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erreycorp

**ANNUAL
REPORT
2022**

**Approved by the
Mandatory Annual General
of Shareholders Meeting
held on March 29, 2023**

+ferreycorp

100
AÑOS

JUNTOS CREANDO DESARROLLO

**100 YEARS
TOGETHER WE CREATE DEVELOPMENT**

**Celebrating a century of history in Peru
1922- 2022**

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Declaration of Responsibility

The following document contains truthful and complete information regarding the business development of Ferreycorp S.A.A. during the year 2022.

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



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General Management



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Corporate Finance Management



Veronica Paiva Cano
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Lima, March 29, 2023

1. Letter from the Chairman

CENTENARY OF THE ORGANIZATION

The year 2022 was one of great significance for the corporation and all of us who are part of it, as we celebrated 100 years of institutional life. A milestone of this nature is obviously the result of a business management based on our values of integrity, fairness, commitment and respect, which have been and are the foundation of our long-term ties with our customers, employees, shareholders, suppliers and all our stakeholders, whom we recognize and thank for having been part of this history by joining us in our endeavor.

We have reached our centenary with operations that have crossed the borders of Peru, and that have placed us in various Latin American countries, hand in hand with our represented brands, that have placed their trust in us. When we look back and remember that we started with a series of representations and being a promoter of various businesses and ventures, we are proud of what we have achieved, especially for the alliance with our represented Caterpillar, 80 years ago. Throughout this time we have developed a brotherhood, a relationship of friendship, trust and teamwork; we have integrated their business principles, their focus on the customer and their best practices. Today, this alliance reaffirms its strength and its projection into the future, with the great responsibility to serve our customers, to anticipate their needs and to contribute to the sustainability of the planet. We thank the global companies we represent, with whom we have developed long-term relationships, for their confidence in our capabilities and their constant concern for us to be better.

The centenary also finds us fulfilling the objective of being located wherever our clients need us, with leading capabilities in the industry, and with an obsession to strengthen and update them to be always at the height of the new demands, seeking to increase their loyalty and preference. Since our origins, we have been characterized by a vocation to serve the main economic activities of the country, evidenced by a diversification by sectors and geography. We express our gratitude for the loyalty of our clients, who allow us, together with them and through their bets, to create development.

ECONOMIC SITUATION

The year 2022 was characterized as a year of low growth in the world's economies, and Latin American countries were no exception. Thus, the Peruvian economy grew 2.7%, significantly below 2021 (13.6%), and the Chilean economy, less than the Peruvian one, with 1.6%, affected not only by the international front but also by the cessation of the measures that supported the post-pandemic recovery, with the consequent drop in public and private consumption. In Guatemala, growth was 4%, explained by higher private consumption and investment, although this rate represents half of that achieved by GDP in 2021.

In Peru, private investment fell by 0.5%. For its part, total public investment achieved a growth of 7.1%, driven mainly by subnational governments and by the implementation of infrastructure projects through government-to-government agreements, but was substantially affected overall by the deterioration in governance associated with the political and institutional crisis. Thus, it can be seen that public investment of the National Government fell 6% in the year, while that of regional and local governments did show significant growth given the electoral nature of 2022. At the sectoral level, growth rates were much lower than those of the previous year: Construction grew 3.0%, Mining and Hydrocarbons 0.3% and Services 3.3%. On the other hand, mining activity was especially affected due to the paralysis of important mines, such as Las Bambas (57 days) and Cuajone (54 days), although supported by the entry into operation of Quellaveco. In particular, copper mining showed a growth of 4% in the year.

A series of global events significantly affected the national economic context in 2022. The main one was the high global inflation: on the one hand, caused by the strong recovery of the labor market and economic activity of some countries, and on the other hand, accentuated by the invasion that Russia made to Ukrainian territory, which resulted in a strong increase in production costs, especially in the food and energy sector, given Peru's dependence, like other countries in the world, has on the supply of these products from conflict economies. This scenario of increased costs caused Peruvian inflation to reach 8.56%, the highest in 25 years. In Chile, inflation exceeded 12%, a level not observed in three decades. To combat the highest inflation increase observed in several decades, central banks, including the Central Reserve Bank of Peru, undertook cycles of rising interest rates not seen for more than 30 years.

It is noteworthy that despite the deterioration in the global environment and a year clearly marked by political uncertainty, Peru's macroeconomic performance yielded indicators of strength. On the one hand, the fiscal deficit was low (1.6% of GDP) and lower than that of other economies in the region, while the level of international reserves reached 29.4% of GDP. On the other hand, the Peruvian currency was one of the few in the world to be appreciated against the US dollar in 2022.

Similarly, favourable prices for the country's main export products, especially copper and gold, which reached historic highs during the first months of the year, led to an increase in exports, to account for 27% of GDP, the second highest level since 2011. This boosted income tax collection, which led to tax revenues reaching 22.1% of GDP, the highest level since 2014.

CORPORATE OPERATIONS

In 2022, the Ferreycorp corporation and its companies achieved sales of S/ 6,593 million, 8% higher than the previous year. In dollars, they amounted to US\$ 1,717 million, with an increase of 9%. It highlighted the contribution of the flag company Ferreyros in the operations of the year, with 65% of consolidated sales. Open pit mining generated 43% of the corporation's revenues; construction, 19%; industry, commerce and services, 13%; and underground mining, 13%, which were also joined by other sectors of the economy.

The subsidiaries representing Caterpillar and allied brands in Peru -Ferreyros, Unimaq and Orvisa- reached sales of S/ 5,102 million (USD 1,329 million), higher by 9% compared to 2021, promoting 77% of consolidated revenues. This group of companies reaffirmed the leadership of the Caterpillar brand, being the leaders in market share, with more than 50% and showed outstanding results in the Excellence Programs of its represented, including the highest rating in the categories of Service, Spare parts and Rent, and the Silver level in Digital, Marketing and Sales.

The main company Ferreyros obtained revenues of S/ 4,452 million in 2022, which represented a growth of the order of 11% compared to the previous year. In dollars, their income reached US\$1.16 billion, 12% higher than the last year.

Sales to large-scale mining, including the provision of large-scale machinery to the sector and the delivery of spare parts and services, represented a record for Ferreyros at around US\$700 million. The year saw the delivery of 100% of Peru's first autonomous truck fleet, consisting of 28 Cat 794 AC units, with a load capacity of 320 tons, in a major mine in the south. In this way, Ferreyros reaffirms its pioneering and transformative role, and generates capacities to extend this new form of mining to other operations in the country. It also highlighted the successful positioning and reception of Cat 798 AC trucks, with an electric drive and load capacity of 400 tons, in Peruvian mining. In the area of underground mining, Ferreyros obtained the highest levels of sales of new equipment for underground mining since 2015, since the demand for new machinery was significant both for fleet renewal and for the expansion of operations.

Sales of heavy construction machinery were used for related operations in mining, including infrastructure work and various earthmoving activities, and for public and private works (construction of roads, riverine defences for Reconstruction with Changes, maintenance of roads, etc.). Revenues generated by the supply of machines, spare parts and services showed an improvement over the previous year, even in an environment of challenges in the country's politics and economy, as well as in international markets.

Sales to the agricultural sector were characterized by their recovery, in line with the demand captured during 2022 and with a greater availability of inventory. Thus, the company served its customers by renewing its agricultural fleets and actively participated in the various segments of this market.

In terms of digital business, e-commerce continued its expansion: spare parts sales via Ferreyros' Parts.Cat.Com (PCC) platform rose by 27% compared to 2021. It accounted for more than half of Ferreyros' spare parts sales through their stores; in the case of Unimaq, they reached 29%, and in the case of Orvisa, 33%. It should also be noted that 41% of Ferreyros' active customers who purchased spare parts in 2022 made it through PCC, placing Ferreycorp's flagship company among Caterpillar distributors with the highest penetration of *online* customers worldwide. Unimaq, in turn, reached 32%.

Construction in the different regions of the country boosted the sale of Caterpillar light equipment and allied brands that Unimaq supplies, especially in the sanitation sector. The company, which showed increased sales during the year, opened its third retail store in Lima, in addition to those located in Trujillo and Arequipa, where customers can meet all their needs for light equipment and spare parts with agile and personalized processes. The retail stores are part of a network of 15 service points nationwide.

In addition, in the Amazon region, infrastructure projects developed during 2022 were the main drivers of the sale of new construction machinery in Orvisa, a subsidiary that recorded revenue levels close to those of 2021.

The group of subsidiaries representing Caterpillar and other businesses in Central America obtained sales of S/ 677 million, 18% higher compared to 2021. In dollars, they amounted to US\$ 176 million, 20% higher than the previous year. This group of companies contributed 10% of Ferreycorp's consolidated sales, and maintained the leadership of the Caterpillar brand in their territories.

It highlighted the performance of Gentrac, in Guatemala, which increased its sales of Cat machinery with special focus on quarry activity, construction, agro-industry and the government sector, and that expanded its reach in the retail segment by raising its customer base in this category by more than 70%. At the same time, General de Equipos, in El Salvador, took the opportunities linked to medium-sized infrastructure projects, which boosted its businesses in the country. Both companies achieved higher sales than recorded in 2021. Likewise, the auto parts and vehicles business of Motored in El Salvador showed growth. It should be mentioned that at the end of the year the Central American subsidiaries completed the Mobil lubricants business, which represented annual sales levels of US\$ 24.3 million in three countries. This closure also leaves Nicaragua, a country in which only this line of operation was available. It is expected that the other business lines in the region will be able to meet the sales volume in 2023.

In 2022, sales of complementary businesses in Peru and other South American countries were S/ 814 million, a 4% decrease compared to the previous year. In dollars, sales stood at US\$ 212 million and showed a slight decrease of 2% compared to 2021. Overall, they represented 12% of the corporation's total sales.

Soltrak, a specialist in industrial safety, lubricants, tires and related services, reached a new historical sales record of S/ 317 million (US\$ 83 million) in 2022, mainly for sectors such as mining and its contractors, construction, industry, transportation and logistics.

Trex operations registered lower levels than 2021 due to a reduction in demand for the crane and lifting equipment portfolio in Chile and Peru, a result that was partially compensated by operations in Colombia and Ecuador, which continued to strengthen its share of consolidated sales of this business in Latin America.

It should be noted that, on January 1, 2023, the business of Trex Peru will be integrated into Unimaq, in the same way that the latter company assumed the business of Cresko, focused on the Asian machinery business, in 2021, which has been showing positive results. The businesses of Trex Peru and Cresko, which were jointly under the company Motriza, are merged in Unimaq within the framework of a strategy of optimization and search for synergies in the corporation.

In the logistics business, Fargoline achieved sales growth and was among the first five extra-port warehouses of Callao in import and export of TEUS, while handling 33,000 tons of loose cargo, that have represented a historic record in the performance of the firm. For its part, Forbis Logistics appreciated a greater dynamism in the service line on the maritime route, while maintaining its leadership in the ranking of cargo agents on the US air route - Peru and its position among the top five air shipping agents worldwide to the country, reaching sales slightly higher to 2021.

In terms of technology integration, Soluciones Sitech Peru continued with the development of lines such as proximity detection, anti-fatigue and anti-collision systems, achieving a slight growth, At the same time, it completed the installation business of the most modern seismic laboratory in Latin America, which will begin to execute in 2023.

FINANCIAL RESULTS

The care of the profitability of the businesses, the improvement in the rotation of assets, the monitoring of the liquidity and the management of financing sources optimizing the structure and the cost were the axes of the financial management of the corporation during the year 2022.

The accumulated gross profit showed an increase of 3% compared to the previous year, due to the higher sales and the composition of such sales between the machinery line and the spare parts and services. The operating margin, of 10% in 2022, was lower than in 2021 (12.7%), as a result of the lower gross margin and an increase in expenses sustained by several reasons: the increase in expenses directly linked to sales growth; adjustments needed to increase staff salaries, new hires, corporate anniversary positioning actions, sales promotion, and provision. Expenditures represented 15.7% of sales in 2022, up from 14.6% in 2021.

Financial expenditure grew by 3% during 2022, as a result of a slight increase in average debt and an increase in its average cost, although it was moderate compared to the rise in global and local markets. Contributing to this position was the reperfacing of a portion of debt that was made in late 2021, through which medium-term loans were closed at low rates. Following the strategy of matching bonds with the life of the assets it supports, during 2022, Ferreycorp re-planned a portion of its debt to maintain a balanced structure and ended the year with 49% of its debt with medium-term maturities. The average interest rate on the debt is 3.13%, higher than in 2021 (2.77%).

At the end of 2022, investments in fixed and intangible assets amounted to S/ 120.9 million, mainly for the purchase of rental machinery and equipment as part of Ferreyros' strategy to introduce new Caterpillar mining truck models to the market, specifically the 400-ton Cat 798 AC model, in addition to fleet purchases of machinery for the recurring rental business. It should be noted that the investments in fixed assets made by Ferreycorp companies aim to maintain the value proposition to their customers and the competitive advantage that positions them as leaders in the markets where they operate.

Ferreycorp's close link with its shareholders has remained intact and solid, thanks to compliance with the good principles of corporate governance, which respect shareholders' rights in an equitable manner and provide accurate and timely information. A highlight of this relationship is the General Shareholders' Meeting, which at its meeting on March 30 had the participation of 133 shareholders representing 84% of the shares in circulation. At that General Meeting was approved to distribute cash dividends by S/ 225.6 million, corresponding to the ceiling of the Dividend Policy, which included the advance made in October of the previous year by S/ 100 million, thus remaining to distribute S/ 125,632,578.81. This amount is equivalent to a cash dividend of S/ 0.13279511044 per share, which was paid on 4 May 2022. The Board, in session on August 31, 2022 in exercise of the Dividend Policy, agreed to the payment of cash dividends for S/ 120,000,000.00 on account of profits for the year 2022. This amount equals a cash dividend of S/ 0.1270 per share, and was paid on September 29, 2022, with registration date in September 19.

Despite the complex political situation in the country and the challenges of the world situation, Ferreycorp's actions had a positive performance during the year. The opening quote of 2022 was S/2.05 and the closing quote S/2.23, peaking at S/2.63 in January. This increase in share price in the year, added to the total share dividend of S/0.2598, is reflected in a yield for the shareholder of 22% in 2022.

It should be noted that the Lima Stock Exchange celebrated a bell of recognition for the 100 years of institutional life of Ferreycorp, standing out as one of the first companies in the Peruvian market to incorporate good corporate governance practices into its business management throughout its history.

SUSTAINABILITY

True to its purpose, “Together We Create Development”, the corporation and its companies have as a principle to manage businesses seeking to positively impact its various stakeholders. To the good relationship with its workers, which are the center of its success, and the pursuit of customer satisfaction and loyalty, which can be more productive and efficient thanks to our attendance, we must add the respectful relationship with all other groups. Initiatives stand out with some groups of our society, such as university students, whom we reached with the workshops of professional attitude and values of the Ferreycorp Association; operators and technicians of machinery, to those we address with the Club of Operators and Technicians and their competitions; the less favoured populations, with infrastructure works through the mechanism of Works by Taxes; and more groups that receive the positive impact of other activities that we support and finance from various business organizations. Thus, we express our vocation for sustainable management and assume our role as good corporate citizens. The management of its social, economic and environmental impacts, as well as its good corporate governance practices, were addressed by the corporation during 2022 through a set of actions within the framework of its sustainability strategy.

Through Works by Taxes, during the year, the construction of an educational center in the Ucayali region began, in consortium of Ferreyros with Orvisa, which is close to completion; and continued with the execution of a water and sanitation project in Cusco. To date, eleven projects of Works by Taxes, in the regions Pasco, Junin, Ucayali, La Libertad and Cusco, are part of the portfolio in charge of the corporation, through its company Ferreyros, which amounts to an investment commitment of S/ 105 million, benefit more than 34,000 Peruvians.

On the other hand, in 2022, the Ferreycorp Association celebrated its 25th anniversary by providing free training opportunities to more than 40,000 students from universities and technical institutes of the last cycles. As part of their anniversary, they complemented their virtual training offer with the launch of the AFconecta educational platform, through which the Ferreycorp Employability Program was taught. During 2022 about 4,500 students benefited from the more than 81 events and programs offered by the Ferreycorp Association.

For its part, through the Ferreycorp Operators Club, with nearly 80,000 followers on social networks, and its companies Ferreyros, Unimaq, Orvisa and Gentrac, more than 49 free courses were given by virtual means, with a wide reach, to contribute to the training of heavy machinery operators in Peru. With a historic figure of participation of about 2,800 operators registered from the 25 regions of the country, the fifth edition of the traditional national tournament “The Best Heavy Equipment Operator in Peru” was held, launched in 2012 and organized by Ferreycorp and its Caterpillar representative companies in the country.

In environmental matters, the preparation of the first diagnosis and start of the dissemination process related to the implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) was a relevant fact for Ferreycorp in 2022, as it evidences the responsibility of the company in understanding the risks and also the opportunities associated with the climate. Its results validate the alignment of the environmental actions of the corporation with these recommendations

and its commitment to publicize these advances in accordance with the pillars under which they are structured (governance, strategy, risk management and metrics and objectives).

On the other hand, its good practice of measuring, verifying, reducing and neutralising carbon emissions from the main premises has meant two important milestones: on the one hand, making 13 locations of the corporation carbon neutral in categories 1 and 2; on the other hand, extend the measurement of the carbon footprint from 13 to 79 premises, including smaller branches and operations in customer facilities, covering all operations in Peru and those of Trex in Chile. It is equally important to mention that measurement coverage has been expanded to include not only the direct carbon footprint, but also the indirect footprint generated by third party transport and consumption of products such as water and paper. At the end of the year, 13 headquarters of the corporation offset the direct footprint generated corresponding to 2021 emissions, which corresponds to 3,343 tons of carbon in 2021 (33% more than in 2020), which are in addition to the 7,486 tons compensated since 2016.

It also highlights the adoption of measures to reduce the impact of energy use, such as the acquisition of renewable energy in La Joya, the corporation's second largest operating headquarters, which currently uses 100% renewable energy. The corporation is considered at the same time as a responsible water company to be credited with its first Blue Certificate granted by the National Water Authority, for its efficient water management at the Ferreyros Spare Parts Distribution Center, that supplies the company's more than 30 warehouses throughout Peru.

Ferreycorp's commitment and progress year after year earned him the only Peruvian company to be part of all editions of the Dow Jones Sustainability Index for the MILA-Pacific Alliance region, being included for the sixth consecutive year in this relevant list that evaluates its social, environmental, governance and economic performance. In recognition of the results of this study, it was added for the first time in 2022 to the S&P Global Sustainability Yearbook, an important publication in which around 7,500 firms from more than 60 industries participate. It should be noted that Ferreycorp was included in the Top 5 of the Trade and Distribution category, and received the rating of *Industry Mover* in that category for the progress presented. In the same way, it should be noted that in 2022 Ferreycorp continued to be part of the S&P BVL Peru General ESG Index, important initiative of S&P Dow Jones Indices and the Lima Stock Exchange to promote sustainable trading activities in the local stock market, providing an ESG *benchmark*. During the year, this index announced its first rebalance.

For their performance in sustainability, Ferreycorp and its subsidiaries Ferreyros, Unimaq, Orvisa, Soltrak and Fargoline received again the Distinctive Socially Responsible Company, awarded by Peru Sustainable. The badge evaluates environmental, social and corporate governance pillars through specific international indicators aligned with the Global Reporting Initiative and the United Nations Sustainable Development Goals. For its part, the Merco ESG 2021 ranking (The Most Responsible Companies in the ESG criteria) highlighted Ferreycorp as the second most responsible company in Peru in terms of sustainability, which includes social, government and environmental aspects, after receiving the opinion of more than 23,000 respondents. It also ranked first in the industrial sector. The list is made up of the most responsible Peruvian companies in terms of internal, customer and social responsibility, environmental responsibility, ethics and corporate governance.

We must highlight the high standards of Ferreycorp and its companies on ethical issues, compliance and anti-corruption. During 2022, Unimaq, Soltrak and Fargoline obtained the ISO 37001 Certification: Anti-Bribery Management System to their compliance

system, while Ferreyros will opt for this accreditation in the first semester of 2023. Meanwhile, Orvisa and Forbis Logistics received the Anti-Bribery Certification granted by the association Entrepreneurs for Integrity, joining the parent company Ferreyrcorp and three other subsidiaries -Unimaq, Soltrak and Fargoline- who had already obtained it the previous year, as well as the company Ferreyros, which received it in 2019. During the first semester of 2023, Ferrenergy and Sitech Peru Solutions will seek access to the Anti-Bribery Certification, while throughout the year efforts will be focused on aligning Corporate Compliance System standards in overseas subsidiaries. All these actions are aimed at recognizing the existence and good functioning of an anti-corruption management system and the commitment to the culture of integrity in the corporation and its subsidiaries.

HUMAN MANAGEMENT

The centenary was a fundamental moment in the history of the company to strengthen its corporate culture, through important celebration activities, both sports and artistic and innovation, which united workers and connected with different generations. At the same time, the Employee Value Proposition continued to be deployed in each of the corporation's channels, to retain and attract the best talent, with a focus on strengthening culture, promoting development and promoting welfare management. Efforts were also continued to ensure a diverse and inclusive environment in the corporation, through the "Pares+" (Peers+) program, with the support of leaders and employees. Again, they highlighted the good results of the survey of Labor Climate in the corporation. Of the nearly 7,000 employees of the corporation, 82% considered that there was a good working environment, and 87% said they felt committed to the organization.

It is worth mentioning that during the year there were corporate projects in Peru that promote synergies. Highlights the implementation of the Employee Portal in 100% of the companies of the group in Peru that facilitates self-management, improving the experience of the employee and centralizing information on a platform that in the future will enable *data analytics* capabilities. Optimization projects have also been launched that incorporate the use of virtual assistants and the document manager, with advanced electronic signature, to promote zero use of paper and accessibility. These optimizations will facilitate the expansion of the Human Resources Shared Services Center's portfolio of services.

The Performance Management Program, a system that aims to measure the achievement of the objectives and the development of the competencies of each of the employees, among other lines of action, continued to be widely deployed in the organization during 2022, highlighting the implementation of SAP *Success Factors*, which included information from all employees of overseas subsidiaries. In this way, processes related to talent management were streamlined and made available in all Ferreyrcorp subsidiaries. The competencies of the leaders of the corporation will continue to be strengthened, mainly at the levels of chiefs and supervisors, through the training of the second promotion of the LiderazGO program.

The corporation incorporated the implementation of new standards related to outsourcing and remote work, as well as the approval of legal documents and regulations into its regulatory compliance model in the area of human capital. On the other hand, in order to prevent sexual harassment and gender-based violence, new committees were established and intensive training work for the whole company was deployed. Apart from that, the commitment of the corporation and its employees to the management of health and safety at work (OSH) was strengthened with the approval of the Integrated Safety Management System in the main processes, the application of internal audits, the

implementation of new medical surveillance programs and the entry into force of corporate standards for occupational health management.

The Ferreycorp and Ferreyros programs for their employees were awarded in the Good Work Practices Competition of the Ministry of Labor. Ferreyros ranked first in the subcategory “Benefits to workers”, while the parent company Ferreycorp was ranked second in “Promotion of Equal Opportunities for Men and Women”. Ferreyros highlighted the realization of the “Ferreyros Wellness” program, from which it promotes a comprehensive social, personal, physical, recreational, financial and emotional improvement of his more than 4,000 employees nationwide, and even of their family members. For its part, Ferreycorp stood out for its Pares+ program, on gender equity, diversity and inclusion, with corporate reach in her companies in Peru and abroad.

Ferreyros reaffirmed its position among the top ten companies in Peru to attract and retain talent, according to the prestigious Merco Talent ranking 2022, for the ninth year and continuously, and remains in eighth place in the national ranking and as first place in its sector. In this year’s edition, the ranking considered more than 20,000 respondents from multiple backgrounds: workers, university students, managers and directors of human resources, experts in talent management and headhunters, unions, business school alumni and the general public. It was also considered a complete benchmarking of people management.

Ferreycorp was recognized with the first place in gender equity, diversity and social inclusion according to the PAR 2021 Ranking of the consulting firm Aequales, in the category of companies with up to 200 employees. In addition, it ranked in the top ten of the National General Ranking, which evaluated more than 200 companies. Also, Ferreycorp has stood out as one of the 20 first companies in Latin America in the ranking, in which almost 900 organizations from 18 countries participated, through a measurement that has made visible their progress in these three fields.

CORPORATE REPUTATION

The Ferreycorp corporation was once again recognized as one of the ten Most Admired Companies in Peru (EMA). This important recognition, offered by PwC and the magazine G de Gestion, gathers the perception of thousands of executives of the main companies of the local market. At the same time, Ferreyros was considered among the ten most reputed companies in Peru in the Merco Empresas ranking, for eleven consecutive years and since the launch of this prestigious list. Ferreyros was ranked sixth in the industrial sector. More than 24,000 respondents participated in the new edition of Merco, including business executives, opinion leaders, financial analysts, journalists, business professors, public officials, representatives of NGO, unions, social media managers, communication managers and consumer associations.

COMMITMENT: WORKING FOR THE COUNTRY

As is public knowledge, the break in democratic institutions that occurred at the beginning of the last month of 2022 resulted in the declaration of vacancy of the presidency of the Republic by Congress and the immediate constitutional succession of the vice president. This political crisis resulted in a series of demonstrations and protests, especially in the south of the country, with the painful loss of human life and leaving injured citizens, both civilians and law enforcement, for which Ferreycorp and its companies express our regret. We regret the difficult situation that persists in our country, but as in other crises we remain optimistic, hoping that soon the rejections and claims can be channeled towards a positive dialogue and better care for all. This is not an easy time for companies, especially in Peru. We are aware of the widespread distrust

of many institutions, including private ones. It is precisely for this reason that we must continue to strengthen our ties with citizens, reaffirm the spirit of dialogue and convocation, and disseminate the relevance of private enterprise in society.

The Board and the 7,000 workers who are part of our organization reaffirm this message before you. We have faith in the future of the country and will continue to work for it, for our families, for the new century we are having. We reaffirm our commitment to working with our clients and all stakeholders to bring progress to the countries where we operate.

Let's continue in this path. Together we create development.

Lima, March 29, 2023

2. We are Ferreycorp

2.1 Presentation



Specializing in the provision of capital goods and related services, Ferreycorp commemorates its 100 years history as a corporation, which operates in Peru -where it generates close to 90% of its revenues-, and in some Central and South American countries, through subsidiary companies focused on their respective businesses and with a high degree of specialization.

In its trajectory, its relationship with Caterpillar, the world leader in machinery, as an exceptional partner has been maintained for eight decades. At the same time, Ferreycorp distributes other prestigious brands. It stands out for the quality of the machinery it offers and especially for the services related to capital goods, including maintenance, repairs, condition monitoring, consulting in the use of equipment, training and financing, among others. In this way, Ferreycorp's companies integrate a complete portfolio of solutions for their customers and enhance their market coverage.

Its human management and talent development practices, evidenced in an excellent organizational climate, and the solidity of its century old culture are fundamental in the commitment and sense of pride of its more than 7,000 employees.

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

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

2.1.1 Mission and vision

MISSION

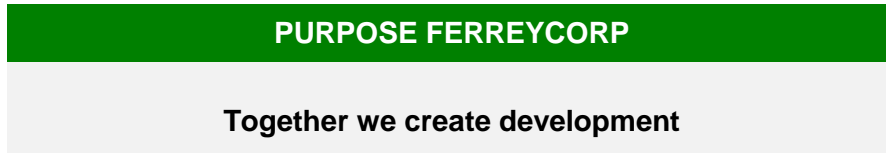
To operate, through its subsidiaries with focus and high degree of specialization, businesses of distribution of capital goods and supplies and services and support, for prestigious global brands with high standards, efficiency and profitability, achieving at the same time the development of its employees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

VISION

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

2.1.2 Purpose Ferreycorp

A collaborative and inclusive exercise of reflection allowed Ferreycorp to write and publish its purpose, which tacitly already guided its actions. In this exercise it was remarkable the agreement of all participants to reflect in the purpose the vocation evidenced through the years of leaving mark for all their stakeholders and make a difference. So the purpose was defined as:



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

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

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

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

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

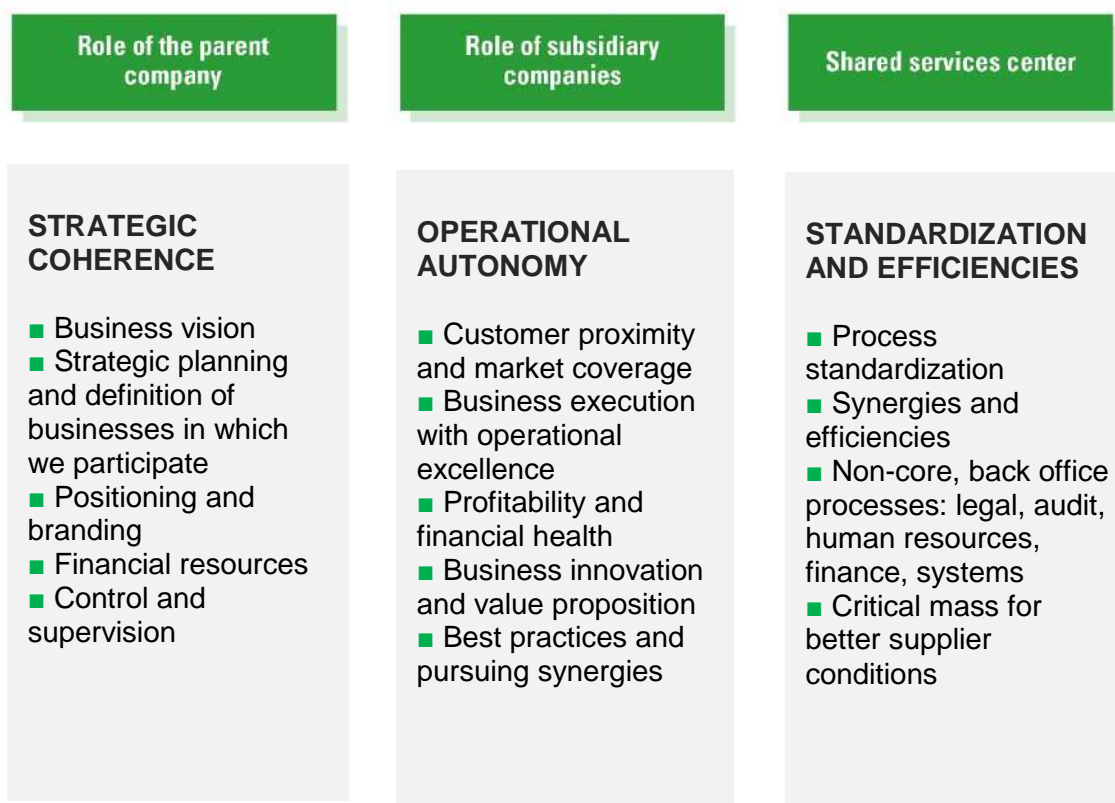
Corporate values

The pillars that guide the daily actions of the employees of the corporation, maintain the ethical conduct of the organization and contribute to the sustainability of the business are represented by the values of Ferreycorp that, along with its purpose are fundamental to everything it does, defining its strategy and day-to-day execution.



2.1.3 Corporation's operating model

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



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

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















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

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

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

2.1.4 Companies of the corporation

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





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

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





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

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


Following is more information on each subsidiary of Ferreycorp:






Representatives of Caterpillar and allied brands in Peru				
Name	Year of incorporation	Sectors served	Product / Service	Country / Region
<p>Ferreyros</p>  <p>UNA EMPRESA FERREYCORP</p>	1922	Construction, mining, hydrocarbons, energy, marine and fishing, government, agriculture, trade, industry and services.	Commercialization of heavy machinery and equipment. Rental and supply of spare parts and services.	<p>Peru</p> <p>North: Piura, Tumbes, Lambayeque, Cajamarca, Trujillo, Chimbote</p> <p>Central: Cerro de Pasco, Huancayo, Ica, Ayacucho, Huaraz, Lima.</p> <p>South: Arequipa, Cusco, Moquegua and Puno.</p>
<p>Ferrenergy</p> 	2006	Mining, hydrocarbons, government, energy, construction, fishing and industry	Participation in the company of 50% Power solutions from 1MW up to the unlimited amount required, with gas, diesel, solar and residual oil (HFO) generating equipment.	<p>Peru</p> <p>Lima</p> <p>Guatemala</p> <p>Ciudad de Guatemala</p>
<p>Unimaq</p>  <p>UNA EMPRESA FERREYCORP</p>	1999	Construction, mining, hydrocarbons, agriculture, government, trade, industry and services.	Commercialization and rental of light equipment.	<p>Peru</p> <p>North: Cajamarca, Chiclayo, Piura, Trujillo</p> <p>Central: Cerro de Pasco, Huancayo, Lima, Huaraz</p> <p>South: Ica, Arequipa, Ayacucho, Cusco, Ilo, Moquegua, Puno</p>
<p>Orvisa</p>  <p>UNA EMPRESA FERREYCORP</p>	1973	Construction, forestry, agriculture, government, river transportation, hydrocarbons and energy.	Commercialization of equipment, spare parts, services and consumables.	<p>Peru</p> <p>North: Bagua, Iquitos, Tarapoto</p> <p>Central: Pucallpa, Huanuco</p> <p>South: Puerto Maldonado</p>

Representatives of Caterpillar and allied brands in Central America

Name	Year of incorporation	Sectors served	Product / Service	Country / Region
Gentrac 	2010	Construction, aggregates, agriculture, government, mining, oil extraction, energy, industry and commerce	Commercialization of heavy machinery and equipment. Rental and supply of spare parts and services.	Guatemala Ciudad de Guatemala, Quetzaltenango, Teculután, Escuintla, Morales, Retalhuleu, Huehuetenango, Cobán and Peten Belize Ladyville
General de Equipos 	2010	Construction, housing, power generation, industrial, government, agricultural and automotive.	Commercialization of heavy machinery and equipment. Rental and supply of spare parts, services and lubricants.	El Salvador San Salvador, Sonsonate, San Miguel
Soltrak 	2013	Construction, industry, transportation.	Marketing of lubricants.	Nicaragua Managua It will stop operating from 2023
Motored 	2015	Construction, freight and passenger transportation, government, trade and services.	Supply of spare parts for trucks and buses; consumables; trucks and buses.	El Salvador San Salvador, Santa Ana, Sonsonate, San Miguel, Metapán, Lourdes, Santa Rosa de Lima, Soyapango, Zacatecoluca, Aguilares and Usulután

Complementary businesses in Peru and other countries in South America

Name	Year of incorporation	Sectors served	Product / Service	Country / Region
Soltrak 	2007	Mining, construction, transportation, industry, energy and hydrocarbons, agriculture, fishing and forestry.	Comprehensive solution for tire management, lubricants, filtration, predictive maintenance and personal protective equipment and other industrial safety products.	Peru North: Piura, La Libertad Central: Lima South: Arequipa

<p>Trex</p> 	2014	Mining, port industry, commerce, services and construction, among others.	Cranes and other lifting solutions.	<p>Chile Santiago, Antofagasta, Calama Colombia Barranquilla, Bogota Ecuador Quito, Guayaquil Peru In Peru it operated from Maquicentro and from 2023 it will be from Unimaq</p>
<p>Fargoline</p> 	1983	Capital goods, consumer goods, energy, mining, construction, fishing, agriculture, trade and services.	Temporary warehouse for containers, loose and rolling cargo, customs deposit; simple storage; movement of project cargo; transportation and distribution.	<p>Peru Callao and Arequipa</p>
<p>Forbis Logistics</p> 	2010	Automotive, mass consumption, mining, energy, <i>retail</i> , industry.	International air and ocean freight forwarding for import and export, and cargo consolidation, inspection and processing services.	<p>Peru Lima EE.UU. Miami Chile Santiago</p>
<p>Soluciones Sitech Peru</p> 	2013	Mining, construction and hydrocarbons.	Integration of technologies to create solutions that enhance customer productivity	<p>Peru Lima</p>
<p>Maquicentro</p> 	2015	Construction, mining, oil, industrial, transportation and agricultural.	Commercialization and rental of light equipment.	<p>Ecuador Guayaquil, Quito and Riobamba</p>

2.1.5 Representation

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

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



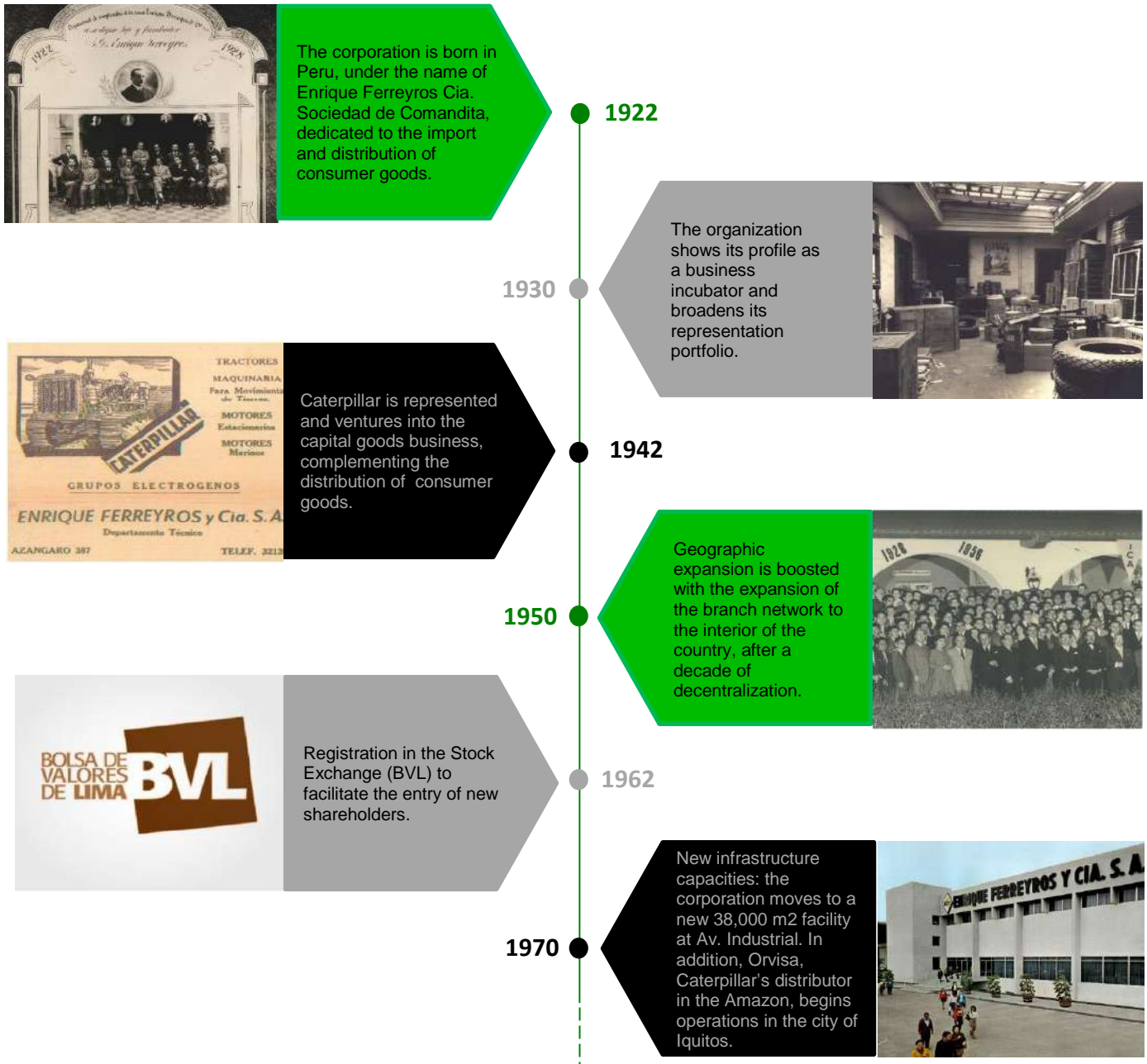
2.1.6 History

The following are the corporation's main milestones in its development. For further information, please refer to the Historical Review in Appendix 2, section 2.2.3.1.



JUNTOS CREANDO DESARROLLO

100 YEARS
TOGETHER WE CREATE DEVELOPMENT





1980

Redefinition of the business portfolio, with the main focus on capital goods to give new impetus to growth. Development of logistics capabilities with the creation of a warehousing firm, which will later become Fargoline.



1980

1990

Decade of the arrival of the first Cat trucks in Peru and construction of the CRC - Ferreyros Component Repair Center. The machinery rental and used machinery sales business is launched.



2000

Period of incorporation of complementary capital goods and consumables businesses to serve new segments with related products and services. Unimaq, a specialist in light equipment; Mega Caucho & Representaciones, now Soltrak; and Ferrenergy, total revenues of US\$ 230 million.

2000

2010

Decade of internationalization, with the acquisition of Gentrac and Cogesa, distributors in Guatemala, El Salvador and Belize, which later incorporated lubricants and auto parts businesses in the region. Acquisition of Trex with operations in Chile, Ecuador and Colombia, as well as the expansion of operations in Ecuador with Maquicentro. Creation of Forbis Logistics to expand logistics capabilities. Total revenues of US\$1 billion.



2012

The functions of Ferreycorp, as holding company and owner of the corporation's companies, and Ferreyros, as the group's company, are made independent.

2012

2012

Also in this decade, the use of remote monitoring and integrated equipment management technologies was intensified; Condition Monitoring Centers, Sitech Peru Solutions and e-commerce of spare parts via Parts.Cat.Com (PCC) were launched.



2022

Commissioning of 100% of the first fleet of autonomous trucks in Peru, a decade after introducing the first giant 400-ton trucks and adding the largest shovels and drills with maximum wingspan.

2022

2022

Ferreycorp and its company Ferreyros celebrate 100 years in Peru and 80 years as Caterpillar dealers, with total revenues of US\$ 1.7 billion. Ferreycorp is the only Peruvian company in the Dow Jones Sustainability MILA Pacific Alliance Index for the sixth year. It is part of the S&P/BVL Peru General ESG Index.



2.2 Looking ahead

2.2.1 Strategy 2022- 2026

Preparing to commemorate its first century of operations, Ferreycorp carried out strategic planning and defined goals for the 2022-2026 five-year period, with solid objectives of growth in sales, profits and return on invested capital, with a permanent commitment to generate positive impacts among its stakeholders.

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

Two main components of the strategy:

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

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

The governance model to ensure the successful execution of this corporate strategy incorporates the supervision of the Board and at the managerial level, of a Strategic Planning Committee, with the facilitation of Corporate Strategy and Development Management.

On the other hand, in order to communicate more easily the way in which the expected achievements will be obtained, the visual identity of the corporate strategy highlights the purpose of Ferreycorp -**Together we create development**- at the center of the strategy, by employees, their customers, their represented brands and their suppliers, among other stakeholders.

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



2.2.2 Innovation and digital transformation

A fundamental aspect in the transcendence of the corporation, over a century of life, is its permanent capacity to adapt to change and anticipation to market needs, with a long-term vision.

This chapter describes the progress that Ferreycorp and its companies have made in 2022 in digitization and automation, with particular emphasis on: a) improving customer experience, b) increasing e-commerce, c) contribute to increasing customer productivity, d) optimize the supply chain and e) provide new products and services.

2.2.2.1 Digitalization and automation

a) Improved customer experience

During 2022, digital platforms contributed to the creation of value in the customer experience of Ferreycorp companies.

- Ferreyros began the deployment of its service digitalization project in the Ferreynet portal. Through this medium, customers can request their field and workshop services, follow up on the progress of their service and receive their certificate of conformity and final report in a completely digital way. Once this process is consolidated, most of Ferreyros' field and workshop services will be initiated from the portal.
- General de Equipos, in El Salvador, developed a Customer Portal that allows customers to access extensive information about their relationship with the company, request quotes for equipment and spare parts, or make requests for maintenance and diagnostic services.
- By the end of 2022, Fargoline raised to 90% the proportion of administrative procedures of its core operations, in all its business lines, which are carried out digitally. The customer service platform records and channels all customer inquiries and requests virtually, which facilitates the follow-up of requirements without dispensing with personalized service.
- The use of Ferreyros' 360° virtual tours was consolidated as a new way to visualize the characteristics and functionalities of machinery and equipment. During the year, more than 30,000 customer visits to these tours allowed them to see eleven models of machinery from all their perspectives.
- The year 2022 marked the first year of operation of Unimaq's virtual assistant for customer service, known as Maq, available through WhatsApp. At the same time, Ferreyros' chatbot, Fer, added to its usual mode of attention via written messages the resolution of queries through voice audios.
- In 2022, Forbis Logistics promoted the integration of key systems of large customers and business partners in countries relevant to their operations, such as Brazil, to facilitate access to commercial information about their services and the performance of daily tasks, with the immediacy that the logistics business demands.
- Soltrak digitized the quotation and sales process for lubricant line consultants who serve the sub-distribution sector (retailers), through a new app that optimizes productivity and coverage, and also reduces the response time to its customers.

- Motored, present in El Salvador, developed an app to manage the home delivery service for spare parts and consumables, which improves control of delivery times and facilitates real-time notification to customers of the start of dispatch and final delivery of orders.
- 100% of the interactions between Fargoline and its clients for the Temporary Warehouse business (e.g., scheduling of cargo pick-up authorizations, registration of documentation for various logistics processes, among others) is carried out through its Virtual Platform (extranet). It is part of a technological renovation and updating plan that has been deployed for the last four years to facilitate operations with customers.

b) Increase in e-commerce

In 2022, the adoption of e-commerce among the corporation's customers reaffirmed its favorable evolution.

- 41% of Ferreyros customers who purchase spare parts did so through the Parts.Cat.Com (PCC) e-commerce platform, which made Ferreyros worthy of Caterpillar's distinction as one of the distributors with the highest online customer penetration in the world.
- In 2022, the three Caterpillar dealer companies in Peru, Ferreyros, Unimaq and Orvisa, were recognized by the principal represented for having achieved compliance with the demanding guidelines of the Dealer Global Standard in e-commerce.
- The combined sales of spare parts of Ferreyros, Unimaq and Orvisa, in Peru; Gentrac, in Guatemala and Belize; and General de Equipos, in El Salvador, through the PCC e-commerce platform, reached US\$ 71 million in 2022, which represents a 28% growth compared to the previous year.
- Gentrac, Caterpillar's representative in Guatemala, held for the first time the Gentrac Live Festival of parts and services, a virtual event broadcast live to boost sales of Caterpillar parts and services through digital media.
- At the same time, Ferreyros held the second edition of the Ferreyros Live Festival, generating business opportunities with close to half a thousand customers.

c) Improvements in customer productivity

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

- In 2022, Ferreyros completed the delivery and commissioning of 100% of the first fleet of autonomous mining trucks in Peru, consisting of 28 Cat 794 AC 320-ton units that use Cat Command technology for hauling, from Caterpillar's MineStar platform. This allows the autonomous operation of trucks and auxiliary equipment to be managed at the mine site. Caterpillar's leading experience, proven on three continents, demonstrates that autonomy increases productivity while ensuring safe, controlled and predictable interaction between all equipment in the operation.
- Ferreyros set a record in the number of construction and mining customers using its equipment management solutions (VisionLink, My.Cat.Com, Monitoring App, monthly fleet management reports), with more than 50% of connected customers in these sectors using these platforms on a monthly basis. This indicator is one of the highest among all Cat dealers worldwide.
- During 2022, Soluciones Sitech Peru deployed the fatigue predictive system (Fatigue Science) not only among the 1,500 workers of an important mining complex, but also among more than 3,500 contractors working in its operations. In this way, it contributed to significantly mitigate the risks of accidents caused by fatigue and, consequently, to increase productivity.

- With the information generated in this first phase of operation of the predictive fatigue system, Soluciones Sitech Peru has been promoting new use cases, leveraging artificial intelligence, to find ways to maximize the use of this technology in search of better safety and quality standards in mines.
- Ferreyros has expanded the population of machines that it monitors 24 hours a day, seven days a week at its Monitoring and Planning Center for Large Mining. Along with the maximum-size Cat trucks, both electric and mechanical traction, the entire fleet of autonomous Cat trucks, the first in Peruvian mining, will be monitored from 2022.
- In 2022, the connected fleet of Caterpillar heavy equipment for several key industries continued to increase, adding close to 1,000 new units. At year-end, 5,900 Caterpillar machines are connected, opening up the possibilities for remote monitoring of their health and performance by Ferreyros and its customers.

d) Supply chain optimization

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

- The Spare Parts Distribution Center (CDR) began the deployment of the automation project of the minor parts order extraction process, which will significantly increase its speed. Minor parts represent approximately 60% of the movement in this logistics center. This first step marks an important milestone in the logistics of Ferreyros, a pioneer in its field in Peru, and in line with the standards of the best logistics chains worldwide.
- In 2022, the orderly and uncongested spaces arranged by Fargoline resulted in 85% of yard dispatches being completed within 40 minutes, shorter than the market average, compared to 70% in the previous year.
- The project for the purchase, storage and sale of spare parts between Ferreyros and Unimaq was consolidated in 2022, contributing positively to the level of service that Unimaq provides to its customers and contributing to improvements in the cost of imports. This initiative is part of a collaborative work between companies of the corporation.
- Since 2022, Ferreyros has taken over the process of customized pre-delivery of new machines sold by Unimaq, according to the requirements of each customer, as a complement to the standard pre-delivery work it has been performing for the last three years. Ferreyros has optimized the use of resources and facilities at its location in Gambetta Avenue, Callao.
- The implementation of a new technical service platform for the workshops of Ferreyros' Product Support Division has begun. The system called Smarty will integrate information of key dimensions, such as clinical history, technical consultations, reports and technical library; quality and process management; warranties, budgets and invoicing, among others. It will later be extended to other areas of the company.
- The transport unit traceability application was scaled up to provide real-time delivery information for each machine and spare parts order from Ferreyros' customers. In addition, the monitoring center was implemented to track and control each trip of the associated fleet.
- In the reception, transit and dispatch (RTD) process, the traceability of all handling units entering and leaving the repair centers in Lima and La Joya was strengthened. Likewise, the latter workshops adopted an application to plan, obtain data and measure RTD service times in the supply of equipment and tools required during repairs.

e) New products and services

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

- In 2022, OperApp, the first labor marketplace for operational talent in Peru and Latin America incubated in Ferreycorp, has more than 30,000 applicants (operators, technicians, drivers, among others), 975 registered companies, 61,000 applications and 2,900 job offers published. In its fourth year of activities, this initiative has launched a new business model that has meant the sale of memberships to mining and construction companies, which rely on OperApp for their recruitment and selection processes of operational talent for their projects.
- Soluciones Sitech Peru has launched a global initiative to accelerate the development of solutions that, through the adoption of 4.0 technologies, contribute in a timely manner to solve the pending challenges in the mining sector, integrating the capabilities of technological entrepreneurship and the strengths of the Ferreycorp corporation. In 2023, Soluciones Sitech Peru aims to become a relevant platform for the open innovation ecosystem of the mining industry, convening and selecting technology partners that contribute to accelerate the solution of pending problems in this industry so relevant for our country.
- Through its *retail* store opened in Lima in 2022, Unimaq offers direct purchase of light machinery for general or urban construction projects. The format also allows products to be quoted in less than ten minutes, spare parts to be delivered in one hour and even small machines in 24 hours. Thus, it already has three points -Trujillo, Arequipa and Lima - in retail format, as part of a network of 15 locations nationwide.

2.2.2.2 Internal innovation and analytical capabilities

Likewise, they highlight the initiatives implemented in Ferreycorp and its companies during 2022 to build capabilities that promote innovation and analytical transformation, generating a multiplier effect.

a) Innovation within the organization

- During 2022, Ferreycorp strengthened its Innovation Area to develop agile projects that add value and improve the user experience, with solutions focused on external and internal customers. It has incorporated profiles such as user experience (UX) researchers, user experience and interface designers (UX/UI) and innovation managers who, in addition to executing projects, build assets so that innovation capabilities extend to other work teams.
- To this purpose, the learning by doing methodology has been implemented, developing agile management, design and innovation capabilities in the work teams that participate in the projects. In this way, we continue with the objective of deploying innovative practices for the optimization or transformation of new products and services, with human talent and technology as key enablers.
- During the year, as part of the celebrations for the centennial of Ferreyros and Ferreycorp, the internal event Innovation Week was held for the first time, a week of talks and discussions focused on innovation, with prominent panelists, which attracted about 5,500 visits from employees of the corporation.
- As part of this event, a contest of innovation ideas was held by employees. From more than 70 applications, a set of winning initiatives was selected, whose implementation will begin in 2022. These address aspects such as the prediction and elimination of events in mining equipment; the reusability of spare parts; and the identification of opportunities for customer support agreements.

- During the year, the Digital Fest program was relaunched, which included the development of visits to Ferreyros branches throughout the country and the organization of a training event on digital solutions for both employees and customers. As a result, visits were made to ten branches and more than 500 customers participated.
- The five Ferreycorp Circles - Marketing, Health, Environment, Product Support and Supply Chain -, which integrate collaborators from specialized areas of the corporation's various subsidiaries, held 37 sessions to share expert knowledge in their field and best practices, seeking to multiply their scope and application.
- Gentrac, in Guatemala, is in the process of implementing a business discipline of Business Process Management, focused on improving performance results based on design, modeling, execution, automation, measurement, control and optimization of the organization's processes. It has also undertaken the implementation of a workflow process to manage service requests from internal and external customers, seeking to contribute to their satisfaction.

b) Advanced analytics

Analytics is a fundamental tool for the corporation's growth in the coming years. The creation of an Advanced Analytics Center reinforces Ferreycorp's commitment to become an institution with a management approach based on the analysis and interpretation of data (data-driven) for decision making and process optimization, fundamental for the analytical transformation of Ferreycorp and its subsidiaries.

- The aspiration of the Advanced Analytics Center is to become an enabler of the fulfillment of the strategic goals and budgets of the corporation's companies. To this end, during 2022, the enabling of the data platform based on Google technology (GCP) was defined, becoming the central point for the consolidation of data from the entire corporation and where all the analytical solutions that each subsidiary will use directly in its dashboards will be deployed, as well as the Advanced Analytics Center for its predictive models.
- It is important to highlight that, in order to exploit the full potential of data, analytical transformation must be accompanied by processes that contribute to data quality and governance. In this sense, the analytical models built from the Advanced Analytics Center will follow guidelines that gather the best practices in this discipline, from the way the data is obtained to its production.
- In 2022, a list of priorities and tasks (backlog) was drawn up for the general management of Ferreycorp's subsidiaries, which is being developed hand in hand with its business units, such as the Large Mining, Product Support and National Accounts divisions of Ferreycorp, as well as the company Soltrak, which contribute to the development of operational activities and the value offer provided to customers.
- During 2022, Ferreyros completed the implementation, commissioning and commercialization of the first two advanced analytical models, which have been implemented for large mining clients: "Rock Hardness Estimation" and "Rock Fragmentation Prediction". These two models help clients to have a sectorized blasting strategy, as well as a tool that allows them to optimize blasting results, providing higher productivity in the following stages.

c) Internal digitization

In order to sustain and reinforce current and future new business initiatives, Ferreycorp has been making a significant effort to create internal technological capabilities.

- We expanded the use of the *Success Factors* platform, within the framework of a corporate model for the evaluation of objectives and performance, enabling the 2022 objectives review process for more than 5,000 employees. At the same time, the Employee Self-Service Portal was deployed to all subsidiaries in Peru, generating synergies and allowing the decentralization of information and services in this area to more than 4,000 employees. In addition, process automation technology (RPA) and digital document management were incorporated into the Human Resources service model, adding payroll services to three subsidiaries by 2022.
- An important front driven during the year was the development of technological capabilities to enhance the generation of leads (commercial opportunities), through the integration between Cat and Ferreyros platforms related to after-sales support and customer management, and solutions that seek to promote these opportunities through a unified and consistent experience for customers, regardless of the channel through which the service is provided.
- The Integral Logistics Administration System (SALI) platform, created by Forbis Logistics for the operational management of its processes in Peru, has made it possible to start in 2022 the integration of strategic systems for commercial management between the offices in Peru and Chile, in order to capitalize on customer service opportunities in both countries.
- General de Equipos, in El Salvador, developed an initiative for the digitalization of processes (BPM) that required the use of paper (internal consultations, authorizations, etc.), which is already underway and will be made available to other subsidiaries of the corporation.
- During the year, we began implementing the Electronic Remittance Guides solution in Peru, in compliance with local tax regulations. This will allow the digitalization of more than 6,000 monthly guides for the subsidiaries.
- During the year, Orvisa's commercial team digitalized the Customer Value Agreements (CVA) solution in SAP ERP for quoting key services, which has a positive impact on commercial management. By using this tool, commercial executives improve their response time for quoting CVA, streamlining their service processes.

2.3 Board and Management

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

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

2.3.1 The Board

Composition of the Board

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

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

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

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

Non-independent directors

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

Independent directors

Humberto Nadal del Carpio
Gustavo Noriega Bentin
Javier Otero Nosiglia
Alba San Martin Piaggio
Raul Ortiz de Zevallos Ferrand

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

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

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

**Andreas von Wedemeyer Knigge
(Chairman)**

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

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

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

Manuel Bustamante Olivares

Member of the Board of Ferreycorp S.A.A. since 2011, as well as member of its Innovation and Systems Board Committee (since 2016) and Chief of its Investment Committee (since November 2019); member of the Board of Ferreyros S.A. since 2012. Vice Chairman of the Board and member of the Risk Committee of La Positiva EPS (from 2017 to March 2019); Vice Chairman of the Board of La Positiva Vida Seguros y Reaseguros (from 2005 until March 2019) and alternate director (as of March 2019); Chief of the Investment Committee and member of the Audit Committee of La Positiva Vida Seguros y Reaseguros (from 2016 until March 2019); Vice Chairman of La Positiva Seguros y Reaseguros (from 1975 until March 2019) and director (as of March 2019); Chief of the Investment Committee and member of the Audit Committee of La Positiva Seguros y Reaseguros (from 2016 to March 2019); director of La Positiva Sanitas (2012-2015); director of Transacciones Financieras S.A. (since 2000); Chairman of the Board of Fundicion Chilca S.A. (since 2010); Chairman of the Board of Inmobiliaria Buslett S.A.C. (since November 2019); Chairman of the Board of Buslett S.A. (since 2013); director of Corporacion Financiera de Inversiones S.A. (since 2005); director of Mastercol S.A. (from 2008 to August 2019); director of Dispercol S.A. (from 1998 until July 2018); director of Sociedad Andina de Inversiones en Electricidad S.A. (since 1996);

founding partner and member of Estudio Llona & Bustamante Abogados (since 1963); and Chief of Fundacion Manuel J. Bustamante de la Fuente (since 1960). He is a benefactor member of Instituto Riva- Agüero (since October 2017); director of Futuro Invest S.A. and of Futuro Inmobiliario Camacho S.A. (since 1994); Chief of Profuturo AFP (1993- 1999) and member of its Executive Committee (1993- 2010); first Vice Chief of Banco Interandino (1991- 1995); Chief of Banco de la Nacion and member of the Peruvian External Debt Committee (1980- 1983); member of the Board of Corporacion Financiera de Desarrollo- Cofide (1980- 1983); and *foreign trainer* of Shearman & Sterling in New York (1962- 1963). Lawyer by profession, graduated from the Law School of the Pontificia Universidad Catolica del Peru.

Thiago de Orlando e Albuquerque

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

Mariela Garcia Figari de Fabbri

General Manager of Ferreycorp S.A.A. since 2008 and director since 2020. She joined Ferreycorp in 1988 and held several positions in the Finance Division, being Finance Manager from 2001 to 2005. Subsequently, she served as Deputy General Manager of the company. She is a director of all the corporation's companies in Peru and abroad. She is a member of some of Caterpillar's advisory boards in which its dealers participate. She has been a director of the Foreign Trade Society of Peru (ComexPeru), of Sustainable Peru (formerly Peru 2021) and the Peruvian Institute of Economics (IPE), Empresarios por la Integridad, and InRetail. She is a member of the Advisory Board of some faculties of Universidad del Pacifico and Universidad de Ingenieria y Tecnologia (UTEC), member of the Board of Trustees of Universidad del Pacifico, where she was a professor in the Master's Degree in Finance. She has been a member of the Board of Directors of the Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Petroleum and Energy), of the American Chamber of Commerce (Amcham Peru) and its Chief in the years 2018-2020; of Procapitales and chair of its Corporate Governance Committee, as well as director of IPAE. She was Chief, during the period 2010 - 2013, of the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle). Previously, she was a researcher and member of the Editorial Committee of publications published by Consorcio La Moneda. She holds a degree in Economics from Universidad del Pacifico and an MBA from Universidad Adolfo Ibañez in Chile and Incae in Costa Rica. She received a distinction from the latter as the 2016 Distinguished Graduate.

Gustavo Noriega Bentin

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

Chief of the Peruvian Association of Logistics Professionals- Aprolog (2014- 2016). He is a business administrator from Universidad del Pacifico and holds an MBA from IESE Business School of the University of Navarra, Spain.

Raul Ortiz de Zevallos Ferrand

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

Javier Otero Nosiglia

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

Alba San Martin Piaggio

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

Special committees formed and constituted within the Board

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

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

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

Board of subsidiaries companies

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

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

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

Ferreyros' Directors

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

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

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

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

Name	Position	Subsidiaries of which it is a director
Mariela Garcia Figari de Fabbri	Chief Executive Officer Ferreycorp S.A.A.	Chairman of the Board of Directors of all the subsidiaries of the corporation, except Ferreyros S.A., of which she is a director.
Luis Alonso Bracamonte Loayza	Corporate Business and Marketing Manager of Ferreycorp S.A.A.	Director in Soltrak S.A., Fargoline S.A., Forbis Logistics S.A., Forbis Logistics SpA, Forbis Logistics Corp. and Soluciones Sitech Peru S.A.
Emma Patricia Gastelumendi Lukis	Corporate Finance Manager of Ferreycorp S.A.A.	Director of all the corporation's subsidiaries, except Ferreyros S.A.
Jose Luis Gutierrez Jave	Product Support Division Manager of Ferreyros S.A.	Director of Unimaq S.A.
Rodolfo Wenceslao Paredes Leon	General Manager of Soltrak S.A.	Director of Fargoline S.A., Forbis Logistics S.A., Forbis Logistics SpA and Forbis Logistics Corp.
Ronald Edwin Orrego Carrillo	Corporate Business Manager, Ferreycorp S.A.A.	Director of Unimaq S.A., Orvisa S.A., Motriza S.A., Soltrak S.A., and companies of the Trex group ⁽¹⁾ .
Gonzalo Diaz Pro	General Manager of Ferreyros S.A.	Director of Unimaq S.A., Orvisa S.A., Soluciones Sitech Peru S.A., Ferrenergy S.A.C. ⁽²⁾ , Motored in El Salvador and companies of the Gentrac group ⁽³⁾ .
Paul Fernando Ruiz Lecaros	Manager of the Energy Division of Ferreyros S.A.	Director of Ferrenergy S.A.C.
Enrique Luis Salas Rizo-Patron	National Accounts Division Manager, Ferreyros S.A.	Director of Unimaq S.A., Motriza S.A., Orvisa S.A. and Soluciones Sitech Peru S.A., Motored en El Salvador, companies of the Gentrac group ⁽³⁾ and Trex group ⁽¹⁾ .
Andrea Sandoval Saberbein	Deputy Audit Manager of Ferreycorp since May 2021	Directora of Fargoline S.A., Forbis Logistics S.A. and Forbis Logistics SpA
Hugo Ernesto Sommerkamp Molinari	Central Finance Manager of Ferreyros S.A. until June 2018.	Director of Fargoline S.A. and Forbis Logistics S.A.
Luis Fernando Armas Tamayo	Manager of the Large Mining Division of Ferreyros S.A.	Director of Soltrak S.A.
Alberto Renato Parodi de la Cuadra	General Manager of Unimaq S.A.	Director of Orvisa S.A., Motriza S.A., Motored El Salvador, Mercalsa, companies of the Gentrac group and Trex group.
Ricardo Ruiz Munguia	General Manager of Gentrac S.A. and General de Equipos S.A.A.	Director of Gentrac group companies.
Victor Otero Pizarro	General Manager of Trex Latinoamerica S.p.A. and General Manager at Equipos y Servicios Trex S.p.A.	Director of Trex group companies.

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

2.3.2 Management

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

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

The following are the principal officers of Ferreycorp and its subsidiary companies in 2022. The professional trajectory of each of these officers is available in Appendix 2, section 2.4.1.

Officers of Ferreycorp S.A.A.

Mariela Garcia Figari de Fabbri
General Manager Director

Ronald Orrego Carrillo
Corporate Business Manager

Luis Bracamonte Loayza
Corporate Business Manager

Patricia Gastelumendi Lukis
Corporate Finance Manager

Eduardo Tirado Hinojosa (desde mayo de 2022)
Corporate Technology, Processes and Information Manager

Maria Teresa Merino Caballero
Human Resources Manager

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

Andrea Sandoval Saberbein
Corporate Internal Audit Manager

Principal Officers of Ferreyros S.A.

Gonzalo Diaz Pro
General Manager

Luis Fernando Armas Tamayo
Large Mining Division Manager

Alvaro Vizcardo Wiese
National Accounts Division Manager

Enrique Salas Rizo-Patron
Regional Accounts Division Manager

Paul Ruiz Lecaros
Energy Division Manager

Angelica Maria Paiva Zegarra
Administration and Finance Division Manager

Jorge Duran Cheneaux
Human Resources Division Manager

Alan Sablich Nairn
Marketing and Digital Business Division Manager

Jose Gutierrez Jave
Product Support Division Manager

Principal officers of other subsidiaries and businesses of Ferreycorp corporation

Alberto Parodi de la Cuadra
General Manager of Unimaq

Cesar Vasquez Velasquez
General Manager of Orvisa

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

Gonzalo Romero Pastor
Deputy general manager of Gentrac Guatemala

Rodolfo Paredes Leon
Soltrak General Manager

Victor Otero Pizarro
General Manager of Trex Latinoamerica

Carlos Ojeda Iglesias
Manager of Trex Peru

Jorge Devoto Nuñez del Arco
General Manager of Forbis Logistics

Raul Neyra Ugarte
General Manager of Fargoline

Carlos Calderon Torres
General Manager of Soluciones Sitech Peru

Ernesto Velit Suarez
General Manager of Ferrenergy

2.4 Main awards

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



Caterpillar 2022 Excellence Programs

Gold: Ferreyros, Unimaq y Orvisa^{1/} (Service, Spare Parts, Rental); Gentrac Guatemala (Service and Rental of Heavy Machinery).

Silver: Ferreyros, Unimaq y Orvisa^{1/} (Digital and Marketing and Sales); Gentrac Guatemala (Rental of Light Machinery, Spare Parts, and Marketing and Sales).

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

1/ Since 2022, the performance of Ferreyros, Unimaq and Orvisa is evaluated jointly.



Caterpillar's Five Stars in Contamination Control

Fourteen Ferreyros workshops (Arequipa; Cajamarca; Centro de Desarrollo Tecnico; Chimbote; CRC Lima; CRC La Joya; Cusco; Huancayo; Lambayeque; Piura; Rentafer; Lima Machine Shop; Hydraulic Workshop; Trujillo), its Spare Parts Distribution Center (CDR), as well as one from Orvisa in Tarapoto, have this distinction by the end of 2022.



Caterpillar's World-Class Workshops Certifications

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



Massey Ferguson: Best Performance: Retail - Sprayers

Ferreyros ranks fifth in Massey Ferguson's Dealer Excellence program, considering all countries in South and Central America, except Argentina and Brazil.



Massey Ferguson: Dealer Excellence

Award granted to Ferreyros for generating the highest sales in Massey Ferguson sprayers in 2022, in all countries of South and Central America, except Argentina and Brazil.



Carmix: Distinction from the Distributors Club

Unimaq is recognized by Carmix as a member of its Distributors' Club, after consolidating a historical fleet of 600 self-compacting concrete mixers in Peru.



Dow Jones Sustainability Indices | MILA- Alianza del Pacifico

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



S&P/BVL Peru General ESG Index

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



Merco Corporate Responsibility and Corporate Governance

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



Socially Responsible Company Distinction (ESR)

Awarded by Peru Sostenible, in alliance with the Mexican Center for Philanthropy (Cemefi), to Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline and Soltrak.



Most Admired Companies of Peru Award (EMA)

The corporate community chooses Ferreycorp among the 10 most admired companies in Peru through the EMA 2022 Award, organized by PwC and the magazine G de Gestión.



Merco Companies and Leaders Ranking

For the eleventh consecutive year, Ferreyros is recognized among the ten companies with the best corporate reputation in Peru and as a leader in the sector. It ranked sixth and at the head of the industrial sector.



Ranking PAR

Ferreycorp was awarded first place in gender equity, diversity and social inclusion in the PAR 2021 ranking, by the consulting firm Aequales, in the category of companies with up to 200 employees. It ranked among the top ten in the National General Ranking, which evaluated more than 200 companies.



Merco Talent Ranking

Ferreyros is ranked among the top ten companies, and the leading company in its industry, for attracting and retaining talent in Peru, for the ninth consecutive year. It remains in the eighth place in the national ranking and the first place in its sector.

3. Business Management

Ferreycorp and its companies reached consolidated sales of S/ 6,593 million in 2022, 7.9% higher than the previous year (S/ 6,112 million). In dollar terms, the corporation obtained US\$ 1,717 million in sales, an increase of 8.6% compared to 2021 (US\$ 1,581 million).

This chapter presents a broad perspective of the business management and operations of Ferreycorp's subsidiaries in the year 2022, organized into three groups of companies as described in Chapter 2 - We are Ferreycorp.

3.1 Companies representing Caterpillar and allied brands in Peru

Ferreyros, Unimaq and Orvisa, subsidiaries representing Caterpillar and allied brands in Peru, generated sales of S/ 5,102 million in 2022, which represented an increase of 8.7% compared to 2021. In dollars, such revenues stood at US\$ 1,329 million, an increase of 9.3% compared to 2021. As a whole, sales made by this group of companies contributed 77% of the corporation's revenues.

The main represented Caterpillar, through the management of these companies, maintained its leadership in the Peruvian market, with a 58% share in 2022, according to official information on imports in FOB values.

At the end of the year, Caterpillar dealers in Peru stood out with the Gold level within the Excellence Programs of its main represented company, in the Service, Parts and Rental categories, while they were recognized with the Silver level in the Digital and Marketing and Sales categories, reaffirming the outstanding performance of Peru in the worldwide network of Cat *dealers*.

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

3.1.1 Ferreyros

In 2022, Ferreyros, Ferreycorp's flagship company and leader in the provision of heavy machinery and services in Peru, achieved sales of S/ 4,452 million, 11% higher than in 2021, and US\$ 1,160 million, with a growth of 12%. Below is the evolution of the business in each of the sectors it serves, as well as the scenario of each of these sectors in Peru during the year, which impacted the business not only of Ferreyros but also of the other companies of the corporation.

Open pit mining

During the year, open-pit mining faced events that temporarily impacted its operations. In particular, two important mines located in Apurimac and Moquegua experienced repeated blockages of ore transport roads and water supply lines, respectively, which temporarily limited their valuable contribution to copper production and, therefore, to the Peruvian economy.

Despite these uncertainties, copper production grew by 4.1% in 2022 compared to the previous year, thanks to the maximum use of its installed capacity and the start-up of the concentrator plant of an emblematic mine. In this context, Ferreyros' total sales to large mining clients reached US\$ 700 million, record levels driven by the growth in the provision of services and spare parts.

One of the most important milestones for Ferreyros in 2022 was the start-up of 100% of the first fleet of autonomous trucks in Peru, consisting of 28 Cat 794 AC units, with a 320-ton load capacity, in one of the most important mines in southern Peru, whose operation would have started with the first 19 units during 2021.

This achievement makes Ferreyros a pioneer in introducing this transformative technology at the national level, making possible one of the most important fully autonomous haulage circuits in America, and generates knowledge and experiences of high value to expand autonomy in other mines in the country. Cat Command technology for haulage, from Caterpillar's MineStar platform, allows the autonomy of trucks and auxiliary equipment to be managed in mining operations.

At the same time, it highlights the successful adoption of Cat 798 AC 400-ton electric drive trucks, which continue to demonstrate their high performance in high-altitude mines. Four mining operations added 13 new trucks of this model to their fleet, which meant that by the end of 2022, a total of 17 Cat 798 AC trucks would be working at maximum capacity in the Peruvian market. Ferreyros is thus the dealer with the largest fleet of Cat 798 AC trucks in the world. The productivity of this equipment is reflected in its greater power (4,150 HP), which allows it to reach higher ramp speeds and, therefore, move more tons per hour.

Cat 798 AC trucks are emerging as the model of choice for mining companies operating in Peru not only for their performance, but also for their ability to incorporate future technologies such as the *trolley* system or towing assistance, to increase speed on uphill ramps, or batteries, both of which have an impact on reducing carbon emissions.

It is worth noting Ferreyros' leadership in the domestic market: seven out of every ten large mining machines -and eight out of every ten mining trucks- that arrived in the country during the year were Caterpillar branded, according to official import information. According to forecasts, the sales volumes of large machines for the company were lower than in 2021, while the income generated by the provision of spare parts and services showed a relevant growth. In the latter case, Ferreyros maintained its presence in eleven large open pit sites, to which 1,500 collaborators, including engineers, supervisors and technicians of the organization, provide permanent support and are supported by the component repair centers in Lima and La Joya - Arequipa, as well as a logistics area that handles orders on a daily basis.

Among its various initiatives, the company deployed commercial strategies to capture a greater share of the component repair business, certified rebuilding of Cat machinery and consumable spare parts in the local market. It highlighted the growth in sales of the component repair line for shovels and drills, which incorporates as a relevant

differentiating element the certifications granted by Caterpillar, in order to the high standards applied by Ferreyros.

Also noteworthy is the introduction of products such as cutting tools (GET) for electric shovels, as well as new technologies applied in repair processes, in particular the HVOF system, the only one of its kind in the country, for servicing hydraulic cylinders.

In terms of field services, it is worth mentioning the consolidation of an important maintenance and repair contract (MARC) with a major mining customer located in Moquegua, covering the entire Caterpillar fleet on site and even other brands of drilling rigs. This field presence represents for the company the deployment of more than 300 technicians in the mine for a 24/7 service, including technological support to its autonomous operations. The contract began in April 2021 and runs for five years.

Ferreyros, as part of its value proposition, supported the Caterpillar fleets in the mine with the uninterrupted work of technicians and engineers; specialized maintenance; condition monitoring and advanced analytics; safety-enhancing technologies; and the support of a network of workshops and warehouses. A key indicator of this value delivery is the mechanical availability of the equipment, which reflects the time in which the machines are operational to produce, which has a direct impact on productivity and lower cost per ton. In that line, we can highlight that in 2022 a prestigious mine in the south of the country was recognized by Caterpillar for the world record of availability achieved by its fleet of giant Cat equipment, both 7495 shovels and 797F trucks.

Underground mining

Peruvian underground mining production -which is characterized by its significant global contribution of metals such as gold, silver and zinc- maintained its growth trend in 2022, following the significant reactivation shown during 2021, from favorable levels of mineral prices.

The demand for new machinery was significant, both for fleet renewal and for the expansion of operations. As a result, Ferreyros obtained sales of new equipment for underground mining higher by 26% compared to 2021, the highest levels achieved since 2015. These businesses were reflected in the delivery of around 90 units to companies in the sector, mainly for hauling material in mines, as well as for complementary work, especially for the businesses finalized in the first half of the year. Among the most requested models were the Cat R1300H, Cat R1600H and Cat R2900 underground mining Load Haul Dump (LHD) loaders, with a capacity of 4.1 yd³, 6.3 yd³ and 9.4 yd³, respectively.

The market share of Ferreyros and its represented Caterpillar maintained a level above 90% in 2022, associated with LHD loaders larger than 4 yd³. High productivity, safety, robustness and power, as well as low operating and maintenance costs are characteristics that mark the preference of customers for this equipment.

The line of rock *scalers* or rock unbolters of the German brand Paus also maintained its leadership in the market, giving this brand a 73% market share. Similarly, within its broad portfolio, Ferreyros incorporated in 2021 the Elphinstone line of utility equipment, which is increasingly positioning itself in the market, the UG20K underground mining motor grader, for the most rigorous road maintenance work.

During the year, Ferreyros once again provided its underground mining customers with the alternative of Cat Certified Cat Rebuilds (CCR) to give the units a renewed service life, with a new serial number and a new factory warranty period. This has not only earned

the satisfaction of its customers, but has also had an impact on the sustainability of Ferreyros' activities by promoting the circular economy. As a sign of its commitment to this modality, since 2017 alone, the company has executed certified rebuilds to close to 100 underground mining machines.

During the year, Ferreyros has continued to offer services to its customers through mine support modalities, with permanent technical personnel to attend to the units under biosafety protocols, which has meant the recognition of its customers for the high safety standards with which it operates. In 2022, the company signed a new comprehensive technical support agreement for maintenance and repair of units (MARC model) with a major underground mining client. Likewise, the consignment of spare parts to different mining operations, as well as the availability of an inventory of components, remain part of Ferreyros' portfolio of support solutions, which are highly valued by its customers.

Construction

During 2022, the demand for heavy construction machinery, whether new units, as well as used and rental equipment, and the provision of services and repairs, were linked to related operations in mining, which include infrastructure work and various earthmoving activities, and the execution of public and private works such as road construction, river defenses -especially those in the north of the country, led by the Authority for Reconstruction with Changes-, maintenance and development of roads. Additionally, the significant progress achieved in the expansion and construction of the international airports in Lima and Chinchero (Cusco), as well as the port of Chancay, called for the presence of Ferreyros with fleets of Cat machinery.

Among the infrastructure works that drove construction machinery requirements are, in the northern region, the penetration roads to the province of Ayabaca, Piura; the integral protection of the Chicama - Viru river and the San Idelfonso and San Carlos streams, in Trujillo; as well as infrastructure works for mining in Cajamarca, among others. In the central region, the maintenance of the Lima - Canta - Huayllay and Ninacaca - Huachon highways stands out, while in the southern region, road maintenance and mining infrastructure works in cities such as Cusco, Arequipa, Moquegua and Tacna stand out, as well as the renewal of fleets in cement and brick factories in Arequipa.

Domestic sales of heavy construction machinery, as well as the supply of spare parts and services to companies that use them, showed an improvement over the previous year of 7%, even in an environment of political and economic challenges in the country, as well as in international markets.

Support for the operations of the national accounts division's customers - which, as their name suggests, work throughout the national territory without being limited to a specific region - through sales of spare parts, maintenance contracts, repairs, certified rebuilds, among others, was the main driver of business during the year, followed by the supply of new and rental machines, particularly for airport infrastructure and road construction and maintenance.

Sales to clients of the regional accounts division -that operate in a particular region- in various productive sectors, construction being one of the most important, grew to US\$ 232 million in 2022, higher than the US\$ 202 million in 2021, and the highest level in the last six years. During 2022, demand for infrastructure activities and activities related to mining and construction associated with public works increased.

Excavators, front loaders, motor graders, vibratory rollers and bulldozers were among the most demanded lines of Cat machines. Ferreyros retained its leadership in the market, with a share close to 50% with its represented Caterpillar, in FOB values, although the total amount of heavy construction machines of different brands that arrived in Peru in 2022 was around 1,200 units -300 units less than in 2021-. The Metso line, on the other hand, reached a 35% share in FOB values, with crushers and mobile shakers for aggregate production.

As mentioned, these growing sales figures are largely based on the company's strategy of optimal after-sales support for its customers. On the one hand, it permanently incorporates the best technical service practices in the search for excellence in its workshops and has been increasing the number of machine repair and component repair bays in its main branches located throughout the country. Likewise, in order to deliver segmented service solutions that adapt to the needs of its customers, Ferreyros has continued to channel its support through maintenance contracts (Customer Value Agreements or CVA), a tool under which the company currently manages more than 3,600 machines, both in construction and other productive sectors. Thanks to these contracts, the machines are regularly visited for preventive maintenance and inspections that may reveal the need for repairs prior to the appearance of a fault.

The digital transformation processes within the company have also allowed for permanent monitoring of the equipment in Ferreyros' Monitoring and Planning Centers, in order to maintain their excellent performance. More information on this topic is described in the Innovation section.

It is worth mentioning that, through various initiatives and financing programs with very competitive conditions, Cat Financial – Caterpillar's financial arm - managed to position itself as a strategic financial provider during 2022. Cat Financial's financial solutions offer is not limited only to machinery, but also to parts and service financing, achieving a 39% and 46% share for the financing of Caterpillar equipment and major repairs, respectively, for the construction industry.

With a rental fleet of more than 200 Cat machines and engines with more than 200 kw of power, the Rentafer business unit has rented machinery and equipment for important public infrastructure projects related to the reconstruction of the north of the country and highways, among others, as well as for private works developed in the most important mining operations in the country.

Agriculture

Agricultural production was impacted during the year by the increase in prices of important inputs such as fertilizers, limited government action to develop plans for production recovery, conservatism in investments due to the lack of political stability and even external factors such as the war between Ukraine and Russia. Family agriculture reduced its production area and lost yields in the field due to the lack of inputs, while agro-exporters limited the development of new projects due to the uncertainty of investment.

However, in 2022, sales of the agricultural business at Ferreyros experienced a remarkable recovery to US\$ 22 million in equipment, spare parts and services (US\$ 15 million in 2021), thanks to the demand captured in the year and a greater availability of inventory, which allowed to meet the renewal of fleets of major customers and compete in all market segments. In a context in which the agricultural tractor industry grew significantly, the company supplied 284 new Massey Ferguson and Valtra brand agricultural tractors in 2022, which was reflected in a market share of 22% in FOB values

for this category, recovering more than ten percentage points above that achieved in 2021. As a complement to this offer, 39 used tractors were sold. In this way, Ferreyros led the category of fruit tractors and recovered, in particular, its share in open field tractors.

In terms of agricultural implements such as plows, harrows, balers, sprayers, among others, Ferreyros supplied 125 machines and carried out the first import operation of round balers for sugarcane cultivation, which are already operating at the facilities of an important sugar customer in the north of the country. With the sale of two self-propelled sprayers for use by agro-exporting companies, Ferreyros ended the year with a total of 448 machines from different families supplied to its customers in 2022, a 40% increase over 2021.

Also noteworthy is the launch of the AGCO Express spare parts sales point, in alliance with a distributor of agricultural products in Huaral, which boosted sales to family customers and marks the beginning of the development of new channels of the same type in other parts of the country.

On the other hand, in 2022 the company adopted the representation of specialized Italian-made Antonio Carraro agricultural tractors, a brand with more than 100 years of experience in the market and a specialist in fruit tractors for crops such as table grapes and blueberries.

Government

The Government's demand for machinery showed a moderate and steady growth during 2022, which was reflected in Ferreyros' sales to the sector for US\$ 16 million, almost double that recorded in 2021. The company supplied a total of 64 construction machines and 11 agricultural equipment after being awarded tenders called by the Government, at higher levels than both 2021 and those of previous years, on average.

The greatest demand for machinery during 2022 came from municipal and regional governments, in contrast to that of the ministries, and was destined to the execution by direct administration of projects for dirt roads, road maintenance, earth moving in case of emergencies or for disaster prevention, among others. The increased activity in the purchase of equipment was accentuated at the end of the year.

Based on this performance, Ferreyros achieved a significant market share, which reached 66% of the machinery units awarded by the Government in 2022. The central and southern regions presented the highest activity in the number of processes awarded, followed by the northern region.

Energy

At the end of 2022, consumption in the electricity sector grew 3.6%, in a context of a reduction in the participation of hydroelectric plants in the energy supply and an increase in that of thermal plants. Renewable energies, such as wind and solar, have been progressively increasing their share in the country's electricity supply, which will continue in the following years with the development of new projects.

It is in this context that the commercialization of temporary energy solutions in 2022 showed a greater dynamism compared to the previous year, due to the commissioning of projects in the energy, mining and industry and agribusiness sectors, mainly. In the energy sector, the needs of customers for solutions that use Caterpillar natural gas generator sets were met; in the case of mining, the reactivation of some projects boosted

the requirements for diesel generator sets. For the industrial and agro-industrial sector, solutions with power ratings below 1,250 kW (*retail* products) were the most requested and attended by Ferreyros with its Caterpillar portfolio.

Ferreyros and Caterpillar obtained 28% of the market, measured in FOB values, in generator sets of various capacities from 220 kW to 2,600 kW, both diesel and natural gas. In the segment of solutions with natural gas generator sets, which allow meeting energy supply needs, mainly for (peak shaving) scenarios, in 2022, business was concluded with some industrial customers for approximately 3 MW, which was reflected in a leading share of 59%, measured in FOB import values.

On the other hand, in 2022, the first acquisitions of the recently introduced line of Caterpillar generator sets of the GC series, available in power ratings between 220 kW and 1,250 kW and aimed at businesses that require emergency solutions (*stand by*), at lower cost and with reduced fuel consumption and acquisition cost, were completed. Thus, Ferreyros has a wider range of options to serve customers with products with less than 1,250 kW of power.

Ferrenergy, established in 2006 in association with Energy International Corporation, SoEnergy, currently has more than 52 MW of power available in its own equipment and projects in progress. In 2022, the company obtained a participation of more than 80% in the Peruvian market for the assembly and operation of thermal and solar power generation plants. Its sales stood at S/ 30 million, lower than those of the previous year, reflecting the delay in some investment decisions in the industry and variations in supply demand.

The most important business during the year was the sale of energy for an oil project in Lot 95, in addition to the supply of additional generators for the expansion of its plant. Likewise, as part of its service to the mining industry, Ferrenergy was involved in power generation for an important company in Lagunas Norte, in La Libertad, and continued operating a solar photovoltaic plant that supplies energy to a mine in Arequipa, equipped with more than 2,400 Caterpillar solar panels. The latter is part of a portfolio that includes renewable energy projects and new energy generation technologies.

It is worth noting that, after starting operations in 2021 for the supply of equipment, assembly and rental to customers in the oil sector in Ecuador and in charge of managing cities in the Brazilian Amazon, in 2022, Ferrenergy expanded its services from its branch in Guatemala by being contracted to increase by 100% the installed power to a major cement customer. Initiated in June 2018, said contract was extended twice to expand the installed power and culminated with the last power generation in December 2022.

The provision of capital goods and services for the hydrocarbons sector continued to register low dynamism in 2022, despite some progress in investments for this market and the recovery of international prices. In this context, contractors that provide support to the oil activity opted during the year to maintain and repair their equipment specifically to keep them operational, causing sales of spare parts and services to remain stable, as well as sales for the renewal of equipment for this sector.

However, in 2022, Ferreyros completed a major transaction with a foreign supplier of compression packages for the oil sector, which represents the sale of a batch of 44 industrial engines for US\$ 21 million, the delivery of which began during the year and will continue in 2023.

Fishing and marine

The fishing sector had a 13% drop compared to 2021, due to the political and environmental environment, especially during the first anchovy fishing season, as well as a late start of the second season. Additionally, some customers in the industrial fishing sector started to manufacture vessels with greater storage capacity and low-speed marine engines, which are not part of the company's portfolio.

Ferreyros' leadership in the industrial fishing segment stands out, with a 37% market share measured in FOB values, which includes the delivery of Cat marine engines at various points along the coast.

The 66% percent of the new marine engines were purchased by the industry's leading fishing customers, mainly for repowering their vessels and, in only one case, for a new vessel. The remaining 34% went to semi-industrial customers in the north of the country, which has enabled us to recover market share in this segment.

Although environmental regulations still allow the use of mechanical engines in Peru, Ferreyros distributes mainly electronic marine engines whose modules Caterpillar is constantly innovating as well as making improvements related to emissions control.

Cat marine engine overhauls for the main fishing customers did not stop and reached 38 during the closed season. Thus, this activity reached slightly higher levels compared to the previous year, providing a highly valued alternative in the market and giving a new life to this important equipment.

At the end of 2022, Ferreyros had 103 marine engines with CVA contracts, as a result of the company's efforts to continue offering this option to leading clients in the industry. Likewise, 101 engines were connected to a remote platform that allows monitoring their performance and operating conditions, a task of greater complexity than in the case of machinery, since greater precision is required while the vessels are offshore and coinciding with the time available between fishing seasons. This connectivity provided by Ferreyros contributes to the optimization of the management of the customers' fleet, both by increasing their productivity and by reducing costs, as engine maintenance is planned in a timely manner.

Service, logistics and digital advances

As part of its strategy to enhance logistical support to its customers, the Parts Distribution Center (CDR) completed one year of operations with its renewed infrastructure. The logistics processes were consolidated and strengthened in the SAP ERP warehouse management system, helping to speed up customer service and maintain inventory record accuracy above 99.8%.

With a record of more than 56,000 SKUs, the Parts Distribution Center also managed part of Unimaq's logistics activities and provided support to Ferreyros' new mining project operations. It is worth mentioning that it achieved Caterpillar's Five Star Contamination Control certification, for the second consecutive year, and recertified as an Authorized Economic Operator, accrediting since 2017 the security of its logistics chain before the national and foreign customs authority.

In terms of after-sales support, Ferreyros' two Component Repair Centers (CRC), in Lima and La Joya, achieved the highest rating during Caterpillar's annual certification process for world-class workshops. At the same time, both increased their production capacity to 200 major components per month and were able to produce 15% more components than the previous year.

It is worth noting that, at the end of 2022, 14 Ferreyros workshops had the Caterpillar Five Star Contamination Control certification, including, in addition to the aforementioned CRCs, a wide range of workshops distributed in different regions of Peru.

On the other hand, the reuse of parts has continued to deserve special attention and care during the component repair process, in order to encourage continuous improvement and work in a more efficient and agile manner, while preserving quality. It is worth highlighting the experience, promoted in the workshops in Lima and La Joya, of expanding the criteria for reusability of components, which has made it possible to increase the volume of recovered parts. This contributes to the circular economy of the product and the reduction of the carbon footprint in the value chain.

Regarding the implementation of new processes, the Metallizing, Machining, Welding and Hydraulics workshop (MSH, for its acronym in Spanish), in charge of the application of parts recovery processes, including crack detection, consolidated the alternative process to chrome plating for the recovery of hydraulic cylinder surfaces with high-speed thermal projection (HVOF), which improves the wear life and impact of these components, in addition to protecting the environment.

It is important to note that during the year there was a significant increase in the levels of net customer loyalty with respect to the provision of machinery, spare parts, services and rentals offered by Ferreyros. Precisely in terms of service, it is worth highlighting the improvement in loyalty regarding the accuracy in the execution of maintenance contracts (Customer Value Agreements or CVA), as well as the commitment to service. The latter was favorably impacted by leveraging remote service support to provide a faster and more timely response. The standardization of service processes at the national level also benefited from the use of high management standards.

On the other hand, digital business was characterized by its dynamism during 2022. Spare parts sales via e-commerce reached US\$ 84 million, 63% higher than in the previous year, generated through the Parts.Cat.Com (PCC) and Cat IP platforms.

This significant expansion is explained, on the one hand, by the increased use of the Cat IP integrated spare parts purchasing solution, after adding two customers with high purchasing volumes. Cat IP integrates the resource planning systems (ERP) of the customers and that of Ferreyros to complete the procurement process, and operates with a set of about ten customers in the country.

Similarly, higher sales reflect the acquisition of close to 800 new customers using the PCC e-commerce platform (the highest annual growth figure achieved to date). The use of PCC rose to represent more than half (51%) of Ferreyros' spare parts sales through its stores, compared to 43% in 2021, considering customers in sectors such as construction, underground mining, energy, industry and commerce, nationwide. In some cities such as Lima, Arequipa, Cusco and Cajamarca, this proportion even exceeded 80%.

The growing acceptance of the portfolio of equipment management solutions (MyCat, VisionLink and monthly fleet management reports) has been another characteristic of 2022. This has been reflected in the fact that more than 50% of customers in the construction and mining sectors with connected fleets use these solutions to improve the decision-making process on fleet management, based on the analysis of the information provided by the machines.

For the second consecutive year, Ferreyros successfully held the Ferreyros Live online event, offering discounts and promotions on spare parts and services. This fair, broadcast on the company's Facebook and YouTube channels, allowed business opportunities to be established with close to half a thousand customers, including more than 50 new ones.

Virtual tours to visualize the features and functionalities of machinery and equipment have also grown considerably this year. More than 30,000 visits to these tours have enabled customers to see eleven models of machines from all perspectives.

About Ferreyros

- Leader in the provision of heavy machinery and specialized services in Peru, distributes the most important equipment of the Caterpillar portfolio in the country, required by the various economic sectors in the territory.
- In addition to the products of its main representative Caterpillar, there are other prestigious brands, such as Metso aggregate production equipment for construction; Paus underground mining equipment; and Massey Ferguson agricultural tractors, among others.
- With the most complete after-sales support in the market, it has around 50 service points in the country, including branches, offices and headquarters, as well as a permanent presence in its customers' projects.
- It is a founding member of the Good Employers Association (ABE, for its acronym in Spanish) and has been awarded the Socially Responsible Company Distinction. It has the Anti-Bribery Certification granted by the association Empresarios por la Integridad. It has ISO 9001:2015 certifications for multiple processes of the Product Support Division Management, and ISO 45001:2018 for the Industrial headquarters, the main operating location in the country.

3.1.2 Unimaq

The boost that the dynamism of the construction sector has meant for the supply of Caterpillar light equipment and allied brands that Unimaq provides allowed it to reach, in 2022, sales of S/ 570 million (US\$ 148 million), showing a 6% growth compared to 2021.

In particular, the sanitation sector deployed a significant demand for Cat equipment throughout the country, highlighting in Lima the execution of the Nueva Rinconada project, aimed at improving water services in the districts of San Juan de Miraflores, Villa Maria del Triunfo and Villa El Salvador. This project, together with self-construction and other public and private works, boosted Unimaq's performance during the year, in addition to the continuation of its strategy of visits to clients and mixed work modalities that facilitated its operations.

Cat light machines, such as backhoes, skid steer loaders, excavators, rollers and front loaders, among others, were the most requested by customers in the construction and haulage industries, as well as by mining contractors. Therefore, Unimaq, with its Cat subsidiary, maintains its leadership position with a market share of 53%, according to information on imports in FOB values. Its product portfolio includes backhoe loaders - with more than 60% share in FOB values-, skid steer loaders and excavators of up to 23 tons.

Shacman trucks, SEM machines -especially front loaders-, Carmix self-loading concrete mixers, Caterpillar forklifts, among others, also showed an attractive demand. In particular, in the Carmix line of self-loading concrete mixers, Unimaq obtained a market share of 81% in FOB values, which gives it an absolute leadership position in this area. Generating sets of up to 200 KW of power have continued to be requested from Unimaq by the construction sector for use in new buildings, hospitals, poultry farms, among others.

It is important to mention that, as part of a strategy of optimization and search for synergies, Trex Peru, Ferreycorp's business unit specialized in cranes and lifting equipment, will join Unimaq as of January 1, 2023. It should be recalled that in 2021 the incorporation of the Cresko business, a specialist in Asian machinery and equipment, was also completed in Unimaq, with good results.

In this way, Trex will add value for its customers by having the national backing of Unimaq's infrastructure, with branches and offices in 15 cities. It will also have Unimaq's extensive portfolio at its disposal to meet its customers' needs and will gain efficiencies in its operations.

Trex, as a business unit of Unimaq, will continue to distribute its prestigious portfolio of brands: Tadano, Terex, Konecranes, Demag, Donati, Magni, PM, Terberg and Telestack, maintaining its usual specialized after-sales support and spare parts supply. Unimaq, in Peru, will maintain a close relationship with Trex Chile, Ecuador and Colombia to promote the development of Trex regional strategies.

Precisely the Asian machinery portfolio previously distributed by Cresko and now integrated into Unimaq, consisting of the SEM, Shacman and Shaorui lines, showed significant growth in sales compared to 2021, with SEM front loaders, Shacman dumpers and mixers, as well as trash compactors and tankers for the construction and government sectors, being the most demanded models.

In addition, the Shaourui crushing and crushing line, part of Metso, has been attracting more and more quarry customers, as it has shown an excellent quality-price ratio for the various aggregate and construction activities.

The strategic action plans that have been designed around the lines previously represented by Cresko will allow it to strengthen its activity in 2023, which will have an impact on the further growth of this portfolio.

In another area, as a sign of customer confidence in its after-sales service, the light equipment maintenance contract that a mining company in the south of the country awarded to Unimaq last year was renewed for an additional two years. A new service contract was also awarded to a large mining customer in Moquegua, while a three-year pricing agreement was signed for the supply of spare parts to a new mining customer, this time in the north of the country.

Similarly, the number of value-added contracts (VAC) with customers increased by more than 17% by the end of 2022 for Caterpillar machines and 25% for allied brands, reaching a growth of 20% in total VAC contracts nationwide.

The project for the purchase, storage and sale of spare parts from the Spare Parts Distribution Center (CDR) initiated in 2021 in the search for synergies between Unimaq and Ferreyros in order to obtain better operating costs in storage, import and local transportation of its spare parts, has continued in 2022 with successful results. In parallel, in order to add efficiencies linked to the existing infrastructure of the corporation's companies in our country, five of Unimaq's 15 points of sale are installed within Ferreyros branches nationwide.

It is important to highlight the rental alternative for the markets served by Unimaq. At the end of 2022, Unimaq's light equipment rental fleet consists of 200 units, both Caterpillar - including backhoes, skid steer loaders and excavators - and allied brands - for example, Carmix self-loading concrete mixers, Wacker Neuson light equipment, Genie aerial work platforms, among others. In addition, the long-term forklift rental fleet is around 300 units, including maintenance and renewal for at least two years. Meanwhile, 400 units of used equipment from rental fleets, in lines such as forklifts, backhoes, skid steer loaders and excavators were sold in 2022.

On the other hand, spare parts sales through Parts.Cat.Com (PCC) were notably higher in 2022 than in 2021, so revenues from the digital channel were higher than in 2021, reaching 29% of the company's total sales of spare parts through its stores.

Also, in 2022 and over an area of more than 1,000 square meters, Unimaq opened its first retail store aimed at the construction sector in Lima, from which it has begun to sell Caterpillar and allied brands' equipment and spare parts in an agile self-service format, as described in the Innovation chapter. This is a Caterpillar service model that allows immediate solution to the needs of retail customers, promotes customer loyalty and strengthens ties with the brand and its dealer.

About Unimaq

- Founded in 1999, Unimaq is the corporation's company dedicated to the sale and rental of Caterpillar and allied brands of light capital goods. It serves the urban and light construction, industrial, agricultural, commercial, service and mining sectors.
- In addition to the Cat General Construction line (compact equipment), it distributes allied brands such as Caterpillar forklifts, Caterpillar generator sets up to 220 kW, Carmix self-loading concrete mixers, Wacker compaction equipment, Lincoln Electric welding equipment, CIFA concrete mixers and pumps, Blend mobile concrete plants, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Sullair portable compressors, Gardner Denver stationary compressors, Lincoln Industrial lubrication systems, among others.
- Of Cresko's incorporated lines, it represents SEM, manufactured by Caterpillar, with loaders, crawler tractors, motor graders and rollers. Its portfolio also includes Shacman trucks and Shaorui crushers and crushers, among other lines.
- It has branches in Piura, Cajamarca, Lambayeque, Trujillo, Huancayo, Arequipa, Cusco, Ilo, Ica and Moquegua. It also has offices in Cerro de Pasco, Huaraz, Ayacucho and Puno. Its main headquarters are located in Lima, where it also has an office in the southern area, dedicated to the service of Caterpillar and allied brands, rental of units and used equipment.
- Unimaq is a Socially Responsible Company (ESR, by its acronym in Spanish) and is a member of the Asociacion de Buenos Empleadores (ABE, by its acronym in Spanish). It has ISO 37001 certification for its Anti-Bribery Management System and Anti-Bribery Certification from Empresarios por la Integridad. It is also ISO 9001:2015 certified for quality management.

3.1.3 Orvisa

Sales of Orvisa, a Ferreycorp subsidiary that markets and supports machinery and consumables in the Peruvian Amazon, amounted to S/ 152 million (US\$ 40 million), a level close to that of 2021, with a 2% reduction, and in which sales to the construction sector have continued to predominate.

Infrastructure projects developed in the Amazon region during 2022 were the main drivers of sales of new construction machines, such as excavators, backhoes, motor graders and Cat skid steer loaders, for fleet expansion and renewal, which accounted for around 50% of total sales.

Also noteworthy was the increase in sales in the fluvial sector, in the lines of materials for the construction or repair of fluvial vessels, as well as fuels.

Orvisa obtained sales levels similar to those of 2021 in the agricultural sector, which it served with Massey Ferguson tractors, mainly for rice cultivation. Thanks to demonstration initiatives or field tests, customers were offered the possibility of evaluating the functionalities of the machinery, promoting sales in the last half of the year and preparing the company to strengthen its performance in 2023.

In the hydrocarbon sector, the focus was on essential maintenance for equipment, as well as the provision of spare parts for overhaul processes in some of the customers' units.

Services for the maintenance of Caterpillar machinery, such as Repair Options and Customer Value Agreements (CVA), continued to be provided by Orvisa during the year, with customized options for each customer segment in the Amazon region, according to their needs. In the particular case of CVA, Orvisa was able to significantly increase the penetration level of these agreements among its customers, thanks to the incorporation of more flexible conditions so that they would become familiar with their advantages in order to add benefits in subsequent agreements. As a result, the proportion of machines serviced through CVAs rose from 9% in 2021 to 30% in 2022.

During the year, the e-commerce alternative for spare parts continued to expand among customers in the Amazon region, with a 27% increase in sales through the Parts.Cat.Com (PCC) platform compared to 2021, exceeding US\$ 3 million. The adoption of improvements in the user experience, including the tracking of their requests, ongoing guidance in the use of PCC and the constant demonstration of the advantages to customers contributed to this result.

About Orvisa

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

- Orvisa is a member of the Asociacion de Buenos Empleadores (ABE) and has been awarded the Empresa Socialmente Responsable (ESR) distinction. It has the Anti-Bribery Certification from Empresarios por la Integridad.

3.2 Companies representing Caterpillar and other businesses in Central America

In 2022, the companies representing Caterpillar and other businesses in Central America recorded sales of S/ 677 million, up 18.4% compared to the previous year. In dollar terms, revenues for 2022 were US\$ 176 million, an increase of 19.7% compared to the previous year. It should be noted that 10% of the corporation's consolidated sales were driven by this group of companies.

In 2010, the corporation entered Central America with the acquisition of Caterpillar's representative companies in Guatemala and Belize (Gentrac) and in El Salvador (General Equipment). Subsequently, it acquired Motored (formerly Transpesa), dedicated especially to the supply of spare parts for heavy transport in El Salvador.

It should be mentioned that, at the end of 2022, the corporation divested itself of the Mobil lubricants business in Central America, which operated in three countries and represented annual sales levels of US \$24.3 million. The corporation is confident that these levels will be recovered with the rest of the portfolio it manages in the region. The corporation also ceases to operate in Nicaragua, where it had sales of only US\$6 million and was facing a complex political and economic environment.

3.2.1 Gentrac (Guatemala and Belice)

Sales of Gentrac, Caterpillar's representative in Guatemala, totaled S/328 million (US\$85 million) at the end of 2022, 17% higher than in 2021. It highlighted the supply of machinery for quarrying activities, as well as for the construction and agribusiness sectors and, to a lesser extent, the government sector, particularly from municipalities in the interior of the country.

Gentrac significantly increased its sales of Caterpillar machinery during the year by placing more than 300 Caterpillar units. In addition, demand for the SEM allied brand stood out. Among the operations with the greatest impact on sales were those generated by the local cement company and its affiliates, as well as by emerging contractors in charge of developing public infrastructure.

At the end of the year, the company positioned itself as an industry leader and a benchmark for its level of service, support, and financial capacity. Its market share was again close to 30% as the exclusive representative of Caterpillar, in a highly competitive context due to the historic growth of the machinery market, which incorporated new brands in Guatemala, mostly Asian. The retail segment was one of the most significant: Gentrac increased its customer base by more than 70%, through the Cat product lines for the construction industry.

Among its commercial initiatives, it is worth mentioning the campaign carried out to showcase the performance of 20-ton excavators in four face-to-face events nationwide, including a central one that brought together 130 customers, broadcast live on social networks. This deployment allowed Gentrac to achieve more than 30% of the annual sales of excavators in its class.

In order to provide alternatives tailored to the needs of its customers, the company continued to generate value through the rental of machinery, which was reflected in the signing of long-term contracts to supply Caterpillar and SEM machines to companies linked to the agro-industrial sector. At the end of the year, there were 162 pieces of equipment in the rental fleet, more than 120 of them under rental.

Sales of spare parts and services also exceeded their 2021 levels. In the services business unit, it is worth noting that the company executed the 68th Cat Certified Reconstruction (CCR) since 2010, the year in which it entered this modality. The most recent rebuild was for a Cat 772 truck, which was given a new lease of life for quarry operation under a new maintenance and repair contract.

In March, the company held for the first time the *Gentrac Live Festival* of parts and services, a virtual event broadcast live and aimed at boosting sales of Caterpillar spare parts and services through digital media.

Gentrac maintains nationwide coverage, with ten branches and parts stores, covering all the cities with the greatest economic activity and with accessible distances for the rest of the towns and communities in the country. Likewise, the sales force is decentralized, serving its area of coverage from each branch.

Gentrac's efforts in after-sales support were reflected in the Caterpillar Excellence Programs, in which it achieved the Gold level in the Heavy Machinery Service and Rental category; it was the only recognition of this level granted to a Cat dealer in Central America. It also obtained the Silver level in the categories of Light Machinery Rental, Spare Parts, and Marketing and Sales, and Bronze in the Digital category. Also noteworthy during the year was the maximum qualification achieved in the Warranty Excellence Program.

Likewise, in 2022, the company maintained the 5-Star Certification in the Retail Experience evaluation for its main branch, in addition to its branches in Quetzaltenango, Teculután and Escuintla. It was also recognized in the region by Caterpillar for its excellent management of internal sales of spare parts to customers in the retail sector. It should be noted that synergies with other areas of the corporation in terms of after-sales service quality were strengthened with the enrollment of 100% of its technicians in the Ferreyros Service Pro internal development program. It is also worth mentioning the creation of the Heavy Equipment Operators Club in Guatemala, in addition to the one created in Peru.

During the year, Gentrac launched a pilot project to promote the penetration of the Parts.Cat.Com (PCC) tool in the Morales-Izabal region, which included the delivery of spare parts to customer locations, leading to an average increase of 80% in the monthly sale of parts in this region of the country.

On the other hand, Gentrac Belize's operation closed the year with sales of S/ 23 million (US\$ 7 million), which shows its growth compared to 2021, supported by the good performance of equipment supply, which increased 24% compared to 2021 and was the main source of growth for the company, followed by the rental and sale of spare parts.

The government sector was the most important demand segment, acquiring equipment for road construction and maintenance, both directly and through subcontractors. Gentrac Belize remained the market leader, with a 93% market share during 2022.

About Gentrac (Guatemala and Belize)

- In Guatemala, Gentrac is the sole representative of Caterpillar and SEM brand machinery and equipment, and representative of other brands such as Mitsubishi (forklifts), Kalmar, Terex/Finlay, Sullair, Wacker Neuson (light and compact), Schwing, Carmix, Genie, Mabey, Marine Travelift, Valley, SKF, Alemite, Lincoln Electric, among others.
- Maintains its main office and a spare parts store in Guatemala City. Branch offices in Quetzaltenango, Teculután, Escuintla, Morales, Retalhuleu, Huehuetenango, Cobán and Peten, as well as 14 mobile warehouses in customer operations..
- Gentrac is a member of the Human Management Association (AGH, by its Spanish acronym) in Guatemala.
- Its origins as a Caterpillar distributor in Guatemala date back to 1964, operated under other names and partners. It was acquired by the Caterpillar distributor in El Salvador in 1998 and subsequently by Ferreycorp in 2010.
 - In Belize, Gentrac is the sole Caterpillar representative, and represents the Wacker, Sullair and Twin Disc brands, Mitsubishi forklifts and Olympian generators. It is headquartered in Ladyville, where the country's international airport is located.

3.2.2 General of Equipos - Cogesa (El Salvador)

The good performance in 2022 of General de Equipos, Caterpillar's exclusive representative in El Salvador, was reflected in sales of S/ 218 million (US\$ 57 million), an increase of 29% compared to 2021, both in the provision of machinery and rental, services and spare parts.

The demand for equipment, services, and spare parts was linked to medium-sized infrastructure projects, which drove requirements from contractors of various sizes, as well as from the government sector. In particular, some government institutions acquired equipment to carry out works directly, which increased the demand for goods, especially Caterpillar equipment (excavators, backhoes, compactors and motor graders). At the same time, the agricultural sector contributed to the sale of spare parts and rental services.

In a context of limited availability of equipment and spare parts from manufacturers to meet market demand, General de Equipos established a prioritization strategy to identify business opportunities that could be met with available products, which included contacting other distributors in the region, including subsidiaries of the corporation, to complement its offer.

In this way, the company remained the leader in the two main brands it distributes, Caterpillar and John Deere, with market shares close to 50% in both cases, and similar to those of the previous year.

During the year, General de Equipos developed two digital transformation initiatives, one internally, for the digitalization of processes, and the other externally, to provide information to its customers through a consultation portal, as described in greater detail in the Innovation chapter. Likewise, it continued to offer its customers the valued alternative of e-commerce of spare parts through Caterpillar Parts.Cat.Com (PCC).

On the other hand, in the Caterpillar Excellence Programs, the company was recognized with the Bronze standard for the four programs (Service, Spare Parts, Digital and Marketing and Sales). In addition, the General de Equipos workshops were certified by Caterpillar with 3 stars in Pollution Control.

About General de Equipos - Cogesa (El Salvador)

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

3.2.3 Motored (El Salvador)

Motored's sales in El Salvador increased in 2022 to S/ 83 million (US\$22 million), marking an 11% growth, driven mainly by equipment sales, which almost tripled in 2021, followed by the sale of spare parts.

The most important segments were cargo transportation, passenger transportation and government. In the latter case, several government entities acquired support equipment for public works, through bidding processes that Motored was awarded to supply tanker trucks, tractor-trailers, garbage compactor trucks, and buses and mini-buses for personnel transportation.

As with other businesses in Central America, logistical constraints posed challenges in meeting demand. Nevertheless, the company maintained its leadership in the sale of spare parts and consumables for cargo and passenger transportation in El Salvador, which is reflected in a market share of over 50%, similar to that of the previous year.

About Motored (El Salvador and Honduras)

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

3.3 Complementary businesses in Peru and other South American countries

In Peru and other South American countries, the businesses that complement the supply of goods and services reached sales of S/ 814 million in 2022, representing a decrease of 3.6% compared to the previous year. In dollar terms, revenues from this set of businesses stood at US\$ 212 million, slightly lower by 1.8% compared to 2021.

As a result, these businesses contributed 12% of the corporation's consolidated sales in 2022.

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

3.3.1 Soltrak (Peru)

Soltrak, a specialist in industrial safety, lubricants, tires and related services, achieved sales of S/ 317 million (US\$ 83 million) in 2022, 8% higher than in 2021, which is a new historical record for the company. As in previous years, the most relevant sectors for operations included mining and its contractors, construction and industry, as well as transportation and logistics, among others.

In the industrial safety division, Soltrak continued to lead the Peruvian market, with sales slightly higher than in 2021, through the supply of products from leading brands such as 3M, MSA, Alphatec (formerly Ansell), Bullard, Kleenguard (formerly Kimberly Clark), Showa and Tecseg, among others. The categories of respiratory protection, skin and hand protection, and fall protection equipment stood out in this category.

During the year, Soltrak completed the national launch of 3M's HF-800 respirator (SecureClick), which contains several innovations to improve its performance, through activities in various parts of the country. In addition to the business generated by regular sales channels, the company showed an outstanding performance in its official e-commerce store, which directly serves individual end users.

In the lubricants line, Soltrak managed to increase its sales during the year, in a scenario of supply limitations and price variations in the global market for these products. The company strengthened its presence in the mining segment through the supply and support of lubricants, while supplying the volumes committed to the industrial sector. In the automotive segment, the increase in vehicle mobility drove demand levels that were partially met.

In addition, progress was made in the company's positioning in the public transportation, heavy-duty and interprovincial passenger transport sector, thanks to the return to the market of Chevron Ursa Super Plus motor oil, a product remembered as a sales leader in the nineties, which has once again entered the Peruvian market.

Sales of the tire line also increased with respect to the previous year; in particular, those of the Goodyear brand, as the main brand represented, showed a recovery with respect to the levels obtained in 2021. The main markets served were subway mining and the mining contractor segment, followed by logistics.

Finally, it should be noted that in 2022 the company obtained recertification of the ISO 9001 quality management standard and, in the first quarter of the year, certification in the ISO 45001 standard, related to occupational health and safety management systems. In addition to the Business for Integrity certification received the previous year, in 2022 Soltrak also obtained ISO 37001 certification in anti-bribery management systems.

About Soltrak (Peru)

- It is the subsidiary of the Ferreycorp corporation specialized in the supply of industrial consumables, focusing on businesses related to industrial safety, lubricants and tires, as well as the development of specialized services.
- Its product portfolio includes top-tier brands such as Chevron lubricants, industrial safety products under the 3M, MSA, Bullard, Alphatec, Microgard, Kleenguard (Kimberly Clark), Showa, and Tecseg brands, as well as Goodyear tires.
- The service portfolio includes a wide range of activities, such as repair, calibration and maintenance of the products it distributes, as well as design and training services, among other specialized services, including predictive maintenance practices, non-destructive testing (NDT), among others.
- It provides services nationwide and has local presence in Piura, Trujillo, Arequipa, Chiclayo and Lima. Its main office is located in Lima
- Soltrak has ISO 9001:2015 (quality management) and ISO 45001 (occupational health and safety management) certifications, as well as ISO 37001 (anti-bribery management), in addition to the Entrepreneurs for Integrity certification. It is recognized as a Socially Responsible Company (ESR, by its Spanish acronym) and is a member of the Good Employers Association (ABE, by its Spanish acronym).
- Joined Ferreycorp in 2007 with the acquisition of Mega Caucho & Representaciones S.A.C., a company specialized in the tire business. In 2009, it merged with the acquisition of Inlusa S.A., incorporating the lubricants business. In 2013, it was complemented with the acquisition of Tecseg S.A., which contributed a complete portfolio of businesses related to industrial safety.

3.3.2 Trex (Chile, Colombia, Ecuador and Peru)

In a scenario in which the business volumes of the main markets served by Trex -Chile and Peru- were affected by the political uncertainty, the company achieved sales of S/ 334 million (US\$ 87 million) in 2022, 19% below those of 2021, a result that was partly offset by the good performance of operations in Colombia and Ecuador.

Although the supply of new machines was the most important line of business in Trex Latin America's total sales, the supply of used equipment and spare parts stood out for their growth.

The Magni brand, of Italian origin and first in its field in the North American market, joined Trex Latin America's portfolio during the year through its line of high tonnage handlers, which will expand the company's high quality portfolio, complementing the models provided by the outstanding allied brand Genie.

Revenues from Trex operations in Chile were US\$ 51 million, lower than those of 2021, as investments continue to be postponed, sensitive to the national political situation. Additionally, there was a deterioration in the financial situation of a customer with receivables from Trex Chile, which caused a significant provision for accounts receivable that accentuated the negative impacts on this company, as will be detailed in the Financial Management chapter. The main line of sales remained in new Demag and Tadano high tonnage cranes, mainly used in mining, with 47% of the total. This was followed in importance by the sale of used equipment - the one with the greatest expansion in 2022 - as well as after-sales support in spare parts and services. The training of technical service teams will continue to develop as a fundamental tool for differentiating the company in the Chilean market.

Thus, Trex's market share in Chile was close to 40% in the lines of greatest presence, such as cranes, port equipment, forklifts and hoists for various productive sectors. It is worth noting that the demand for Konecranes brand high tonnage forklifts for port and logistics activities increased, with deals for more than 20 units to be delivered during 2023.

A relevant fact during the year was the culmination of a negotiation effort of several years that has led Trex to obtain the representation of the complete line of Konecranes in Chile, which will open from 2023 the possibility of attracting new customers and new business opportunities in the sale of equipment, services and spare parts.

Sales in Trex in Peru reached S/ 73 million (US\$ 19 million), lower than those obtained in 2021, mainly due to a low dynamism in the renewal of cranes, which are the main sales line, and which are traditionally associated with new infrastructure and mining projects. Also, some commercial operations were deferred due to the scheduling of factory deliveries. However, the light equipment lines, such as articulated cranes, telehandlers and bridge cranes, showed sales levels in Peru similar to those of the previous year, despite the national situation.

The spare parts and services lines showed a remarkable performance during 2022 by significantly exceeding the sales obtained in 2021 in the Peruvian market, mainly driven by the demand for mobile crane repairs from large mining customers in the country.

Trex maintains an important leadership in the Peruvian market, strengthening its position in the large mining sector with the line of mobile cranes, and maintaining contracts with foreign trade and container storage logistics companies. The material handling and articulated cranes lines have been growing steadily every year, both in terms of their presence in the territory and in the scope of after-sales support and customer confidence. It is worth noting that, in response to a strategy of optimization and search for synergies, Trex Peru will be integrated into the subsidiary Unimaq as a business unit specialized in cranes and lifting equipment, as of January 1, 2023, as announced in the section on that company in this Report.

Finally, the remarkable sales performance of Trex's operations in Colombia and Ecuador has continued to reinforce its outstanding share of consolidated sales, rising from 16% in 2021 to 20% in 2022.

In the Ecuadorian market, the sale of a large Demag CC2800 structural crane, which, due to its size and price, had a very low presence in the Latin American market, as well as the supply of four 100-ton rough terrain cranes, contributed fundamentally to its results, together with the completion of future deliveries of seven Konecranes container ships. For its part, the placement of several large cranes in Colombia was distinctive in 2022.

About Trex

- It represents the Tadano and Terex brands in off-highway (RT) cranes; Demag, part of the Tadano group, in all-terrain (AC) cranes; Genie, in lifting platforms; Konecranes, in port equipment and logistics solutions; Magni, with a range of high-tonnage telehandlers; Donati and Demag, in bridge cranes; and PM, in other lifting and loading solutions.
- The Trex business operates in Chile, Peru, Ecuador and Colombia. It was founded in 2000, but its origins in the crane and port equipment industry in Chile date back to the 1980s. It joined Ferreycorp in 2014.
- Trex Chile holds ISO 45001 (occupational health and safety), ISO 9001 (quality) and ISO 14001 (environmental management) certifications. Trex Peru is also a member of the Good Employers Association.
- Initially, the distribution and support of Terex - Demag cranes in Peru was handled by the subsidiary Ferreyros. In 2015, the Peruvian operation of Trex was incorporated. As of January 1, 2023, the latter will be integrated into Unimaq as a business unit with expertise in cranes and lifting equipment.

3.3.4 Fargoline (Peru)

The logistics operator Fargoline achieved sales of S/ 117 million (US\$ 30 million), similar to those of 2021, with an increase of 2%, despite the complex internal situations experienced in 2022 due to the stoppages in cargo transportation, which affected the operation of the country's main ports -and, as a consequence, foreign trade, mainly exports-, and the logistical challenges at a global level. The company recorded 5,000 additional services compared to the previous year.

Fargoline ranked among the top five extra-port warehouses in Callao in import and export of TEUs -the unit of measurement of a standard 20-foot container-, mobilizing more than 77,000 of these units in 2022. Likewise, it handled 33,000 tons of loose cargo, which has meant a historical record in the company's performance, and 5,000 tons of rolling cargo. Improvements in these cargo volumes were driven by business opportunities with

existing customers, thanks to the level of service offered, and by the attraction of new customers.

The temporary storage business, both import and export, accounted for a 75% share of Fargoline's total sales. They were driven by demand for polypropylene and plastic derivatives, chemicals and papers; agro exports and fishmeal; the textile industry; and the marketing of machinery and tools, among others. Also, as a result of the record levels shown in the year, breakbulk cargo exceeded forecasts and doubled its share of sales, compared to 2021.

In turn, Fargoline's focus on other business lines contributed to the result obtained, highlighting the growth of 30% in the customs and simple deposit business, and 25% in the transportation and distribution line, mainly due to increased services for export cargo and the increase in distribution services in response to an increase in demand in the cities where the company operates.

It is worth mentioning that only 23% of total sales were generated by services provided by Fargoline to the company's subsidiaries, while the remaining 77% was generated by services to external clients. In the latter case, 5% of sales came from sales to new customers, who demanded warehousing and freight transportation services.

On the other hand, in 2022, there was a significant improvement in the level of customer satisfaction, from 45% in 2021 to 51% in 2022. The company's agility and flexibility in responding to customer demand for services were highlighted: the strategies adopted to respond to queries and provide solutions to more than 80% of cases in less than five days; and the timely service in the yard, which allowed 85% of dispatches to be completed within 40 minutes, which is less than the market average.

As part of a technological renewal plan, Fargoline made significant progress during the year in initiatives such as the migration of financial information to an efficient business intelligence platform, which increases its capacity for analysis and access to key information. At the same time, by the end of 2022, more than 90% of administrative procedures in its core operations were carried out digitally, and the favorable user experience was reaffirmed, with more than 95% of the most dynamic lines being attended within the promised 90 minutes, among other initiatives described in the Innovation section.

In a year in which the company celebrates its 39th anniversary, it achieved ISO 37001 certification for its Anti-Bribery Management System and maintained its Business for Integrity certification. In addition, Fargoline has seven other certifications in different fields.

In the area of training, in 2022, the company held face-to-face workshops for its drivers, as well as for transportation companies in the Driving Values program. The company continued to collaborate with Aldeas Infantiles SOS, in Callao, by renewing the agreement that allows this institution to provide nutritional support and school reinforcement to children. Fargoline was also recognized during the year with the Socially Responsible Company (ESR, by its acronym in Spanish) Distinction, a seal supported by Peru Sostenible.

About Fargoline

- With 39 years in the national market, Fargoline offers logistics services of temporary storage of containers, loose and rolling cargo; bonded warehouse; simple storage; transportation and distribution; and cargo movement for projects.
- It is located in Callao, where it has two offices on Gambetta Avenue, and in the city of Arequipa.
- Its Security and Control Management System is certified by the Business Alliance for Secure Commerce (BASC). It also holds ISO 9001:2015 (quality), ISO 14001:2015 (environmental management) and ISO 45001:2018 (occupational safety and security) certifications. It has the ISO 37001 to its Anti-Bribery Management System and the Anti-Bribery Certification of Entrepreneurs for Integrity.
- It is also certified as an Authorized Economic Operator (AEO) by Peru Customs and is a member of Amcham's Good Employers Association (ABE).

3.3.5 Forbis Logistics (Peru and Chile)

Sales of Forbis Logistics, an international freight forwarder, reached S/ 162 million (US\$ 42 million) in 2022, showing a 5% growth versus the previous year, driven in part by an increase in business with companies outside the corporation. The latter accounted for close to 50% of the company's total revenues, after 43% and 33% in the previous two years, respectively.

The reduction in ocean freight costs, mainly from Asia, boosted sales of services on the maritime route, which was the fastest-growing line of business during the year. In contrast, airfreight transportation showed lower demand during the year, due to the reduction in ocean freight rates -given the greater economic attractiveness of the maritime alternative- and other factors related to cost overruns that were gradually overcome.

The mass consumption, chemical, construction, textile and pharmaceutical sectors were the most dynamic in Forbis Logistics' operations during the year, which was complemented by efficient commercial management and market positioning.

One of the most important businesses in 2022 was the international maritime transport service from Indonesia to Guatemala for a client in the mass consumption sector, based in the latter country. Likewise, the movement of cargo for Peruvian clients in various construction materials industries, both inside and outside the country, boosted sales. At the same time, there was an increase in operations on the Brazil-Peru route for the corporation.

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In 2022, Forbis Logistics obtained ISO tri-standard certification for quality, environmental risks and occupational health and safety. At the same time, it was recertified in the BASC certification, the acronym of the Business Alliance for Safe Commerce. It is important to note that during the year the company received the Entrepreneurs for Integrity certification.

The company's operations in Chile in 2022 showed a positive performance associated with sales to companies outside the corporation, with activities in the construction, industry, mining and mass consumption markets. China continued to be one of the main markets from which import demand originates.

About Logistics

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

3.3.6 Soluciones Sitech Peru

Soluciones Sitech Peru, a subsidiary of the corporation that integrates 4.0 technologies for productive sectors such as mining and construction, reported sales of S/ 17 million (US\$ 4 million) in 2022, at similar levels compared to the previous year.

The dynamism of the mining sector continued during the year with some moderation, which allowed the company to continue developing established business lines such as proximity detection, anti-fatigue and anti-collision systems, with double-digit growth. In contrast, the installation of earthmoving applications was limited mainly to the installation of the tailings dam of an important open-pit mine. At the same time, construction recorded a decline in demand.

During the year, the deployment of the predictive anti-fatigue system in all the mining operations of an important company in this sector, and the use of a brand of anti-collision systems in two mines in the south of the country, stood out.

The year also saw the closing of the installation of the most modern seismic laboratory in Latin America and the most complete in its category in Peru, as part of the project of the Structures Laboratory of the Universidad Nacional de Tacna, which will be in charge of Soluciones Sitech Peru.

This last operation, which will start its installation in 2023, has relevance in the management of the company's portfolio, because it opens a new market for technological solutions in the field of laboratories and research centers focused on seismic events, natural phenomena that occur frequently in the country.

After nine years of institutional life, Soluciones Sitech Peru has deployed a new initiative to build open innovation capabilities to accelerate its early approach to the resolution of technological problems, mainly in the mining sector. This is leading the company to seek the integration of capabilities from global ventures in the development of 4.0 technology applications and those offered by the Ferreycorp corporation.

About Soluciones Sitech Peru

- Since 2013 it has been dedicated to integrating technologies to create solutions that raise the productivity and safety of customers in the mining and construction markets.
- It has a complete portfolio of represented lines, such as Trimble, Torsa, Loadrite, Provix, Brigade, Fatigue Science (ReadiBand), Cat DSS and MTS Systems, among others.

4. Financial Management

The significant challenges presented by the global environment in 2022 impacted all the countries where Ferreycorp has operations. Characterized by the continuity of restrictions in the logistics chain, a scenario of rising interest rates, high inflation levels and caution for a possible recession, to this external context was added the political uncertainty that has been experienced in Peru. As a result, the main focus of the corporation's financial management during the year was to protect the profitability of the businesses, improve asset turnover and monitor the debt of the different companies, in order to protect liquidity and seek the best financing conditions to minimize corporate financial expenses.

Thanks to the solid fundamentals of the business, and despite the context described above, the corporation showed an improvement in sales during 2022, mainly promoted by the dynamism in the mining sector, especially the copper sector, which continues under a favorable scenario of commodity prices. Ferreycorp and its subsidiaries' year-end sales amounted to S/ 6,593 million, which represented an 8% increase in sales compared to 2021 (S/ 6,112 million). In dollars, they registered US\$ 1,717 million in 2022, up 9% compared to the previous year (US\$ 1,581 million).

These higher sales and their composition between the machinery line and the spare parts and services line led to a 3% increase in the accumulated gross profit (S/ 1,693 million) compared to the previous year (S/ 1,643 million). Likewise, the gross margin stood at 25.7%, lower than that generated in 2021 (26.9%). However, the adjusted gross margin, excluding the effect of the exchange rate, showed growth in 2022 (26.0% compared to 25.2% in 2021).

Meanwhile, the accumulated operating margin, at 10% as of December 31, 2022, was lower than that obtained in the same period of 2021 (12.7%), as a result of the lower gross margin and an increase in expenses that was supported by several reasons: first, the increase in direct expenses related to sales growth; second, higher personnel expenses derived from increases in personnel salaries aligned with inflation, as well as new hires; third, some promotional expenses such as those related to the anniversary of the corporation and sales promotion, among others; and finally, the constitution of provisions, especially those to cover accounts receivable with delinquent accounts. Expenses represented 15.7% as a percentage of sales in 2022, up from 14.6% in 2021. However, considering the adjustment in gross profit for the effect of the exchange rate, the operating margin rises to 10.4%.

On the other hand, accumulated earnings before interest, depreciation and amortization (EBITDA), at S/ 888 million, showed a 12% decrease compared to 2021 (S/ 1,008 million). Although the EBITDA margin for 2022 was 13.5%, excluding the exchange rate effect on gross profit, the result is an increase of 1.0%.

The accumulated net financial expense as of December 31, 2022 was 3.3% higher than in 2021, up from S/ 49.9 million in the previous year, as a result of a slight increase in the average debt for the year. Thus, the corporation's financial debt, which amounted to S/ 2,238 million as of December 31, 2022, was 11.5% higher than that recorded in the same period of the previous year. Debt in dollars (US\$ 586 million) also showed an increase of 16.7% compared to the balance at the same period of 2021 (US\$ 502 million) and an increase in its average cost, although this was moderate compared to the increase in the global and local markets. Contributing to this position was the reprofiling of a portion of debt at the end of 2021, through which medium-term loans were closed at

low rates. The corporation's average interest rate increased from 2.77% in 2021 to 3.13% in 2022.

As a result of the higher sales and the good gross margin at the end of 2022, net income of S/ 419 million was recorded, 11% higher than that obtained in 2021 (S/ 376 million).

Throughout the year, the exchange market was volatile, leaving quarters with significant exchange losses and others with significant exchange gains. However, the Peruvian currency showed resilience and marked a downward trend towards the end of the year. Thus, the exchange rate closed the year at S/ 3.82 per dollar, 4.4% below its value at the end of 2021 (S/ 3.998 per dollar). The different movements during the year resulted in an accumulated exchange gain of S/ 33.5 million in the year, compared to the exchange loss of S/ 124.5 million in 2021.

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

The corporation's assets reflected a growth compared to December 2021, given the increase in inventory by S/ 126 million (from S/ 2,082 million in 2021 to S/ 2,207 million in 2022), as a result of deliveries of machinery and spare parts by Caterpillar that temporarily increased the inventory in companies such as Ferreyros, Cogesa and Unimaq. Likewise, accounts receivable increased by S/ 275 million (from S/ 1,055 million in 2021 to S/ 1,330 million in 2022) mainly due to higher invoicing to large mining clients in the last month of the year. When analyzing the number of days of inventory, there is an increase in the turnover from 152 days in 2021 to 158 days in 2022, while with respect to the turnover of accounts receivable, the collection days increased from 52 in 2021 to 55 in 2022.

In response to the need to maintain the value proposition to its customers and the competitive advantage that positions it as a leader in the markets in which it operates, Ferreyrcorp's subsidiaries invest in fixed and intangible assets. As a distributor of capital goods and related services, and due to its needs for storage, workshops, rental fleet replacement, exhibition and business support capabilities, during 2022, the corporation made investments in fixed assets and intangible assets for S/ 120.9 million, corresponding mainly to the purchase of rental machinery and equipment as part of Ferreyros' strategy to introduce new Caterpillar truck models to the market, specifically the 400-ton Cat 798 AC truck, in addition to purchases of machinery fleet for the recurring rental business. These investment volumes were partially offset during the year with the sale of a facility located in Punta Negra, Lima, which reported a decrease in fixed assets of S/ 85 million, in line with the corporate asset management strategy.

On the other hand, the corporation's debt, at the end of fiscal year 2022, reached a level of US\$ 586 million, higher than the amount recorded at the end of 2021 (US\$ 502 million), a figure that, despite having increased, is below the corporation's historical average.

It is worth mentioning that the financial debt includes US\$ 20.5 million corresponding to the application of International Financial Reporting Standard 16 on Leases, which indicates that lease contracts must be converted into a liability and an asset equivalent to the right of use of the leased asset.

The increased purchase of inventory to sustain the increase in sales and the need to have additional inventory to meet the value proposition to customers in an environment where there are still difficulties in the logistics chain resulted in a negative operative flow that led to an increase in the level of debt at the end of the year.

Notwithstanding the increase in debt, the company's total indebtedness showed an improvement, going from a debt/equity ratio of 1.61 to 1.56, thanks to the profits generated during the year, remaining within the acceptable debt range. However, the net financial debt/EBITDA ratio at the end of 2022 stood at 2.30, higher than the 1.78 ratio recorded at the end of 2021.

In another area, despite the complex political situation in the country and the challenges of the global situation, Ferreycorp's shares had a positive performance during the year. The opening price for 2022 was S/ 2.05 and the closing price was S/ 2.23. In 2022, the company paid S/ 245.6 million in dividends to shareholders (S/ 125.6 million corresponding to fiscal year 2021 and S/ 120 million as an advance dividend for fiscal year 2022), which represented, in soles, S/ 0.2598 per share, or a dividend yield of 11.6%. The S/ 120 million delivered as an advance dividend payment was equivalent to a cash dividend of S/ 0.1270 per share, which was paid to shareholders on September 29, 2022.

On the other hand, at the end of 2021, there were 12,830,950 treasury shares in portfolio. In March 2022, the General Shareholders' Meeting decided to redeem the shares that had two years to maturity with the consequent reduction of the capital stock, which amounted to S/ 946,063,288 at the end of 2022. The balance of treasury shares as of December 31, 2022 is 1,103,618 shares.

For more information on the topics covered in this chapter, see Appendix 1, Management's Discussion and Analysis of the Audited Financial Statements; Appendix 3, section 3.1, Share Capital and Share Price Performance; and the Sustainable Management chapter, section Corporate Governance.

4. Sustainable Management

Sustainability is part of the way Ferreycorp and its companies operate: it is a fundamental part of its corporate strategy and is closely linked to the corporation's purpose, "Together we create development".



The application of the sustainable management model adopted by Ferreycorp contemplates the development of ESG (environmental, social and governance) best practices. The corporation establishes strategies and actions for each of its stakeholders and incorporates their opinions and expectations in the development of projects and programs aligned with the United Nations Sustainable Development Goals (SDGs).

Its long-term commitment, supported by the highest levels of the organization, to generating value for its seven stakeholders -shareholders and investors, employees, customers, community, suppliers, environment, government and society in general- makes it an agent of change in society, demonstrating transparent and ethical behavior and an inclusive and responsible vision.

Long before the concepts of sustainability and social responsibility were disseminated, Ferreycorp's team assumed the conviction that companies should be managed in such a way as to have a positive impact on all stakeholders, developing win-win relationships.

Responsible management not only commits the organization to adopting the best practices in its field, but is also visible in notable results in terms of attracting, motivating and retaining talent; investor relations; access to capital; comprehensive risk management; and positioning and reputation, both in the market and in the society in which Ferreycorp and its companies operate.

The following subchapters analyze Ferreycorp's sustainable management model with its various stakeholders, as well as the main results obtained in fiscal year 2022.

5.1 Economic Dimension and Corporate Governance

5.1.1 Corporate governance

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



Based on global trends and in accordance with what is required or recommended for Peruvian companies, especially those with participation in the capital market, the corporation permanently updates and improves its corporate governance practices, with the objective of serving its shareholders and investors every day, with whom it maintains excellent relations. Likewise, it remains alert to the opinion of the market, whose expectation is to establish a direct and transparent relationship with the issuing companies with which it is linked.

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

The adoption of Good Corporate Governance practices promotes a climate of respect for the rights of shareholders and investors in general; contributes to generating value, soundness and efficiency in companies; brings about better risk management; facilitates access to the capital market; leads to a reduction in the cost of capital, as well as greater and better access to sources of financing and long-term investment; and helps to mitigate the failures that exist in the markets due to information asymmetry.

Attributes such as maintaining market leadership, generating expected profitability, and maintaining a healthy financial structure are valued by Ferreycorp's shareholders and investors, who increasingly demand the company's commitment to its human resources, society, and the environment, beyond profitability.

The high standards of compliance and leadership that characterize the corporation have earned it recognition both in Peru and abroad for its ESG (environmental, social, and corporate governance) best practices.

The following is a summary of how the corporation treats the five pillars of the Code of Good Corporate Governance.

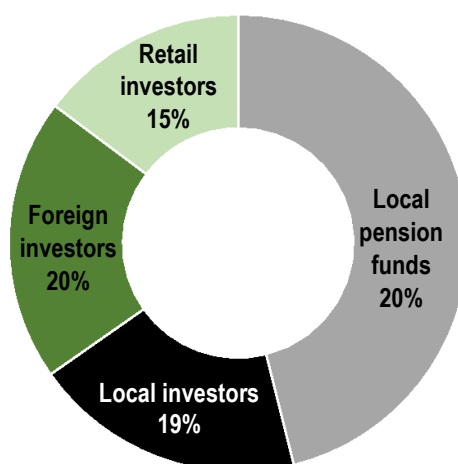
5.1.1.1 Rights of Shareholders

The protection of **the rights of all its shareholders**, both majority and minority, local and foreign, is the way in which Ferreycorp guarantees equitable treatment to its 3,068 shareholders. All corporate matters considered relevant are disclosed in an adequate and timely manner, following strict insider information guidelines, while ensuring the strategic management of the organization through the effective monitoring of the Board of Directors and the definition of its responsibilities towards shareholders.

Shareholders of Ferreycorp

Of the 100% of the corporation's shareholders, 46.10% are in the hands of Peruvian pension fund managers, while 14.73% are retail shareholders. Likewise, foreign investors represent 20% and local investors 19%.

Shareholder composition of Ferreycorp as of December 31, 2022



For more information on the distribution of voting shares; shareholder structure by type of investor; capital stock and share price behavior; and share repurchases, please refer to Appendix 3 of this Annual Report.

On the other hand, the free float of the corporation increased from 80.62% in 2021 to 82.54% in 2022, which excludes the shares held by members of the Board of Directors and Senior Management, including relatives; workers; Peruvian State entities; banks, finance companies, municipal savings banks under the supervision of the SBS; entities not included in the previous paragraphs; and shares in portfolio.

The total number of Ferreycorp's retail shareholders at the end of 2022 was 2,874.

Profitability for shareholders

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

At the General Shareholders' Meeting of March 2022, it was approved to pay dividends for a total of S/ 225,632,578.81 corresponding to the 2021 fiscal year. Given that in October 2021 S/ 100,000,000.00 had been distributed on account of the profits of the 2021 fiscal year, the remaining amount to be distributed was S/ 125,632,578.81. This amount was delivered to shareholders in May 2022, equivalent to S/ 0.1328 per share, which represented a dividend yield of 6.0%.

Likewise, in September 2022, S/ 120,000,000.00 was paid to the shareholders on account of the 2022 profits, equivalent to S/ 0.127 per share, which represented a dividend yield of 5.7%. Considering the total dividend distribution in 2022, the dividend yield for the year was 11.6%.

Dividend yield* of Ferreycorp for the last 10 years

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<i>Dividend yield</i>	3.6%	4.4%	5.2%	5.0%	5.3%	5.7%	10.4%	8.8%	9.6%	11.6%

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

Dividend payment detail

Fiscal year	Capital stock (S/ million)	Unrestricted net income (S/ millions)	Dividends in cash (S/ millions)	Dividends (% Unrestricted net income)	Cash dividends per share (%)	Dividend per share (S/.)
2012	803	158	48	30%	6.0%	0.060
2013	945	93	56	60%	5.9%	0.059
2014	1,014	118	61	52%	6.0%	0.060
2015	1,014	146	87	60%	8.9%	0.089
2016	1,014	207	124	60%	12.8%	0.128
2017	975	240	132	55%	13.5%	0.135
2018	975	202	121	60%	12.5%	0.125
Ext. dividend 2018	975		100		10.2%	0.102
2019	975	245	147	60%	15.3%	0.153
2020	975	144	86	60%	9.1%	0.091
Div. Advance 2022	975		100		10.6%	0.106
2021	959	376	126	60%	13.3%	0.133
Div. Advance 2022	946		120		12.7%	0.127

It is worth mentioning that the corporation has had a market maker since 2016, in order to provide greater liquidity to its shares on the Lima Stock Exchange.

Information on the Ferreycorp common shares and debt instruments in force is presented in Appendix 4 of this Report.

5.1.1.2 Shareholders Meeting

The evaluation and approval of strategic decisions for the operation of the corporation is one of the aspects addressed by the **Shareholders' Meeting**, a space in which the results of the previous year's management are mainly reported and, at the same time, a dialogue with the participants is promoted. The promotion of the active participation of its shareholders is what motivates Ferreycorp to ensure that the motions on the agenda are circulated and approved by the largest number of shareholders or those represented through their proxies present at the meeting, and to seek to increase the quorum at the annual meeting. The quorum for the meeting held on March 30, 2022 was 84.15%, with the direct participation or by proxy of 133 shareholders.

The Meeting approved the audited financial statements and the Annual Report; agreed on the delivery of the dividend in cash, in accordance with the Dividend Policy; authorized the amendment of some articles of the Bylaws of Ferreycorp S.A.A. and Ferreyros S.A., to include other ways of calling and holding the Shareholders' Meeting; decided the redemption of a number of treasury shares held in portfolio for the two-year term limit; and the appointment of the external auditors for the year 2022.

In 2020, due to restrictions related to the COVID-19 pandemic, Ferreycorp had to adapt the procedures for holding the Meeting to the use of virtual tools, as is the case of remote voting, which has been maintained in 2021 and 2022. Currently, the company has adapted its systems, processes and procedures so that the meetings can be held in person, virtually or in hybrid mode, in order to promote the highest possible quorum and participation, complying with regulations and ensuring the security of information and identification of shareholders.

For further information, please refer to Section A - Letter of Presentation of the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies.

5.1.1.3 The Board of Directors and Senior Management

The **Board of Directors** is a space where the plurality of opinions becomes relevant for the creation of value for shareholders, as well as for the formulation, together with Management, of the strategic plan of the corporation and its subsidiaries, which marks the future of the organization.

Ferreycorp's Board of Directors for the period 2020 - 2023 was elected by the Shareholders' Meeting on July 30, 2020 and is composed of nine members; five of them are independent and two are women. In the same year, the customary induction session on the main policies and management results of the corporation's companies was held for the new members.

In terms of its internal structure, there is a diversity of experience, training and background among its members, who actively participate in the sessions and committees. In addition, the corporation has been working towards a parity Board of Directors, and has sought to ensure that both independent and non-independent members hold positions or have had experience in different sectors of economic activity.

In 2022, the Board of Directors carried out a self-evaluation of its performance, including the convening, agenda, meetings and its conduction. At the same time, during the year, an external consultant evaluated its management of the 2021 fiscal year, a practice that is carried out on an interannual basis.

Section A - Letter of Presentation of the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies contains more information on this pillar of corporate governance.

5.1.1.4 Transparency of information

All matters relevant to shareholders and investors are disclosed by Ferreycorp with accurate and regular information, including the financial situation, market situation, business performance, corporate strategy and sustainability management, economic group information and the delivery of rights to shareholders, among other topics. In this way, it ensures the appropriate disclosure of information and its transparency through communication channels, mainly virtual, easily accessible to its shareholders and investors. At the same time, the corporation has promoted the incorporation of more and more public information required to support the results of sustainability initiatives and its environmental, social and corporate governance (ESG) practices, available to all its stakeholders.

Ferreycorp has an Investor Relations area within the Corporate Finance Department, which maintains permanent communication with current and potential shareholders through conferences, meetings and telephone calls, in which 380 investors participated in 2022. On a quarterly basis, the corporation offers its shareholders and investors a press report and a quarterly conference call in English, with the participation of the general manager, in order to present and explain the financial results of the period, as well as the performance of the business and other topics of interest.

On the other hand, Ferreycorp's presence in the indexes managed by the Lima Stock Exchange and in other international indexes has required it to support its indicators through its answers to questionnaires whose information is freely available and published on the corporation's website.

It is also important to mention that the corporation has regulations and guidelines regarding the treatment of privileged and reserved information.

5.1.2 Risks and compliance

5.1.2.1. Corporate Control Environment

The deployment of internal and external control leads Ferreycorp's Board of Directors to fully exercise its function of ensuring the integrity of the accounting systems and financial reports, as part of its fiduciary duty to the company and its shareholders. Therefore, it submits to the Shareholders' Meeting its proposal regarding the external auditing firm that will be responsible for auditing the individual and consolidated financial statements of the corporation's companies each year.



Ferreycorp's internal audit, compliance system and corporate risk management are articulated in the internal control environment, which delimits corporate actions based on values and promotes the company's sustainability. This environment, of general scope for all employees and managers of the organization, promotes socially responsible business, contributes to strengthening the trust of stakeholders and promotes decision-making based on risk analysis.

During 2022, the Audit and Risk Committee of the Board of Directors met four times to receive reports from the corresponding corporate management, which were subsequently presented to the full Board of Directors in a timely manner. In this way, the following agenda items were addressed: Audit Management's annual plan and its compliance and reports of internal operational audits; Compliance Reports from the Compliance Officer; Presentation of audited financial statements for the year 2021 by the external auditors, as well as meetings with them to define their work plan for the fiscal year 2022; status of the Zero Bribery certifications issued by Empresarios por la Integridad and of the ISO 37001 anti-bribery certification; status of the audits carried out by Sunat on Ferreycorp's companies in 2022; reports on transactions between related parties and transfer pricing in 2022; reports on corporate risk mapping and mitigation plan; and reports from the Financial Intelligence Unit.

External Audit

The main function of the external auditors is to ensure that the financial statements prepared by the corporation, individually and on a consolidated basis, fairly reflect its financial reality in their material aspects, comply with all auditing standards and conform to generally accepted accounting principles. Ferreycorp's internal policy for the hiring of external financial auditors contemplates that the Shareholders' Meeting approves the nomination of the external auditors and the contracting periods.

In accordance with this policy, the external auditing firm must present, at the beginning of the year, its proposal for services with a description of the work plan, methodology to be followed and the responsible team that will be in charge of the work, as well as the economic proposal, first to the Corporate Finance Management and then to the Audit and Risk Committee, so that the Board of Directors can finally propose it to the Shareholders' Meeting.

At a meeting held on February 15, 2022, Management proposed to the Audit and Risk Committee of the Board of Directors to hire the firm EY for the audit of the financial statements for the 2022 fiscal year, following the evaluation of the service received

during 2021. It should be noted that EY has been in charge of the financial audit of the company and its subsidiaries for one year, to the full satisfaction of the corporation. In this regard, the Board of Directors considered it appropriate to recommend to the General Shareholders' Meeting the appointment of the firm Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of EY, to carry out the audit for fiscal year 2022.

The external auditors met up to three times with the Audit and Risk Committee to present the work team in charge of the 2022 audit, as well as the Work Plan, Compliance and Presentation of the Audited Financial Statements of Ferreycorp, both individually and on a consolidated basis with its subsidiaries, which will be submitted to the consideration of the General Shareholders' Meeting.

Internal Audit

To ensure an internal control environment, Ferreycorp has a Corporate Audit Management and a team of internal auditors, who perform decentralized review work in all companies and business units, within the framework of the annual plan approved by the Audit and Risk Committee. This plan is outlined on the basis of certain prioritization criteria for a selection of matters within the auditable universe. The objective of the reviews is to validate compliance with the processes defined for business development and operations. The team of internal auditors performs the work with complete independence and autonomy; their findings and recommendations, as well as their implementation, are presented to the Committee. As the Board of Directors is responsible for internal control, the internal audit team ensures that these controls are effective and function as established.

The Audit and Risk Committee of the Board of Directors approved an annual plan for 2022 consisting of 172 assignments during the year and appointed the Corporate Audit Manager (internal auditor) at the December 20, 2021 meeting. During the year, this Management participated in the four sessions of the Committee, in which it presented the results of the 2021 Annual Plan; obtained the approval of the 2022 Annual Plan, consisting of operational, process and regulatory audits, among others, and reported on its progress; and reported on the status of the pending recommendations of the 2021 Annual Plan (99% of a total of 644 were implemented) and the 2022 Annual Plan (65% of the 850 recommendations issued in 2022 were implemented).

5.1.2.2. Risk Management

Ferreycorp has a comprehensive risk management culture, aligned with good corporate governance guidelines and corporate values, and oriented to the identification, measurement, management, control and monitoring of critical risks within the organization, to ensure its sustainability and the creation of value for shareholders. A Senior Executive is responsible for the identification and follow-up of mitigation plans, under the leadership of the Corporate Finance Management -which leads the risk management process-, together with those responsible for this area in each subsidiary. It is also responsible for presenting to the Audit and Risk Committee of the Board of Directors the risk map prepared on the basis of its identification in each of the subsidiaries, within the framework of the workshops held with the management of each company.

To carry out this process, the corporation has a Corporate Policy for Integral Risk Management, which is based on various international models and standards such as COSO ERM, ISO 31000 and AS/NZS 4360. Based on these standards, an internal methodology has been developed that includes the following components:

- **Risk identification:** Process by which internal and external risks that affect the strategy and business objectives are identified. The risks of Ferreycorp and its subsidiaries are classified into strategic, operational, financial and compliance risks.
- **Risk assessment and response:** Phase through which the risks of a subsidiary are assessed -prioritized according to their level of severity or criticality- in sessions or workshops led by the Senior Executive of Corporate Risk Management and directed to the Senior Management team of each subsidiary and corporate management, if required. More than one hundred employees of the corporation participated during 2022 in these spaces, the results of which have the approval of the General Management of each subsidiary, which are committed to carry out the contingency plans established for each of the risks identified.
- **Monitoring of action plans:** Mechanism that allows following up on the implementation of the response plans defined to mitigate the main inherent risks identified in each company. These plans and their results, as well as the residual risks and their criticality, are presented to the Audit and Risk Committee.

In 2022, the identification of the risks of all the companies of the corporation was kept up to date, resulting in the risk maps of all the subsidiaries, the control activities and their mitigation, which were presented to the Audit and Risk Committee of the Board of Directors in September 2022.

5.1.2.3 Compliance System

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

The system is based on three pillars:



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

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

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

The edition with the final report with information at the end of 2021 was presented at the Audit and Risk Committee of the Board of Directors on February 14, 2022. The report covering the progress achieved in the first half of 2022 was presented at the September committee meeting, while the final report with information for the second half of 2022 will be presented at the March 2023 committee meeting.

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

In addition to the information on the Compliance System for the prevention of corruption crimes of the corporation and its subsidiaries, it includes the regulations related to the prevention of money laundering and financing of terrorism, and its subsequent reporting

to the Financial Intelligence Unit (UIF); control of mining, fishing and illegal logging; personal data protection; contracts with the State; relations with customers and suppliers; securities market and disclosure of information; tax declaration and payment; as well as compliance with transfer pricing provisions; foreign trade regulations; and compliance with labor obligations with respect to employees.

In fiscal year 2022, the implementation of the Compliance System was strengthened, which systematizes, organizes and implements various Ferreycorp initiatives in this area, from the existing and long-standing ones to those recently created. By the end of 2022, the system is implemented and certified in seven of the corporation's companies: Ferreycorp, Ferreyros, Unimaq, Soltrak, Fargoline, Orvisa and Forbis Logistics. By the end of 2023, certification is expected to be completed in the other subsidiaries in Peru: Soluciones Sitech Peru and Ferrenergy. Also, during 2023, the system will be integrated into the processes of the subsidiaries located abroad.

Also in 2022, Unimaq, Soltrak and Fargoline obtained ISO 37001 Certification: Anti-Bribery Management System, the highest international standard in this area, having passed the verification of independent auditing companies of recognized trajectory such as BASC and SGS.

Likewise, the subsidiaries Orvisa and Forbis Logistics obtained the Anti-Bribery Certification granted by the Asociacion Empresarios por la Integridad (Businessmen for Integrity Association). To date, Ferreycorp, Ferreyros, Unimaq, Soltrak and Fargoline, as well as the aforementioned companies, have this certification.

These recognitions demonstrate the existence and proper functioning of an anti-corruption regulatory system, and the commitment to a culture of integrity in the corporation and its subsidiaries, with clear principles to promote ethical behavior, based on values, with all stakeholders.

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

An important part of the corporation's efforts to have an anti-bribery system is the training of its employees. During the month of August 2022, a virtual training course on the Compliance System was held, in which a total of 6,924 international employees participated, of which 94.35% passed the evaluation.

Another important aspect of the compliance system is the knowledge of those strategic partners with whom Ferreycorp has relationships, which is why it incorporates due diligence processes in contracting with its customers and suppliers. During 2022, suppliers from five of the corporation's subsidiaries have been invited to learn about the Compliance System for the Prevention of Corruption and share their best practices, promoting their incorporation in their own companies.

5.1.3 Customer Relationship Management

Ferreycorp, through its subsidiaries in Peru and abroad, focuses on the commercialization of capital goods of prestigious brands and recognized quality, and related services in several Latin American countries. Within the framework of this mission, the organization develops capabilities that allow it to have the preference and loyalty of its customers, maintaining a high market share in the lines it distributes.



Its attributes of excellence in the quality of products and services, as well as in customer safety, with the purpose of satisfying their expectations, establishing solid long-term relationships and generating recommendation of Ferreycorp companies, have meant that it has increasingly higher levels of loyalty.

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

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

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

In order to provide guidelines for customer-oriented management of its subsidiaries, Ferreycorp has customer satisfaction measurement indicators and internal policies such as:

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

For more details on the business performance of Ferreycorp and its subsidiaries in 2022, please refer to the Business Management chapter.

5.1.3.1 Product quality and customer satisfaction

There are six best practices with which subsidiaries implement a customer experience management model aimed at building customer loyalty:

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

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

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

The level of customer satisfaction with the products or services offered by Ferreyros, Unimaq, Orvisa, Soltrak, Fargoline and Forbis Logistics in Peru; by Gentrac in Guatemala; by General de Equipos in El Salvador; and by Trex in both Peru and Chile is shown below. The improvement in the results of most of these companies is noteworthy.

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

Survey Type	Ferreyros		Unimaq		Orvisa	
	Satisfaction	Satisfaction	Satisfaction	Satisfaction	Satisfaction	Satisfaction
	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022(%)
New machinery	58	68	46	57	77	74
Services	70	75	60	68	67	57
Replacement parts	65	69	44	64	60	62
Sale of used equipment	60	58	59	62	-	-
After-sales service of allied brands	-	-	54	50	-	-
Rent	81	95	70	63	-	-
Total %	67	71	47	62	65	63

Survey Type	Soltrak		Survey Type	Fargoline		Forbis	
	Satisfaction	Satisfaction		Satisfaction	Satisfaction	Satisfaction	Satisfaction
	2021 (%)	2022 (%)		2021 (%)	2022 (%)	2021 (%)	2022 (%)
Lubricants	59	79	Service	49	54	69	68
Industrial Safety	35	49	-	-	-	-	-
Tires	47	66	-	-	-	-	-
Total %	47	65	Total %	49	54	69	68

Survey Type	Gentrac		Cogesa		Trex Peru		Trex Chile	
	Satisfaction	Satisfaction	Satisfaction	Satisfaction	Satisfaction	Satisfaction	Satisfaction	Satisfaction
	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)
New machinery	83	77	89	89	56	50	61	55
Services	66	72	72	65	52	77	52	65
Replacement parts	65	72	59	62	50	38	54	59
Sale of used equipment	-	-	-	-	-	-	-	-
After-sales service of allied brands	-	-	-	-	-	-	-	-
Rent	72	70	100	89	-	-	59	56
Total %	67	72	70	64	52	57	56	60

(*) It includes: Ferreyros, Unimaq, Orvisa, Forbis Logistics, Fargoline, Soltrak, Gentrac, Cogesa, Trex Peru and Trex Chile

Likewise, most of the companies analyzed show a consistent improvement in the level of customer loyalty to the products and services offered.

The loyalty indicator (NLS) goes beyond customer satisfaction, since it considers the level of satisfaction, repurchase intention and recommendation intention. It is an even more demanding indicator, focused on customers returning to the company to continue acquiring products and services and to be prescribers in the market of business with Ferreyrcorp companies.

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

Survey Type	Ferreyros		Unimaq		Orvisa	
	NLS	NLS	NLS	NLS	NLS	NLS
	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)
New machinery	53	64	36	45	77	72
Services	68	73	54	66	63	49
Replacement parts	61	65	33	56	50	55
Sale of used equipment	58	48	53	50	-	-
After-sales service of allied brands	-	-	53	37	-	-
Rent	81	95	68	52	-	-
Total %	61	67	37	52	65	63

Survey Type	Soltrak		Survey Type	Fargoline		Forbis	
	NLS	NLS		NLS	NLS	NLS	NLS
	2021 (%)	2022 (%)		2021 (%)	2022 (%)	2021 (%)	2022 (%)
Lubricants	57	73	Servicio	45	51	66	65
Industrial Safety	35	45	-	-	-	-	-
Tires	67	59	-	-	-	-	-
Total %	46	56	Total %	45	51	66	65

Survey Type	Gentrac		Cogesa		Trex Peru		Trex Chile	
	NLS	NLS	NLS	NLS	NLS	NLS	NLS	NLS
	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)
New machinery	79	75	78	89	52	50	43	43
Services	64	68	71	64	48	73	40	53
Replacement parts	63	70	56	62	38	33	43	49
Sale of used equipment	-	-	-	-	-	-	-	-
After-sales service of allied brands	-	-	-	-	-	-	-	-
Rent	71	70	100	89	-	-	44	47
Total %	65	70	68	63	45	52	43	49

(*) It includes: Ferreyros, Unimaq, Orvisa, Fargoline, Forbis Logistics, Soltrak, Gentrac, Cogesa, Trex Peru and Trex Chile

Various means of communication such as telephone, mail, website and social networks are used by all Ferreycorp companies as permanent channels for customer service and reception of suggestions and complaints regarding products and services. In particular, in accordance with Law No. 29571, a complaints book is available to customers in Peru.

Complementarily and within the framework of its operational independence, each subsidiary company has generated processes for receiving and managing complaints and claims. For example, Ferreyros, Orvisa and Unimaq have a process for handling complaints and indicators; registration and follow-up are carried out through the SAP CRM system. In this way, it is possible to better control customer information, ensuring the quality of their information.

5.1.3.2 Customer health and safety

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

The integrated quality and safety management policies of the subsidiaries reflect their commitment to be responsible for the health of their employees, customers and suppliers, as well as for the environment. In offices, workshops, and operations there are internal safety regulations to ensure the safety of everyone in the area. Likewise, procedures have been established for the handling, segregation, and storage of solid waste and hazardous liquids. Currently, the subsidiaries abroad are in the process of adapting their management systems in this area.

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

Product and service labeling information (*)

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

(*) It includes: Ferreyros, Unimaq, Orvisa y Soltrak

5.1.3.3 Customer Privacy

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

Likewise, Ferreycorp has established standards and procedures to ensure the proper handling and storage of customer data:

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

An important aspect of the data management standards is the consent of the data subject to access to their personal data, except where exempted by law, and its use for its intended purposes.

In the same sense, customers of Caterpillar's dealer companies digitally approve a Data Management Statement granting Caterpillar authorization for the collection, use and sharing of information that may be personal information, system data and operations data. "Personal information" means any information about a specific individual or that identifies or can identify a specific individual. Caterpillar also has access to "system data," which is information generated through devices and their applications (digital offerings), including information about devices, assets and components, electronic data, device location information, event logger data, maintenance and service history, environmental and site conditions, usage patterns, among others. In addition, "operations data", which comes from distributors and their related entities (distribution networks), such as information contained in invoices, work order data, etc., may also be collected.

In general, information collected by Caterpillar may simultaneously include system data, personal information and operations data, or any combination of these. Caterpillar uses this information to provide services to its own customers - for example, to make safety recommendations, improve the safety of machine operations, enable communications, etc., for business or other purposes. -for commercial or other purposes.

5.1.3.4 Relationship and frequency

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

It should be noted that Ferreyros, Unimaq and Orvisa, companies of the corporation that represent Caterpillar in Peru, have an integrated customer relationship management (CRM) system, in which they share company and contact information. This contributes to having available and updated customer information and facilitates the administration of commercial activities, with the objective of maintaining optimal customer relations.

5.1.4 Supply Chain

Ferreycorp's commitment to its supply chain is important to ensure a responsible business model, in which its products and services meet high standards of quality and good sustainability practices.



Ferreycorp develops reliable and permanent relationships with its suppliers, under a perspective of mutual growth, fair, loyal and transparent treatment. The corporation and its subsidiaries seek to ensure that their suppliers maintain an ethical commitment and act with social and environmental responsibility. Thus, in 2021 the corporate Supplier Code of Conduct was published, establishing the basic principles that should exist in relation to this stakeholder group.

Its strategy towards suppliers guides management towards their development, focusing on improving their capabilities and training them in values and respect for human rights, whether they are natural persons with business, micro, small, medium and large companies.

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

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

At the end of 2022, the number of suppliers that served all of the corporation's companies in Peru was 19,971. This figure aggregates all the suppliers that supplied each of the different subsidiaries, so it is possible that the same supplier can meet the demand of more than one subsidiary. Under this consideration, 36% of the purchases made by Ferreycorp in 2022 corresponded to local suppliers, while the remaining 64% came from foreign suppliers.

Number of suppliers and purchases made by the corporation in 2022*

	Total	% Spending
Total number of suppliers	19,971	-
Total amount of purchases of goods and services (S/)	S/ 5,369,866,892	100%
Total amount of <u>domestic</u> purchases (goods and services) in S/.	S/ 1,907,571,704	36%
Total amount of <u>foreign</u> purchases (goods and services) in S/.	S/ 3,462,295,188	64%

* The values aggregate all the suppliers that supplied each of the different subsidiaries, so it is possible that the same supplier can meet the demand of more than one subsidiary.

5.1.4.1 Type of suppliers

Ferreycorp and its subsidiaries classify their suppliers according to different characteristics and conditions. By the type of relationship with the companies, they can be commercial or non-commercial; by the type of transaction, local or foreign; by the level of criticality, with invoicing greater or less than S/ 1 million; and by the possibility of substitution, essential (suppliers necessary for the company's operations) or not essential.

Within the framework of this classification, the main commercial suppliers of the corporation, mostly foreign, are the manufacturers of the brands represented, whose goods are imported from various parts of the world by Ferreycorp's subsidiaries.

It is worth mentioning the relationship that has been maintained since 1942 with Caterpillar, the organization's flagship brand, which joins other leading brands represented and recognized in international markets, with world-class sustainability practices. Its commitments range from a high level of environmental and social responsibility to the principle of promoting lasting relationships with its stakeholders, which includes providing products that comply with safety and environmental regulations, inclusive work environments, and respect for human rights, among other aspects.

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

Ferreycorp also has a portfolio of local and foreign suppliers in its non-commercial activities, including insurance and telephone companies; suppliers of van fleets, travel agencies, customs, and logistics; general and cleaning services; infrastructure, environmental, and technology services; stationery, uniforms, and merchandising; consulting, advisory, and IT services, among many others.

5.1.4.2 Supplier Risk Management

Potential risks

The management of the companies of the Ferreycorp corporation is focused on mitigating the potential risks associated with the supply chain and related to the contracting of suppliers for the supply of goods and services.

The Supplier Risk Matrix takes into account the social, environmental and corporate governance dimensions, and defines undesirable events and their possible impacts. In addition, in accordance with the corporation's risk assessment standard, the sustainability risks of suppliers throughout the supply chain are formally assessed and quantified in terms of impact and probability of occurrence, taking into account variables such as severity, extent of damage to the image, impact on legal compliance and impact on the continuity of operations.

Risks are evaluated in their inherent state (inherent to the activity without taking into account the effect of the risk treatment) and residual (considering the treatment carried out on the inherent risk). Action plans are prioritized according to the severity of the risk, i.e. whether it is critical, high, moderate or low.

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

Supplier security

In the area of safety and health of suppliers, a risk assessment is performed in order to eliminate or minimize the hazards identified in products and services, as well as to determine preventive measures. In addition, there are operating manuals for equipment that include safety issues, while for visits to the plant, guidelines have been established to ensure the integrity of visiting personnel, such as contractor induction, supplementary risk work insurance (SCTR, by its Spanish acronym), safe work analysis (ATS, by its Spanish acronym), safety signage, safety booklet, use of personal protective equipment, risk map, evacuation map, etc.

It is important to note that suppliers are also part of the scope of Ferreycorp's Safety, Health and Environmental Management System (HSE).

Action plans

In 2022, action plans aligned with the Supplier Risk Matrix have been defined in order to focus on activities that reduce the impacts identified. The action plans include the following aspects:

- To raise awareness and provide environmental information to suppliers through training on climate change and carbon footprint, circular economy and waste management.
- To have a digital platform for contracts that allows better monitoring of their expiration, as well as ensuring that all contracts have anti-corruption clauses and sustainability principles.
- To have an additional classification in the supplier matrix, identifying as critical those suppliers that represent the corporation before any state entity and that comply with anti-corruption training once a year.
- Have a minimum of 1,000 supplier approvals by 2023 with ESG content and a visit to their facilities.

5.1.4.3. Supplier training

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

Ferreycorp promotes the training of its suppliers through their participation in external programs, as well as internal training on topics such as sustainability, labor rights, gender equity, climate change, compliance systems, and health and safety. Internal training has also been extended to all purchasing managers at the different subsidiaries.

Suppliers of Ferreycorp and its subsidiaries participated in the following external programs in 2022, with an impact on their suppliers:

- **Competitive Businesses** of the Global Reporting Initiative (GRI), which enabled 40 suppliers to issue their Sustainability Report (28 companies did so for the first time).
- **Co Digital** of the **Es Hoy** movement, aimed at promoting the digitalization of small and medium-sized companies, in which 31 suppliers in the workshop and facilities maintenance sector were trained.
- **Provee Pyme Platform**, an initiative of the ILO and Confiep that seeks to bring large corporations closer to MSMEs and in which 21 suppliers are already registered at the end of 2022.

In addition, 457 suppliers were trained nationwide with in-house specialists on topics such as gender equity, introduction to sustainability and GRI methodology, human rights and labor outsourcing, climate change and carbon footprint measurement, and anti-corruption measures - compliance system.

Supplier training developed by the parent company Ferreycorp and its subsidiaries in Peru by 2022

	Ferreyros	Unimaq	Orvisa	Forbis	Parent company Ferreycorp
Total suppliers trained	4,263	217	65	21	34
Man hours of supplier training	9,215	5,278	204	5	5
% of suppliers trained in health and safety	100%	17%	54%	0%	0%
% of suppliers trained in the in the Compliance System	100%	36.5%	46%	100%	100%
Number of suppliers trained in sustainability issues	Internal training provided by in-house specialists				
% of suppliers trained in other issues	100.00%	36.5%	0%	0%	0%

	Soltrak	Fargoline	Sitech	Motriza	Ferrenerg y	Total Corporati on
Total suppliers trained	271	165	15	0	0	5,051
Man hours of supplier training	542	165	1	0	0	15,415
% of suppliers trained in health and safety	74%	100%	0%	0%	0%	Individual for each Subsidiary
% of suppliers trained in the in the Compliance System	13%	52%	0%	0%	0%	Individual for each Subsidiary
% of suppliers trained in sustainability issues	Internal training provided by in-house specialists					457
% of suppliers trained in other issues	0%	100%	100%	0%	0%	Individual for each Subsidiary

5.1.4.4. Amount of investment in suppliers

During 2022, Ferreycorp's main subsidiaries in Peru and the parent company have contracted with suppliers for an amount of more than S/ 5,369,866,892. Below are the values of purchases that the parent company Ferreycorp and its subsidiaries in Peru made from suppliers in 2022.

Spending on suppliers of Ferreycorp and subsidiaries in 2022

	Ferreyros	Unimaq	Orvisa	Forbis	Ferrenergy
Total number of suppliers	10,569	1,583	3,222	497	645
Total amount of purchases of goods and services (S/)	3,599,081,457	1,061,596,432	118,198,145	113,530,192	41,374,460
Total amount of domestic purchases (goods and services) in S/.	853,811,780	723,768,028	38,412,404	13,648,448	19,066,248
% of purchases from domestic suppliers.	24%	68%	32.5%	12%	46%
Total amount of <u>foreign</u> purchases (goods and services) in S/.	2,745,269,677	337,828,404	79,785,741	99,881,744	22,308,212
% of purchases from foreign suppliers.	76%	32%	67.5%	88%	54%

	Soltrak	Fargoline	Sitech	Motriza	Parent company Ferreycorp
Total number of suppliers	983	1,503	179	98	692
Total amount of purchases of goods and services (S/)	281,220,000	84,841,732	15,588,012	35,866,064	18,570,398
Total amount of <u>domestic</u> purchases (goods and services) in S/.	146,350,000	84,836,039	5,340,380	5,170,688	17,167,688
% of purchases from domestic suppliers.	52%	99,99%	34%	14%	92%
Total amount of <u>foreign</u> purchases (goods and services) in S/.	134,870,000	5,692	10,247,632	30,695,376	1,402,710
% of purchases from foreign suppliers.	48%	0,01%	66%	86%	8%

5.1.4.5. Digitalization of processes for suppliers

Five Ferreycorp companies work with the SAP 4HANA system, thanks to a significant investment made in recent years. Through this system, the payment terms of each supplier can be recorded and a release strategy can be established in accordance with a corporate policy and a corporate accounting plan. In addition, contracts and relevant documentation can be attached to the corresponding purchase orders. In 2022, Ferreycorp and its subsidiaries registered each supplier's information in a platform called Expediente Digital de Proveedores, which serves as a repository.

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

5.1.4.6 Supplier evaluation and selection process

The responsible management of the supply chain of Ferreycorp and its subsidiaries begins with a supplier approval process. In 2021, the Corporate Standard for the Evaluation, Selection and Approval of Non-Commercial Suppliers was published, which incorporates issues such as internal and external approval of suppliers, and provides guidelines to all subsidiary companies on the conditions necessary for their suppliers to comply with due diligence. This process requires the completion of relevant information regarding the policies, standards and procedures established in the Compliance System for the prevention of corruption crimes of the corporation and its subsidiaries.

In 2022, 1,439 suppliers were approved at the corporate level. In addition, the digital supplier file was used, a tool that streamlines the approval process and serves as a repository of the documentation of each supplier.

On the other hand, each company of the corporation has the power to define whether it will work the activities it requires through a third party or directly. Ferreycorp and/or its subsidiaries must carry out a bidding process, either through a private bidding process or an administrative procedure, in which several suppliers are quoted. This process takes into account variables such as price, quality, delivery time, good sustainability practices (environmental, social responsibility, and compliance), as well as a review of the financial aspects and commercial references of the candidates. In a subsequent period, non-commercial purchases are expected to be made only with approved suppliers.

Supplier approvals by 2022

	Ferreiros	Unimaq	Orvisa	Soltrak	Fargoline	Sitech
Internal approvals	0	393	9	136	0	11
External approvals	537	52	22	23	47	9

	Motriza	Forbis	Ferrenergy	Parent company Ferreycorp	Total
Internal approvals	0	57	0	104	710
External approvals	0	35	4	0	729
					1439

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

Network of responsible buyers

Since 2022, Ferreycorp has established a Buyers' Network made up of those responsible for managing suppliers in the different subsidiaries nationwide. This network reviews operational issues to facilitate compliance with the corporate supplier strategy, such as defining groups for different training, identifying new regulations that affect suppliers and initiatives offered by the market (development programs, training, etc.), establishing standard classifications for all companies, applying best practices in supplier management, among others. By 2023, a Supplier Circle will be formed to inform, contribute ideas and share best practices aligned with the corporate strategy.

5.2 Social Dimension

5.2.1 Human capital management

5.2.1.2 Human capital management model

Ferreycorp's **more than 7,000 employees** in Peru and abroad are the most important and valuable resource of the corporation and to whom it owes its success and transcendence during its 100 years of history. For this reason, Ferreycorp attaches the utmost importance to the management of human capital in all its companies.

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

- To build the **Ferreycorp culture**, solid and transcendent, which can inspire and motivate all employees and, therefore, maximize their commitment and performance.
- **To manage talent** by attracting, retaining and developing talent to achieve the best results and contribute to the sustainability of the business, while always ensuring the safety and health of all.
- **To generate** organizational **efficiency**, optimizing the structure in each company and at the same time creating synergies among the companies of the corporation and fostering a culture of high performance to achieve the best results.

The Corporate Human Resources Management ensures optimal human capital management within Ferreycorp, providing a management framework to all its subsidiaries in the various countries in which it operates. The latter, in turn, have their own specialized human resources management areas, and have their leaders as the main drivers of change.

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

Employment

a) Employment generation

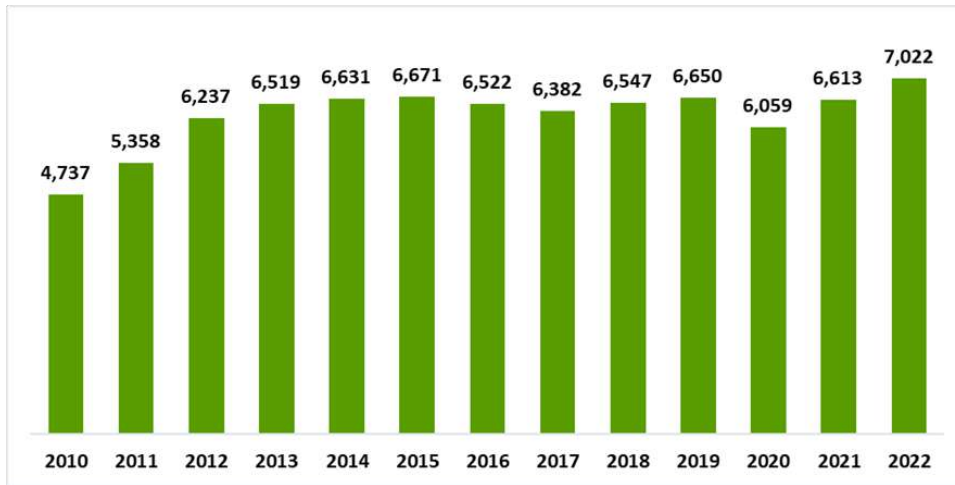
The value proposition that Ferreycorp has developed for its employees and those of its subsidiaries is based on generating pride and purpose, as well as providing quality of life and an excellent work environment, personal and professional development, including a competitive compensation and benefits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



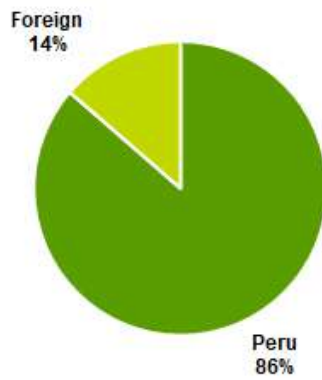
At the end of 2022, the corporation has a team of 7,022 employees in all its companies in Peru and abroad and is committed to continue adding to its workforce those talents who, together with solid values and commitment, can perform and grow within any of its companies.

Below is the evolution of the workforce of the entire corporation, as well as the distribution according to geographic location, type of employee and gender.

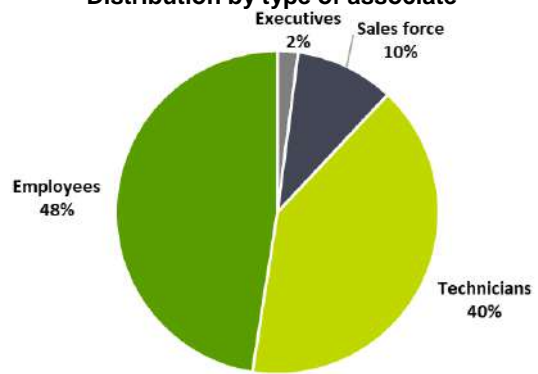
Evolution of the labor force



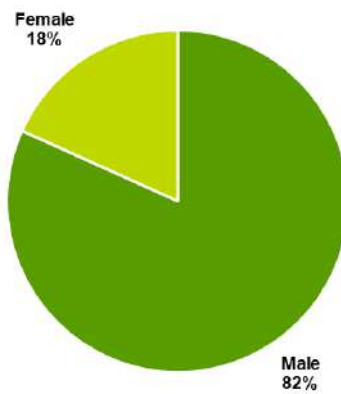
Distribution by geographic location



Distribution by type of associate



Distribution by gender



During 2022, the number of employees of the parent company Ferreycorp S.A.A. and its subsidiaries operating in Peru -country where the corporation generates close to 90% of its revenues- increased by 448, considering new hires and excluding from the total the calculation of the terminations made during the year.

Increase in the number of employees (*)

Category	Subcategory	Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis Peru	Trex Peru	Orvisa	Sitech	Soltrak	Unimaq	Total
Hiring by region	Lima	13	14	14	92	5	-21		1	40	-2	156
	Provinces	6	-14	0	243		0	-2		17	42	292
Hiring by age range	Up to 30 years	11	-1	16	265	8	-5	1	-1	29	43	366
	31 - 50 years	3	2		72	-3	-12	-2	2	22		84
	51 years and older	5	-1	-2	-2		-4	-1		6	-3	-2
Hiring by gender	Women	6	-1	6	96	10	-5			22	5	139
	Men	13	1	8	239	-5	-16	-2	1	35	35	309
Hiring by type of employees	Executives	-1		-1	-2	-1	-2				-2	-9
	Sales force	-1			-5	-1	-3			7	-2	-5
	Technicians		7		225		-2		-5		24	249
	Employees	21	-7	15	117	7	-14	-2	6	50	20	213
Total		19	0	14	335	5	-21	-2	1	57	40	448

**It includes: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Trex Peru, Orvisa, Soluciones Sitech Peru, Soltrak, Unimaq y la matriz Ferreycorp S.A.A.*

It is worth noting that Ferreyros, Ferreycorp's main subsidiary, reaffirmed its position among the ten best companies in Peru for attracting and retaining talent, according to the prestigious Merco Talento 2022 ranking, for the ninth consecutive year, and remains in eighth place in the national ranking and in first place in its sector.

b) Staff turnover

The constant monitoring of turnover indicators is a task performed as part of human resources management, in order to analyze each case and, if necessary, take corrective actions.

The following table, which includes the companies operating in Peru and the parent company Ferreycorp S.A.A., shows the total and voluntary personnel turnover. It should be noted that the total turnover of this group of companies is 15% and voluntary turnover is 8%.

Percentage of staff turnover during 2022*

Category	Subcategory	TURNOVER 2022																					
		Fargoline		Ferrenerg y		Ferreycorp		Ferreyros		Forbis Peru		Trex Peru		Orvisa		Soluciones Sitech Peru		Soltrak		Unimaq		Total	
		T	V	T	V	T	V	T	V	T	V	T	V	T	V	T	V	T	V	T	V	T	V
Region	Lima	29%	18%	11%	0%	18%	8%	12%	6%	25%	22%	54%	12%	0%	0%	48%	42%	23%	17%	9%	3%	15%	9%
	Provinces	23%	15%	100%	3%			12%	7%					9%	3%			28%	19%	18%	10%	15%	8%
Age range	Up to 30 years	35%	18%	88%	0%	32%	26%	17%	9%	34%	31%	63%	21%	10%	10%	35%	29%	34%	27%	16%	8%	20%	11%
	31 - 50 years	33%	21%	85%	3%	16%	7%	10%	6%	22%	18%	45%	8%	7%	2%	69%	62%	23%	15%	13%	7%	14%	8%
	51 years and older	0%	0%	50%	0%	13%	0%	2%	0%	0%	0%	80%	0%	18%	0%	0%	0%	0%	0%	10%	0%	5%	0%
Gender	Women	39%	26%	33%	0%	14%	9%	14%	8%	15%	13%	71%	18%	23%	15%	100%	100%	17%	14%	20%	11%	18%	11%
	Men	27%	16%	90%	3%	22%	7%	12%	7%	34%	30%	48%	10%	7%	2%	45%	38%	27%	19%	12%	5%	15%	8%
Type of employee	Executives	25%	25%	0%	0%	19%	4%	4%	2%	20%	20%	67%	0%	0%	0%	0%	0%	0%	0%	15%	0%	11%	3%
	Sales force	29%	14%					6%	3%	50%	50%	44%	0%	0%	0%			20%	11%	9%	7%	11%	6%
	Technicians			33%	0%			13%	7%			23%	5%	13%	3%	39%	28%			13%	5%	14%	7%
	Employees	29%	18%	88%	2%	17%	9%	11%	7%	24%	19%	74%	20%	9%	3%	67%	67%	26%	20%	16%	8%	17%	10%
Total		29%	18%	83%	2%	18%	8%	12%	7%	25%	22%	54%	12%	9%	3%	48%	42%	24%	17%	14%	7%	15%	8%

*It includes: Fargoline, Ferrenergy, Ferreyros, Forbis Logistics, Trex Peru, Orvisa, Soluciones Sitech Peru, Soltrak, Unimaq y la matriz Ferreycorp S.A.A.

It should be noted that the turnover in Ferrenergy is explained by the termination of personnel at the end of contracts signed between the company and its customers. Likewise, the turnover at Trex Peru mainly reflects the termination of a group of employees following the merger by absorption of this business into Unimaq. Excluding both cases, the total turnover of the companies in Peru amounts to 14%.

c) Labor relations

Ferreycorp and its subsidiaries in Peru and abroad respect the freedom of association of its employees. Therefore, there are no policies that affect their decisions regarding union membership or the signing of collective bargaining agreements.

In Peru, the Sindicato Unitario de Trabajadores, which at the end of 2022 had 589 members, including employees and technicians, has uninterruptedly represented the personnel of Ferreyros, the corporation's main subsidiary, since 1946. This group of collaborators maintains good relations with the company and contributes to improving policies that favor working conditions. It should be noted that at the end of July, a direct agreement was reached for the 2022-2023 period.

On the other hand, the Trex subsidiary in Chile also has a Unitary Union made up of 47 employees, which also maintains a good relationship with the company.

To ensure compliance with legal labor standards, standardize processes and manage labor relations among employees, the corporation has continued to strengthen the advice it provides to its subsidiaries on labor relations in Peru and abroad. It also maintains its respect for the principles of gender equity and equality and non-discrimination in employment, while the process of reporting labor harassment has been strengthened through the Ethics Channel and training.

It should be noted that the corporation has implemented a series of actions to continue complying with the labor standards promoted by the Government, among them the Salary Equity Law, the Regulation of the Labor Outsourcing Law, the Law for the Prevention and Punishment of Sexual Harassment, and the Surveillance Plan to prevent COVID-19. During the year, it incorporated into its regulatory compliance model the implementation of new rules related to outsourcing and remote work, and the standardization of legal documents and regulations.

d) Compensation and benefits

The basis of the compensation system of Ferreycorp and its subsidiaries in Peru and abroad is the valuation of positions with a methodology that considers aspects such as the complexity of the function, the specialized knowledge required, the level of decision making, among others, with which the salary scales are built taking into consideration information from salary surveys in the labor market. This system seeks to maintain internal equity and external competitiveness, under the framework of the Corporate Compensation and Benefits Standard applicable to all the companies of the corporation.

According to an analysis carried out in the Peruvian subsidiaries in 2022, there is equality in the average annual income between women and men.

In addition, there are short-term variable compensation schemes. One of them is the performance bonus for Ferreycorp employees in Peru and abroad, which takes into account the performance evaluation and the achievement of their objectives for the previous year. There are also incentives for the sales force and sales managers based on the fulfillment of certain objectives and goals established by each subsidiary.

Diversity and human rights

a) Gender equity

At the end of 2022, 1,282 women were working in the corporation's subsidiaries in Peru and abroad, representing 18.3% of the total number of employees, compared to the 16.2% shown in 2021.

Although the number of women is still low due to the industry in which the corporation operates, Ferreycorp promotes gender equity in its companies. This is a long-standing issue that is not only embodied in specific policies, but is lived on a day-to-day basis. If we consider non-technical positions in the parent company Ferreycorp and its subsidiaries in Peru and abroad, the percentage of women will be 27.5% of the total number of employees in 2022, compared to 26.4% in 2021. It is worth noting that several areas of the corporation at the management level, such as General Management, subsidiary boards, Corporate Human Resources Management and Corporate Finance Management, among others, are occupied by women.

The corporation maintains equitable management between men and women in terms of salaries, job opportunities, and positions.

Ferreycorp has been promoting the development of women in the workplace, even in technical careers, where the market still does not have the necessary supply, through various initiatives such as, for example, the offer of internships for women in technical positions, scholarships for technical careers in specialized institutes, among others. Similarly, Ferreyros' +Juntas program addresses the emotional wellbeing of female technical personnel, as detailed in this chapter.

Distribution of employees by employment type, gender and age*

Type of employee	Gender	Age	Year 2022
Officers	Men	Up to 30 years old	
		31 - 50 years old	52
		51 years and older	64
		Total	116
		Percentage	1.7%
	Women	Up to 30 years old	
		31 - 50 years old	18
		51 years and older	12
		Total	30
		Percentage	0.4%
Sales force	Men	Up to 30 years old	92
		31 - 50 years old	412
		51 years and older	75
		Total	579
		Percentage	8.2%
	Women	Up to 30 years old	29
		31 - 50 years old	86
		51 years and older	3
		Total	118
		Percentage	1.7%
Technicians	Men	Up to 30 years old	1,061
		31 - 50 years old	1,511
		51 years and older	138
		Total	2,710
		Percentage	38.6%
	Women	Up to 30 years old	104
		31 - 50 years old	25
		51 years and older	3
		Total	132
		Percentage	1.9%
Employees	Men	Up to 30 years old	515
		31 - 50 years old	1,561
		51 years and older	259
		Total	2,335
		Percentage	33.3%
	Women	Up to 30 years old	406
		31 - 50 years old	517
		51 years and older	79
		Total	1,002
		Percentage	14.3%
Total	Men	Up to 30 years old	1,668
		31 - 50 years old	3,536
		51 years and older	536

		Total	5,740
		Percentage	81.7%
	Women	Up to 30 years old	539
		31 - 50 years old	646
		51 years and older	97
		Total	1,282
		Percentage	18.3%
TOTAL OF EMPLOYEES			7,022

**It includes the parent company Ferreycorp and all subsidiaries in Peru and abroad.*

On the other hand, the Pares program is the framework under which the various actions that the corporation has been developing since 2018 to promote gender equity among its employees nationally and internationally are executed. Through this program, the corporation seeks to ensure equal opportunities without distinction for employees, also covering different abilities, ethnicities and cultures, LGBTQI+ community and generations.

As part of the program, the Peer Committee has been formed, made up of the corporation's General Management and representatives of the different corporate managements and main subsidiaries in Peru and abroad. The committee aims to put on the agenda various issues that contribute to achieving the objectives by action front (different skills, ethnicities and cultures, LGBTQI+ community and generations) and to monitor different initiatives, such as awareness and training, having allies and defining the number of women that the corporation wishes to incorporate in certain positions and/or areas.

In 2022, Ferreycorp was distinguished as the first leading company in gender equity and diversity in Peru, in its category, according to the PAR 2021 ranking of the consulting firm Aequales. At the same time, it was positioned in the Top 10 of the National General Ranking and the Top 20 in Latin America. The evaluation focused on four fundamental areas for gender equity: management of objectives, organizational culture, organizational structure and talent management.

In addition, the parent company Ferreycorp won second place in the category "Promotion of Equal Opportunities between Men and Women" for the Pares program, according to the Peruvian Ministry of Labor's Best Practices Contest.

Ferreycorp uses certain indicators to measure the participation of female personnel in training programs and promotions in relation to total personnel in all of its subsidiaries in Peru and abroad. Growth is sought in various indicators, such as hours of training, number of promotions and promotions, number of women in key positions, and salary by category and gender (average salary for men compared to women).

During 2022, activities were developed in spaces that promote diversity and inclusion, based on a segmented strategy distributed among events, workshops and lectures for different audiences and attended by close to one thousand employees at the international level, with a satisfaction level of 99.8%. One such event was the V Meeting of Women Leaders, which annually promotes reflection and networking among Ferreycorp's employees, with the participation of leaders who encourage practices related to diversity and inclusion.

The subsidiaries have also implemented initiatives with an impact on gender equity. The +Juntas program at Ferreyros addresses the emotional wellbeing of female technical personnel, while at Orvisa the "Breaking Paradigms" workshop was held to identify the unconscious biases that people acquire as they develop in society and raise awareness to break established paradigms.

In addition, under this same axis, employees throughout Peru and foreign subsidiaries participated in the course on Sexual Harassment in the workplace, reaching 95.56% of the total number of employees (6,983 people). In addition, 18 face-to-face and virtual workshops on sexual harassment were held, attended by approximately 476 employees, and three workshops on the elimination of violence against women, with a total of approximately 280 participants, both leaders and a diverse public from the corporation and the Ferreycorp Association, given by the consultant Maricarmen Panizzo and Ferreycorp's manager of Labor Relations and HSE, Barbara Pita.

b) Equal opportunity and inclusion

Ferreycorp and its subsidiaries in Peru and abroad are committed to promoting and maintaining a work environment free of discrimination, favoring equal opportunities based on the merits of each employee, regardless of gender, ethnicity, origin, creed, sexual orientation or social status. It should be noted that the corporation's employees come from different geographic areas and socioeconomic status.

In particular, in order to continue promoting diversity and inclusion, regardless of sex, sexual orientation, gender identity and expression, a workshop was held for corporate leaders so that they can extend the lessons learned to their teams, and the message was reinforced with a webinar given at the international level.

d) Respect for human rights

Ferreycorp and its subsidiaries in Peru and abroad are committed to the respect and protection of human rights, which are a fundamental part of its sustainability strategy and cover its entire value chain, which includes more than 7,000 employees of the corporation. The purpose of this strategy is to incorporate international standards in the corporation's companies, in order to guarantee respect for human rights in the scope of their activities, regardless of their size and industry. Hence, it is aligned with the principles included in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, fundamental ILO conventions, the Sustainable Development Goals, among other international human rights standards and conventions.

Likewise, Ferreycorp and its subsidiaries, in the various countries in which they operate, maintain and incorporate the best practices on respect for human rights, responsible labor, preservation of the environment and the fight against corruption, contained in the 10 guiding principles of the United Nations Global Compact, to which the corporation has been a signatory since 2004. Therefore, it does not endorse or contemplate the employment of minors, inside or outside the workplace, and does not use or sponsor practices that induce forced or compulsory labor that violate their will or freedom of contract.

The commitment of Ferreycorp is to respect the dignity of the individual, the principle of equality and non-discrimination, the right to equal pay, and other conditions between

men and women, as well as other conditions of gender equality and inclusion. It also undertakes to pay special attention to the rights of potentially vulnerable groups, establishing, if necessary, reasonable adjustments in accordance with the law. The corporation protects maternity rights, as well as all rights and leaves derived from pregnancy and breastfeeding, both for the mother and the father.

Ferreycorp also respects freedom of association and collective bargaining, the elimination of inhuman or degrading treatment, and the elimination of harassment and sexual harassment in the workplace.

Ferreycorp has a policy and strict processes for safe and healthy working conditions, offering a dignified work environment and taking the necessary measures to avoid minimizing occupational hazards in its operations. In addition, the corporation maintains a vision of demanding and caring for these principles throughout its value chain and with all its stakeholders.

During 2022, there were no incidents, complaints or allegations related to child, forced, compulsory or non-consensual labor, or any other form of discrimination in any of Ferreycorp's subsidiaries, and training on human rights was provided to suppliers.

Training

a) Performance Management

The strengthening of Ferreycorp's Performance Management Program has continued over the years, not only with respect to systematization processes and measurement parameters, but also in its competency model, as the corporate competencies have been regrouped from 13 to five, with greater alignment to strategy and culture aspects and, above all, with greater simplicity. These are: We have passion for clients, We are agents of change, We generate knowledge and self-learning, We work as a team and We achieve results with excellence.

As a sign of their active participation, in 2022, 99% of the employees of the total number of the corporation's companies in Peru and abroad completed their performance evaluation and 97% defined their objectives, which were incorporated into the performance evaluation system, thus enabling better monitoring of the results obtained by each employee and their action plans.

b) Succession and development of leaders

Ferreycorp has developed programs aimed at strengthening leaders in their competencies and knowledge necessary for the transformation of the business, as it considers it is strategic that they have the necessary profile to enhance the growth of the corporation.

In line with this aspiration, in 2022 the second class of the LiderazGO program for Managers and Supervisors graduated, in which more than 200 leaders from all the companies of the corporation in Peru and abroad participated. The level of satisfaction with the program was 91%.

On the other hand, it is important for Ferreycorp to maintain continuity in the work carried out in each management and/or area, in the event of a vacancy or organizational change.

For this reason, during the year, the criticality of the positions and possible successors to those positions are reviewed.

c) Training and job opportunities

At Ferreycorp, we promote the development of our employees through internal and external training. Thus, the following is the distribution by type of worker and gender of the more than 7,000 employees trained during 2022, as well as the hours of training provided in all Ferreycorp companies in Peru and abroad.

Distribution of training hours for Ferreycorp's employees

Category	Subcategory	Cogesa	Fargoline	Ferrenergy	Ferreycorp	Ferreyros	Forbis	Gentrac Guatemala
Executives	Female		1		14	7	4	1
	Male	4	3	1	15	44	4	14
Sales force	Female	2	3			34	4	14
	Male	35	3			214	1	46
Technicians	Female	2				135		5
	Male	50		3		2,318		109
Employees	Female	26	44	3	89	458	59	47
	Male	69	179	39	102	1,285	55	85
Total		188	233	46	220	4,495	127	321

Category	Subcategory	Maquicentro	Motored Centroamérica	Motriza	Orvisa	Sitech	Soltrak	Soltrak Nicaragua
Executives	Female							
	Male			1			1	
Sales force	Female		4	2	2	1	6	1
	Male		26	5			24	
Technicians	Female	10	97	6	19		63	9
	Male		1	1				
Employees	Female	9	28	22	32	18		
	Male	6	20	17	17	3	111	6
Total		3	19	24	81	18	236	12
		28	195	78	151	40	441	28

Category	Subcategory	Trex Chile	Trex Colombia	Unimaq	Total	Hours	Average per employee
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Officials	Female			1	30	474	15.82
	Male	7	1	15	124	3,654	29.47
Sales Force	Female	4	2	15	133	3,055	22.97
	Male	13	3	87	606	150,396	248.18
Technicians	Female	1			145	5,747	39.64
	Male	42	6	223	2,860	112,074	39.19
Employees	Female	33	4	133	1,076	65,484	60.86
	Male	49	3	235	2,494	233,837	93.76
Total		149	19	709	7,468	574,721	76.96

**It includes the parent company Ferreycorp and all subsidiaries in Peru and abroad*

The training policy is focused on developing the necessary performance competencies to achieve the business objectives. The educational proposal continues to expand with new agreements offered to employees and their families with scholarships and discounts on technical courses, undergraduate, diplomas, specializations, master's degrees, among others. In 2022, particularly in Peru, 18 agreements were reached.

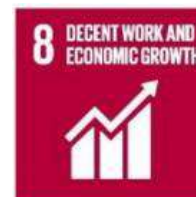
At the same time, the training of technical personnel at Ferreyros' modern Technical Development Center (CDT) stands out. This facility is also used for technical, safety, health and environmental, and regulatory courses.

To facilitate access to training for employees from different parts of the country, Ferreycorp uses the Google Classroom platform both in Peru and abroad, through which it deployed synchronous SAP training courses and mandatory asynchronous corporate courses, such as those corresponding to the Peruvian Financial Intelligence Unit and the Corporate Compliance System, as well as specific subjects for subsidiaries abroad.

On the other hand, job opportunities trigger movements between subsidiaries to fill a new or vacant position. In this regard, during 2022, in the companies in Peru, 501 employees had a change of position, 431 were promotions and 70 were horizontal movements.

Health and Safety

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



The subsidiaries in Peru have an Occupational Health and Safety Committee with equal representation (50% employer and 50% employees). The purpose of this committee is to monitor compliance by the organization and the workers with the preventive measures established to ensure the safety, integrity, and health of personnel, as well as to protect the environment. The corporation's foreign companies are in the process of progressively aligning their practices with these standards.

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

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

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

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

Among the main health problems identified in 2022 in the different workplaces are cases of respiratory diseases due to SARS-CoV-2 infection (COVID-19).

b) Safety management indicators

The three main indicators of safety management in the corporation are fatalities, the lost-time injury frequency rate for employees and contractors, and the accident rate.

In the corporation and its subsidiaries, in Peru and abroad, it can be seen that, in 2022, fatalities - the number of events in which injuries result in the death of the employee or contractor - were 0. The lost-time injury frequency rate was 1.13 for employees and 1.90 for contractors, both significantly lower than in 2021.

For its part, the Accidentability Index -an indicator calculated by the frequency index and the severity index- was significantly lower than in 2021, reaching 0.05 in the corporation and its companies in Peru and abroad. The most frequent occupational injuries in 2022 were entrapment or entrapment, fractures, cutting wounds, and contusions. The number of hours worked was 18,091,955.65.

Below is the Accident Rate for the parent company Ferreycorp and the companies operating in Peru and abroad in 2022.

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

Year 2022		Ferreyros	Unimaq	Orvisa	Fargoline	Soltrak	Trex Perú	Soluciones Sitech Perú
Region	Lima	0,08	0,00	0,00	0,00	0,00	0,00	0,00
	Provinces	0,03	0,11	0,02	0,00	0,98	0,00	0,00
Type of personnel	Own	0,04	0,03	0,02	0,00	0,01	0,00	0,00
	Third parties	0,13	0,01	0,00	0,01	0,00	0,00	0,00
Gender	Women	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Men	0,03	0,05	0,03	0,01	0,18	0,00	0,00

Year 2022		Forbis Logistics	Ferreycorp S.A.A.	Trex Chile	Cogesa	Gentrac	Maquintero
Region	Lima	0,00	0,00	0,00	0,00	0,00	0,00
	Provinces	0,00	0,00	1,62	0,62	0,00	0,00
Type of personnel	Own	0,00	0,00	2,66	0,52	0,00	0,00
	Third parties	0,00	0,00	0,00	0,00	0,00	0,00
Gender	Women	0,00	0,00	0,00	2,63	0,00	0,00
	Men	0,00	0,00	2,48	0,36	0,00	0,00

**It includes the parent company Ferreycorp and all subsidiaries in Peru and abroad.*

c) Occupational Health Circle

Since the gradual return to on-site work in all subsidiaries, Ferreycorp's health protocols have been adapted to the needs of the operations and the employees who participate in them. The Occupational Health Circle, created in 2020 to integrate all occupational physicians and Human Resources areas of the corporation's subsidiaries in Peru and abroad, was maintained during 2022 and continues to operate to date. Its actions have been aimed at extending biosafety measures, providing care and medication to all employees and family members in the initial stage of the disease, periodic screening of COVID-19 discard tests, among others. Other topics related to medical surveillance plans and programs, mental health management and general health awareness plans were also incorporated.

Social welfare

The corporation offers conditions that favor an adequate balance between the work and personal lives of its employees, promoting their well-being in the various countries where it operates. In this way, it contributes to the care of their physical and mental health and generates positive impacts on the family environment.

In 2022, Ferreycorp developed 172 initiatives, in its companies inside and outside Peru, to contribute to the well-being of its human team, having as main lines of action: health (145), life balance (9), benefits (7) and entrepreneurship and finance (11), with 98% of total satisfaction among employees. Among the initiatives are the "Niños de Hierro" (Iron Children) program, to prevent and combat anemia in the children of employees aged between 6 months and 3 years, and "Pa Lante" (Forward, which provides guidance to the family members of employees who are developing enterprises. Psychological and nutritional counseling is also provided, among other activities.

In particular, within the health and safety area, 633 nutritional services were provided, 404 individual psychological services were provided, and four psychological emergencies were attended to by employees of subsidiaries, providing emotional support and action plans for their psychological well-being.

We also developed health campaigns in the different subsidiaries, reaching employees and their children; screening for diseases such as breast cancer and anemia; nutritional plans; activities for future fathers and mothers; spaces for psychological support and attention to psychological emergencies; among other actions.

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

At the same time, multiple family integration initiatives were carried out virtually, such as Christmas parties and other family celebrations, artistic activities and recreational vacations for the children of employees. Likewise, in some subsidiaries, school supplies vouchers and Christmas bonuses were given out.

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

Climate and culture

a) Culture and internal communication

Through the 2022 Work Climate survey, the corporation was able to know the satisfaction of employees in the dimensions of relationship with the team, culture and work environment, among others.

The corporate results of the survey were as follows:

99%	82%	87%
Response rate	Work climate	Engagement

In addition, eight activities were held to celebrate the corporation's centennial, including Innovation Week, the TikTok Challenge, Ferreycorp has talent, the Ferreycorp Song and the Ferreycorp Olympics, among other sports, artistic and innovation activities, which brought together more than 3,000 employees and connected with the different generations.

5.2.2 Community impact

5.2.2.1 Ferreycorp Association

For more than 25 years, the corporation has centralized its social responsibility activities in the Ferreycorp Association, a non-profit civil organization founded in 1997. Its purpose is to contribute to the formation of professionals with values and civic responsibility through the development of training activities aimed at the stakeholders of its associates: Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline and Soltrak.

To date, the Ferreycorp Association has benefited more than 40,000 students from higher education institutions nationwide, through initiatives on soft skills, employability and, above all, training in values and civic responsibility, and more than 14,000 heavy machinery operators, with virtual technical talks on Caterpillar machinery operation and presentations on values and life skills.

a) Ethics and citizenship training for young people

With an offer of workshops on soft skills, values and civic responsibility for the integral development of future professionals, since 2020, the Ferreycorp Association expanded its educational proposal in the virtual modality, with different learning spaces, such as online workshops, live talks with experts as part of the "Zona Franca" sequence and interviews with Ferreycorp leaders in the new editions of "Conversaciones desde Casa" (Conversations from Home).

Throughout 2022, 21 virtual workshops were held, with the participation of more than 2,300 students from different cities throughout Peru, which addressed various topics such as "Employability", "Learning based on challenges", "Leadership and effective communication", "Agile methodologies for the day to day", "Growing in self-esteem and self-confidence", "Finances for entrepreneurs", "Exercising my citizenship in the digital world", among other issues of contribution to the personal and professional development of young people.

In addition, the Ferreycorp Association developed 40 sequences of its live talks, known as Zona Franca, which were broadcast on its YouTube channel and were conducted by its team of facilitators and expert guests. Among the topics addressed were "Values in a digital world", "Employability post pandemic: Challenges and opportunities", "Our role in the prevention of violence against women", "Ethics and sustainability", "Measure your carbon footprint: Options to mitigate your impact"; among others. These broadcasts had more than 2,000 live connections and were subsequently replayed more than 8,200 times.

Likewise, during the year, we continued with the transmission of "Conversations from home", a format of interviews with leaders of the corporation, in which they discussed topics of interest to young students in a warm and close manner. Some of the topics discussed were "The value of perseverance", "Values that make us grow", "Digital transformation" and "Importance of ethics in leadership". In 2022, 12 editions were held, disseminated on the social networks of the Ferreycorp Association, and reached more than 6,800 reproductions on its YouTube channel.

In 2022, the launch of the new educational platform AFconecta stands out, through which young students from universities and institutes nationwide can access the new Ferreycorp Program for Employability free of charge. Through a participatory and playful methodology, participants are able to reflect, analyze and manage relevant and determining aspects for their future performance and professional practice. The program addresses different topics organized in five key dimensions for the development of young future professionals -personal, employability, leadership, socio-environmental development and innovation and technology-, with a training of 38 hours, between synchronous and asynchronous sessions. Around 90 students benefited from this learning during the first dates of the program in virtual mode in 2022.

b) Technical training from the Operators Club and Heavy Equipment Technicians Club

The Heavy Equipment Operators Club, launched in 2012 and currently with 20,474 members, is an initiative through which Ferreyros, Unimaq, Orvisa and Gentrac, Caterpillar representatives in Peru and Central America, has been contributing to the development and recognition of machinery operators. In the same vein, another initiative that seeks to generate positive impacts on the professional development of maintenance technicians is the Technicians Club, which was born in 2016 and today brings together more than 6,522 members.



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

During 2022, the Operators' Club training continued to be provided virtually. Forty-nine courses, each lasting an hour and a half, were delivered through live transmissions on social networks, which reached 5,997 connections and more than 39,200 reproductions.

Contests such as "The Best Heavy Equipment Operator in Peru", which in its five editions has attracted more than 9,600 operators from all over the country, and "The Best Heavy Equipment Technician in Peru", with a reach of more than 3,000 participants nationwide, are also held. In addition, relevant content for operators and technicians is disseminated through social networks and the websites of both clubs (www.clubdeoperadores.com.pe and www.clubdetecnicos.com.pe).

5.2.2.2 Technical skills training programs

a) ThinkBIG and DreamBIG Programs

The ThinkBIG program is a Caterpillar global initiative that has been successfully implemented in Peru since 2002 through Ferreyros and Tecsup, to train future technicians specialized in Caterpillar products. In recent years, the subsidiaries Unimaq and Orvisa have also joined this program.



This two-year program includes classes at Tecsup and internships at Ferreyros, Unimaq and Orvisa workshops. At the end of the program, graduates have the first option of entering the workforce of the corporation's companies with a defined career path.

The program involved 175 young people during 2022, including 40 women who are members of DreamBIG, a scholarship program that seeks to encourage the entry of female talent into technical careers in heavy machinery and thanks to which they have 50% of their career expenses covered.

b) Dual Apprenticeship Programs

Sponsored by Ferreyros, Unimaq and Soltrak, 53 young heavy machinery maintenance students joined the Dual Apprenticeship Program of the National Training Service (Senati) in 2022, in order to complement their technical training with practical learning at the facilities of the corporation's companies, which are members of Senati's General Taxpayers' Register.

In particular and as a complement to this program, in 2022 Unimaq developed an alliance with the Cerro Verde mining company to sponsor 12 young people, including eight women, graduates of educational institutions located in the client's area of influence in Arequipa, in their preparation for the SENATI admission exam. Thus, through its "Sembrando Futuro" initiative, they are offered vocational evaluation and orientation and academic reinforcement sessions. The beneficiaries also participated in Caterpillar's free virtual program called Technicians for Latin America, whose objective is to awaken interest in a career as a heavy machinery technician.

Otras empresas de la corporación como Fargoline aportan, por su parte, a modelos de aprendizaje dual similares de instituciones como InLog (Instituto Nacional de Logística).

c) Programs to promote technical careers for women

Thanks to the Ferreycorp Scholarship, four outstanding young women are studying Electronic Engineering, Mechatronics Engineering and Industrial Engineering at the Universidad de Ingeniería y Tecnología (UTEC), with which an agreement was signed in 2019.

A similar Ferreycorp scholarship program, this time in alliance with Senati, has been destined in 2022 to twelve students who studied careers such as industrial electricity, automotive mechanics and machinery maintenance in the cities of Lima, Arequipa and Trujillo. Launched in 2020, this program is aimed exclusively at women, allowing them to cover all of their studies, as well as other expenses associated with their academic



training.

In addition, scholarships were granted as part of the DreamBig program described above, bringing the total number of Ferreycorp scholarships to 56 women between UTEC, Senati and Tecsup, and adding to the corporation's efforts to promote the training of women in technical careers, with the aim of increasing their participation in the labor market of the country's main productive sectors.

d) Specialization program in preventive maintenance of heavy machinery

Ferreyros and its customer Anglo American Quellaveco, and the Jose Carlos Mariategui Institute, have maintained an alliance materialized in an agreement for the execution of a specialization program in Preventive Maintenance of Heavy Machinery in 2022, in order to contribute to the professional development of young graduates of related careers in the city of Moquegua. To date there are 60 people, out of a total of 80 participants in the program, who have received this free technical training.

Through virtual and on-site classes in the workshops, groups of 20 participants receive training from Ferreyros' expert instructors and with state-of-the-art equipment for a period of approximately five months.

In order to make the program sustainable, a process of knowledge and equipment transfer to the Jose Carlos Mariategui Institute is being carried out, which includes the participation of teachers from the institution as students of the program, with the purpose that in the immediate future these trainings will be in charge of its teaching staff.

5.2.2.3 Corporate volunteering

During 2022, the virtual corporate volunteering activities of the Kallpachay Educación program -organized by Empresarios por la Educación, Enseña Perú and Osmia- continued, with the participation of 41 employees of Ferreycorp and its companies. As part of this program, the corporation's volunteers spent a total of more than 1,200 hours preparing and facilitating tutoring sessions for close to 200 students from public educational institutions nationwide.

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



5.2.2.4 Ferreycorp 4K

After two years of virtual events, as part of the corporation's centennial celebrations, the "Ferreycorp 4K" race was once again held in person and simultaneously in 14 cities in Peru, as well as in Chile and Guatemala. This integration activity for employees of subsidiary companies and their families has been held for 13 years in the corporation in order to raise funds for corporate volunteering.

In 2022, more than 3,400 employees, along with their families, friends and pets who participated in this race in Peru had the opportunity to contribute to raising funds for the Vidawasi hospital citadel. This is located in Urubamba, Cusco, and provides quality

medical care to children suffering from complex illnesses and childhood cancer. With the funds raised, Ferreycorp will carry out corporate volunteering activities for the benefit of this organization and other causes at a regional level.

5.2.2.5 Works for Taxes Projects

Ferreycorp has maintained its focus on water and sanitation works, as well as on improving educational infrastructure, as part of its objective to contribute directly to the decentralized development of the country by financing and executing public investment projects under the Works for Taxes modality. The end result is an improvement in the quality of life and an increase in the development possibilities of isolated and low-income populations without access to the most basic services.



Through this mechanism, Ferreyros, the corporation's main company, continued in 2022 with the execution of the water and sanitation works in the Piura micro-basin and in the province of Urubamba, Cusco, in partnership with the company Backus. This mechanism enables the contribution of the private sector's capabilities in order to reduce the country's infrastructure gap in a more expeditious manner.

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

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

By 2023, Ferreycorp will continue to commit a significant investment for the execution of more water and sanitation works, as well as educational infrastructure.

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

5.2.2.6 Membership in Associations

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

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



Ferreycorp	<ul style="list-style-type: none"> • Association of Capital Markets Companies (Procapitales) • Peruvian Institute of Entrepreneurial Action (IPAE) • Sustainable Peru • American Chamber of Commerce of Peru (Amcham) • Peruvian-Chinese Chamber of Commerce (Capechi) • Spanish Chamber of Commerce • Organization of Women in International Trade (Owit Peru) • Association of Corporate Secretaries of Latin America (Ascla) • Good Employers Association (ABE) • Businesspeople for Integrity • Works for Taxes Alliances (Aloxi) • Libelula • Climate Action
Ferreyros	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce • American Chamber of Commerce of Peru (Amcham) • Canadian Chamber of Commerce • German Chamber of Commerce • Peru-Mexico Chamber of Commerce • Peruvian Chamber of Construction (Capeco) • National Society of Mining, Petroleum and Energy (SNMPE) • National Society of Industries (SNI) • National Society of Fisheries (SNP) • Peruvian Society of Foreign Trade (Comex Peru) • Peruvian Institute of Economics (IPE)
Unimaq	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce • Peruvian Association of Human Resources • Peruvian Chamber of Construction (Capeco)
Orvisa	<ul style="list-style-type: none"> • Chamber of Commerce, Industry and Tourism of Loreto • Chamber of Commerce, Industry and Tourism of Ucayali • Chamber of Commerce, Production and Tourism of San Martin • Chamber of Commerce and Industry of Huanuco
Soltrak	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce (CCL) • Peru-China Chamber of Commerce (Capechi) • Automotive Association of Peru (AAP) • American Chamber of Commerce of Peru (Amcham)

Fargoline	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Peruvian Association of Port Operators (Asppor) • Peruvian Society of Foreign Trade (Comex) • Peru 2021 • Lima Chamber of Commerce (CCL) • Arequipa Chamber of Commerce • Business Alliance for Secure Commerce (BASC)
Forbis Logistics	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Business Alliance for Secure Commerce (BASC) • The Peruvian Association of International Freight Forwarders (APACIT) • The International Air Transport Association (IATA) • Association of Exporters (ADEX)
Trex	<ul style="list-style-type: none"> • Good Employers Association (ABE) • Lima Chamber of Commerce (CCL)
Ferrenergy	<ul style="list-style-type: none"> • Lima Chamber of Commerce • Canadian Chamber of Commerce

5.3 Environmental management

Through the Environmental Management Programs of each company, Ferreycorp and its subsidiaries execute, monitor and audit the risk mitigation plans of their environmental impacts, aligned with their corporate strategy. Likewise, the corporation is focused on environmental management to reduce the impacts derived from climate change in different areas of the organization.

A specialized environmental area at Ferreycorp defines the guidelines of the corporate environmental strategy and promotes and manages environmental projects in coordination with the different enterprises of the corporation. The Environmental Circle led by Ferreycorp is maintained as an initiative to share experiences and practices related to the strategy, among the specialists in the field that each company has. Since 2022, Ferreycorp has created an operating committee composed of the environmental managers of each Peruvian headquarters to coordinate the execution of environmental projects.

Approved in 2021, the Corporate Environmental Policy is the document that guides performance and sets the basis for implementing actions to reduce and mitigate impacts on the corporate environment and other corporate standards on more specific environmental issues.

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

In 2022, Ferreycorp organized the first Environmental Convention, aimed at all its employees at the corporate level, in order to raise awareness of this issue that is becoming increasingly relevant for all levels of the organization. The convention gathered 2,369 employees, who attended four conferences given by leading suppliers and customers. In addition, employees were trained in environmental and climate management, and more than 80% of them passed the course at the corporate level.

On the other hand, in 2022 we implemented the Ecodatos digital platform, which consolidates the consumption of water, electricity, waste, fuels, sludge, fire extinguishers, compressed gases and refrigerants in more than 70 sites of more than ten companies of the group, as well as the calculation of their carbon footprint. This is a Big Data platform built on Google Cloud Platform (GCP), in which the managers per company and per site can review the evolution of their consumption and identify what they should focus on to improve their environmental indicators, helping them in their decision making.

Environmental impacts in the value chain

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

- Ferreycorp's companies do not have factories in the countries where they operate; their products are **manufactured** by their subsidiaries in different parts of the world, which have world-class environmental practices and an increasingly eco-efficient product development strategy.

- The **international transportation** of equipment and spare parts is carried out by ships and airplanes by third party companies, so it is an indirect impact.
- As soon as they arrive at customs or **warehouses**, they begin to have a direct impact, since Fargoline and Forbis Logistics, which are subsidiaries of Ferreycorp, are involved in the logistics chain during the import process.
- **Domestic transportation** is mainly provided by trucking companies and the subsidiary Fargoline, which is in charge of transporting equipment components and spare parts by truck. The impact is considered direct when managing the units, whether owned or rented.
- The use of machinery and equipment acquired or rented by the customers of the corporation's companies is carried out by the customers themselves, so the footprint generated at this stage is indirect.
- Ferreycorp, in most of its branches, provides **after-sales services**, which consist of repairing machinery or its components and other related services such as painting, evaluation of failures, oil and paint analysis, so they are processes that have a direct impact. At this stage, the reconstruction of equipment and components can extend the useful life of the machinery or its components in two or three opportunities, becoming the greatest contribution to the environmental strategy of Ferreycorp's companies. In this way, the creation of tons of scrap is avoided and consequently environmental impacts are reduced along the entire value chain.

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

The following is a description of the environmental management focused on these areas during 2022, both in the parent company Ferreycorp and in the main locations of its subsidiaries.

5.3.1 Disclosure of climate risks in compliance with TCFD recommendations

Institutional investors that maintain strong relationships with organizations such as Ferreycorp seek to identify in their public information how they manage their risks and, in particular, those related to climate change. Therefore, in 2022, Ferreycorp hired the company Implementasur to conduct its first diagnostic and initiate the disclosure process aligned with the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a global initiative that develops recommendations regarding the types of information that companies should disclose to help investors assess adequately a specific set of risks related to climate change.

The TCFD recommendations are structured around four thematic areas or pillars that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and objectives.

The results report of the aforementioned assessment validates that Ferreycorp has carried out several environmental actions aligned with the various recommendations of the TCFD, and that it has committed to disclose these advances in accordance with the pillars and recommendations of this working group. In this way, the corporation is able

to measure and show its climate change management with high standards.

The main advances made by Ferreycorp in relation to the pillars of the TCFD recommendations are the following:

Pillar 1: Governance

Corporate Finance Management is responsible for leading the climate agenda and reporting to the Board of Directors on risks and opportunities related to climate change. In order to support this role, the Environmental Circle and the Environmental Operating Committee have been created, and the Corporate Environmental Policy has been defined.

Pillar 2: Strategy

Together with employees from different areas of the corporation, an inventory was made of the different physical, transition and climate change risks and opportunities that could have an impact on Ferreycorp. The most relevant risks and opportunities were analyzed and strategies were developed to mitigate or take advantage of them.

Pillar 3: Risk Management

A methodology is being developed to identify, evaluate, and control climate change risks in the corporation, which considers the characteristics of such risks and is integrated into Ferreycorp's corporate risk management taxonomy.

Pillar 4: Metrics and Objectives

The corporate carbon footprint was quantified including scopes 1 and 2 of its main headquarters. In addition to defining climate, water, energy and waste indicators, the company is updating its science-based emissions reduction targets, along with defining an internal carbon price and pursuing the offsetting of its emissions.

5.3.2 Environmental commitment in products and services

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

a) Machinery design

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

b) Extended product liability

By 2022, Ferreyros has successfully rebuilt 64 Caterpillar machines, contributing to the circular economy of the product by giving the units a new life for production on the field.

The company has performed certified rebuilds of several families of Caterpillar equipment, including the largest model in the portfolio, the Cat 7945 shovel, a key production equipment for copper mining, over 20 meters high; mining trucks; low-profile loaders for subway mining; large auxiliary equipment for use in large-scale mining; and heavy construction equipment.

The reconstruction is a reality thanks to the Cat Certified Rebuild (CCR) program, as well as Ferreyros' general equipment reconstruction program, which offers the possibility of rehabilitating a wide range of machines, according to each customer's needs.

It is important to note that, for the 2021-2020 period, large mining units not included in the previous edition of the Report are included, and some specific updates are applied to the whole.

Equipment	2020	2021	2022
Cat underground Load Haul Dump (LHD) loaders	1	15	16
Cat heavy construction equipment	9	29	29
Cat mining trucks	10	5	7
Other Cat large mining equipment	8	18	12
Total	28	67	64

On the other hand, Ferreyros' Lima and La Joya workshops have implemented a good practice of expanding the reusability criteria for components, managing to recover the first 9.2 tons of iron in addition to the usual recovery of parts, which contributes to the circular economy of the product and the reduction of the carbon footprint in the value chain.

c) Pollution control standards

Fourteen Ferreyros workshops (Arequipa; Cajamarca; Technical Development Center; Chimbote; CRC Lima; CRC La Joya; Cusco; Huancayo; Lambayeque; Piura; Rentafar; Lima Machine Shop; Hydraulic Workshop; Trujillo), its Parts Distribution Center (CDR, for its acronym in Spanish), and the Orvisa workshop in Tarapoto have the Five Star Contamination Control certification granted by Caterpillar, the highest qualification in the field.

5.3.3 Climate Commitment: Greenhouse gas emissions and energy use

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



a) Carbon footprint measurement

Since 2016, Ferreycorp and its subsidiaries put on its agenda the need to measure the carbon footprint in its larger premises, gradually increasing the number of evaluated sites and complying with the Principles of the Greenhouse Gas Protocol (GHG Protocol). It should be noted that most of the measurements taken at the facilities, from 2017 to 2020, were subject to verification by an independent third party, under the ISO 14064-1 standard.

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

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

In the measurements for 2021, two additional locations were included - the Rentafer branch of Ferreyros and the Callao branch of Forbis Logistics - increasing the total number of locations evaluated to 13. In addition, and for better decision making, the corporation has decided to expand the measurements from 2022, from 13 locations to 79 locations, including smaller branches and operations at customer sites, in order to cover all our operations in Peru and Trex's operations in Chile.

In accordance with the update of ISO 14064 version 2018, a rule that standardizes the measurement of the carbon footprint, it became necessary to add the measurement coverage of categories 1 and 2 (footprint that the corporation manages or influences directly such as, the direct use of fuels or the consumption of electric energy) and categories 3 and 4, which includes the indirect footprint generated by the transportation of waste through third parties, of personnel in buses hired by the company and air transportation of personnel paid by the company, in addition to the electricity used in remote work and water consumption.

However, a significant item such as the air, sea and land freight transportation will be evaluated starting in 2023, in order to work with suppliers to have accurate and reliable information.

The following table contains the carbon footprint measurements taken from 2020 and in 2022.

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

Years 2020 - 2022

Scope	9 sites			11 sites**			13 sites **	
	2020*	2021*	2022****	2020*	2021*	2022****	2021*	2022****
Total annual (scope 1 +2)	1,660.2	2,075.77***	2353.86	2,498.26	3,126.17***	3395.42	3336.66	3670.26
Cobertura en ventas	27.15%	29.28%	32.6%	33.22%	36.52%	40.3%	37.6%	42.0%

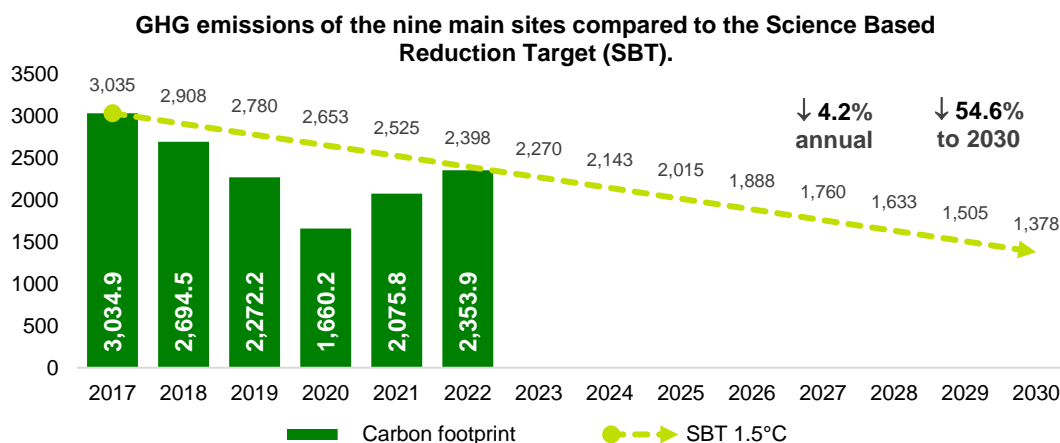
* Emissions for 2020 and 2021 have been verified by an independent third party under the ISO 14064-1 standard.

** Emissions measured at 11 sites (two additional locations to the initial nine: mining operation Cerro Verde and La Joya site, both of Ferreyros), and 13 sites (two additional sites to the previous 11: Ferreyros' Rentafier site and Forbis Logistics' Callao site) are presented as part of the good practice of gradually increasing measurement coverage.

***The values for 2021 present a slight change with respect to those reported in the 2021 Report, due to subsequent verification by an independent third party.

**** Emissions for 2022 are currently being measured and will be verified by an independent third party.

The graph below shows the evolution of emissions at the nine sites measured since 2017. It can be seen that Ferreyrcorp was able to position itself below its science-based target of reducing 4.2% annually with reference to the 2017 base year and reach 2,353.9 tCO₂e by 2022, lower than the limit of 2,398 tCO₂e. The carbon footprint increased compared to 2021 and was 3.6% above the 2019 pre-pandemic level, as a result of the increase in the corporation's sales, which is reflected in a higher level of activity at the locations where the measurements are taken.



As is well known, in accordance with the methodology of the global Science Based Targets Initiative (SBTi), the corporation established the goal of reducing its GHG emissions by 54.6% by 2030, compared to the base year 2017, in nine major locations. In this way, it contributes to ensuring that the global temperature increase does not exceed 1.5°C compared to pre-industrial times. The annual target is to reduce its GHG emissions by a minimum of 4.2%. Based on the results obtained in the first climate risk diagnostic report in the framework of the TCFD recommendations, once the measurement of the complete national carbon footprint (considering land, sea and air freight transportation) is completed, these science-based targets will be updated and a new base year will be established.

b) Emissions offsets

A total of 13 sites of the corporation compensated the footprint generated for emissions in 2021 in categories 1 and 2 through a REDD+ project Cordillera Azul National Park of the National Service of Natural Protected Areas (SERNANP, for its acronym in Spanish). This corresponds to 3,343 tons of carbon in 2021 (33% more than in 2020) in addition to the 7,486 tons of carbon offset since 2016.

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

In 2022, the offsetting of the footprint generated by flights also began, through the Vuela Neutral programs of LATAM Airlines -with 1,300 tons of carbon offset in 2022- as well as the Cool Effect program, which has American Airlines as a partner -with 83.8 tons of carbon offset in 2022 corresponding to the years 2019 and 2020-. In the case of LATAM Airlines, the offsetting of emissions is carried out in two projects in the region: "Nii Kaniti Community Forest Management", a sustainable forest management initiative by indigenous communities in the Peruvian Amazon, and the "Photovoltaic Solar Energy" project in the Atacama Desert in northern Chile. In the case of American Airlines, the offset was achieved by investing in a portfolio of projects managed by Cool Effect, an innovative platform that provides companies with the tools they need to become carbon neutral, in partnership with American Airlines.

c) Power consumption

During 2022, energy consumption measurements were performed at 38 individual locations, 14 shared sites and 27 operations at customer facilities, which is an effort to increase the number of the corporation's locations where measurements are performed since 2018. In addition, the company has been implementing measures to reduce the impact of energy use, including the implementation of energy efficiency projects and the acquisition of renewable energy for five main locations starting in 2020, and in La Joya, the corporation's second most important operating headquarters, starting in 2022. These locations currently use 100% renewable energy instead of energy from the National Interconnected Electricity System (SEIN, for its acronym in Spanish), which provides a 43.7% mixed energy from fossil fuels.

Overall, 77.2% of renewable electricity has been achieved in 2022.

On the other hand, 29.3% of the energy used (electricity and fuels) at 52 headquarters and 27 mining operations analyzed came from renewable sources in 2022, distributed as follows: 25% from electric energy purchased as a free user for six main locations; 3.5% from energy purchased from the SEIN (Peru); and 0.8% from solar energy, thanks to the use of photovoltaic panels at Ferreyros' headquarters in La Joya, Arequipa. Although the aforementioned locations also use non-renewable sources, the measures to reduce the impact of energy use will allow a migration towards greater use of renewable energy.

e) Measures taken to reduce energy consumption

At the beginning of 2022, a project was implemented to install solar showers in La Joya's workshops that avoid the emission of 16 tons of carbon per year over a 20-year lifespan. For the financial evaluation of this project, a benchmark internal carbon price of US\$5 was used to determine the economic convenience of investing in solar showers, considering the savings generated, in addition to the positive environmental impact. This has been a first step to include environmental variables in financial evaluations at Ferreycorp, a fact that has been recognized during the diagnosis made by Implementasur on the progress made in the implementation of the TCFD recommendations.

On the other hand, in 2022, LED perimeter lights were installed at the Surco site. Likewise, we continued with the eco-efficient eco-driving courses for drivers of the fleet of vans and an eco-driving course for machinery operators was kept available through the Ferreycorp Operators' Club fanpage. At the end of 2022, a total of 271 machinery operators had successfully passed the course after an evaluation.

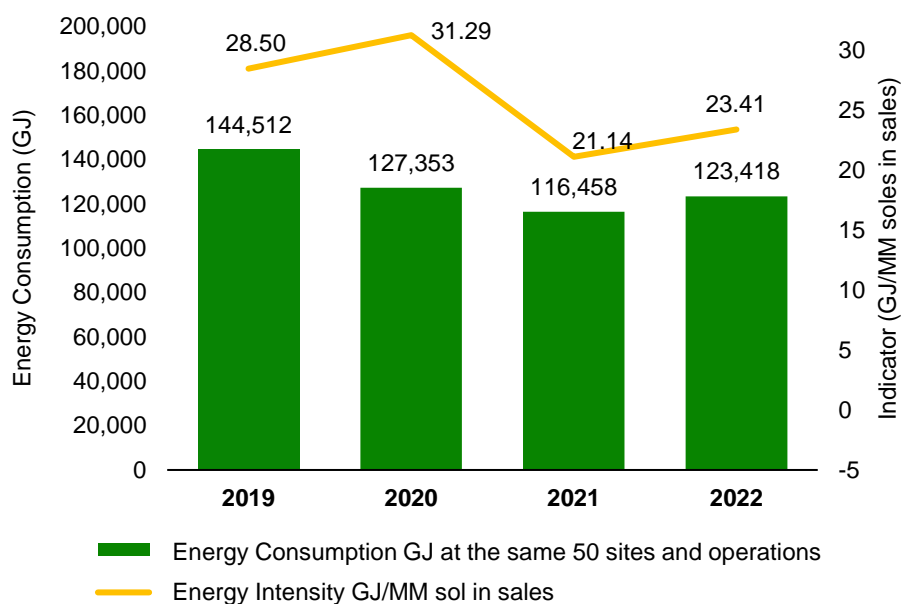
Likewise, the use of the solar panels installed at La Joya continued, representing 10.9% of the energy used at the site, saving 57 tons of carbon in 2022 and a total of 149.6 tons of carbon avoided since their installation in 2019.

Among other measures deployed that have also received attention in 2022 are the installation of flow control valves to save water (energy savings in pumping) at the headquarters of Ferreyros (Avenida Industrial and Chimbote), Soltrak (Callao) and Unimaq (Lurin); installation of more modern air conditioning equipment and others. Also, scheduled maintenance of fuel-consuming electrical control panels and equipment that uses refrigerant gases; and night monitoring by security staff to turn off or unplug equipment that may be on or connected outside working hours.

Energy consumption in 2022 at the 79 locations nationwide was 138,460.82 GJ.

The graph shows the evolution of energy consumption in the last four years, considering the same 50 sites and operations of the aforementioned companies, showing an increase in energy consumption of 6.0% in 2022 compared to 2021.

Evolution of energy consumption in GJ Period 2019-2022*



- The information in this graph differs from that shown in the 2021 Report, since different sites are being considered for the calculation of energy consumption, due to the removal of closed sites and the addition of mining operations. However, the same sites and operations have been included for the four recent years to make the data comparable.

In addition, a graph has been plotted for energy intensity (yellow line), where greater inefficiency is observed in 2020 due to the impact of the pandemic on sales; however, with the resumption of operations this indicator shows greater efficiency. Between 2021 and 2022, energy intensity grows slightly, so it can be concluded that its increase is caused by the growth of activities in the corporation's different operations.

5.3.4. Preserving resources: Water use and effluent management

a) Water consumption at Ferreycorp's sites

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



The water used by 52 sites analyzed, representing 89.7% of the corporation's sales, mainly comes from public supply systems (68.2%), while 13.6% comes from an extracted subway source and 18.2% is acquired through tanker trucks.

In 2022, Ferreycorp received its first Blue Certificate from the National Water Authority, a recognition granted to water-responsible companies that implement a social project to measure and reduce water consumption at one of their facilities. Thus, the corporation selected the Ferreyros Parts Distribution Center (CDR), located in Callao, which supplies more than 30 warehouses of this flagship company throughout Peru, as the site where the project would be implemented, achieving a reduction of more than 30% in water consumption, equivalent to 6,135 m³ of water. Likewise, through the mechanism of

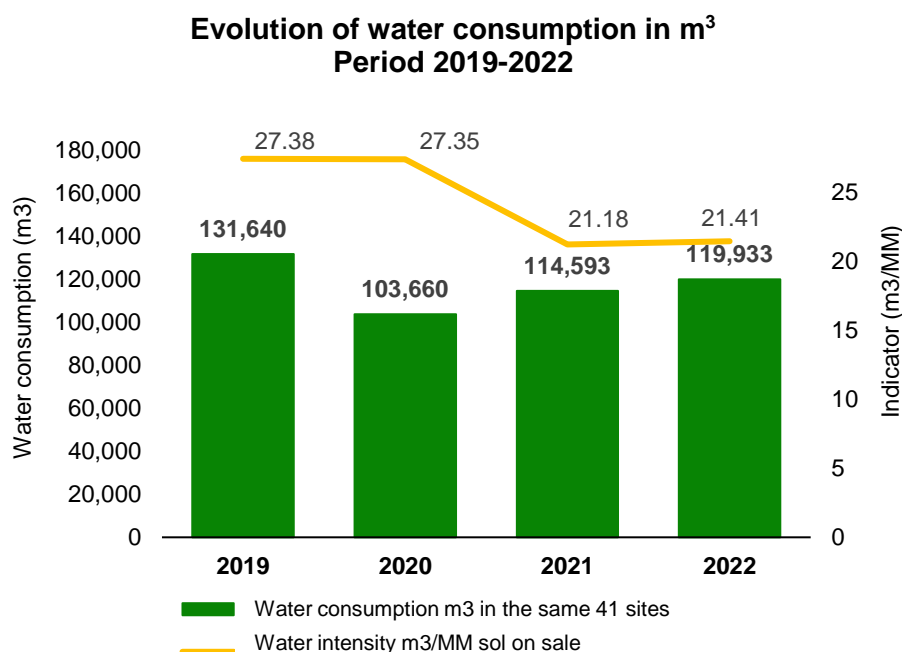
Works for Taxes, the corporation executed the social impact project called Expansion and Improvement of the Drinking Water System and Treatment Plant of the capital of the district of Colquepata, province of Paucartambo Cusco, which benefited more than 2,000 people who experienced an increase in the availability of drinking water of more than 126,000 m³ per year.

b) Evolution of water consumption

Since 2017, the corporation's subsidiaries have been adopting different measures to reduce water consumption. In particular, in 2022, the installation of flow regulators in faucets at the Ferreyros site on Industrial Avenue, the corporation's largest operational site, stands out. In addition, water treatment plants have been installed to allow reuse in productive processes for irrigation, awareness campaigns have been carried out and there has been constant follow-up for the timely repair of leaks.

In 2022, the measurement coverage of the water consumption indicator has been modified to include Ferreycorp, Ferreyros, Fargoline, Trex Peru, Orvisa (and its related companies Motomaq and Servitec), Soltrak, Unimaq, Forbis Logistics, Soluciones Sitech Peru, Ferrenergy, in Peru and Trex in Chile. The water consumption of the 52 locations of these subsidiaries was 126,617 m³, not including mining operations.

The graph shows the evolution of water consumption in the four recent years, considering the same 41 sites of the aforementioned companies, showing an increase in water consumption of 4.7% in 2022 with respect to 2021.



- *The information in this graph differs from that shown in the 2021 Report, since different sites are being considered for the calculation of energy consumption, due to the removal of closed sites and the addition of mining operations. However, the same sites and operations have been included for the four recent years to make the data comparable.*

The increase in water consumption in 2022 is due to the resumption of operations at the sites analyzed, as a result of the economic reactivation generated after the confinement of the COVID 19 sanitary emergency, as well as the increased activities in workshops and offices compared to those in 2021, among other factors.

However, we have graphed the water intensity (yellow line), as an indicator of efficiency, which shows a sustained decrease in the amount of water consumed per million soles in sales during the four years reported. It can also be observed that water consumption is more efficient in the post-pandemic years, supported by both the increase in sales and the water saving measures taken during that period (installation of flow regulators and repair of leaks).

c) Industrial and domestic wastewater management

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

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

On the other hand, at sites where greater treatment is required, either because of the quality of the effluent or the characteristics of the receiving body, there are secondary treatment plants (physicochemical, aeration, etc.) for both domestic and industrial wastewater.

In 2022, two new wastewater treatment plants (WWTP) were built at the Lambayeque branch, for both domestic wastewater and wash water, in order to reuse the treated water in washing processes and for irrigating green areas.

Likewise, in 2022, the environmental monitoring service continued, in compliance with the corporate effluent monitoring program in most of the corporation's facilities, through the service of accredited laboratories.

5.3.5 Responsible waste management

a) Waste generated and its management

During 2022, the percentage of recycled waste in the corporation reached 42.7%. Within the framework of good waste management and final disposal practices adopted by Ferreycorp, Ferreyros, Unimaq, Orvisa, Fargoline, Soltrak and Trex Peru to minimize the impacts generated by their processes, during 2022 the corporation continued working with companies specialized in the recycling and final disposal of waste, especially in the management of waste electrical and electronic equipment (WEEE), hazardous waste, scrap metal, used oils, general waste, among others.

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

In 2022, Ferreycorp held its first "Sinbasura" (Withoutgarbage) event, in which it collected more than one ton of waste, mainly organic (991.4 kg) and inorganic waste (54.7 kg) such as bottles, cans, cardboard, plastic caps, etc. As a result, 1.4 tons of carbon were avoided, equivalent to the planting of 24 trees.

On the other hand, it is worth mentioning that at the Surco site we have been working with the same specialized supplier for the recovery of organic waste, contributing to the reduction of the carbon footprint at this site.

It should be noted that in 2022 a Clean Production Agreement has been worked with the Ministry of the Environment, whose purpose is to achieve goals related to the circular economy of the product (valorization), to have a more eco-efficient packaging and to train employees and to support a local government in the management of its waste in Waste Management and Handling. The agreement, which will last for one year, is in the stage of final review and subscription.

b) Measures for proper waste management

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

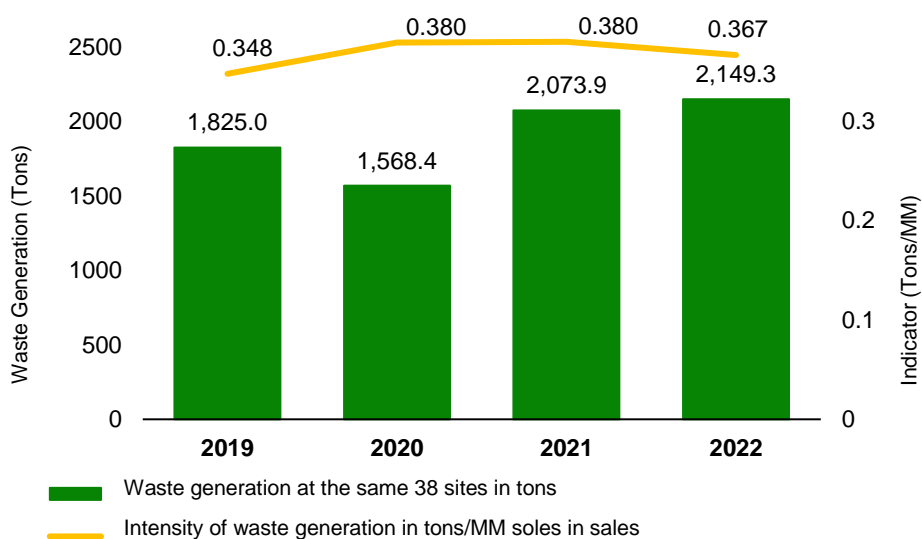
In 2022, we continued with the corporate agreement with the Burned Children's Aid Association (Aniquem, for its acronym in spanish), thanks to which we have been able to donate 70.7 tons of waste to finance therapies for patients.

On the other hand, since the publication of the "Special Regime for the Management of End-of-Life Tires (ELT)" in 2021, which involves five companies (Ferreyros, Unimaq, Orvisa, Soltrak and Trex Peru), their management plans have been approved. The companies are currently evaluating the best alternative for the valorization of the ELT.

In 2022, we analyzed recycling alternatives taking into account the life cycle and socio-environmental benefits, developed awareness campaigns and implemented improvements in the central warehouses. In addition, a Corporate Recyclathon was held, which collected 23.89 tons of paper, cardboard, plastic bottles and bottle caps, and included awareness-raising activities in different locations nationwide.

The measurement coverage of this indicator has also been modified in 2022 to include Ferreycorp, Ferreyros, Fargoline, Trex Peru, Orvisa (and its related companies Motomaq and Servitec), Soltrak, Unimaq, Forbis Logistics, Soluciones Sitech Peru, Ferrenergy, in Peru and Trex in Chile. The waste generation in 2022 of the companies evaluated (52 local) was equal to 2,170 tons.

Evolution of waste generation in tons Period 2019-2022



- *The information in this graph differs from that shown in the 2021 Report, since different sites are being considered for the calculation of energy consumption, due to the removal of closed sites and the addition of mining operations. However, the same sites and operations have been included for the four recent years to make the data comparable.*

The increase in waste generation in 2022 compared to the previous year was 1.3%, due to a higher level of activities in the operations at the analyzed sites. The growth of 18% compared to 2019 is due to the economic reactivation generated after the confinement due to the COVID 19 sanitary emergency, as well as increased activities in workshops and offices, among other factors.

However, we have also graphed the intensity of waste generation (yellow line), which is an indicator of efficiency; in the first three years there is an increase in the amount of waste generated per million soles in sales. Meanwhile, in 2022 this indicator is reversed and shows greater efficiency as a result of the increase in sales and the measures adopted (greater reuse of waste to extend its useful life; the reuse of wooden and cardboard boxes; the reutilization of solvents; and raising awareness among employees through the environmental course and activities such as the Corporate Recyclathon).

Appendix

Appendix 1: Management's discussion and analysis 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 guidelines and policies to be followed by all the companies of the corporation. Ferreycorp's income, 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.

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

Hence, the corporation's main assets are the investments in its subsidiaries and the aforementioned real estate.

For a full understanding of the turnover and results of the corporation's business as a whole, it is recommended that this chapter should be read in conjunction with the consolidated financial statements. The main explanations are available in Chapter 4 - Financial Management.

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

During 2022 there have been no changes in the persons responsible for the preparation and review of the Company's financial information. During 2021 there were changes in those in charge of the preparation and review of the company's financial information, as reported in the 2021 Annual Report when Veronica Paiva Cano was appointed as Accounting and Budget Manager, replacing Miguel Espinosa Rivas, who due to retirement reasons had worked in the company until September 2021.

SEPARATE FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

Analysis of the statement of financial position

	31-12-22	31-12-21	Variation	
			Amount	%
Asset				
Current assets				
Cash and cash equivalents	64.5	8.0	56.6	710.3
Trade accounts receivable, net	10.4	9.3	1.1	11.4
Accounts receivable from related parties	175.5	60.2	115.3	191.7
Other current assets	14.3	9.2	5.1	55.6
Expenses contracted in advance	0.6	0.4	0.2	51.5
Non-current assets held for sale	13.9	13.9	0.0	0.1
Total current assets	279.2	100.9	178.3	176.7
Other long-term assets, net	34.1	34.3	-0.2	-0.7
Investments in subsidiaries	1,990.9	1,941.0	49.9	2.6
Investment property, net	289.7	385.3	-95.6	-24.8
Furniture, fixtures and equipment	1.1	0.6	0.5	78.3
Intangible assets	0.5	0.7	-0.2	-24.6
Total assets	2,595.5	2,462.8	132.7	5.4
Liabilities and net equity				
Current liabilities				
Financial obligations	59.9	60.0	0.0	0.0
Trade accounts receivable	3.5	2.7	0.8	28.7
Other accounts receivable and provisions	38.3	35.1	3.2	9.2
Accounts receivable from related entities	0.5	0.6	-0.1	0.0
Total current liabilities	102.2	98.3	3.9	3.9
Financial obligations	49.3	67.8	-18.6	-27.4
Deferred income taxes, net	48.1	46.9	1.2	2.5
Total non-current liabilities	97.4	114.8	-17.4	-15.2
Total Liabilities	199.5	213.0	-13.5	-6.3
Patrimony				
Issued capital	946.1	958.9	-12.8	-1.3
Shares in treasury	-1.1	-12.8	11.7	-91.4
Additional capital	42.5	43.7	-1.2	-2.7
Legal reserve	211.6	211.6	0.0	0.0
Other patrimony reserves	258.3	283.1	-24.8	-8.8
Accumulated results	938.5	765.3	173.2	22.6
Total sequity	2,396.0	2,249.8	146.2	6.5
Total	2,595.5	2,462.8	132.7	5.4

As of December 31, 2022, total assets reached S/ 2,595.5 million, compared to S/ 2,462.8 million as of December 31, 2021, which represents an increase of S/ 132.7 million.

The main variations in assets are mainly explained by increases in investments obtained by subsidiaries, which are compensated by dividends received.

As of December 31, 2022, total liabilities amounted to S/ 199.5 million, compared to S/ 213.0 million as of December 31, 2021, equivalent to a decrease of S/ 13.5 million, due to the increase in current financial obligations.

Financial ratios

The current ratio at December 31, 2022 is 2.73, higher than the current ratio of 1.03 at December 31, 2021. The total indebtedness ratio at December 31, 2022 is 0.08, similar to that at December 31, 2021.

Analysis of the results of operations

Statement of results (in millions of nuevos Soles)

	2022	2021	Variation
	Autopay	Amount	%
Income			
Equity in the results of subsidiaries	430.4	389.0	10.6
Sale of real estates	95.7	-	
Financial income	2.3	2.0	17.1
Lease revenues	34.8	34.8	0.0
Management support service	13.3	8.6	54.4
Miscellaneous income	0.7	8.6	-91.6
	577.2	443.0	30.3
Operating costs and expenses			
Cost of real estate sales	-91.1	-	
Financial expenses	-4.0	-4.3	-7.5
Administrative expenses	-49.9	-47.3	5.4
Cost of lease services	-5.8	-5.6	3.0
Other expenses	-7.9	-9.0	-12.2
Exchange difference, net	0.6	-1.7	
	-157.9	-67.9	132.6
Profit before income tax	419.3	375.1	11.8
Income tax expense	-0.4	1.0	-138.3
Profit for the year	418.9	376.1	11.4

The increase in income during 2022 is basically due to higher income from participation in the results of subsidiaries and associates, explained by the higher net income of these companies and the sale of the Punta Negra facility to a third party in June, whose debt was 100% cancelled at the end of 2022.

The higher expenses in 2022 correspond basically to higher operating expenses and the recording of the above mentioned cost of sale of the Punta Negra facility.

CONSOLIDATED FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

The consolidated financial statements as of December 31, 2022 and December 31, 2021 are presented below, along with an explanation of the main accounts and their variations. For this purpose, some figures have been reclassified in the income statement shown below, to include the gross profit of purchase orders transferred by Caterpillar to Ferreyros, as sale and cost of sales.

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

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

	31-12-22	31-12-21	Variation	
			Amount	%
Asset				
Current assets				
Cash and cash equivalents	192.0	215.8	-23.7	-11.0
Trade accounts receivable, net	1,292.1	1,014.7	277.3	27.3
Other assets	208.8	198.2	10.6	5.4
Stocks, net	2,207.4	2,081.6	125.8	6.0
Advanced paid expenses	39.6	40.3	-0.7	
Assets available for sale	14.8	15.7	-0.9	-5.9
Total current assets	3,954.7	3,566.3	388.4	10.9
Non-current assets				
Long-term trade accounts receivable, net	37.9	40.7	-2.7	-6.8
Other long-term assets	46.0	48.7	-2.7	
Investments in joint ventures	20.7	19.8	0.9	4.8
Property, machinery and equipment, net	1,648.0	1,699.5	-51.5	-3.0
Intangibles, net	231.2	257.6	-26.4	-10.3
Commercial credit	159.2	180.1	-20.9	-11.6
Deferred income tax asset	151.1	174.7	-23.6	-13.5
Total non-current assets	2,294.1	2,421.1	-127.0	-5.2
Total assets	6,248.8	5,987.3	261.4	4.4

Consolidated Statement of Financial Position (in millions of Nuevos Soles)
continuation

			Variation	
	31-12-22	31-12-21	Amount	%
Liabilities and net equity				
Current liabilities				
Financial obligations	1,111.6	704.0	407.6	57.9
Lease liabilities	36.8	41.0	-4.3	-10.4
Trade accounts payable	782.4	782.2	0.2	0.0
Other accounts payable and provisions	547.4	613.5	-66.1	-10.8
Income tax liabilities	51.3	71.6	-20.2	-28.3
Total current liabilities	2,529.6	2,212.2	317.3	14.3
Financial obligations	1,048.1	1,183.9	-135.8	-11.5
Lease liabilities	41.5	78.4	-36.9	-47.1
Other accounts payable and provisions	2.3	1.0	1.3	125.9
Deferred income tax liabilities	133.3	162.5	-29.2	-18.0
Deferred income	5.7	7.2	-1.5	-20.5
Total current liabilities	1,230.9	1,432.9	-202.1	-14.1
Total Liabilities	3,760.4	3,645.2	115.2	3.2
Patrimony				
Issued capital	946.1	958.9	-12.8	-1.3
Shares in treasury	-1.1	-12.8	11.7	-91.4
Additional capital	42.5	43.7	-1.2	-2.7
Legal reserve	211.6	211.6	0.0	0.0
Other patrimony reserves	350.7	375.5	-24.8	-6.6
Accumulated results	938.5	765.3	173.2	22.6
Total patrimony attributable to shareholders	2,488.3	2,342.2	146.2	6.2
Total patrimony	2,488.3	2,342.2	146.2	6.2
Total	6,248.8	5,987.3	261.4	4.4

As of December 31, 2022, total assets reached S/ 6,248.8 million, compared to S/ 5,987.3 million as of December 31, 2021, which means an increase of S/ 261.4 million (4.4%). This variation was mainly due to the increase in trade accounts receivable by S/ 274.6 million, mainly explained by the higher invoicing to large mining clients in the last

month of the year. In addition, there was an increase in inventories of S/ 125.8 million, mainly due to the need to attend future repairs and to have the necessary availability of spare parts, mainly for the attention of our customers.

As of December 31, 2022, total liabilities amounted to S/ 3,760.4 million, compared to S/ 3,645.2 million as of December 31, 2021, equivalent to an increase of S/ 115.2 million, explained by the growth in the levels of accounts receivable and inventory.

Financial ratios

The current ratio at December 31, 2022 is 1.56, lower than the current ratio of 1.61 at December 31, 2021.

The financial indebtedness ratio at December 31, 2022 is 0.82, higher than the ratio of 0.76 at December 31, 2021. This ratio has been calculated excluding cash and bank balances and liabilities with suppliers that do not generate financial expenses.

The indebtedness ratio at December 31, 2022 was 1.51, lower than the 1.56 obtained at December 31, 2021.

The net financial debt (cash) / EBITDA ratio at December 31, 2022 was 2.30, higher than the 1.78 achieved at December 31, 2021. As a result, the corporation continues its capacity to generate the necessary cash to meet its obligations without inconvenience and is within the requirements of the covenant for the issuance of corporate bonds.

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

Consolidated statement of income (in millions of Nuevos Soles)

	2022		2021		Variation
	Amount	%	Amount	%	%
Net sales	6,592.5	100.0	6,111.8	100.0	7.9
Cost of sales	-4,899.7	-74.3	-4,469.3	-73.1	9.6
Gross profit	1,692.8	25.7	1,642.6	26.9	3.1
Sales and administrative expenses	-1,034.6	-15.7	-890.3	-14.6	16.2
Other income (expense), net	1.1	0.0	21.0	0.3	
Operating profit	659.3	10.0	773.3	12.7	-14.7
Financial income	24.9	0.4	20.4	0.3	21.8
Share of results in business as a whole	0.9	0.0	1.9	0.0	-50.8
Financial expenses	-76.4	-1.2	-70.3	-1.2	8.7
Exchange difference, net	33.5	0.5	-124.5	-2.0	
	-17.1	-0.3	-172.6	-2.8	-90.1
Profit before income tax	642.2	9.7	600.7	9.8	6.9
Income tax expense	-222.8	-3.4	-187.5	-3.1	18.8
Profit for the year from continuing operation	419.4	6.4	413.2	6.8	1.5
Result for the year discontinued operation	-0.5	0.0	-37.1	-0.6	-98.6
Profit for the year	418.9	6.4	376.1	6.2	11.4

Net sales

	2022		2021		Variation
	Amount	%	Amount		%
Domestic sales	5,654.7	85.8%	5,226.9	85.5%	8.2%
Foreign sales	937.8	14.2%	884.9	14.5%	6.0%
Total	6,592.5	100.0%	6,111.8	100.0%	7.9%

In millions of nuevos Soles

	2022		2021		Variation
	Amount		Amount		%
Machinery and equipment:					
Cat mining trucks and machines (GM)	431.0	6.5%	508.9	8.3%	-15.3
Caterpillar machines and engines to other industries (NGM)	1,220.9	18.5%	1,053.4	17.2%	15.9
Rentals and Used	463.7	7.0%	429.3	7.0%	8.0
Partner teams	477.0	7.2%	506.8	8.3%	-5.9
	2,592.6	39.3%	2,498.4	40.9%	3.8
Spare parts and services	3,389.1	51.4%	3,033.5	49.6%	11.7
Other lines	610.8	9.3%	579.9	9.5%	5.3
Total	6,592.5	100.0%	6,111.8	100.0%	7.9

Net sales in 2021 increased to S/ 6,592.5 million, compared to S/ 6,111.8 million in the previous year, representing an increase of 7.9%.

Sales of Caterpillar and allied brands equipment reached S/ 2,592.6 million, equivalent to an increase of 3.8%.

The sale of spare parts and services recorded an increase of 11.7%, which has allowed it to continue to maintain an important participation in the total sales composition, reaching 51%.

Other business lines showed an increase of 5.3%; among the lines that showed the highest increases were logistics services, lubricants and tires, with higher sales of 5.9%, 8.9% and 9.4%, respectively.

When analyzing the results by each group of companies, in 2022, Caterpillar distributors' sales in Peru are 8.8% higher than in 2021. Caterpillar distributors and other businesses abroad have a sales growth of 18.4% in the same period, while the third group of companies, which complements the supply of goods and services through the marketing of equipment and vehicles, consumables and logistics solutions, among other lines, showed a decrease of 4.5% in sales in 2022 compared to 2021.

Profit on sales

Gross profit in 2022 was 3.1% higher than in 2021. In percentage terms, the gross margin was 25.7%, lower than that obtained in 2021 of 26.9%, which includes a foreign exchange effect through the gross margin of -0.3% in 2022 and 1.6% in 2021. Excluding this currency effect, the gross margin in 2022 (26%) is higher than in 2021 (25.2%).

Selling and administrative expenses

Selling and administrative expenses increased to S/ 1,034.6 million in 2022, compared to S/ 890.3 million in the previous year, which represents an increase of 16.2%. Among the most representative expense items that have experienced higher increases are personnel expenses (salary increases, new hires, profit sharing and anniversary celebrations), services provided by third parties (reactivation of local and foreign travel expenses as part of the business, sales promotion expenses, among the most important), and higher provisions related to doubtful accounts receivable.

Other income (expense), net

In 2022, this item had a net income of S/ 1.1 million, while in 2021 it was S/ 21.0 million, due to higher various expenses in 2022, including: i) write-off for impairment of an investment in Central America and ii) prior year adjustments.

Financial Revenues

Financial income in 2022 increased to S/ 24.9 million, while in 2021 the income was S/ 20.4 million.

Financial Expenses

Financial expenses reached S/ 76.4 million in 2022, higher than the S/ 70.3 million of the previous year, which is explained by an increase in average interest rates.

Foreign exchange gain (loss)

In 2022, net liabilities in foreign currency showed a gain of S/ 33.5 million: in Peru, an exchange profit of S/ 40.1 million was generated, due to an appreciation of the dollar of 4.45%, while in Chile, an exchange loss of S/ 6.6 million was generated, due to a devaluation of 1.32%. In turn, in 2021, a net exchange loss of S/ 124.5 million was generated: in Peru an exchange loss of S/ 110.7 million was generated, due to a 10.3% depreciation of the dollar, and in Chile an exchange loss of S/ 13.8 million was generated, due to a devaluation of 18.8%.

Income tax

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

Net income

Net income for the year increased by 11.4% to S/ 418.9 million, compared to S/ 376.1 million in the previous year, with a significant effect of exchange rate differences in both periods.

Earnings before interest, depreciation and amortization (EBITDA)

EBITDA for 2022 reached S/ 888.4 million, which represents a decrease of 11.9% compared to S/ 1,008.5 million in the previous year, mainly due to the increase in expenses.

Appendix 2: Business

2.1 General information

2.1.1 2.1 Name, address, telephone, fax and contact details

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

2.1.2 Incorporation and registration in public registries

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

Enrique Ferreyros y Compañía S.A. absorbed the assets and liabilities of the former company, by means of a public deed dated September 21, 1931 before the Notary Public of Lima, Dr. Agustin Rivero y Hurtado, recorded in entry 1 of page 457 of volume 31 of the Lima Mercantile Registry. The change of name to Enrique Ferreyros S.A. was made through a public deed dated November 23, 1981 before the Notary Public of Lima, Dr. Jorge Orihuela Iberico.

The change of name to Ferreyros S.A. was made by public deed dated May 6, 1996 before the Notary Public of Lima, Dr. Jorge Orihuela Iberico, registered in File 117502 of the Companies Book of the Registry of Legal Entities. On March 24, 1998, the General Shareholders' Meeting agreed to modify the company's corporate name to Ferreyros S.A.A., registered in Electronic File No. 11007355 of the Companies' Registry of Legal Entities.

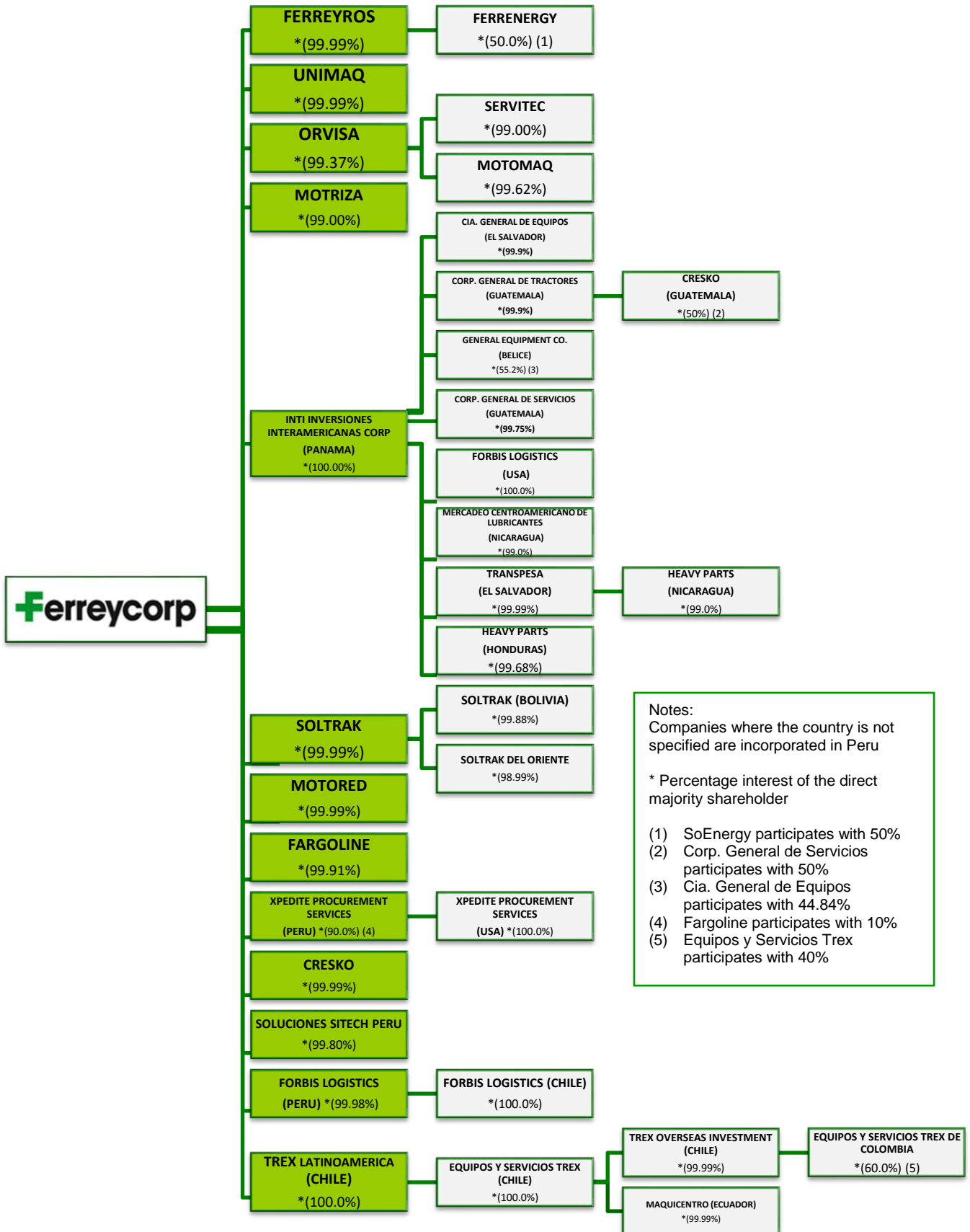
As agreed at the Shareholders' Meeting held in March 2012, the company underwent a simple reorganization process, whereby two blocks of assets were segregated to two subsidiaries. The first equity block, derived from the automotive division business, was transferred to the subsidiary Motored S.A.; and the other, derived from the machinery,

equipment and after-sales services business of the Caterpillar line and its allies, was transferred to the new subsidiary Ferreyros S.A.

After the segregation of these patrimonial blocks, the company changed its corporate name from Ferreyros S.A.A. to Ferreycorp S.A.A., and this reorganization process was registered in entry B00020 of the Electronic Entry No. 11007355 of the Lima Registry of Legal Entities.

The new organizational structure of the parent company has allowed it to concentrate on its role as an investor, so that each of its operating subsidiaries can focus on improving the service provided to its customers, expanding its coverage, addressing its own business opportunities and enhancing its operational capabilities.

2.1.3 Economic group



Notes:
 Companies where the country is not specified are incorporated in Peru

* Percentage interest of the direct majority shareholder

(1) SoEnergy participates with 50%
 (2) Corp. General de Servicios participates with 50%
 (3) Cia. General de Equipos participates with 44.84%
 (4) Fargoline participates with 10%
 (5) Equipos y Servicios Trex participates with 40%

2.2 Description of operations and development

2.2.1 Corporate purpose and ISIC

According to the second article of its by-laws, Ferreycorp S.A.A. has as its purpose "to carry out investment, financing and business services activities, including: i) the incorporation of companies, the acquisition, holding and administration of shares, investment in securities and participation in companies and capital increases, in the domestic or international market; ii) the performance of financial operations under any modality or nature, the issuance of shares, bonds, securities or any other type of debt or credit representative, in the financial and capital markets, in Peru and/or abroad; and iii) the rendering of business services in general, including management services, the purchase and sale, lease, assignment of use and enjoyment of real estate or personal property, including merchandise and domestic and foreign products, the import and export thereof and the transfer of goods in general. Without prejudice to the main object indicated above, the corporation may enter into any type of nominee or unnamed contract related to the acquisition or transfer of any kind of real or personal property that leads to the realization of its purposes, or in any way serves the best realization thereof or is convenient to the corporate interests".

The amendment of the Company's by-laws was agreed at the Annual Mandatory General Shareholders' Meeting held on March 30, 2016. This resolution was formalized through Public Deed of May 27, 2016, duly recorded in entry B00025 and D0079 of Electronic Entry No. 11007355 of the Lima Registry of Legal Entities.

The ISIC of Ferreycorp S.A.A. is 5150.

2.2.2 Term of duration

The duration of the company is indefinite.

2.2.3 Evolution of operations

2.2.3.1 Historical review

Ferreycorp S.A.A. began its activities in 1922 as an initiative of Enrique Ferreyros Ayulo and three partners, to engage in the commercialization of consumer products. During its history, it adopted several corporate names, the first being Enrique Ferreyros y Cia. Sociedad en Comandita. In 1942, it ventured into the capital goods business by assuming the representation of Caterpillar Tractor, which meant a total change in its activity. From then on, it consolidated its operations into two large business units: consumer goods and capital goods. In the same decade, in order to achieve greater coverage to sell its products, it begins its decentralization and establishes offices in the provinces, as well as several subsidiaries.

In 1962, in order to sustain its growth, the shareholders decided to open its shareholding and list it on the Lima Stock Exchange, laying the foundations to turn it into a widely held company that today has close to 2,400 shareholders, with the highest standards of corporate governance in Peru.

At the end of the 80s, the company disengaged from the consumer goods business and decided to concentrate its efforts on what today is its main line of business, capital goods,

for which it took on new representations that complement the Caterpillar line. In this way, it can better serve its customers, who are in various productive sectors of the economy.

In the 90's, the company decided to expand its offer to customers, in addition to the sale of new units, incorporating the provision of equipment for rental and the sale of used machinery. In that same decade, it began to attend open pit mining projects, recently concessioned or privatized, bringing the first Caterpillar off-highway mining trucks.

In 1994, it expanded its participation in the capital market through placements of corporate bonds and commercial papers. It becomes an important participant in the capital market, where it operates with great success and demand from investors.

Since 1995, it has made important investments to improve the infrastructure of its offices and workshops, as well as to train its service personnel, thus creating capacities to attend the maintenance and repair contracts of the large fleets of mining trucks that began to enter the country to operate in large open-pit mining -which developed thanks to the concessions granted after the privatization of mining companies in the 90's-. Also, after a few years, it decided to venture into the sale of machinery for underground mining, a line of business with which Caterpillar expanded its product portfolio.

In order to increase the sources of capital to maintain the sustained growth experienced in those years, in 1997 it made a successful placement of shares in the domestic and international markets, which made it possible to increase its capital by US\$ 22 million.

In the 1998-2001 period, it faced a sharp slowdown in the growth of the Peruvian economy, which had a negative impact on its sales. In this time of crisis for the country, it must adapt its organization and at the same time accompany its clients, through the provision of resources and financial facilities, overcoming the difficult moments to return to the path of growth in the following years.

In subsequent years, the corporation adopted a strategy of organic growth, to increase its sales in the Peruvian market where it was already operating, and another of inorganic growth, through acquisitions of companies, including Mega Caucho y Representaciones (today Soltrak) in 2005, in the consumables sector. It is important to highlight that in 2010, as part of this strategy and in response to an invitation from Caterpillar, the corporation began its internationalization with the acquisition of Gentrac Corporation of Panama, owner of Caterpillar distributors in Guatemala, El Salvador and Belize.

Moreover, since 2006, Ferreycorp has become one of nine companies in Latin America and one of two in Peru to form part of the Latin American Roundtable of Companies Circle, which recognizes companies for their highest standards of corporate governance, under the sponsorship of the International Finance Corporation (IFC), the Organization for Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum. Nine companies from Brazil, Colombia, Costa Rica, Costa Rica and Peru are currently members of the Circle.

In order to clearly differentiate the roles of, on one hand, parent company and investor, and on the other, operating company in charge of the distribution of capital goods, during 2012, a simple reorganization was carried out to create the Ferreycorp corporation, in order to support greater future growth of all the businesses of its subsidiaries and, at the same time, maintain the specialization of certain activities. Likewise, the subsidiary Ferreyros was created, which took over the Caterpillar business. From that moment on, the current Ferreyros S.A., the subsidiary with the largest operating volumes, incorporates new product and service lines; strengthens its client coverage by focusing on large investment projects in the country, including mining, energy, oil and the creation

of new infrastructure; and expands its client base, all backed by significant investments in infrastructure, systems and personnel training.

On the other hand, Ferreycorp's other subsidiaries experience a gradual growth, complementing the offer that Ferreyros S.A. provides to its customers -in fact, at the end of the current fiscal year, they represent 14% of the corporation's business-. Likewise, new businesses entered during this period, either through the acquisition of companies or the creation of new subsidiaries.

In order to ensure the healthy growth of the corporation and to continue making new investments with a solid capital structure, in 2012 a capital increase of US\$ 62 million was carried out. The majority of the new shares issued were subscribed by Ferreycorp's shareholders, demonstrating their confidence in the business model and their commitment to the defined growth strategy.

In the same year, Ferreyros S.A., the main subsidiary, incorporates a new line of mining machinery (Bucyrus business line acquired by Caterpillar), electric and hydraulic shovels, as well as drilling rigs. In this way, the company completes its portfolio of Caterpillar products, both for open-pit and underground mining, making it the most complete option of machinery and equipment for this economic sector, which strengthens the value proposition to its customers.

In 2013, the expansion of subsidiaries other than Ferreyros S.A. continued through acquisitions such as the Mobil lubricants distribution business in Guatemala and Nicaragua (Mercalsa, now Soltrak), as well as a personal protection equipment business with important distributions in Peru. In addition, Soluciones Sitech Peru, a technology solutions company, was created.

The expansion of the organization and the opportunities offered by the international capital market led the corporation to refinance its debt and continue to have the financial resources for its investments in the best possible conditions. Thus, in 2013 it successfully placed corporate bonds for US\$ 300 million, with good interest rate conditions and a seven-year term.

In 2014, Ferreycorp entered Chile through the acquisition of Trex, representative of the Terex brand in the full range of cranes and lifting platforms and a complete series of port equipment in that country, with smaller businesses in Ecuador and Colombia. The Trex business is currently being developed in Peru and in the aforementioned countries.

In 2015, the corporation acquired Transportes Pesados S.A. (today Motored), a leader in the commercialization of spare parts for heavy transport in El Salvador, with more than 35 years in the market and currently with 11 branches in the country. Ferreycorp thus complements its activity in El Salvador, where it has been located since 2010 with its subsidiary representing Caterpillar, Mobil and allied brands.

In 2016, a lower dynamism of economic activity in the countries where Ferreycorp operates reduced the need for working capital. In this context, the decision was made to repurchase bonds through a Tender Offer, which allowed for the repurchase of US\$ 120 million. The repurchased bonds were part of the US\$ 300 million issue made in 2013, maturing in 2020.

In 2017, in order to continue improving the corporation's financial results and provide greater flexibility to the debt structure, a partial redemption of the international bond for US\$ 62,333,000 was carried out. Likewise, in November of the same year, 38,643,295

Treasury shares were cancelled, generating a reduction of the capital stock from S/ 1,014,326,324 to S/ 975,683,029.

An important milestone in 2018 is the sale of Ferreycorp's stake in La Positiva Seguros y Reaseguros, taking advantage of the Public Offering of Shares (OPA) aimed at the holders of common shares representing the capital stock of La Positiva. Thus, 56,962,727 shares owned by Ferreycorp were sold. In 2019, the sale of this investment was completed after Ferreycorp took part in the Public Offering of Shares (OPA) of La Positiva Vida Seguros y Reaseguros carried out in May. Through this operation, Ferreycorp sold all the shares it owned.

The year 2020 was marked by a pandemic and a quarantine with almost total closure of business in Peru, which caused the company's sales to have a significant setback in the second quarter of the year. Between March 15 and May 11 of that year, operations were practically nil; however, within a few weeks, all employees were able to return to operations.

Given the uncertainty caused by the global economic situation, the company chose to expand its debt funding in order to access all possible lines of credit, both from banks, Caterpillar and the capital markets. Thus, in 2020 the company achieved a successful private placement of US\$ 90 million to finance its subsidiaries at a rate of 4.45% for a seven-year term with amortizations starting in 2023.

In 2022, the corporation and its flagship company Ferreyros celebrated 100 years of institutional life. During the year, 100% of the first fleet of autonomous trucks in Peruvian mining was put into operation by Ferreyros and its subsidiary Caterpillar.

2.2.3.2 Product lines

Ferreycorp corporation is the sole representative of Caterpillar in Peru, since 1942, as well as in Guatemala, El Salvador and Belize. The vast portfolio of machinery and equipment distributed by Ferreycorp's subsidiaries includes mining trucks, front loaders, tractors, motor graders, excavators, electric and hydraulic shovels, drilling equipment, low profile loaders for subway mining, marine engines and generator sets, among other families.

In addition to Caterpillar machines and engines, Ferreyros, the corporation's largest-volume subsidiary, markets a wide range of products from other quality brands, including Metso aggregate production equipment for construction, as well as utility equipment, trucks and low-profile loaders of the Paus brand and motor graders of the Elphinstone brand. Also, for agriculture, Massey Ferguson and Valtra tractors, Kuhn, Tatu, Double TT implements, among others; Valley pivot irrigation systems, Kepler Weber drying and storage projects, Zaccaria rice milling and grain processing equipment, as well as IGSP color grain sorters, among other products.

In turn, other Ferreycorp subsidiaries in Peru supply in their respective fields other first class equipment, such as Sullair and Gardner Denver compressors, Mitsubishi- Cat forklifts, Wacker compaction equipment, Lincoln Electric welding equipment, Olympian - Cat generator sets, Amida lighting towers, Enerpac hydraulic tools, Carmix concrete mixers, Cifa concrete pumps, Blends mobile concrete plants, Terex and Luxtower stationary compressors, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Carmix self-concreting mixers, Lincoln Industrial lubrication systems, today SFK, Blends mobile concrete plants, Compair stationary compressors, Terex and Luxtower lighting towers, Enerpac hydraulic tools, Lincoln Industrial lubrication systems, and Valtra

tractors, as well as -in the Asian machinery segment- lines such as loaders, track-type tractors, SEM motor graders and rollers, Shacman trucks, Shaorui crushers and grinders, among others. They also distribute Goodyear tires, Chevron lubricants, 3M, MSA, Bullard, Alphatec (formerly Ansell Microgard), Kleenguard (Kimberly Clark), Showa industrial safety products, and their own brand Tecseg, among others.

Soluciones Sitech Peru, which specializes in providing technological solutions, represents brands such as Trimble, Torsa, Loadrite, Provix, Brigade, Fatigue Science (ReadiBand), CAT DSS and MTS Systems, as well as technologies developed internally by the company, among others.

Abroad, in Central America, the subsidiary Gentrac (Guatemala and Belize) is the sole representative of Caterpillar machinery and equipment and other allied brands, while General de Equipos (El Salvador) is a Caterpillar distributor. Both complete their complete portfolio with related lines. Ferreycorp companies are also distributors of Mobil lubricants in Guatemala and El Salvador, as well as in Nicaragua through the company Soltrak. Also in El Salvador and Honduras, the subsidiary Motored supplies various brands of truck and bus engine and body parts. In El Salvador, Motored also distributes Kenworth trucks and Higer minibuses. In Chile, Ecuador, Colombia and Peru, Trex represents the Terex and Tadano brands in off-highway cranes; Demag in all-terrain cranes; Genie in lifting platforms; Konecranes in port equipment and logistics solutions; Donati and Demag in bridge cranes; and PM in other lifting and loading solutions; Telestack, in mobile conveyor belts; and Magni, in a range of high tonnage telescopic handlers. In Ecuador, Maquicentro's light equipment portfolio includes agricultural tractors, construction equipment, self-loading concrete mixers, trucks, forklifts and welding equipment, among others, from brands such as Valtra, Wacker Neuson, Carmix, Hohan Sinotruk and Lincoln Electric.

In order to serve customers who need to rent machinery instead of buying it, Ferreyros, Unimaq-The Cat Rental Store and Ferreycorp's subsidiaries in Central America have a large fleet of Caterpillar machines to meet these demands, especially for infrastructure and general construction projects. In Chile, the rental fleet includes manlifts such as small and articulated cranes, and Genie, Terex, Hyva and CAT forklifts, as well as larger Terex and Demag equipment that has been delivered in trade in and is offered for rental while awaiting sale.

2.2.3.3 Competition

The breadth of the product lines distributed by Ferreycorp's companies means that they compete in a segmented manner with many suppliers that import and distribute various brands. However, thanks to the preference of its customers, the main brand represented by the corporation, Caterpillar, has a leading market share; likewise, the range of allied brands occupies a prominent position in its field.

Regarding the competition of the main brands represented by Ferreycorp, it can be mentioned that, in auxiliary machinery and off-highway trucks for large mining, the Caterpillar brand has Komatsu as its main competitor. In low-profile loaders for subway mining, the competitors are Sandvik and Komatsu. In electric and hydraulic shovels, competitors are P&H and Hitachi.

In earthmoving machinery, Caterpillar equipment for the construction market has Komatsu, Volvo, John Deere, Hyundai, among others, as competing brands. In addition, since 2008, Chinese earthmoving machinery for the heavy construction segment has

entered the country, with brands such as XCMG, Sany and Liugong, SDLG, among others.

Unimaq, which incorporated Cresko's business into its portfolio, distributes machinery of Asian origin to compete in the same segment. It supplies Shacman heavy and light commercial trucks that compete with Foton, CAMC, FAW, DongFeng and Sinotruck, among others. In the SEM line of loaders, graders, rollers and tractors, it has among its competitor's brands such as Sany, Liugong, XCMG and SDLG, among other brands. In the line of engines and generator sets, Ferreyros distributes Caterpillar, competing in the diesel segment with Cummins, Weichai, Modasa, AKSA, Baifa, among others; in the heavy fuel segment, with the Jenbacher brand, in the gas combustion segment. In surface mining drilling rigs, it distributes Caterpillar (line formerly known as Bucyrus) and competes with Atlas Copco (Epiroc). In the agricultural line, it distributes Massey Ferguson, competing with brands such as John Deere, Kubota and New Holland, among others.

In Central America, the main competitors in machinery are Hyundai, Sany, John Deere, Case, Liugong, XCMG, JCB, Komatsu, New Holland, Shantui, Doosan, SDLG, Link-Belt, Sakai, among others; in engines, brands such as Cummins, FG Wilson and Perkins; and in lubricants, Castrol, Valvoline and Shell, among others. In the region, Manitowoc (Grove) and Liebherr cranes, Kalmar port equipment, JLG hoisting equipment and Manitou handlers are among the main competitors of Trex, a subsidiary incorporated to Ferreyrcorp in 2014.

In the lines of spare parts for the various brands it markets, the corporation faces competition from entities that distribute non-genuine spare parts in small market segments.

In the case of Soltrak in Peru, the Goodyear tires it sells compete with brands such as Michelin, Bridgestone, Continental and Chinese brands. In lubricants, in which this subsidiary is Chevron's master representative, it competes with Shell, Mobil, Total, Castrol and Vistony, among others. In the case of personal protective equipment, it competes with the Honeywell brand and with distributors of several brands.

Fargoline develops its operations in competition with other firms of various national and foreign business groups that develop as bonded warehouses and offshore terminals, such as Ransa (Romero group), Imupesa (Agunsa group of Chile), APM Terminals (Danish group A.P. Moller Maersk), DPW Logistics (formerly Neptunia) and Dubai Ports World (holding company owned by the State of Dubai in the United Arab Emirates), Contrans (Transmeridian group), TPP of the group Woll; among others.

In the provision of freight forwarding services, Forbis Logistics Corp. competes with La Hanseatica, Gamma Cargo, New Transport, DHL, MIQ and Flota.

Soluciones Sitech Peru, Trimble's representative in the machinery positioning and guidance solutions market, has among its main competitors Hexagon, Komatsu, Scontrol, Pfreundt, Leica, Topcon, Booyco Electronics, Newtrax Technologies, MiningTAG, Stracon Tech, SmartCap, Seeing Machines, among others.

2.2.3.4 Evolution of the number of employees

Below is the number of people employed in the Ferreyrcorp corporation and its companies, classified into officers, employees and technicians, both permanent and temporary. Additionally, the variation in the period 2022- 2021 is indicated.

	2021			2022			VAR 2022 - 2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
Executives	153	3	156	146		146	-5%	-100%	-6%
Employees	1,549	1,109	2,658	1,597	1,245	2,842	3%	12%	7%
Employees	2,641	1,158	3,799	2,858	1,176	4,034	8%	2%	6%
Total	4,343	2,270	6,613	4,601	2,421	7,022	6%	7%	6%

2.2.4 Investment plans and policies

2.2.4.1 Investments in new businesses

One of the pillars of Ferreycorp's strategy is to grow through new businesses and products in order to continue increasing its level of sales and complete its value proposition to its customers. Ferreycorp's growth is closely linked to the development of the markets it serves and the product portfolios of its representatives, as well as to the growth of its subsidiaries and its customers' operations.

Investments in new businesses, whether through acquisitions or the creation of new companies, are the basic pillars of the corporation's growth. Investment decisions are made in accordance with the principles established at the corporate level, and Ferreycorp is responsible for evaluating, approving and allocating resources efficiently, based on the strategic objectives and the balance between profitability and risk of each project. For this purpose, there is an Investment Committee of the Board of Directors that provides guidelines for making decisions on possible investments and the opportunity to carry them out.

In 2022, no investments were made in new businesses. During the year, the decision was made to deactivate the vehicle lines that were managed by the Motored subsidiary in Peru, and a land sale was made in Punta Negra.

2.2.4.2 Investments in assets

At the end of 2022, total assets reached S/ 6,248.8 million, 4.4% higher than the S/ 5,987.3 million in assets at the end of 2021. This variation is mainly a consequence of the increase in trade accounts in S/ 275 million, due to an important invoicing to large mining clients at the end of the year. Similarly, inventories recorded an increase of S/ 126 million, basically due to the need to attend future repairs and to have the necessary availability for customer service.

2.2.4.3. Investment in fixed and intangible assets

As of December 31, 2022, investments in fixed assets and intangible assets reached S/ 120.9 million, mainly corresponding to: i) S/ 109 million for the purchase of rental machinery and equipment as part of Ferreyros' strategy to introduce new Caterpillar truck models to the market, specifically the 400-ton Cat 798 AC truck, that will be temporarily rented to large mining customers, and ii) S/ 25 million for the purchase of machinery and equipment for workshops.

Regarding point i) it is important to comment that during 2022 the program to introduce Cat 798 AC trucks to the Peruvian market was carried out, placing 18 trucks in different mining companies. Four of these trucks were already on the corporation's books at the end of 2021, 13 trucks were purchased during 2022 and one will be purchased in 2023. On the other hand, during 2022, seven trucks were invoiced to two mining companies, and three of them are pending payment within the terms negotiated with the customer.

At the end of December 2022, differences are shown in the fixed assets line item with respect to Capex, corresponding to the recognition of fixed assets for right of use (the most important are leased premises, rental fleet, fleet of vans, among others), as indicated in IFRS 16 on Leases.

2.2.5 Guarantees, sureties, surety bonds, contingencies and commitments

2.2.5.1 Commitments

As of December 31, 2022, the corporation has the following commitments

a) Ferreycorp S.A.A.

- At December 31, 2022, the company has commitments for guarantees that guarantee credit operations of subsidiaries and represented brands for US\$ 110,079,689 (US\$ 114,396,421 at December 31, 2021) and guarantees that guarantee purchase operations with third parties for US\$ 13,289,307 (US\$ 18,095,707 at December 31, 2021). It also maintains a cross-guarantee signed on July 23, 2020 between the company and some of its subsidiaries as co-issuers..
- As of December 31, 2022, the company maintained letters of guarantee for the faithful performance of contracts and advance payments of S/ 7,280,870.00 (US\$ 10,000,000 as of December 31, 2021) in favor of its subsidiaries.

b) Subsidiaries

Ferreyros S.A.:

- At December 31, 2022, this subsidiary has guarantees for US\$ 17,322,487 (US\$ 25,226,160 in 2021) that guarantee third-party purchase operations.
- At December 31, 2022, the subsidiary has bank guarantees in favor of financial institutions for US\$ 8,503,760 (US\$ 47,207,389 in 2021), which mainly guarantee the reliability of the company's offer and faithful compliance with the delivery of products sold through public bids and the payment of customs obligations related to the importation of goods.

Fargoline S.A.:

- As of December 31, 2022, the subsidiary has contracted a surety policy in favor of the National Customs Superintendency for goods under customs regime for US\$ 200,000 (US\$ 200,000 en el 2021).

Soltrak S.A.:

- As of December 31, 2022, the subsidiary has guarantees for US\$ 7,000,000 and S/ 18,200,000 (US\$ 6,000,000 and S/ 23,400,000 in 2021), which guarantee third-party purchase operations and financial leases, respectively, with various maturities.
- As of December 31, 2022, the subsidiary has bank guarantees in favor of financial entities for US\$ 11,639,373 and S/ 300,000 (US\$ 8,105,499 and S/ 570,683 in 2021), which mainly guarantee the seriousness of the Company's offer and the faithful compliance with the delivery of the products sold through public bids, as well as the payment of customs obligations related to the importation of goods, respectively.

Motored S.A.:

- As of December 31, 2022, the subsidiary has guarantees for US\$ 942,302 (US\$ 550,000 en el 2021) that guarantee credit operations for purchases from third parties.
- At December 31, 2022, the subsidiary has bank guarantees in favor of third parties for US\$ 0.00 and S/ 16,142 (US\$ 646,313 and S/ 16,142 in 2021) that mainly guarantee the seriousness of the offer and the faithful compliance with the delivery of the products sold through public bids.

Orvisa S.A.:

- As of December 31, 2022, the subsidiary has bank guarantees in favor of third parties for US\$ 5,060,732 and S/ 2,511,149 (US\$ 5,053,941 and S/ 2,924,829 in 2021), que which mainly guarantee credit operations of subsidiaries and third-party purchase operations.

2.2.5.2 Tax situation

The Group is subject to the tax regime of each country in which it operates and is taxed on the basis of its unconsolidated results. As of December 31, 2022 and 2021, the income tax rate on taxable income in the main countries where the Group and its subsidiaries operate is:

	Tax rates	
	2022	2021
	%	%
Peru	29.5	29.5
Ecuador	22	22
Colombia	24	24
Chile (*)	25	25
Guatemala	25	25
El Salvador	30	30
Belize	25	25
Nicaragua	30	30
United States of America	15 and 28	15 and 28

(*) According to the tax reforms issued in Chile, the income tax rate for the following years will be as follows:

Year	<u>Regimen</u>	
	Art. 14 Letter A Income Tax %	Art. 14 Letra B Income Tax %
2018 and following	25.0	27.0

As long as the subsidiaries in Chile do not express their intention to be taxed under the regime Art. 14 Letter "A" by means of an extraordinary shareholders' meeting, the Law establishes that by default they must be considered under the regime Art. 14 Letter "B".

According to the legal provisions in force in some countries as of December 31, 2022 and 2021, cash dividends in favor of non-domiciled shareholders are subject to income tax at the following rates:

	Tax rates	
	2022 %	2021 %
Peru	5	5
Ecuador	10	10
Colombia	35	35
Chile (*)	5	5

In July 2018, Law 30823 was published in which the Congress of the Republic delegated to the Executive Power the power to legislate on various issues, including tax and financial matters. In this regard, the main tax regulations that were issued were the following:

- (i) The Tax Code was amended in order to provide greater guarantees to taxpayers for the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation. It has also been established that the application of Rule XVI, with regard to the re-characterization of the cases related to tax avoidance, will take place in the definitive audit procedures in which acts, facts or situations occurred since July 19, 2012 are reviewed.
- (ii) Rules were established for the recognition of income and expenses for tax purposes as of January 1, 2019. Until 2018, there was no standard definition of this concept, so in many cases the accounting standards were used for its interpretation.
- (iii) Through Legislative Decree No. 1424 published on September 13, 2018, amendments were introduced to the Income Tax Law regarding the limit on the interest deduction. Thus, as of fiscal year 2021, net interest will not be deductible in the part that exceeds 30% of the EBITDA of the previous

fiscal year. It has been established that the amount of interest expense that exceeds the amount of interest income, eligible to determine net income, is considered as net interest. Likewise, EBITDA is considered to be the net income after offsetting losses plus net interest, depreciation and amortization. The net interest that cannot be deducted due to the application of this limit may be added to those corresponding from the following four fiscal years. On December 30, 2021, the regulations were published by Supreme Decree No. 402-2021, establishing, among other points, that in cases where the taxpayer does not obtain net income in the taxable year or, having obtained such income, the amount of the losses of previous years that can be offset were equal to or greater than that amount, the EBITDA will be equal to the sum of net interest, depreciation and amortization deducted in such year.

Legislative Decree No. 1488, published on May 10, 2020, has been established, on an exceptional and temporary basis, a special depreciation regime for taxpayers of the General Income Tax Regime, the main aspects of which are as follows:

- As of fiscal year 2021, buildings and constructions acquired in fiscal years 2020 to 2022 may be depreciated at an annual rate of 20% until they are fully depreciated, subject to the following conditions:
 - (i) These are fully assigned to the production of third category taxable income.
 - (ii) Construction would have started as of January 1, 2020. For these purposes, the beginning of construction is understood as the moment in which the building license is obtained, and in the case of beneficiation plants and other constructions of beneficiation concessions, the moment in which the construction authorization is obtained.
 - (iii) Until December 31, 2022, the construction is at least 80% complete. In the case of constructions that have not been completed by December 31, 2022, it is presumed that the work progress as of said date is less than 80%, unless the taxpayer proves otherwise. It is understood that the construction has been completed when the municipality has obtained the conformity of the work and for the processing plants when the administrative act is obtained that approves the inspection of the verification of the construction of works.

- As from fiscal year 2021, assets acquired in fiscal years 2020 to 2021, used for the production of taxable income, will be depreciated by applying the following annual percentages until their total depreciation:
 - Data processing equipment: 50%.
 - Machinery and equipment: 20%.
 - Land transportation vehicles (except railroads) with EURO IV, Tier II and EPA 2007 technology, used by authorized companies: 33.3%.
 - Land transportation vehicle (except railroads) hybrid or electric: 50%.

On December 27, 2021, Law 31380 was published in which the Congress of the Republic delegates to the Executive Branch the power to legislate for a period of 90

days in tax, financial and economic reactivation matters for a period of 90 calendar days, that is, until March 28, 2022.

In tax matters, such powers refer to income tax regulations on the deductibility of certain types of expenses, income of non-domiciled persons, market value in the transfer of securities, among other matters, as well as the regulations of the Tax Code, Customs and Municipal Taxation.

On March 31, 2020, Superintendence Resolution 066-2020/SUNAT was published, establishing new moratorium interest rates effective as of April 1, 2020. Thus, the default interest rate in local currency went from 1.2% to 1% and in the case of foreign currency it went from 0.6% to 0.5%. In addition, the interest rates for the refund of undue or excess payments in local currency went from 0.50% to 0.42%, while in foreign currency it went from 0.30% to 0.25%. In the case of interest on refunds for withholdings and/or perceptions of IGV not applied, it went from 1.2% to 1%.

Subsequently, on March 31, 2021, Resolution of Superintendence 044-2021/SUNAT was published, establishing that the default interest rate in local currency will go from 1.0% to 0.9% per month, effective as of April 1, 2021. The other rates have not been changed.

For purposes of determining income tax and general sales tax, the pricing and transfer rules must be applied and are in force in Peru, Nicaragua, Guatemala, El Salvador, Belize, Chile, Colombia, Ecuador and the United States of America, and regulate that transactions with local or foreign related companies and with companies resident in territories with low or no taxation, must be carried out at market values and supported by documentation and information on the valuation methods used as well as the criteria considered for their determination.

The Peruvian Tax Authorities have the authority to review and, if applicable, correct the income tax calculated by the Group in the four years following the year in which the corresponding tax return was filed (years open for examination). The income tax and general sales tax returns for the years 2017 to 2021 are pending audit by the Peruvian tax authorities. The tax returns corresponding to the years 2001 to 2016 have already been audited.

In addition, the income tax and general sales tax affidavits of the Group's main subsidiaries are subject to examination by the tax authorities of each country for the periods detailed below:

	Period subject to audit
Subsidiaries abroad (country):	
Guatemala	2018 to 2022
El Salvador	2018 to 2022
Belize	2018 to 2022
Nicaragua	2018 to 2022
United States of America, Chile, Colombia and Ecuador	2018 to 2022
Local subsidiaries	
Ferreyros S.A.	2018 to 2022
Unimaq S.A.	2018 to 2022
Cresko S.A.	2018 to 2022
Motriza S.A.	2018 to 2022
Soltrak S.A.	2018 to 2022
Fargoline S.A.	2018 to 2022

Orvisa S.A. and subsidiaries	2018 to 2022
Motored S.A.	2018 to 2022
Forbis Logistics S.A.	2018 to 2022
Soluciones Sitech Peru S.A.	2018 to 2022

Due to the possible interpretations that the corresponding tax authority may give to the legal norms in force, it is not possible to determine, at this date, whether or not the reviews will result in liabilities for the Group; therefore, any higher tax or surcharge that may result from eventual tax reviews would be applied to the results of the year while the difference in criteria with the Tax Administration is resolved. In the opinion of Management and its legal advisors, any possible additional tax assessment by the corresponding tax authorities in each country would not be material to the consolidated financial statements as of December 31, 2022 and 2021.

In Peru, the Temporary Tax on Net Assets is levied on third category income earners subject to the general Income Tax regime. The income tax is 0.4% applicable to the amount of net assets exceeding S/1 million.

The amount effectively paid may be used as a credit against the payments on account of the General Income Tax Regime or against the Income Tax regularization payment of the taxable year to which it corresponds.

2.2.5.3 Contingencies

At December 31, 2022, the Group has tax proceedings on appeal or in administrative litigation for an amount of S/ 82,000 (S/ 22,300,000, at December 31, 2021); which include interest of S/ 45,000. At December 31, 2021, such proceedings are pending administrative or judicial resolution, and are related to observations made by the Tax Administration on the tax returns of:

- (i) Income tax for the taxable years 2010 for S/ 19,000 (as of December 31, 2021 for the years 2005 to 2009 for S/ 18,216,000, including payments on account);
- (ii) General sales tax for the taxable year 2006, for S/ 2,847,000 as of December 31, 2021; and
- (iii) Non-domiciled income tax for taxable years 2010, for S/ 63,000 (S/ 1,237,000 as of December 31, 2021).

In all cases, as of December 31, 2021, the Group has requested the advice of specialists, who have determined, together with Management, that there are certain assessments for S/ 19,030,000 (S/ 19,733,000 as of December 31, 2020), whose degree of loss has been determined as probable. The Group has recorded a provision for these amounts, which is presented under "Other current liabilities" in the consolidated statement of financial position, see note 12.

Management and its legal and tax advisors are of the opinion that the Group has technical and legal grounds that lead them to conclude that the Tax Court will resolve the cases in this instance in favor of the Group. Therefore, they believe that future resolutions of these proceedings will not result in significant liabilities for the Group, and therefore it has not been necessary to record additional provisions as of December 31, 2022 and 2021.

2.3 Judicial, administrative or arbitration proceedings

Ferreycorp S.A.A. and its subsidiaries are parties to certain legal proceedings that arose in the normal course of business, most of which, neither individually nor collectively, can be considered materially important. It should be noted, however, that at the close of the fiscal year, the companies of the corporation maintain nine lawsuits for indemnification for damages and other concepts amounting to US\$ 7,178,848.31 one of them for US\$ 6,599,571.43. This last process has obtained a first favorable pronouncement, ordering its conclusion. The plaintiff has been granted an appeal with suspensive effect, and this proceeding is awaiting the decision of the Superior Court.

The General Management, based on the opinion of its legal advisors, considers that these claims are unfounded and that the final outcome of these claims will be favorable for the group companies.

2.4 Management of the corporation

2.4.1 Management Team

In Chapter 2, section 2.3.2, Management, the composition of the management team of the corporation and its subsidiaries was described. This section presents the professional trajectory of the main officers of the corporation and its subsidiaries.

Professional trajectory of the main officers of Ferreycorp S.A.A.

Mariela Garcia Figari de Fabbri **General Manager Director**

General Manager of Ferreycorp S.A.A. since 2008 and director since 2020. She joined Ferreycorp in 1988 and held several positions in the Finance Division, being Finance Manager from 2001 to 2005. Subsequently, she served as deputy general manager of the company. She is a director of all the corporation's companies in Peru and abroad. She is a member of some of Caterpillar's advisory boards in which its dealers participate. She is a director of Sociedad de Comercio Exterior del Peru (Foreign Trade Society of Peru - ComexPeru); of Sustainable Peru (formerly Peru 2021) of the Peruvian Institute of Economics (IPE), Entrepreneurs for Integrity, and InRetail. She is a member of the Advisory Board of some faculties of Pacific University. She was a professor in the Master's Degree in Finance of the latter university. She has been a member of the Board of Directors of the National Society of Mining, Petroleum and Energy, of the American Chamber of Commerce (Amcham Peru) and President for the years 2018-2020; of Procapitales and president of its Corporate Governance Committee, as well as director of IPAE. She was Chairman, during the period 2010- 2013, of the Companies Circle of the Latin American Corporate Governance Roundtable (Companies Circle). Previously, she was a researcher and member of the Editorial Committee of publications published by Consorcio La Moneda. She holds a degree in Economics from Universidad del Pacifico and an MBA from Universidad Adolfo Ibañez in Chile and Incae in Costa Rica. She received a distinction from the latter as the 2016 Distinguished Graduate.

Ronald Orrego Carrillo
Corporate Business Manager

Corporate Business Manager responsible for Unimaq, Orvisa and Trex (Chile, Ecuador, Colombia and Peru) since 2022. He joined Ferreyros in 1994 as assistant to the Service Management at national level. Subsequently, he led the commissioning of medium-speed engine projects for the marine and power generation sectors, as well as product support plans. In 2002, he became Head of the Energy Department, in the commercial area, and subsequently held other positions in the Energy area; between 2010 and 2015 he served as manager of Energy, Hydrocarbons and Marine. From 2016 to 2021 he served as manager of the Regional Accounts Division, which includes the Ferreyros branch network and the Government and Agricultural areas nationwide. He has more than 28 years of experience in commercial and managerial management, currently leading the development of Unimaq and Orvisa, as well as Trex in Chile, Colombia, Ecuador and Peru. He has served as director of Ferrenergy, a subsidiary of Ferreyros dedicated to the sale of energy. At present, he is a director of Unimaq, Orvisa, Trex and Motriza. He is a mechanical engineer graduated from the Pontificia Universidad Católica del Perú, has an MBA with outstanding mention 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 Caterpillar specialization courses and forums on commercial and product support, as well as on risk management.

Luis Bracamonte Loayza
Corporate Business Manager

Corporate Business Manager, since 2016, and Corporate Marketing Manager, since January 2019. Between 2014 and 2015 he served as Investment Manager of Ferreycorp. He joined the company in 1979 and held several important positions, such as Deputy Manager of Credit and Collections. In 1996, he assumed the Management of the Branch Division, and later joined the Agricultural Management and Automotive Division, as well as the direction and General Management of Orvisa, among other positions. From 2012 to 2013, he served as central manager of Subsidiaries. He is Vice Chief of the subsidiaries he oversees: Soltrak, Fargoline, Forbis Logistics and Sitech Solutions Peru. He was director and Vice Chief of the Lima Chamber of Commerce in different periods, as well as of the Peruvian Automotive Association. He studied at the University of Lima; obtained specialization diplomas from ESAN and the Senior Management Program (PAG) of Incae in Costa Rica; and participated in the Corporate Governance Program for Company Directors (PDE) of EY. He holds a Master's Degree in Marketing and Commercial Management from the EOI business school in Spain. He participated in the Kellogg On Marketing program at the Kellogg School of Management at Northwestern University.

Patricia Gastelumendi Lukis
Corporate Finance Manager

Corporate Finance Manager of Ferreycorp since 2012. He joined the corporation in 1987. During his 36-year career, he has held various positions, including manager of Administration and Finance at Ferreycorp. He currently leads activities related to sustainability and ESG practices in the corporation. Regarding management activities, during 2022 she has been a member of the Board of Directors of all Ferreycorp's subsidiaries, except Ferreyros. She is vice-president of the Ferreycorp Association and member of the Board of Directors of IPAE, Empresarial Action, Vidawasi Social Organization and the Alliance for Works for Taxes (ALOXI, by its acronym in Spanish). She is member of the Advisory Board of the Association of Corporate Secretaries (Ascla) and OWIT. She was president of the Organizing Committee of the University CADE in 2010. Currently, she is a member of the Advisory Board of the School of Administration of Universidad San Ignacio de Loyola (USIL). Member of the Social Responsibility and

Sustainability Committee of the Canada-Peru Chamber of Commerce; of the National Union of Catholic Business Executives, affiliated to Uniapac; and of the Corporate Governance Committee of Procapitales. She holds a degree in Business Administration from Universidad de Lima and an MBA from Universidad Adolfo Ibañez and Incae. In 2007, she participated in the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School of the University of North Carolina. In 2009, he participated in the Management of Global Economies program at the Harvard Extension School Faculty and, in 2012, in the Corporate Governance program at the Yale School of Management. In 2017 he participated in the program Merger Week: Creating Value through Acquisitions and Strategic Alliances, at the Kellogg School of Management, and in 2023, "Leading for a Sustainable Future Programme", at the University of Cambridge. In 2018 he was a lecturer in the Master of Finance program at Universidad del Pacifico.

Eduardo Tirado Hinojosa (since May 2022)

Corporate Manager of Technology, Processes and Informationç

Chief Technology, Process and Information Officer since May 2022. He leads the management of Core Systems, Back Office Systems and Consumable and Logistics Systems, as well as the areas of Information Security, Project Office, Enterprise Architecture, Data and Analytics, Software Factory, Processes and Continuity, Central Platform and Telecommunications. Before joining Ferreycorp, he worked for the Falabella group as General Manager of Falabella Technology Peru, Corporate Technology Manager for the Falabella group in Peru and Regional Operations Manager for Falabella Technology Chile. He also worked as Technology and Information Operations Manager at Interbank, Technology Services Manager at Vodafone and Banco Santander Central Hispano in Spain. He has worked in different positions in technology areas throughout his professional career in companies in the telecommunications sector such as Telecom Italia Mobile and Bellsouth. He holds a degree in Computer Science from the Universidad Nacional Mayor de San Marcos, a Corporate MBA from ESADE of the Universidad Ramon Llull in Barcelona and a master's degree in business administration from the Universidad del Pacifico.

Maria Teresa Merino Caballero

Corporate Human Resources Manager

Human Resources Manager of Ferreycorp since 2014. She has more than 30 years of professional experience in talent management, compensation, benefits and labor relations; in organization and development of companies; and mergers and acquisitions processes. His professional development has taken place mainly in the banking, finance, insurance and pension fund management (AFP) sectors. He has held Human Resources management positions at Credicorp Group and Banco de Credito del Peru (BCP), and as Human Resources Manager at AFP Union. He participated in the creation of AFP Prima and Financiera Solucion; at Banco Santander and Banco Boston (Peru) as part of the team responsible for the acquisition and merger processes; and at Grupo Sura, an insurance and real estate company, as Human Resources Manager. She holds a degree in Administrative Sciences and Human Resources Management from Universidad de San Martin de Porres, and a Master in Business Administration (MBA) from Centrum Catolica Business School, Pontificia Universidad Catolica del Peru. He has specializations in talent management and compensation, negotiations, organizational development, culture and work environment in Peru and abroad, from Universidad Adolfo Ibañez, ESAN, Incae, Universidad de Piura, Universidad del Pacifico, as well as Boston Consulting and McKinsey. He was a professor at Centrum Catolica Business School, Pontificia Universidad Catolica del Peru, between 2007 and 2013.

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

Corporate Manager of Corporate Affairs of Ferreycorp since 2014, in charge of legal and compliance issues. Previously, he was Manager of the Corporate Affairs Division of Ferreycorp since 2010. He joined the corporation in 1999, serving as legal manager. He was in charge of the Legal area of the Vice Presidency of Finance of the Andean Development Corporation (CAF) at its headquarters in Caracas, Venezuela, as legal responsible for the passive operations of such international organization and before that as a lawyer of the Legal Consultancy, supporting the financing operations for the public and private sector in Peru and in the structuring of large projects at a regional level. Previously, he served as legal manager of Cosapi Organizacion Empresarial, linked to legal advice on issues related to the construction business. He is a member of the Legal Affairs Committee, the Compliance Committee and the Ethics Tribunal of the American Chamber of Commerce of Peru (Amcham Peru). He has taken several specialization courses both in Peru and abroad. In 2007, he attended the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School of the University of North Carolina. He holds a law degree from the Pontificia Universidad Catolica del Peru, and a Master in Law degree from George Washington University (Fulbright Scholar).

Andrea Sandoval Saberbein
Corporate Audit Manager

Corporate Audit Manager of Ferreycorp since 2022, with more than 35 years of professional experience. She was Deputy Audit Manager in 2021, SAP Business Excellence Project Manager from 2016 to 2020, in charge of the implementation and deployment of the operating model supported by SAP S4 HANA in five companies of the corporation. Logistics Manager at Ferreyros from 2006 to 2015, leading the transformation of the supply chain of the companies that were Cat dealers in Peru, both in their internal capabilities and logistics business capabilities, from which the Fargoline business was developed to expand its temporary storage management capabilities, simple and customs, as well as Forbis Logistics created in 2010, to provide freight forwarding services internationally. Since 1996, she has been the Parts Manager at Ferreyros, in charge of sales and logistics, and the development of capabilities for sustained growth in the large mining and other markets, such as the construction of the Parts Distribution Center. Since joining Ferreyros in 1986, she held several positions related to logistics and process improvement in spare parts. In 1998, she led the implementation and deployment of the DBS System developed by Caterpillar. Previously, she worked for three years at ESAN Graduate School of Management as a systems analyst and assistant to a senior lecturer. She has a degree in Industrial Engineering from Pontificia Universidad Catolica del Peru, an MBA from Incae and Adolfo Ibañez Business Schools and a Master in Supply Chain Management from ESAN. She has participated in several courses and seminars of specialization in auditing, logistics, continuous improvement, human development and those deployed by Caterpillar.

Professional trajectory of main employees of Ferreyros S.A.

Gonzalo Diaz Pro
Chief Executive Officer

General Manager of Ferreyros S.A. since January 2016. Previously, he was Deputy General Manager; Central Business Manager; and Manager of the Large Mining Division. He joined the company in August 2004. He has more than 25 years of experience in management and development of construction, open pit mining and energy projects, both in Peru and Chile. He held various positions in the Cosapi group, including Commercial Manager of the subsidiary in Chile and Project Manager of the joint venture with Bechtel Corporation for the execution of the EPCM contract of the then greenfield

Antamina 70ktpd. He is a member, since 2014, of the Board of the Canada-Peru Chamber of Commerce. He has been part of the Board of Directors of the National Society of Mining, Petroleum and Energy since 2016 and for six years was chairman of its Suppliers Committee. He is also a member of the Board of the Association of Alumni and Graduates of the Pontificia Universidad Catolica del Peru (PUCP). He is a member of the Board of several of the corporation's companies and is Vice Chairman of Unimaq. He has also been a member of the Board of the Suppliers Committee of the Peruvian Chamber of Construction (Capeco) and of the Infrastructure, Energy and Mining Committee of the American Chamber of Commerce of Peru (Amcham Peru). He holds a degree in civil engineering from the Pontificia Universidad Catolica del Peru and an MBA from the Universidad Adolfo Ibañez in Chile and the Incae Business School in Costa Rica. He is a graduate of the CEO Management Program of the Kellogg School of Management (Northwestern University) and has participated in several specialization courses in Peru and abroad. Among them are the CEO Training Program of the Universidad del Pacifico, the Universidad de Piura and the EY consulting firm, as well as the Caterpillar Senior Management Program of the Kenan-Flagler Business School of the University of North Carolina (United States).

Luis Fernando Armas Tamayo
Manager of Large Mining Division

Large Mining Division Manager since 2012, with more than 35 years of experience in management, implementation, marketing and market development of heavy equipment for open pit mining operations. He served as Caterpillar regional manager for northern Latin America, based in Miami (USA), during 2011; as general manager of Bucyrus South Africa, based in Johannesburg, from 2009 to 2011; and as general manager of Bucyrus Peru, from 2000 to 2009, participating in the implementation and creation of the company in the national mining market. Previously, he held the position of senior mine maintenance manager at Minera Alumbrera (Argentina) from 1997 to 2000. He also held engineering, planning and maintenance positions at Southern Peru's Cuajone operations from 1986 to 1997. He is currently director of the Soltrak subsidiary. He is a mechanical and electrical engineer graduated from the Universidad Nacional de Ingenieria, with postgraduate studies in the Senior Management Program at the Universidad de Piura; graduated from Caterpillar's Senior Management Programs at the Kenan-Flagler Business School, University of North Carolina (USA); and graduated from the Senior Executive Leadership Program at Yale School of Management, Yale School of Management and the Senior Executive Leadership Program at Yale School of Management; Senior Executive Leadership Program at Yale School of Management, Connecticut (USA); and recently in the CEO Innovation Management Program at IESE Business School, University of Navarra (Barcelona, Spain), in addition to numerous specialization courses and mining equipment congresses in Peru, Chile, South Africa, Canada and the United States.

Alvaro Vizcardo Wiese
National Accounts Division Manager

National Accounts Division Manager of Ferreyros since January 2022, with more than 24 years of commercial, operations and business development experience in the mining and construction heavy machinery industry. Previously, he led the National Accounts Commercial Management, between 2020 and 2021, and the Parts and Services Line Management, between 2016 and 2019, as part of a 12-year career in the company, which began as a representative of Parts and Services assigned to the after-sales support of mining operations in southern Peru between 1998 and 2003. He has also worked as a sales and marketing representative for Caterpillar at the Peoria headquarters, as well as in Decatur and Miami from 2005 to 2007; and regional sales manager for Caterpillar in Santiago de Chile from 2007 to 2011. He also served as Business Manager at General Electric from 2011 to 2016 based in Lima, Peru. He holds

a degree in industrial engineering from Universidad de Lima and an MBA from Purdue University.

Enrique Salas Rizo-Patron
Regional Accounts Division Manager

Regional Accounts Division Manager since January 2022. Previously, he led the National Accounts Management, between 2016 and 2021, and the Construction and Mining Division Management, between 2010 and 2015. He also served as general manager of the subsidiary Mega Representaciones S.A. (currently Soltrak) from 2007 to 2010. He is a director of several companies of the Ferreycorp 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 tires for subway and off-highway mining, as well as lubricants for the industry in the country. He served as Sales Director at Andean Trading S.A., exclusive representative of Goodyear International for Peru, where he worked since 1986. He has 36 years of experience in sales and value-added service of industrial products for the mining, construction, transportation and industrial markets. He studied at the Universidad de Lima and followed a specialization in Sales, Marketing and Services at ESAN, as well as other studies dedicated to commercial, administrative and financial management for entrepreneurs. He has participated in courses and forums at Caterpillar and institutions related to the aforementioned markets. In 2018 he participated in the Senior Executive Leadership Program at Yale School of Management, Connecticut (United States). He has a certification for Board Members from the Centrum Catolica business school of the Pontificia Universidad Catolica del Peru and an International certification for Board Members from the EADA Business School Barcelona.

Paul Ruiz Lecaros
Energy Division Manager

Energy Division Manager since 2020, he has more than 25 years of experience in Ferreyros. He is a director of Ferrenergy S.A.C. Previously, he served as manager of the Energy and Retail business unit since 2016. As part of his experience in the company, he led the Spare Parts and Services and the Commercial Management of Mining. Likewise, he was in charge of Quality Control in Warehouses, Spare Parts Inventory and Spare Parts Marketing. He also worked in the area of Customer Relationship Management (CRM). He is certified as a Black Belt in the Six Sigma continuous improvement program. Industrial Engineer from Universidad de Lima, he has an EMBA from Universidad Adolfo Ibañez in Chile and Incae Business School in Costa Rica, as well as a postgraduate degree in Marketing from Pontificia Universidad Catolica del Peru. He is also a member of the boards of directors of Orvisa and Ferrenergy.

Angelica Maria Paiva Zegarra
Administration and Finance Division Manager

Administration and Finance Division Manager since 2017. From January of that year until June 2018, she led the management of the areas of Treasury and Administration, Customer Financial Services, Prime Billing and Illegal Mining Control Unit of Ferreyros. In June 2018, he assumed supervision of those areas, as well as the Accounting, Tax, Management Control and Budgeting areas of Ferreyros. With 32 years of experience in the corporation, he led the Financial Services Management, from 2005 to 2016, and the Treasury and Administration, responsibility incorporated in the last two years of that period. During her career at Ferreyros, she served as assistant manager of Prime Logistics, assistant manager of the Rentals business and head of the Marketing department, among others. She joined the corporation in 1990, starting her career in the Credit and Collections area. She holds a Bachelor's degree in Business Administration from the University of Lima, with a PADE in Marketing from ESAN, as well as an MBA from the Universidad Adolfo Ibañez in Chile and Incae in Costa Rica. He has taken specialization courses in Peru in accounting, tax and financial areas at ESAN and

abroad, including the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School of the University of North Carolina, and the CFO Executive Program at the Chicago Booth School of Business. He was a member of the Investment Committee of the Compass Operating Lease Fund from 2013 to 2016. She has been a member of Amcham's Financial Affairs Committee since 2015. Professor during the year 2019 of the Master's Degree in Finance of the School of Business of the Universidad del Pacifico.

Jorge Duran Cheneaux

Human Resources Division Manager

Human Resources Division Manager since 2020. Previously, he was in charge of the Product Support Division Management, since 2016, as well as the Branch and Agriculture Division Management from 2012 to 2015. He joined the corporation in 1994 as a field service engineer in charge of the Cerro Verde mining operation. Subsequently, he assumed the responsibility of head of Service of the Southern Region, in the Arequipa branch. In 1999, he was in charge of the Service Management at national level; in 2001, of the Component Repair Center (CRC) and Lima Workshops; in 2005, of the Large Mining Operations Management; and in 2007, of the Large Mining Division Management. Graduated with a Bachelor of Science degree in Mechanical Engineering from the Pontificia Universidad Catolica del Peru (PUCP), in 2009 he obtained an MBA from the Universidad Adolfo Ibañez in Chile and the Incae in Costa Rica. He has participated in several Caterpillar specialization courses and forums, he is certified as a Black Belt in the Six Sigma continuous improvement program and in 2007 he graduated from the Caterpillar Leading for Growth and Profitability program, taught by the Kenan-Flagler Business School of the University of North Carolina.

Alan Sablich Nairn

Division Manager, Marketing and Digital Business Division

He assumed the Marketing and Digital Business Division in 2017. He leads the areas of Business Intelligence, Customer Experience, Commercial Support, Campaigns and Promotions, as well as Ferreyros' businesses that are managed through digital media, such as e-commerce, equipment connectivity and digital transformation projects. Previously, he held the position of Marketing Manager since 2015, after holding the position of Commercial Support Manager since 2013. Before joining Ferreyros, he worked in different leadership positions in marketing, digital and consulting in national and international companies, such as Belcorp, Ripley, General Electric Australia, Portland Group Australia, and Soluziona Peru & Spain. He is an industrial engineer from the University of Lima, with an MBA from Melbourne Business School Australia, certified in Marketing Management from Rutgers University. He has numerous courses in leadership, marketing and digital strategy.

Jose Gutierrez Jave

Product Support Division Manager

Product Support Division Manager since February 2020, with 24 years within the Ferreyrcorp corporation. He served as Supply Chain Division Manager, from 2018 to January 2020; as Machinery Commercial Manager, from 2014 to 2017; as Loading and Drilling Product Manager, from 2012 to 2013; as Construction Machinery Manager, from 2010 to 2012; and as Assistant Manager of Construction Machinery, from 2007 to 2010. He has also held different roles within Ferreyros, such as head of Administration and Logistics, Account Manager, Product Specialist, maintenance inspector, consignment analyst and sales representative, among others, which give him field experience in service and maintenance of Caterpillar machinery, logistics and administration of mining operations, as well as in marketing and sales of spare parts and Caterpillar machinery. He is a mechanical engineer graduated from the Pontificia Universidad Catolica del Peru,

with a Master's degree in Business Administration from the Centrum Catolica business school of the Pontificia Universidad Catolica del Peru.

Career path of the main officers of the other subsidiaries and businesses

Alberto Parodi de la Cuadra
General Manager of Unimaq

General Manager of Unimaq since January 2016 and, previously, Deputy General Manager of the company. Previously held the position of Deputy General Manager of Corporacion General de Tractores, S.A. (Gentrac), in Guatemala, from July 2012 to July 2015, and Central Business and Operations Management, from 2010 to June 2012. He joined Ferreyros in 1995, where he held several management positions, the last one as manager of the Construction, Medium Mining and Energy Division. He is a director of Orvisa, Motriza, Trex Latin America and the Central American subsidiaries of Ferreycorp. He is an industrial engineer graduated from Ricardo Palma University and has a Master's degree in Strategic Business Administration from Centrum Catolica, a business school of the Pontificia Universidad Catolica del Peru. In addition, he completed the CEO's Management Program at Kellogg University's Senior Management Center in Chicago, as well as the FSE (Finance for Senior Executives) course at Harvard University in Boston and the Incae Leadership course in Costa Rica. He participated in the Caterpillar Leading for Growth and Profitability program, taught at the Kenan-Flagler Business School at the University of North Carolina, and has taken several specialization programs in Peru and abroad. Since August 2019, he has been teaching part-time at the International Business Administration faculty of the Universidad Peruana de Ciencias Aplicadas (UPC).

Cesar Vasquez Velasquez
General Manager of Orvisa

Chief Executive Officer of Orvisa S.A. since 2006. He has held the positions of general manager, chief administrative officer and general accountant in the same company, which he joined in 2000. He was a member of the Board of Caja Municipal de Ahorro y Credito de Maynas (CMAC Maynas), between 2005 and 2007, as well as member of the Zonal Council of Senati Loreto, in the periods 2009- 2011 and 2016- 2017. He holds a Master's Degree in Financial Management from the Escuela de Organizacion Industrial (EOI) of Spain, a Master's Degree in Higher Education from the Universidad Nacional Mayor de San Marcos, as well as an Advanced Level Certification in Sales from Caterpillar University. He graduated as a public accountant from the Universidad Nacional de la Amazonia.

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

General Manager of Gentrac Corporation and its subsidiaries in Central America. Joined General de Equipos in 1978. He has held positions in different areas of the company, becoming General Manager in 1991. In 1998, when General de Equipos acquired 100% of Gentrac in Guatemala and Gentrac in Belize, he was appointed Vice Chairman of the Board and chief executive officer of the three companies. In 2001, he was appointed Chairman of the Board and CEO of Gentrac Corporation, the holding company of the aforementioned companies. In other activities in El Salvador, he has served as a member of the Board of Aseguradora Agricola Comercial; member of the Board of Banco de Comercio; Chairman of the Board of Banco Atlacatl; member of the Board of Banco Central de Reserva; member of the Board of the Banking Association; director of Financiera Atlacatl; as well as director of Asociacion de Ahorro y Prestamo Aprisa. He holds a degree in Agricultural Economics from the University of Louisiana and a Master's Degree in Business Administration from Incae.

Gonzalo Romero Pastor**Deputy General Manager of Gentrac Guatemala**

Deputy General Manager of Gentrac Guatemala as of 2019. Previously he led the Central Business and Operations Management between 2015 and 2019. He served as manager of Caterpillar Machinery and Allied Brands at Ferreyros, between 2011 and 2015; as Commercial Manager of Mining, between 2008 and 2011; assumed the head of Parts Marketing in 2003; and previously performed in various functions at Ferreyros, having joined the company in 1996 as Parts Analyst of the Parts Management. He has more than 25 years of experience in commercial and managerial management. Professional technician in Plant Machinery Maintenance graduated from TECSUP (Peru) and engineer in Economics graduated from the Universidad Científica del Sur (Peru), he has a MEDEX Executive MBA granted by the PAD School of the University of Piura (Peru). He has participated in several Caterpillar specialization courses and forums on commercial and product support, as well as risk management.

Rodolfo Paredes Leon**General Manager of Soltrak**

General Manager of Soltrak S.A. since May 2018. Previously, at Ferreycorp he was corporate manager of Strategy and Business Development, since 2012, and prior to that, he was manager of Development and Investments at Ferreyros since 2007. He led key initiatives such as the corporation's strategic planning and other development projects, including internationalization and the incorporation of new businesses during his tenure. He has more than 20 years of professional experience, including project management in multiple industries, including aerospace, technology, logistics, pharmaceutical, industrial, construction and mining equipment, among others. Prior to joining Ferreycorp, he has worked in several organizations such as Pension Normalization Office - ONP, Farminindustria and IBM in Peru, and Honeywell International Inc. in the United States. He was director of Fabrica Nacional de Acumuladores Etna and Fabrica de Implemento Agrícolas Nacionales (Fiansa). He is currently a director of subsidiaries of the corporation such as Fargoline and Forbis Logistics. He holds a degree in industrial engineering from Universidad de Lima and a master's degree in business (MBA) from the University of Notre Dame (United States), where he graduated with honors (cum laude). He has participated in multiple specialization courses in Peru and abroad, such as the program for value creation through strategic alliances and acquisitions at the Kellogg School of Management of Northwestern University (United States).

Victor Otero Pizarro**General Manager of Trex Latin America**

General Manager of Trex Latin America since its incorporation in 2014. Previously, he served as general manager of Equipos y Servicios Trex S.A., which he founded in 2000 with his partners. He has 30 years of experience in management and business development of capital goods, in the mining and port areas, holding various positions in the company Minepro Chile, today Joy Global, including management of the Material Handling division that grouped P&H cranes, PPM port equipment and Morris bridge cranes. Architect from the Pontificia Universidad Católica de Chile, he holds an MBA from the Universidad Adolfo Ibañez.

Carlos Ojeda Iglesias**Trex Country Manager in Peru**

He is the manager of Trex in Peru. Previously, he served as manager of the Tire Division at Soltrak (formerly Mega Representaciones), between 2007 and 2014. He was Operations and Services Manager at Mega Caucho (2004 - 2006), a company dedicated

to the supply of consumable products for mining, construction and transportation, which was later acquired by the corporation and became Soltrak. He also served as a naval officer for 15 years, with experience in operations and leadership (1991 - 2004). A graduate of the Peruvian Naval School, he completed a Management MBA at the Centrum Catolica business school of the Pontificia Universidad Catolica del Peru, as well as a postgraduate program in Operational Analysis at the University of Bahia Blanca and the Officers School of the Argentine Navy. He is a certified ontological coach from the Newfield Network School and a graduate of the IGL Institute for Generative Leadership, in the Generative Leadership Program for Organizations.

Jorge Devoto Nuñez del Arco

General Manager of Forbis Logistics

General Manager of Forbis Logistics Corp. and Forbis Logistics S.A. since 2013. He has experience in the management of logistics projects since 2001. With more than 15 years of experience in the corporation, he has held positions in three representative areas: Commercial, Projects and Logistics. Within his experience, his participation in the exchange program with Caterpillar, in the city of Miami, where he worked for one year, stands out. He is certified as a Black Belt in the Six Sigma continuous improvement program, as well as in Caterpillar Production System (CPS), a continuous improvement methodology adapted to the Caterpillar world. He holds a bachelor's degree in Food Industries from the Universidad Nacional Agraria La Molina and graduated with honors in Strategic Business Administration (MBA) from the Centrum Catolica business school of the Pontificia Universidad Catolica del Peru. He completed the CEO's Management Program at Kellogg University's Senior Management Center, Chicago.

Raul Neyra Ugarte

General Manager of Fargoline

General Manager of Fargoline S.A. since 2009. He began his professional career in the Peruvian Navy and then moved to the private sector, working at Molinos Takagaki, in the poultry sector, and at Nestle, in the mass consumption sector. He joined Ferreyros in 1995, where he held management positions since 2005, after working in different areas of the corporation. He has been a member of the Board of Directors of the Peruvian Port Operators Association since 2010. He holds an MBA from Incae of Costa Rica and Universidad Adolfo Ibañez of Chile, as well as a specialization in Logistics from Pontificia Universidad Catolica del Peru and the CEO's Management program from the School of Management at Northwestern University, Chicago. He is certified as a Black Belt in the Six Sigma continuous improvement program by Caterpillar University, and is a graduate of the Peruvian Naval School as a Marine Officer with a Bachelor's degree in Administration.

Carlos Calderon Torres

General Manager of Soluciones Sitech Peru

General Manager of Sitech since March 2021. Previously, he was a consultant to Ferreyrcorp through the "For the next 100 years" initiative facilitated by Leading Digital by UTEC, where he is a partner and director. He is a recognized practitioner of corporate transformation, with more than 20 years of outstanding professional experience in technology and service industries. He has participated and led six corporate ventures in four different countries in the region. He is an economist from the University of Lima, with a master's degree in Marketing and Business Management from the MBA Business School and with several specialization studies in Artificial Intelligence, Big Data and Internet of Things, in renowned business schools globally. He is an influential leader in

the world of technology and business, from where he actively participates in various advisory boards and charitable causes that seek to mitigate the impact of disruptions in our society.

Ernesto Velit Suarez
General Manager of Ferrenergy

General Manager of Ferrenergy since October 2016. He has more than 30 years of experience in the management of companies related to manufacturing, construction and consulting in mining, energy, industry, gas, oil and hydrocarbons. He was general manager of the metal-mechanic company FIMA and of the construction company Skanska; project manager of Cosapi and Parsons; and of consulting companies such as Cesel and S&Z. Former Vice Chief of the Association of Private Metalworking Companies of Peru and of the Suppliers Committee of the National Society of Mining, Petroleum and Energy; member of the Metalworking Committee of the National Society of Industry and of the Board of the Peruvian Chamber of Construction. Mechanical-electrical engineer with specialization in Energetics, graduated from the Polytechnic Institute of Bucharest. He holds a Master of Sciences degree from the Polytechnic Institute of Bucharest and the Polytechnic Institute of Paris. He is currently a member of the Board of the Engineering and Construction Guild of the Lima Chamber of Commerce (CCL).

Appendix 3: Capital stock and shareholder structure

3.1 Capital stock and share price performance

As of December 31, 2022, Ferreycorp's capital stock is represented by 946,063,288 common shares with a par value of / 1.00 each, fully subscribed and paid, of which 79.59% belong to Peruvian investors and 20.41% to foreign investors. Outstanding shares as of December 31, 2022 are 944,959,670.

During the year, dividends were paid to shareholders in the amount of S/ 245,632,578.81, equivalent to S/ 0.259784656987 per share, which represented a dividend yield of 11.6%. At the General Shareholders' Meeting held in March 2022, it was approved to distribute dividends for a total of S/ 225,632,578.81 corresponding to fiscal year 2021. As in October 2021, S/ 100,000,000.00 had already been distributed on account of the profits of the 2021 fiscal year, the remaining amount to be distributed was S/ 125,632,578.81. This amount was delivered to shareholders on May 4, 2022. Additionally, on September 29, an interim dividend advance against 2022 earnings of S/ 120 million was paid, as approved by the Board of Directors.

Regarding Ferreycorp's share value, despite the challenging global environment and the difficult political situation in Peru, Ferreycorp's shares had a positive performance in 2022, as the share price went from S/ 2.05 at the opening to S/ 2.23 at the closing, but showing a lot of volatility during the year. Its highest point during the year was S/ 2.63 in January, and its lowest point of the year was in July, when it traded at S/ 1.88. This increase in the share price during the year, added to the dividend per share of S/ 0.259784656987, translates into a shareholder return of 22%.

The average share price in 2022 was S/ 2.23, considering the closing prices of the Lima Stock Exchange.

3.2 Share repurchase

At its October 30, 2019 meeting, the Board of Directors approved a share repurchase program for up to 50 million shares (5% of capital), in a context in which the share price was below its fundamental value, and even book value, making it an attractive investment opportunity.

The share repurchase program has been in place since the aforementioned date and will continue to be monitored and reported to the market. The maximum holding period for this investment in treasury stock is two years, in accordance with the provisions of the General Corporations Law.

As of December 31, 2022, Ferreycorp holds 1,103,618 shares in its portfolio, for a value of S/ 2,291,970, at an average price of S/ 2.08.

Capital reduction

In March 2022, the General Shareholders' Meeting approved the redemption of 12,830,950 treasury shares and the consequent reduction of capital stock. The par value of these shares is S/ 1.00, so the capital stock decreased to S/ 946,063,288.00.

3.3 Shareholder Composition

Shareholders holding 4% or more of the Company's capital stock as of December 31, 2022 are:

Full name	Number of shares	Equity shares (%)	From
Profuturo AFP– Fund 3	69,437,839	7.34%	Peru
AFP Integra - Fund 3	57,530,322	6.08%	Peru
Prima AFP – Fund 3	53,487,776	5.65%	Peru
Prima AFP - Fund 2	52,497,018	5.55%	Peru
AFP Habitat - Fund 2	51,442,324	5.44%	Peru
Letko Brosseau Emerging Markets Equity Fund	46,314,000	4.90%	Canada
Profuturo AFP- Fund 2	45,650,402	4.83%	Peru
AFP Integra – Fund 2	44,752,100	4.73%	Peru
Corporacion Cervesur S.A.A.	43,137,164	4.56%	Peru
Interseguro Compañía de Seguros de Vida S.A.	42,405,262	4.48%	Peru
AFP Habitat – Fund 3	40,286,705	4.26%	Peru

The distribution of shares with voting rights is as follows:

Ownership	No. of shareholders	No. of shares	% of equity shares
More than 10% of the capital	0	0	0.00%
Between 5% and 10 % of the capital	5	284,395,279	30.06%
Between 1% and 5 % of the capital	13	399,169,323	42.19%
Less than 1 % of the capital	3,050	262,498,686	27.75%
Total	3,068	946,063,288	100.00%

3.4 Shareholding structure by type of investor

Action: FERREYC1		
Holdings by type of shareholder of the share or equity security comprising the S&P Peru Select Index (at the close of the fiscal year)	Number of holders	% of equity shared ⁽³⁾
1. Members of the board and senior management of the corporation, including relatives ⁽¹⁾ .	22	2.69%
2. Workers of the corporation, not included in numeral 1.	47	0.01%
3. Natural persons, not included in numeral 1 and 2.	2,805	12.03%
4. Pension funds managed by the Pension Fund Administrators under the supervision of the Superintendence of Banking, Insurance and AFP.	12	46.10%
5. Pension fund managed by the Pension Normalization Office (ONP).		
6. Peruvian State Entities, with the exception of the case included in numeral 5.	1	0.22%
7. Banks, finance companies, municipal savings banks, edpymes (small and microenterprise development entity), rural savings and loan associations and savings and loan cooperatives under the supervision of the Superintendency of Banking, Insurance and Pension Fund Management (Superintendencia de Banca, Seguros y AFP).	1	0.02%
8. Insurance companies under the supervision of the Superintendence of Banking, Insurance and AFP.	3	7.56%
9. Brokerage agents, under the supervision of the SMV.	5	0.04%
10. Investment funds, mutual funds and trust funds under the scope of the Securities Market Law and the Investment Funds Law and bank trusts under the scope of the General Law of the Financial System.	17	1.77%
11. Autonomous estates and banking trusts abroad, to the extent that they can be identified.	96	15.00%
12. Foreign depositories listed as holders of the share under ADR or ADS programs.		
13. Foreign custodians and custodians appearing as holders of shares not included in item 12.	3	0.09%
14. Foreign custodians appearing as holders of shares.		
15. Entities not included in previous numbers ⁽²⁾ .	55	14.37%
16. Shares belonging to the S&P/BVL Peru Select Index or a security representative of these shares, in the company's portfolio.	1	0.12%
Total	3,068	100.00%

Holdings by holders of the shares or equity securities comprising the S&P/BVL Peru Select Index, by residence (at the close of the fiscal year)	Number of holders	% of equity shares ⁽³⁾
Domiciled	2,902	79.59%
Non-domiciled	166	20.41%
Total	3,068	100.00%

- (1) The term "Relatives" according to the regulations for indirect ownership, affiliation and economic groups.
(2) Term "Entities" according to the regulations for indirect ownership, affiliation and economic groups.
(3) Two decimal places

Appendix 4: Information relating to the market for securities registered in the Securities Market Public Registry

4.1 Common Shares

FERREYCORP S.A.A.

Variable income

ISIN Code	Mnemonic	Year - Month	QUOTES 2022				Average Price
			Opening S/	Closing S/	Maximum S/	Minimum S/	
PEP736001004	FERREYC1	2022-01	2.05	2.56	2.63	2.05	2.40
PEP736001004	FERREYC1	2022-02	2.52	2.36	2.52	2.25	2.42
PEP736001004	FERREYC1	2022-03	2.38	2.53	2.61	2.31	2.44
PEP736001004	FERREYC1	2022-04	2.55	2.35	2.60	2.10	2.42
PEP736001004	FERREYC1	2022-05	2.32	2.11	2.34	1.94	2.05
PEP736001004	FERREYC1	2022-06	2.10	2.11	2.16	2.03	2.09
PEP736001004	FERREYC1	2022-07	2.11	2.01	2.11	1.88	1.95
PEP736001004	FERREYC1	2022-08	2.01	2.16	2.22	1.98	2.14
PEP736001004	FERREYC1	2022-09	2.14	2.15	2.32	2.05	2.14
PEP736001004	FERREYC1	2022-10	2.19	2.26	2.30	2.18	2.26
PEP736001004	FERREYC1	2022-11	2.26	2.25	2.32	2.16	2.26
PEP736001004	FERREYC1	2022-12	2.25	2.23	2.29	2.10	2.24

4.2 Debt instruments outstanding

4.2.1 Local bonds

In 2018, Ferreycorp registered with the Superintendencia del Mercado de Valores (Superintendency of the Securities Market) its Third Debt Instruments Program for US\$ 100 million or its equivalent in soles, in order to have an additional source of financing.

The issuance will depend on local market conditions. No placements were made during 2022.

4.2.2 Internacional bonds

In July 2020 the corporation and its subsidiaries completed a successful private placement of international bonds with the U.S. insurer Prudential for US\$90 million for a seven-year term, with a three-year grace period. The principal balance at December 31, 2022 is US\$90 million and interest payments are being made quarterly according to schedule.

In March 2021 it was approved that Ferreycorp S.A.A. or its subsidiaries may place in the local or international market one or more issues of debt instruments (bonds, commercial papers and/or any other debt securities), through public and/or private offering, up to an amount of US\$ 400 million or its equivalent in soles. No placements were made during 2022.