor collectively, can be considered materially important. It should be noted, however, that at the end of the year, the Corporation's companies have five lawsuits for compensation for damages, in addition to others for different concepts amounting to US \$ 655,306.84. The General Management, based on the opinion of its legal advisors, considers these claims to be unfounded and the final result will be favorable to the companies of the group.

1.4 Corporation Management

1.4.1 List of directors

The policies of the Board of Directors, as well as the constitution of the Board and its committees, are explained in Chapter 6 - Organization, sections 6.1.1, 6.1.2 and 6.1.3.

Oscar Espinosa Bedoya (President)

President & CEO of Ferreycorp S.A.A. since 2008 and President of the Board of Directors of Ferreyros S.A. He has been General Manager since 1983 and joined the company in 1980. Previously, he held important directive and managerial positions in the Corporación Financiera de Desarrollo (Cofide), the World Bank, the International Bank of Peru and other financial entities. He is also member of the boards of Sociedad de Comercio Exterior del Perú (Comex Perú), Instituto Peruano de Economía (IPE), NGO CARE Perú and Cedro. He is member of the board of directors of Universidad UTEC, of the Asociación Pro Universidad del Pacífico and of the Board of Trustees of Universidad Antonio Ruiz de Montoya (Jesuits). He is president and promoter of Empresarios por la Integridad, a non-profit association promoting ethical business practices in Peru. He received the IPAE Award in 1999. Civil Engineer by the National University of Engineering (Universidad Nacional de Ingeniería, UNI), he has postgraduate studies in Engineering, Economics and Business Administration, with different degrees and diplomas from Harvard University, North Carolina State College, ISVE Italy, Kellogg School of Northwestern University, the Institute of Economics of the University of Colorado and PAD of the University of Piura.

Carlos Ferreyros Aspíllaga (Vice-president)

Member of the Board of Directors of Ferreycorp S.A.A. since 1971 and Vice President since 2008. He was President of the Board of Directors from 1993 to 2008. In Ferreyros S.A. he holds, since 2012, the same position as in the Board of Directors of Ferreycorp S.A.A. He is member of the Group of 50 (Carnegie Endowment for International Peace & Inter-American Dialogue). Business Administrator, graduated from Princeton University.

Manuel Bustamante Olivares

Member of the Board of Directors of Ferreycorp S.A.A. since 2011; member of the Board of Directors of Ferreyros S.A. since 2012; Vice-president 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 (from 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 until March 2019) and Director (from March 2019); President of the Investment Committee and member of the Audit Committee of La Positiva Seguros y Reaseguros (from 2016 until March 2019); Director of La Positiva Sanitas (2012- 2015); Director of Transacciones Financieras S. A. (since 2000); president of the Board of Directors of Fundación Chilca (since 2010); president of the Board of Directors of Inmobiliaria Buslett (since November 2019); president of the Board of Directors of Buslett (since 2013); director of Corporación Financiera de Inversiones (since 2005); director of Mastercol (since 2008 until August 2019); director of Dispercol (since 1998 until July 2018); director of Sociedad Andina de Inversiones en Electricidad (since 1996); founding partner and

member of Llona & Bustamante Abogados law firm (since 1963); and president of Fundación Manuel J. Bustamante de la Fuente (since 1960). He is a benefactor member of the Instituto Riva- Agüero (since October 2017); director of Futuro Invest and Futuro Inmobiliario Camacho (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 Foreign Debt Committee (1980- 1983); member of the Board of Directors of Corporación Financiera de Desarrollo- Cofide (1980- 1983); and foreign trainer of Shearman & Sterling in New York (1962- 1963). Lawyer by profession, graduated from the Law School of the Pontificia Universidad Católica del Perú.

Jorge Ganoza Durant

Independent member of the Board of Directors of Ferreycorp S.A.A. and Ferreyros S.A. since March 2017. Since 2005 he has been CEO and director of Fortuna Silver Mines Inc. He is member of the Board of Directors of the National Society of Mining, Petroleum and Energy, from 2017 to 2019. Co-founder and former President of the Board of Directors of Atico Mining Corporation, from 2010 to 2016. Entrepreneur in the mining sector, has more than twenty years of mining experience in business development, management and capital markets in Latin America, North America, Africa and Europe. He is an engineer geologist graduated from the New Mexico Institute of Mining and Technology.

Humberto Nadal del Carpio

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, the holding company in charge of Cementos Pacasmayo. He is CEO and director of Fosfatos del Pacífico, Fossal and Salmueras Sudamericanas; director of the Asociación de Productores de Cemento (Asocem); and former president and current member of the Board of Trustees of Universidad del Pacífico. Previously, he was President of the Board of Directors of Fondo Mi Vivienda. Member of the G-50 group. Economist from Universidad del Pacifico, he has a Master's degree in Business Administration from Georgetown University.

Gustavo Noriega Bentín

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

Javier Otero Nosiglia

Independent member of the Board of Directors of Ferreycorp S.A.A. and Ferreyros S.A. since March 2017. He was a member of the Board of Directors of Nexa Peru and Nexa Atacocha until March 2018. He has been member of the Board of Directors of AFP Prima and Visanet, as well as President of the Board of Directors of Expressnet. Since 1978, he has developed his professional career in several banking entities. During 1993 and 1994 he was general manager of AFP Unión and for the next 17 years he held various management positions at Banco de Crédito del Perú. He has a degree in Economics and Administration, graduated from the University of Malaga, Spain.

Juan Manuel Peña Roca

Member of the Board of Directors of Ferreycorp S.A.A. since 1984 and of the Board of Directors of Ferreyros S.A. since 2012. He was President of La Positiva Seguros y Reaseguros from 1985 to October 2017 and of La Positiva Vida Seguros from 2005 to October 2017; he is currently Director of La Positiva Seguros y Reaseguros. He is President of the Board of Directors of Alianza Compañía de Seguros y Reaseguros (Bolivia), Director of Alianza Vida Seguros (Bolivia) and President of Transacciones Financieras S.A. He was a Director and member of the Executive Committee of Profuturo AFP from 1993 to 2008. From 2012 to mid-2015 he was President of La Positiva Sanitas. He was President of the Peruvian Association of Insurance Companies (Apeseg) from 2002 to 2004 and Vice President from 2012 to 2014. President of the Andean Regional Commission of the Inter-American Federation of Insurance Companies (Fides) in 2002, then president of Fides during 2003-2005 and later member of the Presidency Council during 2006-2007. He served as alternate director of Confiep from 2012 to 2014. He is a civil engineer by profession, graduated from the University of Engineering (UNI).

Andreas von Wedemeyer Knigge

Member of the Board of Directors of Ferreycorp S.A.A. since 2003 and of the Board of Directors of Ferreyros S.A. since 2012. Currently, he is also Executive President and General Manager of Corporación Cervesur, as well as President of the Board of Directors of the different companies belonging to this group (Creditex, Alprosa, Transaltisa and Proagro, among others). He is President of the Board of Euromotors; Altos Andes; Euro Camiones; Euroinmuebles; EuroRenting S.A.C.; and International Camiones del Perú S.A. 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. He is also a director of Corporación Aceros Arequipa; Corporación Financiera de Inversiones; and Transportes Barcino, among others. He is former president of the National Society of Industries; director of Comex Peru, being in both institutions member of the Executive Committee; as well as director of the Peruvian-German Chamber of Commerce and Industry. He has been director and general manager of Cia. Cervecería del Sur del Peru, as well as president of the Board of Profuturo AFP, president of the Association of AFP and member of the Board of Tecsup. He is a business administrator, graduated in Hamburg, Germany, with studies in Management Development Program, Harvard Business School and University of Piura.

1.4.2 Management board

In Chapter 6 - Organization, section 6.2, it was explained how the management of the Corporation and its subsidiaries are formed. This section describes the professional career of the main officers of Ferreycorp S.A.A.

Mariela García Figari de Fabbri

General Manager

General Manager of the Ferreycorp S.A.A. corporation (previously integrated with the General Management of Ferreyros) since 2008. Since January 2016, she leaves the General Management of Ferreyros, holding the General Management of the Corporation. She has more than 30 years of experience in the Corporation, having joined Ferreyros in 1988 and held several positions in the Finance Division, including Finance Manager, from 2001 to 2005. Subsequently, she served as the company's Deputy General Manager from January 2005 to March 2008. She is director of all of the Corporation's companies in Peru and abroad and executive president of most of them. She is member of some of Caterpillar's advisory boards in which its distributors participate.

She is president of the American Chamber of Commerce (Amcham Peru), since 2017, and member of its Board of Directors since 2007. She is also member of the Board of Directors of Peru 2021 since 2011; director of InRetail; and member of the Board of Directors of the National Society of Mining, Petroleum and Energy. She was president, during 2010- 2013, of the Circle of Companies of the Latin American Round Table on Corporate Governance (Companies Circle), which brings together nine Latin American companies known for their good corporate governance practices. She is member of the Advisory Council of some departments of Universidad del Pacífico and Universidad de Ingeniería y Tecnología UTEC. She is director of Shift and a member of UTEC's angel investor network. She has been member of the Board of Directors of Procapital and president of its Corporate Governance Committee until the end of 2006, as well as director of IPAE, between 2002 and 2004; of Cosapi, between 2007 and 2009; and of the National Society of Mining, Petroleum and Energy, between 2011 and 2013. 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 made by the La Moneda Consortium.

She has a degree in Economics from Universidad del Pacífico and an MBA from Universidad Adolfo Ibáñez in Chile and the Incae in Costa Rica. She received a distinction of this last one as the Distinguished Graduate 2016.

Oscar Rubio Rodríguez

Corporate Business Manager

Corporate Business Manager of Ferreycorp since 2016, which includes among its responsibilities the interim General Management of Motored. He served as General Manager of Unimaq S.A. between 2007 and 2015. He joined the Corporation in 1975 and held management positions since 1983, including Deputy General Manager of Orvisa from 1989 to 1991. He is responsible director and vice-president of the Board of Directors of Motored in Peru, Motriza and Cresko; he is also responsible director of Trex SpA and Maquicentro, as well as member of the Board of Directors of Unimaq, Orvisa and Soltrak. Economist graduated from the Faculty of Economics of Universidad Nacional Mayor de San Marcos, he has taken courses in Peru and abroad. He has participated in the Senior Management program at the University of Piura. He obtained specialization diplomas from ESAN, IPAE and La Salle University in Argentina.

Luis Bracamonte Loayza
Corporate Business Manager

Corporate Business Manager since 2016. Between 2014 and 2015 he served as Investment Manager of Ferreycorp. He joined the company in 1979 and assumed several important positions, such as Deputy Manager of Credit and Collections. In 1996 he assumed the Management of the Branch Division, and later joined the Agricultural Management and Automotive Division, as well as the direction and General Management of Orvisa, among other positions. From 2012 to 2013, he was the central manager of Subsidiaries. He is the vice-president of the subsidiaries he supervises: Soltrak, Fargoline, Forbis and Sitech; he is also a director of Motored. He was Director and Vice-president of the Lima Chamber of Commerce during different periods, as well as of the Peruvian Automotive Association. He studied at the University of Lima; obtained specialization diplomas from ESAN and the Senior Management Program (PAG) of the Incae in Costa Rica; and participated in the Corporate Governance Program for Company Directors (PDE) of EY. He holds a Master's degree in Marketing and Commercial Management from the EOI business school in Spain. He participated in the Kellogg On Marketing program in the Kellogg School of Management at Northwestern University.

Patricia Gastelumendi Lukis
Corporate Finance Manager

Ferreycorp Corporate Finance Manager since 2012. Joined the Corporation in 1987. During his career he held several positions, among them Administration and Finance Manager of Ferreyros, as well as Credit and Collection Manager in that company. She is currently member of the Board of Directors of all Ferreycorp subsidiaries, except Ferreyros. She has been a member of IPAE's Board of Directors in the periods 2007-2009 and 2012- 2015, as well as of its Integrity Committee in the period 2013- 2018. She has been member of the Board of Directors of Procapital since 2006 and is, to date, member of its Corporate Governance Committee. She is member of the Advisory Council of the Association of Corporate Secretaries (Ascla). She was President of the Organizing Committee of CADE Universitaria in 2010. She is a representative of Ferreycorp since 2006 and a member of the Steering Committee of the Latin American Corporate Governance Roundtable (Companies Circle), composed of Latin American companies leaders in the implementation of good corporate governance practices. She is also a member of the Advisory Council of the School of Management of San Ignacio de Loyola University (USIL). She has a degree in Business Administration from the Universidad de Lima and an MBA from the Universidad Adolfo Ibáñez and Incae. In 2007, she participated in the Caterpillar Leading for Growth and Profitability program at the University of North Carolina's Kenan-Flagler Business School. In 2009, she participated in the Global Economic Management program taught by the Harvard Extension School Faculty and, in 2012, in the Corporate Governance program at the Yale School of Management. In 2017, she participated in the Merger Week program: Creating Value through Acquisitions and Strategic Alliances, at the Kellogg School of Management. In 2018 she was a professor in the Master's Program in Finance at the Universidad del Pacífico.

Alberto García Orams
Corporate Manager Technology, Processes and Innovation

Corporate Manager of Information Technology, Processes and Innovation of Ferreycorp since October 2014. Currently he is Director of Soluciones Sitech Peru, a company of the Corporation. He previously worked in several positions related to services in business management and information technology. He has been partner of 360 Consulting, a business consulting company; associate partner at IBM; corporate manager of Systems of the Gloria Group; managing director at Métrica; information manager at Mauricio

Hochschild & Cía. He began his career at IBM in positions of Systems Engineering, Sales and Project Management. He has a Bachelor's degree in Science and Industrial Engineering from the Pontificia Universidad Católica del Perú and a Master's degree in Business Administration from the Programa de Alta Dirección of the Universidad de Piura.

Maria Teresa Merino Caballero
Human Resources Manager

Human Resources Manager of Ferreycorp since 2014. She has more than 30 years of professional experience in organization and development of companies; mergers and acquisitions processes; talent management, compensation, benefits and labor relations. Her professional development has focused mainly on the banking, finance, insurance and pension fund management (AFP) sectors. She has worked at Credicorp Group, Banco de Credito del Peru (BCP), in Human Resources management positions; AFP Unión, AFP Prima and Financiera Solución; Banco Santander and Banco Boston (Peru) as responsible for acquisition and merger processes; Grupo Sura, an insurance and real estate company, as Human Resources Manager. She has a degree in Administrative Sciences and Human Resources Management from the Universidad de San Martín de Porres and a Master's Degree in Business (MBA) from the Centrum Católica business school of the Pontificia Universidad Católica del Perú. She has specialized in talent management and compensation, negotiations, organizational development, culture and work environment, in Peru and abroad, by Universidad Adolfo Ibáñez, ESAN, INCAE, Universidad de Piura, Universidad del Pacífico, as well as in Boston Consulting and McKinsey. She was professor at the Centrum Católica business school between 2007 and 2012.

Eduardo Ramírez del Villar López de Romaña
Corporate Affairs Manager

Corporate Manager of Corporate Affairs for Ferreycorp since 2014, responsible for legal and compliance issues. Previously, he was Corporate Affairs Division Manager of Ferreyros since 2010. He joined the Corporation in 1999, serving as legal manager. He was responsible for managing the legal area of the Finance Vice-presidency of the Andean Development Corporation (CAF) at its headquarters in Caracas, Venezuela, as legal responsible for the passive operations of this international organization and before that as a lawyer for the Legal Consultancy, supporting financing operations for the public and private sector in Peru and in the structuring of large projects at a regional level. Previously, he worked as legal manager of Cosapi Organización Empresarial, linked to providing legal advice on issues related to the construction business. He is member of the Legal Affairs Committee, the Compliance Committee and the Ethics Tribunal of the American Chamber of Commerce of Peru (Amcham Peru). He has followed several specialization courses both in Peru and abroad. In 2007, he followed the Caterpillar Leading for Growth and Profitability program, taught at the Kenan-Flagler Business School of the University of North Carolina. He is a lawyer from the Pontificia Universidad Católica del Perú, with a Master in Laws degree from George Washington University (Fulbright scholar).

Tito Otero Linares

Corporate Audit Manager

Corporate Audit Manager for Ferreycorp since 2016. He was deputy manager of Audit in 2015 and manager of IT and Processes at Ferreyros, from 2000 to 2014, with corporate responsibility for all the companies of the Group, in systems, technology, telecommunications and business processes. Additionally, from 2003 to 2010 he directed the Six Sigma program, which transformed the main key processes of the business. He was member of the Caterpillar/CIO Council in 2014. Prior to joining Ferreyros, he served as Operations and Systems Manager at AFP Unión from 1998 to 1999, Operations Manager at Orión Banco from 1996 to 1997, and Operations and Systems Manager at AFP El Roble from 1993 to 1996. He worked at IBM del Peru from 1981 to 1993, where he held several positions related to internal control management and systems auditing, including financial and operating systems audits, which would later be installed at IBMs around the world. He was auditor at Price Waterhouse from 1978 to 1981. He is a certified public accountant, graduated from Universidad de Lima. He has participated in several specialization and post-graduate courses in Peru and abroad and has been a hired professor at ESAN.

Professional experience of Ferreyros' main staff members

Gonzalo Díaz Pró

General Manager

General Manager of Ferreyros S.A. since January 2016. Previously, he was Deputy General Manager; previously, he was Central Business Manager for seven years; and Manager of the Great Mining Division. He joined the company in August 2004. He has more than 25 years of experience in management and development of construction, open pit mining and energy projects, both in Peru and Chile. He held several positions in the Cosapi group, including Commercial Management of the subsidiary in Chile and Project Management of its joint venture with Bechtel Corporation, in charge of the execution of the EPCM contract of the former Antamina 70ktpd Greenfield.

He has been member of the Board of Directors of Sociedad Nacional de Minería, Petróleo y Energía from 2017 to 2019, and for six years he was president of its Suppliers Committee. Since 2014 he is member of the Board of Directors of the Canada-Peru Chamber of Commerce. He has also been member of the Board of Directors of the Suppliers Committee of the Peruvian Chamber of Construction (Capeco) and of the Infrastructure, Energy and Mining Committee of the American Chamber of Commerce of Peru (Amcham Peru). He is member of the Board of Directors of several of the Corporation's companies and Vice-President of Unimaq.

He is civil engineer graduated from the Pontificia Universidad Católica del Perú; he has an MBA from the Universidad Adolfo Ibáñez in Chile and the Incae Business School in Costa Rica. He also graduated from the CEO Management Program at Kellogg School of Management (Northwestern University) and has participated in several specialization courses in Peru and abroad. Among them is the Program for Training of Business Directors, from the Universidad del Pacífico, the Universidad de Piura and the consulting firm EY, as well as the Caterpillar Senior Management Program, from the Kenan-Flagler Business School, University of North Carolina (United States).

Luis Fernando Armas Tamayo
Large Mining Division Manager

Division Manager for Large Scale Mining since 2012, with over 30 years of experience in management, implementation, marketing and market development of heavy equipment for open pit mining operations. He served as regional manager of Caterpillar for Northern Latin America, based in Miami (United States), during 2011; as general manager of Bucyrus South Africa, based in Johannesburg, from 2009 to 2011; and as general manager of Bucyrus Peru, from 2000 to 2009, participating in the implementation and creation of the company in the national mining market. He previously held the position of senior mine maintenance manager at Minera Alumbra (Argentina), from 1997 to 2000. He also held engineering, planning and maintenance positions at Southern Peru, at its Cuajone operations, from 1986 to 1997. He is currently director of the Soltrak subsidiary. He is a mechanical and electrical engineer graduated from the National University of Engineering, with postgraduate studies in the Senior Management Program of the University of Piura; a graduate of Caterpillar's Senior Management programs at the Kenan-Flagler Business School, University of North Carolina (USA); from the Senior Executive Leadership Program at Yale School of Management, Connecticut (United States); and recently from the CEO Innovation Management Program at IESE Business School, University of Navarra (Barcelona, Spain), in addition to numerous specialization courses in mining equipment in Peru, Chile and the United States.

Enrique Salas Rizo-Patrón
National Accounts Division Manager

National Accounts Division Manager from 2016. He previously led the Construction and Mining Division Management, between 2010 and 2015. He also worked as general manager of the subsidiary Mega Representaciones S.A. (currently Soltrak) from 2007 to 2010. He is director of several companies of the Corporation. He was founder and general manager, from 1999 to the end of 2006, of Mega Caucho S.A., a leading company in the commercialization of off-road tires and lubricants for the industry in the country. He worked as Sales Director at Andean Trading S.A., exclusive representative of Goodyear International for Peru, a company in which he worked since 1986. He has 33 years of experience in sales and value-added service of industrial products for the mining, construction, transportation and industrial markets. He studied at the University of Lima and followed a specialization in Sales, Marketing and Services at ESAN, as well as other studies dedicated to commercial, administrative and financial management for entrepreneurs. He has participated in courses and forums of Caterpillar and institutions related to the above mentioned markets. In 2018 he participated in the Senior Executive Leadership Program at Yale School of Management, Connecticut (United States).

Ronald Orrego Carrillo
Regional Account Division Manager

Manager of the Regional Accounts Division, which includes the branch network and the Government and Agriculture areas, since 2016. Joined Ferreyros in 1994 as assistant to the Service Management nationwide. Subsequently, he led the implementation of medium speed engine projects for the marine and power generation sectors, as well as the product support plans. In 2002 he became Head of the Department of Energy, in the commercial area, and later held other positions in the Energy area; between 2010 and 2015 he worked as Manager of Energy, Hydrocarbons and Marine. He has more than 25 years of experience in commercial and managerial management, currently leading the development of the branches nationwide, as well as the agricultural and government business. He has worked as director of Ferrenergy, a subsidiary of Ferreyros dedicated to the sale of energy. Mechanical engineer graduated from the Pontificia Universidad Católica del Perú, he has an MBA with honors from the Universidad del Pacífico, as well as an EMBA from the Universidad Adolfo Ibáñez in Chile and the Incae Business School

in Costa Rica. He has participated in several specialization courses and Caterpillar forums on commercial and product support, as well as risk management.

Paul Ruiz Lecaros

Energy and Retail Manager

Manager of the Energy & Retail Business Unit, he has more than 20 years of experience in Ferreyros. As part of his experience in the company, he led the Spare Parts and Services management, as well as the Mining Commercial management. Likewise, he assumed the leadership of Quality Control in Warehouses, Spare Parts Inventory and Spare Parts Marketing. He also worked in the Customer Relationship Management (CRM) area. He is certified as a Black Belt in the Six Sigma continuous improvement program. He is an industrial engineer from the University of Lima, has completed an MBA from the Universidad Adolfo Ibáñez in Chile and the Incae Business School in Costa Rica, as well as a postgraduate degree in Marketing from the Pontificia Universidad Católica del Perú.

Angélica María Paiva Zegarra

Administration and Finance Division Manager

Administration and Finance Division Manager since 2017. Since January of that year until June 2018, she led the management of Ferreyros' Treasury and Administration, Customer Financial Services, Prime Billing and Illegal Mining Control Unit areas. In June 2018, she took over the management of these areas, as well as the Accounting, Taxes, Management Control and Budget areas of Ferreyros, which were under the responsibility of the Central Finance Management. With 29 years of experience in the Corporation, she led the Financial Services Management, from 2005 to 2016, and the Treasury and Administration Management, responsibility incorporated in the last two years of that period. During her career at Ferreyros she worked as Deputy Manager of Prime Logistics, Deputy Manager of the Rental Business and as Head of the Marketing Department, among others. She joined the Corporation in 1990, starting her career in the Credit and Collection area. She has a degree in Business Administration from Universidad de Lima, with a PADE in Marketing from ESAN, as well as an MBA from Universidad Adolfo Ibáñez in Chile and INCAE in Costa Rica. She has followed specialization courses in Peru in accounting, tax and financial areas at ESAN and abroad, including the Caterpillar Leading for Growth and Profitability program, from the Kenan-Flagler Business School of the University of North Carolina, and the CFO Executive Program, from the Chicago Booth University Business School. She was also a member of the Investment Committee of the Compass Operating Lease Fund from 2013 to 2016. She has been member of Amcham's Financial Affairs Committee since 2015. Professor during 2019 in the Master of Finance Program at the Universidad del Pacifico Business School.

José López Rey Sánchez

Central Manager of Human Resources

Central Manager of Human Resources at Ferreyros since 2016, he has been the central manager of Product Support since 2012. He joined the Corporation in 1981. He was Service Manager from 1994 to 1998 and Spare Parts and Services Manager from 1999 to 2001, when he was promoted to Product Support Division Manager. He holds a Bachelor's degree in Mechanical Engineering from Universidad Nacional de Ingeniería. He has followed courses in Administration and Management Accounting at ESAN, as well as the Senior Management Program at the University of Piura. In 2007 he participated in the Caterpillar Leading for Growth and Profitability program, taught at the Kenan-Flagler Business School of the University of North Carolina. In 2016 he attended the Managing Talent for Strategic Advantage program, at Stanford Graduate School of Business.

Jorge Durán Cheneaux

Product Support Division Manager

Product Support Division Manager since 2016. He was in charge of the Branch and Agriculture Division Management from 2012 to 2015. He joined the Corporation in 1994 as a field service engineer in charge of the Cerro Verde mining operation. Later, he assumed the responsibility of Southern Region Service Manager at the Arequipa branch. In 1999, he took over the Management of Services nationwide; in 2001, the Management of the Component Repair Center (CRC) and Talleres Lima; in 2005, the Management of Large Mining Operations; and in 2007, the Management of the Large Mining Division. He graduated with a Bachelor of Science in Mechanical Engineering from the Pontificia Universidad Católica del Perú (PUCP), in 2009 he obtained an MBA from the Universidad Adolfo Ibáñez in Chile and the Incae in Costa Rica. He has participated in several specialization courses and forums of Caterpillar, he is certified as a Black Belt in the Six Sigma continuous improvement program and in 2007 he graduated from the Caterpillar Leading for Growth and Profitability program, taught by the Kenan-Flagler Business School of the University of North Carolina.

Alan Sablich Nairn

Marketing and Digital Business Division Manager

He assumed the Marketing and Digital Business Division in 2017. He leads the Commercial Intelligence, Customer Experience, Commercial Support, Campaigns and Promotions areas, as well as Ferreyros' businesses managed through digital media, such as e-commerce, equipment connectivity and digital transformation projects. Previously, he held the position of Marketing Manager since 2015, after holding the position of Sales Support Manager since 2013. Before joining Ferreyros, he held different leadership positions in marketing, digital and consulting in national and international companies, such as Belcorp, Ripley, General Electric Australia, Portland Group Australia, and Soluziona Peru & Spain. He is industrial engineer from Universidad de Lima, with an MBA from Melbourne Business School Australia, certified in Marketing Management by Rutgers University. He has taken numerous courses in leadership, marketing and digital strategy.

José Gutiérrez Jave
Supply Chain Division Manager

Division Manager since 2018, with 21 years within the Ferreycorp corporation. He worked as commercial manager of Machinery, from 2014 to 2017; as Product Manager of Loading and Drilling, from 2012 to 2013; as Manager of Construction Machinery, from 2010 to 2012; and as Deputy Manager of Construction Machinery, from 2007 to 2010.

He has also performed different positions within Ferreyros, such as head of Administration and Logistics, account manager, maintenance inspector, consignment analyst and sales representative, among others, which give him field experience in service and maintenance of Caterpillar machinery, logistics and administration of mining operations, as well as marketing and sales of Caterpillar parts and machinery. He graduated as a mechanical engineer from Pontificia Universidad Católica del Perú, with a Master's degree in Business Administration from Centrum Católica business school, Pontificia Universidad Católica del Perú.

Professional experience of the main executives from other subsidiaries and businesses

Alberto Parodi de la Cuadra
General Manager of Unimaq

General Manager of Unimaq since January 2016 and, previously, Deputy General Manager of the company. He previously held the position of Central Manager of Business and Operations of Corporación General de Tractores, S.A. (Gentrac), in Guatemala, from 2010 to July 2015. He joined Ferreyros in 1995, where he worked as Manager of the Construction, Medium Mining and Energy Division, between 2007 and 2010; as Commercial Manager of Construction and Medium Mining, between January 2006 and January 2007; and as Commercial Post-Sale Manager, between July 2002 and December 2005, among other positions. He is director of the Ferreycorp Orvisa and Motriza subsidiaries.

He is an industrial engineer graduated from the Ricardo Palma University and has a Master's degree in Strategic Business Administration from Centrum Católica, business school of the Pontificia Universidad Católica del Perú. He has also taken the FSE (Finance for Senior Executives) course at Harvard University in Boston and the Leadership course at Incae in Costa Rica. He participated in the Caterpillar Leading for Growth and Profitability program, taught at the Kenan-Flagler Business School of the University of North Carolina, and has taken several specialization programs in Peru and abroad. Since August 2019, he has been teaching part-time at the School of International Business Administration of the Universidad Peruana de Ciencias Aplicadas (UPC).

César Vásquez Velásquez
General Manager of Orvisa

General Manager of Orvisa S.A. since February 2006. With 20 years of experience in the field of capital goods, he has held the positions of general administrator, administrative head and general accountant in the same company, which he joined in 2000. He worked in Interbank's network of stores and was general accountant of Compañía Embotelladora Lusitania. He was member of the Board of Directors of the Caja Municipal de Ahorro y Crédito de Maynas (CMAC Maynas), between 2005 and 2007, as well as member of the Senati Loreto Zonal Council, in the 2009- 2011 and 2016-2017 periods. He has a Master's Degree in Financial Management from the Escuela de Organización Industrial (EOI) in Spain, a Master's Degree in Higher Education from the Universidad Nacional Mayor de San Marcos (completed studies), as well as an

Advanced Level Certification in Sales from Caterpillar University. He graduated as a public accountant from the Universidad Nacional de la Amazonía.

Ricardo Ruiz Munguía

General Manager of Gentrac and General Equipment

General Manager of Gentrac Corporation and its subsidiaries in Central America. Joined General de Equipos in 1978. He has held positions in different areas of the company, becoming General Manager in 1991. In 1998, when General de Equipos acquired 100% of Gentrac in Guatemala and Gentrac in Belize, he was appointed Vice-president of the Board of Directors and Executive Director of the three companies. In 2001, he was appointed President of the Board of Directors and CEO of Gentrac Corporation, the holding company of the above mentioned companies. In other activities in El Salvador, he has worked as a member of the Board of Directors of Aseguradora Agrícola Comercial; member of the Board of Directors of Banco de Comercio; president of the Board of Directors of Banco Atlacatl; member of the Board of Directors of the Central Reserve Bank; member of the Board of Directors of the Banking Association; director of Financiera Atlacatl; as well as director of the Asociación de Ahorro y Préstamo Aprisa. He has a degree in Agricultural Economics from the University of Louisiana and a Masters in Business Administration from the Incae.

Rodolfo Paredes León

General Manager of Soltrak

General Manager of Soltrak S.A. since May 2018. He was previously Corporate Manager of Strategy and Business Development at Ferreycorp, since 2012, and before that, he was Manager of Development and Investments at Ferreyros, since 2007. He led key initiatives such as the strategic planning of the Corporation and other development projects, including the internationalization of the Corporation, as well as the incorporation of new businesses during his management. He has more than 20 years of professional experience, in which he stands out for the management of projects in multiple industries, including aerospace, technology, logistics, pharmaceutical, industrial and construction and mining equipment, among others. Prior to Ferreycorp, he worked in several entities such as Oficina de Normalización Previsional (ONP), Farminindustria and IBM, in Peru, and Honeywell International Inc. in the United States. He is currently director of the Corporation's subsidiaries such as Motored, Fargoline and Forbis Logistics. He graduated as an industrial engineer from the Universidad de Lima, and holds a Master of Business Administration (MBA) from the University of Notre Dame (United States), where he graduated with honors (cum laude). He has participated in multiple specialization courses in Peru and abroad, such as the program for creating value through strategic alliances and acquisitions of the Kellogg School of Management at Northwestern University (United States).

Víctor Otero Pizarro

General Manager of Trex Latin America

General Manager of Trex Latin America since its constitution in 2014. He previously worked as general manager of Equipos y Servicios Trex S.A., which he founded in 2000 with his partners. He has 25 years of experience in management and business development of capital goods, in the mining and port areas, holding several positions in the company Minepro Chile, today Joy Global, including the management of the Material Handling division which grouped P&H cranes, PPM port equipment and Morris bridge cranes. Architect from the Pontificia Universidad Católica de Chile, he has an MBA from the Universidad Adolfo Ibáñez.

Carlos Ojeda Iglesias

Trex Manager in Peru, Ecuador and Colombia

He is manager of Trex in Peru, Ecuador and Colombia. He previously worked as manager of the Tire Division at Soltrak (formerly Mega Representations), between 2007 and 2014. He was Operations and Services Manager at Mega Caucho (2004 - 2006), a company providing consumable products for mining, construction and transportation, which was later acquired by the Corporation and became Soltrak. He also worked as a Marine officer for 15 years, with experience in operations and leadership (1991 - 2004). He graduated from the Escuela Naval del Perú, and completed a Management MBA at the Centrum Católica business school, Pontificia Universidad Católica del Perú, as well as a postgraduate program in Operational Analysis at the Universidad de Bahía Blanca and the Escuela de Oficiales de la Armada Argentina. He is a certified ontology coach of the Newfield Network School.

Javier Barrón Ramos Plata

Cresko Manager

Manager of Cresko. He began his career in 1996 at Ferreyros, holding several positions in the Commercial and Administrative areas in various branches of the Corporation. He obtained several awards and recognitions in courses given by Caterpillar. He has 23 years of experience in the field of capital goods marketing. He has been zonal advisor of Senati in La Libertad from 2010 to 2012, as well as representative of the organization in the various chambers of commerce of the branches he worked with, and is currently a member of the Machinery Committee of CCL. He graduated as an industrial engineer from the University of Piura, graduated with honors in the Master of Business Administration in ESAN, with postgraduate studies in Finance in ESAN and High Management Program in Incae. He has participated in several Marketing, Leadership and Sales courses taught by Caterpillar. He has received the Advanced Level Certification in Sales from Caterpillar University.

Jorge Devoto Núñez del Arco

General Manager of Forbis Logistics

General Manager of Forbis Logistics Corp. and Forbis Logistics S.A. since 2013. He has experience in managing logistics projects since 2001. With more than eleven years of experience in the Corporation, he has held positions in three representative areas: Commercial, Projects and Logistics. Among his experience, it is worth mentioning his participation in the exchange program with Caterpillar, in Miami, where he worked for a year. He is certified as a Black Belt in the Six Sigma continuous improvement program, as well as in Caterpillar Production System (CPS), a continuous improvement methodology adapted to the Caterpillar world. He has a Bachelor's degree in Food Industries from Universidad Nacional Agraria La Molina and graduated with honors in Strategic Business Administration (MBA) from Centrum Católica business school, Pontificia Universidad Católica del Perú. He took the CEO's Management Program course at Kellogg University, Chicago.

Raúl Neyra Ugarte

General Manager of Fargoline

General Manager of Fargoline S.A. since 2009. He began his professional career in the Navy, and then moved to the private sector, working at Molinos Takagaki, within the poultry sector, and at Nestle, in the mass consumption sector. He joined Ferreyros in 1995, where he has held management positions since 2005, after working in different areas of the Corporation. He is member of the Board of Directors of the Association of Port Operators of Peru. He holds an MBA from Incae in Costa Rica and Universidad Adolfo Ibáñez in Chile, as well as a specialization in Logistics from Pontificia Universidad Católica del Perú. He is certified as a Black Belt in the Six Sigma continuous improvement program, by Caterpillar University, and is a graduate of the Peruvian Naval School as a Marine Officer with the degree of Bachelor of Administration.

Marcos Wieland Conroy

General Manager of Sitech Peru Solutions

General Manager of Soluciones Sitech Perú S.A. since the beginning of its operations in 2013. He started his career in IBM as a system support engineer. Later, he worked at Microsoft as Marketing Program Manager in the education, marketing and sales areas; at the consulting company BCTS, as Business Manager; and at Price Waterhouse Coopers, as Marketing Manager. He joined Ferreyros in 2007, as Business Development Manager in the Marketing area, a position he held until his current position. He has a Master's degree in Business Administration from the University of Texas at Austin and a Bachelor's degree in Industrial Engineering from the Pontificia Universidad Católica del Perú and a Bachelor's degree in Computer Science from the University of Arkansas at Little Rock. He has been professor of Marketing and Technology for more than ten years at ESAN.

Ernesto Velit Suarez

General Manager of Ferrenergy

General Manager of Ferrenergy since October 2016. He has more than 30 years of experience in the management of companies related to manufacturing, construction and consulting in mining, energy, industry, gas, petroleum and hydrocarbons. He was general manager of FIMA, a metal-mechanic company, and Skanska, a construction company; project manager of Cosapi and Parsons; and of consulting companies such as Cesel. He was vice-president of the Association of Private Metalworking Companies of Peru and of the Committee of Suppliers of the National Society of Mining, Petroleum and Energy; member of the Metalworking Committee of the National Society of Industry and of the Board of Directors of the Peruvian Chamber of Construction. Mechanical-electrical engineer with a specialty in Energy, graduated from the Polytechnic Institute of Bucharest. He has a Master of Sciences granted by the Polytechnic Institute Bucharest and the Polytechnic Institute of Paris.

1.5 Association affiliation

(GRI 102-13)

Both Ferreycorp Corporation and its subsidiaries are active participants and/or work together with several associations related to the sectors they serve or to the guidelines, values and policies of the Corporation, seeking to promote a culture of continuous improvement and good corporate practices. The following is a description of the associations of the Ferreycorp holding and the six companies with the highest operation volumes in Peru.

Ferreycorp	<ul style="list-style-type: none"> ▪ Circle of Companies of the Latin American Corporate Governance Roundtable (<i>Companies Circle</i>) ▪ Association of Capital Markets Companies (Procapitales) ▪ Invirtiendo en el Perú Association (InPerú) ▪ Peruvian Institute for Business Management (IPAE) ▪ Perú 2021 ▪ American Chamber of Commerce of Peru (Amcham) ▪ Peruvian-Chinese Chamber of Commerce (Capecti) ▪ Spanish Chamber of Commerce ▪ International Organization of Women in Business (Owit Perú) ▪ Association for the Progress of Management (APD) ▪ Latin American Association of Corporate Secretaries (Ascla) ▪ Association of Good Employers (ABE) ▪ Empresarios por la Integridad ▪ Cruzada Vial Associatio
Ferreyros	<ul style="list-style-type: none"> ▪ Association of Good Employers (ABE) ▪ Lima Chamber of Commerce ▪ American Chamber of Commerce of Peru (Amcham) ▪ Canada Chamber of Commerce ▪ German Chamber of Commerce ▪ Peruvian-Mexican Chamber of Commerce ▪ Peruvian Chamber of Construction (Capeco) ▪ National Society of Mining, Petroleum and Energy (SNMPE) ▪ National Society of Industries (SNI) ▪ National Fishery Society (SNP) ▪ Foreign Trade Society of Peru (Sociedad de Comercio Exterior del Perú, Cómex Perú) ▪ Perú 2021 ▪ Peruvian Association of Human Resources (Aperhu) ▪ Latin American Business Council (CEAL) ▪ Peruvian Institute of Economics (IPE) ▪ Latin American Institute for Research and Road Studies (ILIEV)
Unimaq	<ul style="list-style-type: none"> ▪ Association of Good Employers (ABE) ▪ Perú 2021 ▪ Lima Chamber of Commerce ▪ Peruvian Chamber of Construction (Capeco)
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 Industries of Amazonas ▪ Chamber of Commerce and Industry of Huánuco

Fargoline	<ul style="list-style-type: none"> ▪ Association of Good Employers (ABE) ▪ Peruvian Association of Port Operators (Asppor) ▪ Foreign Trade Society of Peru (Cómex) ▪ Perú 2021 ▪ Lima Chamber of Commerce (CCL) ▪ Exporters Association (Asociación de exportadores, Ádex)
Motored	<ul style="list-style-type: none"> ▪ Association of Good Employers (ABE) ▪ Peruvian Automotive Association (AAP) ▪ American Chamber of Commerce of Peru (Amcham) ▪ Perú 2021
Soltrak	<ul style="list-style-type: none"> ▪ Association of Good Employers (ABE) ▪ Lima Chamber of Commerce (CCL) ▪ Peruvian-Chinese Chamber of Commerce (Capechi) ▪ Peruvian Automotive Association (AAP) ▪ Perú 2021 ▪ American Chamber of Commerce of Peru (Amcham)

Appendix 2: Capital stock and shareholding structure

2.1 Capital stock and share price performance

As of December 31, 2019, the capital stock of Ferreycorp is represented by 975,683,029 common shares with a nominal value of PEN 1.00 each, fully subscribed and paid, out of which 71.82% belongs to Peruvian investors and 28.18% to foreign investors. The outstanding shares on December 31, 2019 are 969,951,180.

Regarding Ferreycorp's share value, it suffered a significant drop during the year, without reflecting the real behavior of the business or its real fundamentals.

During the year, an ordinary dividend of PEN 121,515,385.94 was paid to shareholders, equivalent to PEN 0.1245439168 per share. Additionally, in order to increase the total return to the shareholder, two extraordinary dividends were paid for PEN 50,000,000 each (equivalent to PEN 0.051246151172 per share each), derived from the extraordinary income obtained from the sale of the investment Ferreycorp had in La Positiva Vida and La Positiva Seguros y Reaseguros. The dividend yield for 2019 was 9.3%.

The opening share quote of the year was PEN 2.53 and the closing share quote was PEN 2.19, which added to the dividend per share of PEN 0.2270362191 results in a yield to the shareholder of -4%. The maximum quote reached PEN 2.67 in February and the minimum was PEN 1.96 in October 2019. The average share price in 2019 was PEN 2.25, considering the closing prices of the Lima Stock Exchange.

2.2 Repurchase of shares

At its meeting on October 30, 2019, the Board of Directors approved a program to repurchase shares of its own stock for up to 50 million shares (5% of the capital), in a context where the share price was below its fundamental value, and even accounting, making it an attractive investment opportunity.

The share repurchase program has been running during the year and will continue to be monitored and reported to the market. The maximum retention period for this investment in treasury shares is two years, in accordance with the provisions of the General Law on Corporations.

At the end of December 2019, Ferreycorp has repurchased 5,731,849 shares, for a value of PEN 12,237,506, at an average price of PEN 2.14. It is important to mention that, since October 30th when the program was announced until December 31st, 2019, the share price has shown a recovery of 6.3%.

2.2 Shareholding structure

Shareholders holding 4% or more of the company's capital as of December 31, 2019 are:

Names and surnames	Number of shares	Share (%)	Country
Prima - Fondo 2	68,253,171	7.00%	Peru
Onyx Latin America Equity Fund LP	64,820,765	6.64%	United States of America
Integra - Fondo 3	52,647,619	5.40%	Peru
Integra - Fondo 2	51,240,799	5.25%	Peru
Profuturo – Fondo 2	47,199,794	4.84%	Peru
Prima - Fondo 3	42,318,537	4.34%	Peru

The distribution of voting shares is as follows:

Ownership	N° of shareholders	N° of shares	Share (%)
More than 10% of the capital	0	0	0.00%
Between 5% and 10% of the capital	4	237,007,911	24.44%
Between 1% and 5% of the capital	12	359,536,805	37.07%
Less than 1 % of the capital	2,493	373,406,464	38.50%
Total	2,509	969,951,180	100.00%

2.3 Shareholding structure by type of investor

Share: FERREYC1		
Ownership by type of shareholders of the stock or representative share value composing the S&P Peru Select Index (at the end of the year)	Number of holders	% of shareholding (3)
1. Members of the board of directors and senior management of the company, including relatives (1).	25	2.12%
2. Workers of the company, not included in item 1.	85	0.02%
3. Natural persons, not included in items 1 and 2.	2,157	10.22%
4. Pension funds managed by Pension Fund Administrators under the supervision of the Superintendence of Banking, Insurance and AFP.	12	35.63%
5. Pension fund administered by the Oficina de Normalización Previsional (ONP).	-	
6. Entities of the Peruvian State, with the exception of the case included in item 5.	1	0.28%
7. Banks, finance companies, cajas municipales, edpymes, cajas rurales and credit unions under the supervision of the Superintendence of Banking, Insurance and AFP.	4	0.38%
8. Insurance companies under the supervision of the Superintendence of Banking, Insurance and AFP.	4	7.97%
9. Brokerage agents, under the supervision of the SMV.	4	0.37%
10. Investment funds, mutual funds and trust estates under the scope of the Stock Market Law and the Law on Investment Funds and Bank Trusts under the General Law of the Financial System.	28	3.75%
11. Autonomous estates and bank trusts from abroad, to the extent that you can identify them.	137	23.79%
12. Foreign depositaries who are listed as shareholders under ADR or ADS programs.		
13. Foreign depositaries and custodians who are listed as shareholders not included in item 12.	6	1.25%
14. Foreign custodians listed as shareholders.		
15. Entities not included in previous items (2).	46	13.63%
16. Shares belonging to the S&P/BVL Peru Select Index or representative value of these shares, in the company's portfolio.	1	0.59%
Total	2,510	100.00%

Ownership by holders of the shares or the representative value of participation comprising the S&P/BVL Peru Select Index, according to their residence (at the end of the fiscal year)	Number of holders	% of shareholding (3)
Domiciled	2,316	71.82%
Not domiciled	194	28.18%
Total	2,510	100.00%

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

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

(3) Two decimals.

Appendix 3: Information related to the stock market registered in the Public Registry of the Stock Market

3.1 Common stocks

FERREYCORP S.A.A.

Variable Income

ISIN Code	Mnemónico	Year-Month	2019 QUOTES				Price Average PEN
			Opening PEN	closing PEN	Max PEN	Min PEN	
PEP736001004	FERREYC1	2019-01	2.53	2.52	2.55	2.40	2.49
PEP736001004	FERREYC1	2019-02	2.52	2.46	2.67	2.46	2.57
PEP736001004	FERREYC1	2019-03	2.47	2.47	2.51	2.44	2.47
PEP736001004	FERREYC1	2019-04	2.47	2.45	2.52	2.37	2.43
PEP736001004	FERREYC1	2019-05	2.46	2.17	2.50	2.17	2.27
PEP736001004	FERREYC1	2019-06	2.18	2.26	2.26	2.14	2.21
PEP736001004	FERREYC1	2019-07	2.28	2.16	2.42	2.10	2.20
PEP736001004	FERREYC1	2019-08	2.16	2.05	2.16	2.00	2.05
PEP736001004	FERREYC1	2019-09	2.04	2.11	2.14	2.04	2.09
PEP736001004	FERREYC1	2019-10	2.09	2.17	2.17	1.96	2.01
PEP736001004	FERREYC1	2019-11	2.19	2.14	2.24	2.09	2.15
PEP736001004	FERREYC1	2019-12	2.14	2.19	2.19	2.00	2.09

3.2 Representative debt instruments in force

3.2.1 International Bonds

Ferreycorp issued in April 2013 US \$ 300 million in corporate bonds in the international market. The amount collected from this issuance, with a coupon of 4.875%, was used to refinance the debt for an average term of three years with amortizations, to a seven-year bullet payment. In this way, the Corporation released short-term credit lines and covered its medium-term needs.

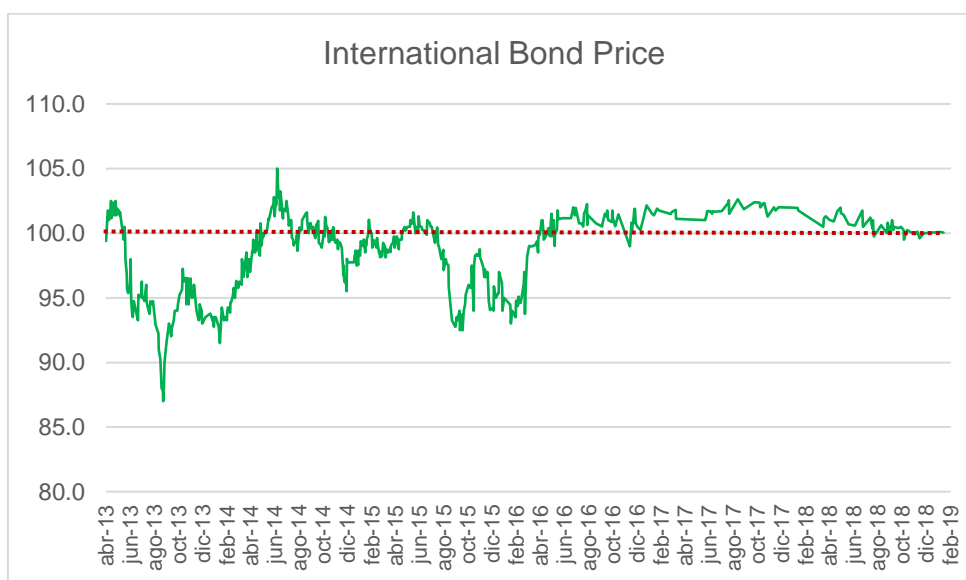
The lower dynamism of the economy during 2016 caused a reduction in the demand of financial resources for both working capital and investments, generating cash flow liquidity. Likewise, there was a low interest rate offer, therefore, between December 2015 and March 2016 an OMR (Open Market Repurchase) of US \$ 17,667,000 was carried out, in order to achieve better and more flexible conditions, at an average price below par (US \$ 95.5).

The May 2016 Board of Directors approved the proposal for a new bond repurchase through a Tender Offer for up to US \$ 120 million, which was successfully concluded in June 2016, after completing the corresponding process.

On November 28, 2017, in order to reduce the Corporation's financial expenses and give greater flexibility to the debt structure, a partial bailout on the international bond was carried out for US \$ 62,333,000.00 under the terms of Indenture. This was approved by the Board of Directors in July 2017, in view of the cash surplus the Corporation had.

On March 27, 2019, it was proposed to the Board of Directors of Ferreycorp to execute the call (at par and without pre-payment penalty) of the International Bond for its total: US\$ 100,000,000. The bond could be replaced by debt with local and foreign financial entities with competitive conditions, and was prepaid in May 2019, through the execution of the call, as stated in the bond contract.

The following is the performance of the bonds since their issuance:



3.2.2 Local bonds

In 2018, Ferreycorp registered before the Superintendence of the Stock Market its Third Program of Representative Debt Instruments for US \$ 100,000,000 or its equivalent in soles, in order to have an additional source of financing.

Issues will depend on local market conditions. During 2019 no placement was made.

Appendix 4: Sustainability

4.1 Detailed description of the materiality process

(GRI 102-46; 102-47)

The Sustainability Report presented contains information on sustainable management based on economic, social and environmental aspects of the operations performed by **Ferreycorp Corporation and its six subsidiaries with the largest volumes of operations in Peru**, from January 1 to December 31, 2019.

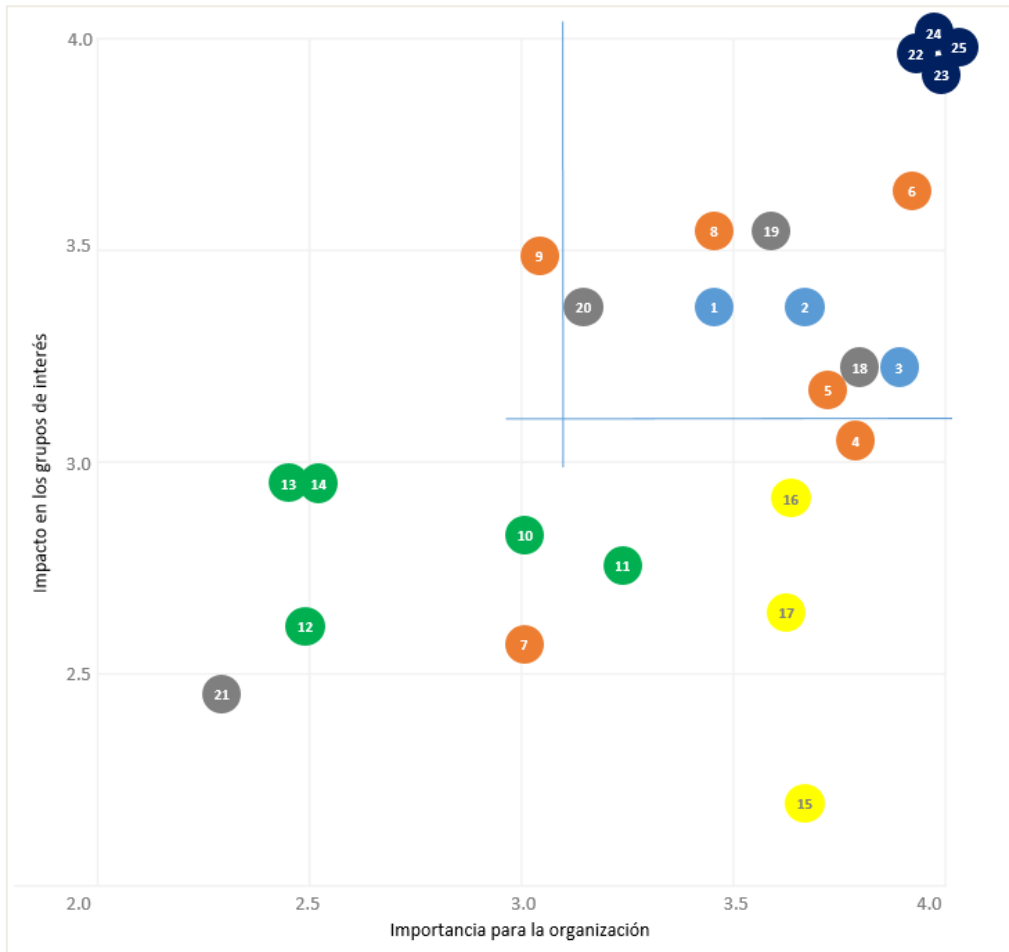
For this edition, we used the materiality analysis carried out in 2019, in which we reviewed primary and secondary sources that were used to validate the relevant subjects.

Thus, out of the 25 subjects, organized in six thematic pillars, 13 subjects were prioritized on the high relevance threshold (position above 3.2 points in each pillar, equivalent to 0.2% of the highest score in the scale from 1 to 4, on which each subject was evaluated).

Stages of materiality analysis

1. Review	2. Identification	3. Prioritization	4. Validation	5. Grouping
The sustainability reports of leading companies in the sector identified in RobecoSAM's Sustainability Yearbook 2015 were reviewed, highlighting the GRI aspects (now called "GRI thematic standards") reported material.	Interviews were carried out with the main management and heads of the six subsidiaries selected to be reported, where the main impacts were defined.	The risks and expectations gathered in the identification stage were reviewed and then prioritized. Organizational leaders validated the criteria of importance to each stakeholder group and assigned the assessment to the identified issues.	The materiality results were validated by the Corporate Finance Management.	Finally, the 13 material subjects were selected, which belong to six groups of subjects.

Materiality matrix of Ferreycorp Corporation and its 6 main subsidiaries



Integrity
1. Corporate Governance
2. Ethics and Integrity
3. In-house control and risk management

Commitment with society
15. Infrastructure development and promotion of education
16. Social investment and community relations
17. Training and development of technicians working in the industry

Development and welfare of employees
4. Talent development
5. Training and promotion of professional development
6. Health care, safety and working conditions
7. Competitive and equitable salary
8. Gender equity and diversity
9. Human Rights

Excellence in services
18. Relationship with suppliers
19. Customer Relationship
20. Innovation
21. Extended product liability

Commitment to environmental management
10. Efficient use of materials
11. Energy efficiency
12. Reduction of emissions
13. Waste reduction and effluent management
14. Water Management

Business Management
22. Financial Results
23. Market economic conditions
24. Competition
25. Operational efficiencies

The matrix is shown in the 2.0 to 4.0 axis, ranging from 1.0 to 4.0 scale. Any matter took a position under 2.0 points in one of the axis.

Ferreycorp reports in this document 22 specific contents of the GRI Standard. These are related to the 25 issues included in the materiality analysis, in order to maintain the comparability of the figures every year, regardless of the position taken by each issue in the period.

Specific GRI content related to the thematic areas

Identification of specific GRI content and coverage				
N°	Thematic area	Specific GRI related contents	Coverage	Related interest groups
1	Integrity	Anti-Corruption	Internal and External	Collaborators, customers, suppliers and government
2	Employee training and welfare	Employment	Internal	Collaborators
		Training and teaching	Internal	Collaborators
		Market presence	Internal	Collaborators
		Safety and health at work	Internal and External	Collaborators and suppliers
		Diversity and equal opportunities	Internal	Collaborators
		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	Collaborators 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
		Acquisition practices	External	Suppliers
		Marketing and labelling	External	Customers
		Customer Privacy	External	Customers
6	Business Management	Economic Performance	Internal	Shareholders

4.2 Table of Contents GRI, Global Pact and ODS

(GRI 102-55)

GRI Standard	Content	Global Pact	ODS Associated	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			Page: 23
	102-3 Location of headquarters			Jirón Cristóbal de Peralta Norte N° 820, Surco, Lima, Perú.
	102-4 Location of operations			Page: 24-26
	102-5 Property and legal status			Publicly Held Corporation
	102-6 Markets served			Pages: 24-26; 31-55
	102-7 Size of the organization			Pages: 24-26; 31-55
	102-8 Information about employees and other workers			Pages: 98-114
	102-9 Supply chain			Pages: 126-131
	102-10 Major changes in the organization and its supply chain			No significant changes reported
	102-11 Precautionary Principle or Approach			The Corporation's environmental strategy is oriented towards the management of environmental impact risks under the Standard Environmental Management System based on ISO 14001. This system is executed, monitored and audited through the Environmental Management Programs (EMP) of each company.
	102-12 External initiatives			Pages: 82-83
	102-13 Association affiliation			Pages. 185-186
	102-14 Statement of senior decision-making executives			Pages: 6-14

GRI Standard	Content	Global Pact	ODS Associated	Detail
	102-16 Values, Principles, Standards and Rules of Conduct			Pages: 18, 82-83, 113-114
	Governance			
	102-18 Governance Structure			Pages: 73-75
	Stakeholder involvement			
	102-40 List of stakeholders			Pages: 93-94
	102-41 Collective bargaining agreements			The collective bargaining agreements cover 100% of the employees, whether or not they belong to the union.
	102-42 Identification and selection of stakeholders			Pages: 93-94
	102-43 Approach to Stakeholder Involvement			Pages: 94
	102-44 Critical Issues and Concerns Mentioned			Pages: 93-94
	Reporting practices			
	102-45 Entities included in the consolidated financial statements			Pages: 58 - 59
	102-46 Definition of report contents and subject coverage			<p>Appendix 4: Description of the materiality process.</p> <p>This document refers to the management of Ferreycorp corporation. However, different scopes can be found in the text depending on the coverage of the subject.</p> <p>- To the corporate one, making reference to Ferreycorp and all its companies.</p> <p>-To Ferreycorp and its six main subsidiaries, making reference to the corporate level and the companies: Ferreyros, Unimaq, Orvisa, Soltrak, Motored and Fargoline.</p>

GRI Standard	Content	Global Pact	ODS Associated	Detail
				-To Ferreyros or other companies, only making reference to the mentioned companies in Peru. Page: 194-196
	102-47 List of material subjects			Appendix 4: Description of the materiality process. Pages: 194-196
	102-48 Restatement of information			Page 139
	102-49 Changes in reporting			None. The analysis of materiality for 2019 was maintained and the presentation of the Integrated Report, which is annual, continued with the same frequency.
	102-50 Reporting period			January 1 to December 31, 2019
	102-51 Date of last report			2018
	102-52 Reporting Cycle			Annual
	102-53 Point of contact for questions about the report			Email responsabilidadesocial@ferreycorp.com.pe Phone line 0-800-13372 Website: www.ferreycorp.com.pe
	102-54 Statement on the elaboration of the report according to GRI standards			Compliance-Essential
	102-55 GRI Index of Contents			Pages: 197-203
	102-56 External verification			Currently, the company does not have an external verification policy.
Material issues				
Integrity				
GRI 103: Management approach	103-1 Description of the material subject and its coverage			Pages: 19-21
	103-2 Management approach and its components			

GRI Standard	Content	Global Pact	ODS Associated	Detail
	103-3 Evaluation of the management approach			
GRI 205: Anti-Corruption	205-2 Communication and training on anti-corruption policies and procedures	Principle 10	ODS 16	Pages 19-21
Development and welfare of employees				
GRI 103: Management approach	103-1 Explanation of the material subject and its coverage			Pages 98-114
	103-2 Management approach and its components			
	103-3 Evaluation of the management approach			
GRI 401: Employment	401-1 New hires and staff turnover		ODS 1 y 10	Pages: 98-100
	401-3 Parental Leave		ODS 8	Pages: 105-106
GRI 404: Training and Education	404-2 Employee skill enhancement and transition assistance programs		ODS 5	Pages:107-108
GRI 202: Market presence	202-1 Ratio of standard entry level wage by sex against local minimum wage		ODS 1 y 10	Pages: 101-102
GRI 403: Occupational Health and Safety	403-1 Representation of workers in formal committees, worker health and safety company		ODS 3	Pages: 109-110
	403-2 Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to occupational accidents or diseases		ODS 8	Pages: 110-111
	403-3 Workers with high incidence or high risk of activity-related diseases			Pages: 109-110
GRI 405: Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women against men		ODS 5	Pages: 101-102
GRI 406: Non-Discrimination	406-1 Cases of Discrimination and Corrective Actions Taken	Principle 6	ODS 10	Pages: 106

GRI Standard	Content	Global Pact	ODS Associated	Detail
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	Principle 3		Page: 101
GRI 408: Child Labor	408-1 Operations and suppliers with significant risk of child labor	Principle 5	ODS 8	Pages: 106, 127
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers with significant risk of forced or compulsory labor	Principio 4	ODS 8	Pages: 106, 127
Commitment to environmental management				
GRI 103: Management approach	103-1 Description of the material subject and its coverage	Principio 7 Principio 8 Principio 9		Pages 132-153
	103-2 Management approach and its components			
	103-3 Evaluation of the management approach			
GRI 301: Materials	301-1 Materials used by weight or volume		ODS 15	Pages: 141-143
GRI 302: Energy	302-1 Energy consumption within the organization		ODS 13	Pages: 137-140
	302-3 Energy intensity			Page: 140
	302-4 Reduction of energy consumption			Page: 141
GRI 305: Emissions	305-1 Direct GHG emissions (Scope 1)		ODS 9 Y 13	Pages: 148-149
	305-5 Reduction of GHG emissions			Pages: 149-152
GRI 306: Effluents and waste	306-1 Discharge of water according to its quality and destination		ODS 13	Pages: 135-137
	306-2 Waste by type and disposal method			Pages: 143-145
	306-4 Transport of hazardous waste			Pages: 144-145
GRI 303: Water	303-1 Interaction with water as a shared resource		ODS 6	Pages: 133-135
	303-2 Management of impacts related to water discharges			Pages: 135-137
	303-3 Water extraction by source			Pages: 133-135
	303-4 Water discharges			Pages: 135-137

GRI Standard	Content	Global Pact	ODS Associated	Detail
Commitment to society				
Management approach	103-1 Description of the material subject and its coverage			Pages: 121-125
	103-2 Management approach and its components			
	103-3 Evaluation of the management approach			
GRI 413: Local Communities	413-1 Operations with local community participation, impact assessments and development programs		ODS 4	Pages: 121-125
	413-2 Operations with significant negative impacts - actual and potential - on local communities		ODS 4 y 6	Pages: 121-125
GRI 203: Indirect Economic Impacts	203-1 Investments in infrastructure and supported services			Page: 121
Excellence in services				
Management approach	103-1 Description of the material subject and its coverage			Pages: 115-120
	103-2 Management approach and its components			
	103-3 Evaluation of the management approach			
GRI 416: Customer Health and Safety	416-1 Health and safety impact assessment for product or service categories		ODS 3	Pages: 119-120
GRI 204 Acquisition Practices	204-1 Proportion of spending on local providers			Page: 130
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labeling			Pages: 116-119
GRI 418: Customer Privacy	418-1 Substantiated claims regarding violations of customer privacy and loss of customer data			Page: 120
Business Management				
Enfoque de gestión	103-1 Explicación del tema material y su cobertura			Página: 31-57

GRI Standard	Content	Global Pact	ODS Associated	Detail
	103-2 Management approach and its components			
	103-3 Evaluation of the management approach			
GRI 201: Economic Performance	201-1 Economic value generated to stakeholders			Pages: 56-57
In-house indicators				
In-house indicator	Extended product liability		ODS 12	Page: 147
	Supplier training			Pages: 128-129
	Water consumption			Pages: 133-135