

Materiality Analysis of Ferreycorp

1. Objectives of this report of materiality

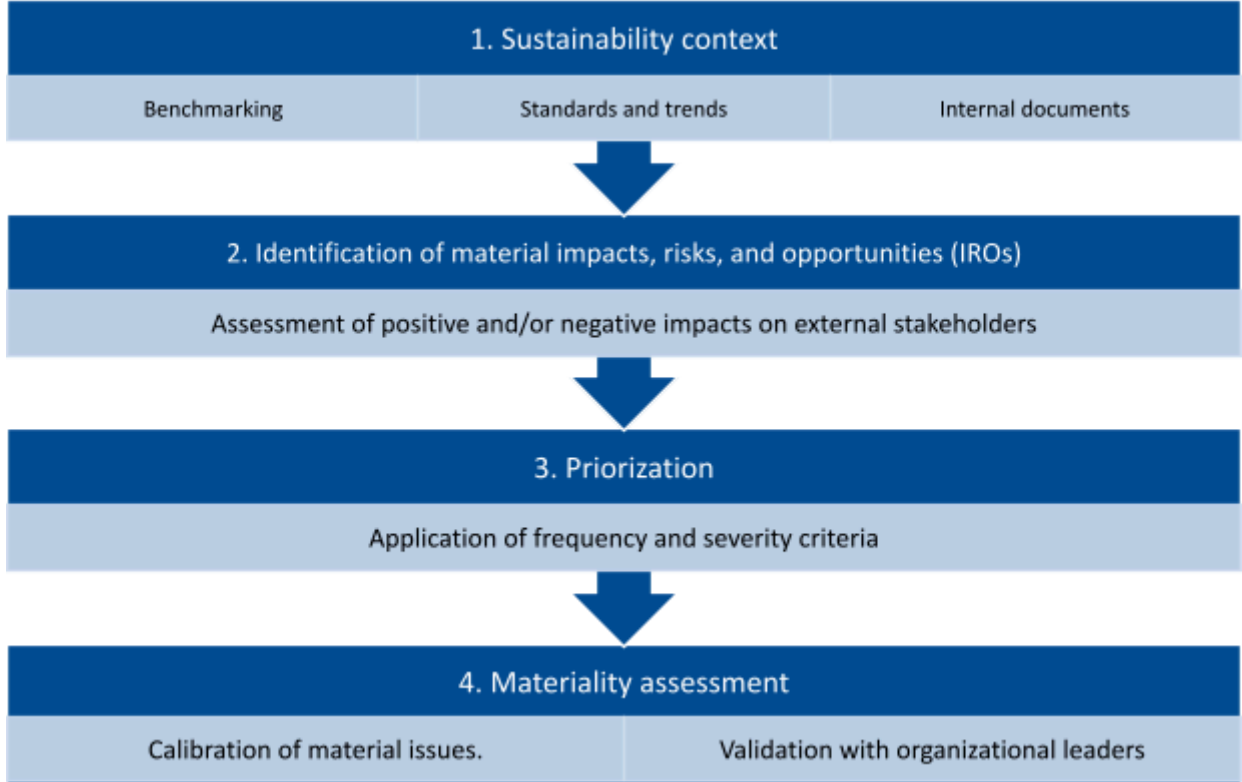
This report describes the double materiality process carried out to strengthen Ferreycorp's sustainability management. In this way, we sought to update the list of material issues, and the impacts related to these issues, considering both external and internal impacts of the organization.

This process was carried out between February and July 2024 and covered the Peruvian operations of Ferreycorp, an organization that includes the subsidiaries Ferreyros, Unimaq, Orvisa, Gentrac, Central de Equipos, Soltrak, Trex, Motored, Forbis, Farfo, Sitech, Ferrenergy.

2. Methodology and process of analysis

The methodology used to carry out the dual materiality process consists of the following steps:

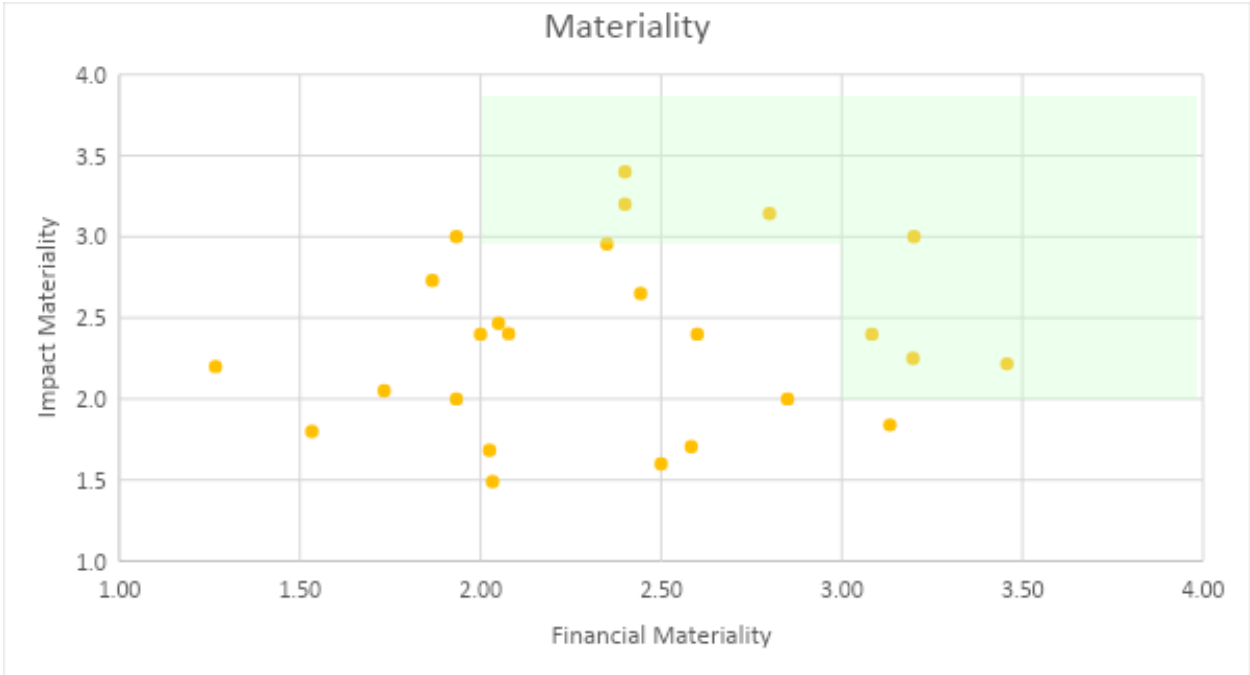
Figure: General diagram of the materiality process



3. Double Materiality results

Based on all the context analyzed, and with the purpose of doing the initial mapping of negative and positive impacts, real and potential, related to the company's activities, an initial list of sustainability issues was identified. Twenty-five issues were grouped into four dimensions: environmental, social, governance, business model and innovation.

The horizontal axis reflects the financial materiality score, and the vertical axis reflects the impact materiality score.



Legend

Corporate governance	G1	Corporate governance
	G2	Compliance, ethics and integrity
	G3	Internal control and risk management
Business Model	M1	Relationship with suppliers
	M2	Relationship with represented brands
	M3	Customer relations
	M4	Business innovation and digitalization
	M5	Operational efficiency
	M6	Financial results
	M7	Market economic conditions
	M8	Competition
	M9	Data security
Social	S1	Talent development
	S2	Health care and safety
	S3	Competitive and equitable salary

	S4	Diversity and inclusion
	S5	Contribution to infrastructure, water, sanitation and education development
	S6	Contribution to youth education
	S7	Operator and technician development
Environmental	A1	Efficiency in the use of materials
	A2	Energy management
	A3	Emissions reduction
	A4	Waste management
	A5	Water and effluent management
	A6	Extended product liability

In addition, to determine the material issues, a threshold is established that considers the **issues with a score of more than 3.**

Table: List of ASGM material topics

Corporate governance	G1	Corporate governance
	G2	Compliance, ethics and integrity
Business Model	M2	Relationship with represented brands
	M3	Customer relations
Social	S1	Talent development
	S2	Health care and safety
	S4	Diversity and inclusion
Environmental	A6	Extended product liability

a) Materiality for business value creation (topics and metrics)

Name of material subject	Extended product liability	Customer relations	Health care and safety
Material subject category	Sustainable products and services	Relationship with customers	Occupational Health & Safety
Business case	<p>Extended product responsibility is relevant to our management because of our commitment to the environment and also because of its impact on the generation of value for the business. Implementing overhaul processes allows us to extend the useful life of the machines, offering customers greater benefits such as performance comparable to that of new equipment at a lower cost. This not only increases customer satisfaction, strengthening business relationships and attracting new buyers, but also generates additional revenue through the sale of rebuilt equipment. By diversifying its sources of income, Ferreycorp consolidates its position in the market as a sustainable solutions provider. In addition, the investment in more eco-efficient machines contributes to the mining industry's decarbonization plans, attracting customers seeking to minimize their environmental footprint.</p>	<p>Ferreycorp, through its subsidiaries in Peru and abroad, focuses on the marketing of capital goods of prestigious and recognized brands, as well as related services in several Latin American countries. To achieve this, the organization develops capabilities that allow it to obtain the preference of its customers, maintaining a high market share in the lines it distributes. Customer satisfaction and loyalty are crucial, as satisfied customers not only continue to purchase products and services, but also generate positive references, attracting new customers. Investing in an efficient after-sales service, prompt and high quality attention, prioritizing the customer's well-being over repairs strengthens customer loyalty and increases repeat sales. In addition, Ferreycorp's reputation as a reliable and ethical supplier in bidding processes enhances its competitive position and opens up new business opportunities.</p>	<p>Safety and health conditions are critical for Ferreycorp because of the operational risks involved. Workplace accidents and respiratory illnesses from contaminants can lead to operational disruptions and significant economic losses. Failure to comply with safety standards can result in regulatory sanctions, costly litigation and a poor reputation, affecting relationships with major clients and potentially leading to contract termination. Ferreycorp has implemented a robust Safety, Occupational Health and Environmental Management System, both in Peru and abroad, with high standards governing regulatory aspects, control and monitoring, and the active role of corporate leaders. This system reflects the company's commitment to the protection of its employees, aligned with its corporate values of fairness, integrity and respect for the individual.</p>
Type of business impact	Revenue	Revenue	Risk

Business strategy	<p>Ferreyros has successfully rebuilt more than 100 Caterpillar machines in the last 3 years, contributing to the circular economy of the product by giving the units a new life for production in the field. The rebuild is a reality thanks to the Cat Certified Rebuild program, as well as Ferreyros' general equipment overhaul program, which offers the possibility of rehabilitating a wide range of machines, according to each customer's needs.</p>	<p>There are six best practices with which subsidiaries implement a customer experience management model aimed at building customer loyalty:</p> <ul style="list-style-type: none"> - 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. 	<p>Implementation of a robust Management System, aligned with international standards such as ISO 45001 and Law No. 29783. This system covers all employees and third party personnel. Key strategies include:</p> <ul style="list-style-type: none"> - Comprehensive Occupational Health Program - Active leadership to create and maintain a culture of safety and health. - Strategic Planning to identify hazards and assess risks, developing specific preventive plans - Implementation of prevention measures based on hazard identification, including continuous training and adoption of safe practices. - Control and follow-up through audits and the Health and Safety Committee. - Incident Response and Continuous Improvement with protocols for immediate medical assistance, investigation of causes and corrective measures.
Objective or metric to measure progress in the subject matter.	15% increase over the previous year	5% increase over the previous year	10% reduction compared to the previous year.
Target year	2024	2024	2024
Target progress	<p>45 machines rebuilt in 2023</p> <p>Reference: Page 79 of the Sustainability Report 2023</p>	<p>In 2023, all of our companies had a satisfaction level of over 60%, with Ferreyros achieving 74%.</p> <p>Reference: Page 41 of the Sustainability Report 2023</p>	<p>In 2023, the LTIFR was 1.72 for employees and 1.54 for contractors.</p> <p>Reference: Page 64 to 67 of the 2023 Sustainability Report.</p>

b) Stakeholder materiality (topics and metrics)

Name of material subject	Customer relations	Health care and safety
Material subject category	Customer relations	Occupational health and safety
Cause of impact (part of the business responsible for the external impact)	<ul style="list-style-type: none"> ✓ Operations ✓ Products / Services ✓ Coverage: > 50% of business activities 	<ul style="list-style-type: none"> ✓ Operations ✓ Supply chain ✓ Coverage: > 50% of business activities
External impact stakeholders evaluated	<ul style="list-style-type: none"> ✓ Society ✓ Consumers and end users 	<ul style="list-style-type: none"> ✓ External employees (e.g. supply chain, contractors)
Relevance of the topic to external stakeholders	<p>The impact is positive.</p> <p>The management of the material issue is crucial for our stakeholders, especially customers, because it directly affects the quality and reliability of the service they receive. Delays in service can result in operational and economic losses for customers, negatively impacting their own operations and objectives.</p> <p>On the other hand, a positive relationship with Ferreycorp brings numerous benefits to customers. The high loyalty of mining clients guarantees continuity and stability in their operations, which is crucial for the planning and execution of their projects. Ferreycorp's contribution to the growth and maturation of its clients helps improve their operational and competitive capabilities. In addition, the prioritization of the client's well-being ensures a fast and efficient response to breakdowns or failures, minimizing interruptions and additional costs. Ferreycorp's commitment to high bidding standards ensures that customers receive products and services that meet expectations and regulations, strengthening its own reputation and regulatory compliance.</p>	<p>The focus on health and safety is crucial because of its direct impact, both positive and negative, on employee well-being. Implementing high standards significantly reduces occupational accidents and illnesses, leading to fewer operational interruptions and lower costs related to compensation and medical treatment. This protection is essential to maintain employee trust and loyalty, vital to the company's productivity and sustainability.</p> <p>In addition, high health and safety standards demonstrate an ethical commitment to environmental and community protection, reducing pollution and operational risks. This proactive approach benefits not only Ferreycorp's employees but also the surrounding communities and the environment, enhancing the company's reputation and strengthening its social license to operate. Positive stakeholder perceptions are enhanced when Ferreycorp shows responsibility and leadership in health and safety, creating a safer and healthier environment for all.</p>

Metrics used to measure environmental/social performance	In 2023, all of our companies had a satisfaction level of over 60%, with Ferreyros achieving 74%. Reference: Page 41 of the Sustainability Report 2023	In 2023, the contractor accident rate was 0.007. Reference: Page 66 of the Sustainability Report 2023
Impact assessment performed	Category: Other	Category: Health care costs generated / avoided
Description of the assessed impact	Business continuity, employment generation and development	Well-being and safety of all Ferreycorp's employees.
Quantitative metrics used to measure external impact	The loyalty indicator (NLS) transcends customer satisfaction, since it considers the level of satisfaction, repurchase intention and recommendation intention. Reference: Page 40 to 42 of the Sustainability Report 2023	The accident rate shows a minimum investment for the assistance of contractor accidents, being less than 0.1. Reference: Page 66 of the Sustainability Report 2023