



Dual materiality



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responde

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CHAPTER 1: Analysis of materiality

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1 About dual materiality in sustainability

This report shows the dual materiality process carried out by FERREYCORP S.A.A. (hereinafter, Ferreycorp), as part of its strengthening of sustainable management.

Dual materiality has its origin in the European Union, through the new Corporate Sustainability Reporting Directive (CSRD)¹, which establishes that sustainability reports must be based on the principle of dual materiality. In that sense, it must consider both impact materiality and financial materiality to identify the material issues to be disclosed.

According to the standard IFRS S1 "General Requirements for Financial Disclosures Related to Sustainability"², issued by the International Sustainability Standards Board (ISSB), the entities must disclose material information about risks and opportunities related to sustainability. In this line, a material topic is defined as a matter whose omission, inadequate expression or oversight could reasonably influence the decisions of the main users of financial reports.

The issues that make up the dual materiality are a reflection of the significant impacts identified by the organization itself as having a positive or negative effect on the environment, people or the environment (impact materiality), but also reflect how the environment impacts the value of the company (financial materiality). Considering the resources that organizations possess, materiality makes it possible to prioritize the relevant issues that should be reflected in the strategy and operation of the company, and to propose actions for their management. This allows operational and strategic efficiency in the allocation of resources, as well as effectiveness in internal and external communication.

The ESRS³ 1 - General requirements describes:

- **Impacts** refers to the positive and negative sustainability - related impacts that are connected to the business of the company, identified through an assessment of impact materiality. It refers to both actual impacts and potential future impacts.
- **Risks and opportunities** refers to the financial risks and opportunities of the company related to sustainability, including those arising from dependence on natural, human and social resources, identified through an assessment of financial materiality.
- Together, these are referred to as "impacts, risks and opportunities" (IRO) and reflect the dual materiality perspective of the ESRS.

In addition, the dual materiality analysis allows:

- **Identify** those issues that materially influence assessments and decisions.

¹ [EFRAG - Implementation guidance for the materiality assessment](#)



² [NIFF S1 - IFRS](#)

³ [European Sustainability Reporting Standards 1](#)

- **To have** a comprehensive and balanced view of the performance of the company in terms of sustainability.
- **To present** a more effective management of sustainability-related risks and opportunities.
- **To plan** risk management and control based on the priority sustainability issues
- **To promote** transparency in the disclosure of information
- **To report** the main indicators that reflect management progress
- **To develop** strategies that generate value for the company and society in the long term
- **To broaden** the business perspective by integrating financial aspects and social and environmental impacts



To apply dual materiality, we relied on the following sustainability standards, prioritizing GRI⁴ in terms of impact materiality and the IFRS⁵ / SASB guidelines in terms of financial materiality.

Figure No. 1: Sustainability standards applied for the definition of material issues and establishment of KPIs

Sustainability Standard	
Global Reporting Initiative GRI 3: Material Topics 	<p>The materiality of impact refers to the actual or potential effects, positive or negative, that the activities of a company have on people or the environment over different time horizons (short, medium and long term).</p> <p>Considerations:</p> <ul style="list-style-type: none"> ▪ Identification and evaluation of actual and potential, negative and positive impacts of the organization to the environment. ▪ Evaluation of probability and severity of occurrence <u>from</u> the company. ▪ The stakeholders are included in the identification and evaluation of impacts.
IFRS / SASB (Conceptual Framework y Norma NIIF) 	<p>The financial materiality focuses on the influence of sustainability issues on the cash flows, development, performance, position, cost of capital or access to financing of the company over short, medium and long term horizons.</p> <p>Considerations:</p>

⁴ [Global reporting initiative \(GRI\)](#)

⁵ [IFRS / SASB](#)

	<ul style="list-style-type: none"> ▪ Identification and evaluation of sustainability risks and opportunities for financial reporting. ▪ Evaluation of their impact for the <u>company</u>. ▪ The investors, lenders and other existing and potential creditors are the main users.
European Sustainability Reporting Standards (ESRS) 	<p>These are the mandatory EU standards for improving sustainability reporting by listed companies.</p> <p>Considerations:</p> <ul style="list-style-type: none"> ▪ It addresses the current limitations of sustainability reporting, ensuring comparable and reliable disclosure of impacts by describing the dual materiality process. ▪ It aligns with the Corporate Sustainability Reporting Directive (CSRD), making them mandatory for reporting on certain aspects of sustainability.
International Financial Reporting Standards 	<p>The International Sustainability Standards Board (ISSB) through the IFRS Foundation, published its inaugural standards for financial reporting disclosures on sustainability issues.</p> <p>Considerations:</p> <ul style="list-style-type: none"> • IFRS S1: Related to risks and opportunities associated with sustainability, such as information on human capital, social capital and natural capital. • IFRS S2: Related to risks and opportunities associated with climate, considering both its physical risks (climate events) and transition to alternative energies.

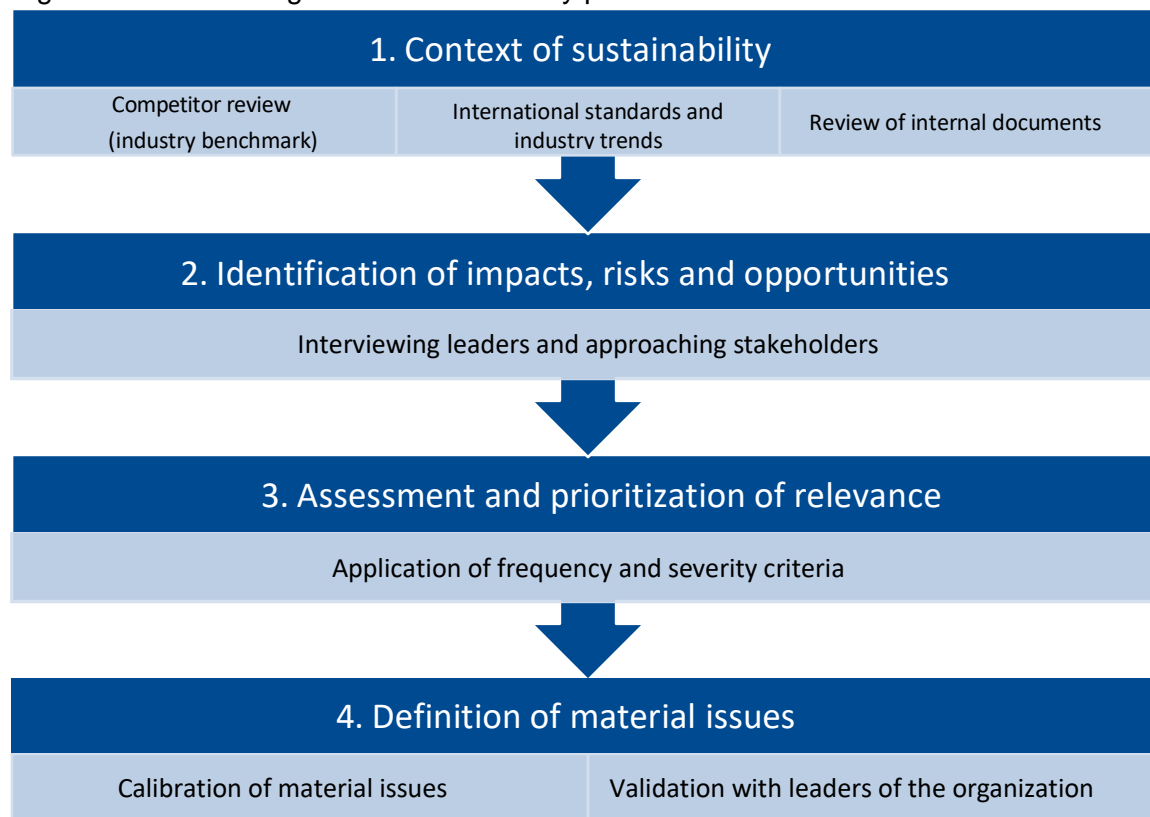
2. Objectives of this materiality report

This report describes the dual materiality process carried out to strengthen the sustainability management of Ferreycorp. 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.

3. Methodology and consulting process

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

Figure 1: General diagram of the materiality process

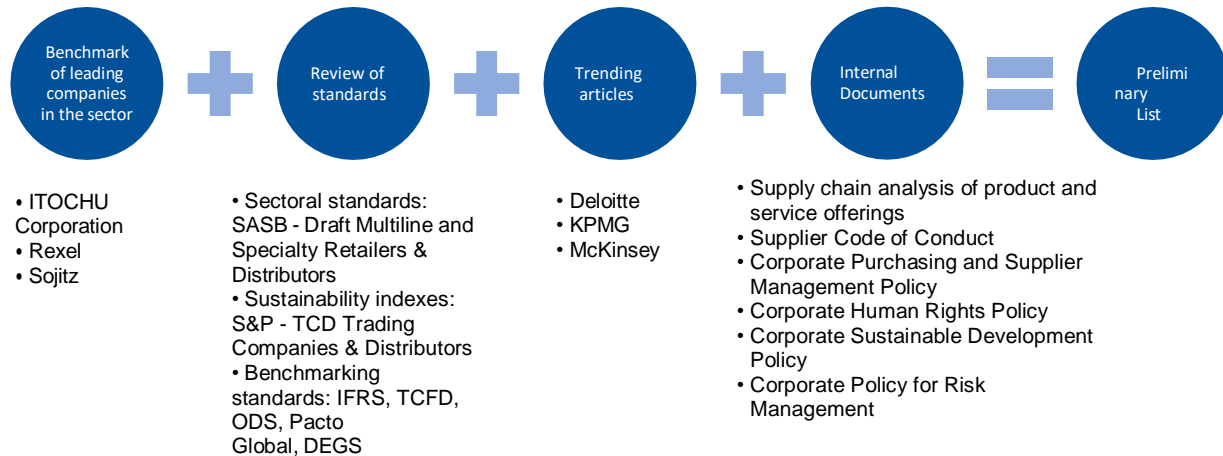


3.1 Context of sustainability

To determine the context of the organization, we conducted an environmental analysis: composed of macro and micro environment analysis. Its purpose was to identify the issues of importance to the industry at the local and global level in terms of sustainability, as well as to analyze the context of the organization.

In this way, the economic, environmental and social issues are dimensioned in relation to its own industry, considering its strategy, risks, opportunities and long-term objectives, including its value chain.

3.1.1 Benchmark of companies



An analysis of materiality and the most relevant environmental, social, governance and business model and innovation (hereinafter ASGM) issues of leading companies in the trading and distribution sector of the S&P Dow Jones Sustainability World Index was conducted.

ITOCHU Corporation

In its [ESG Report 2023](#), it states that it conducts regular reviews of international community trends and stakeholder expectations, aligning itself with the Sustainable Development Goals and the Paris Agreement.

Its materiality matrix includes the following topics:

1. Evolving businesses through Technological Innovation
2. Addressing climate change
3. Developing a rewarding work environment
4. Respecting and taking into account human rights
5. Contribute to healthier and more prosperous lifestyles.
6. Ensure stability of procurement and supply
7. Maintain rigorous governance structures
8. Improve infrastructure
9. Provide safe products
10. Taking biodiversity into account
11. Conserve water
12. Prevent atmospheric pollution



ITOCHU Corporation

13. Stimulate the regional economy through financing
14. Reduce waste

Rexel

The company mentions in its [Activity Report 2020 / 2021](#) that it performs its materiality analysis in order to identify priorities for action and redefine the sustainable development strategy, both aligned with its strategic priorities and anchored in daily operations and activities.



It has 4 pillars and the following material topics:

1. To ensure logistics performance
2. To sell renewable energy solutions
3. To manage on-site energy management
4. To manage on-site waste management
5. To help customers with their environmental issues
6. To innovate in the area of business practices
7. To limit the impact of the product life cycle
8. To limit the impact of end-of-life packaging.
9. To ensure the health and safety of workers.
10. To involve and support employees
11. To develop skills of employees
12. To fight against discrimination
13. To buy responsibly
14. To use ethical business practices
15. Ethical business practices of the supplier
16. To protect data
17. To build a relationship of trust with customers

Sojitz

Sojitz has determined [6 material sustainability issues](#) to focus on generating value in the medium and long term. Based on these issues, the company strives to integrate solutions to global social and environmental problems with its own activities and build the systems to effect such integration.



Its 6 themes are:

1. Human Rights: Respecting the human rights of the people who participate in our business.
2. Environment: Contributing to the global environment through our business.
3. Resources: Develop, supply and use sustainable resources
4. Local Communities: Develop and grow together with local communities
5. Human Resources: Promote opportunities for diverse human resources and diversity in the workplace
6. Governance: Emphasize efficiency and transparency

3.1.2 Review of standards and indexes

S&P - TCD Trading Companies & Distributors

Through the Corporate Sustainability Assessment (CSA), the questions in the questionnaire were identified to evaluate the main requirements and expectations in terms of ESG in the sector.

According to the CSA Handbook 2024, the criteria for the Trading Companies & Distributors sector questions follow the following rationale:

**S&P Dow Jones
Indices**

A Division of S&P Global

Question	Guide
Transparency and Reporting	Evaluates how companies communicate sustainability reporting boundaries, certify data and align activities with sustainable finance taxonomies.
Corporate Governance	Analyzes governance structure, transparency, composition, committees, alignment with shareholder interests and executive compensation.
Materiality	Examines the ability to identify sustainability factors relevant to long-term value, considering external and internal impacts.
Risk and crisis management	Evaluates risk governance, risk reviews, emerging risks, and employee training for an effective risk culture.
Business Ethics	Reviews codes of conduct, their enforcement and transparency in reporting violations to build trust and protect stakeholders.
Political Influence	Reviews transparency of political donations and management of lobbying activities in line with the Paris Agreement.
Supply Chain Management	Identifies companies with lower supply chain risk and those that manage sustainably to improve financial performance.
Environmental policy and management systems	Evaluates the systematic and documented management of environmental programs and the implementation of resource policies.
Waste	Analyzes programs to reduce waste and improve competitiveness by minimizing environmental costs and liabilities.
Energy	Evaluates energy consumption, efficiency and circularity to produce more with less, improving competitiveness.
Water	Examines water consumption and water risk management along the value chain to improve competitiveness.
Climate Strategy	Assesses the climate exposure and documentation of companies in compliance with disclosure frameworks such as CDP and TCFD.
Labor Practices	Examines the promotion of a safe and fair working environment, including diversity, equal pay and freedom of association.
Human Rights	Assesses compliance with UN principles for business and human rights.

Human capital management	Focuses on the development of employee competencies for good performance and execution of business strategy.
Customer relationship management	Analyzes tools and strategies for managing customers, customer satisfaction and customer protection.
Occupational Health and Safety	Evaluates the impact of OSH performance on labor costs, productivity, reputation and operating costs.
Privacy Protection	Examines the privacy policy of the company and its effective enforcement mechanism.

SASB - Draft Multiline and Specialty Retailers & Distributors

SASB standards provide standardized sustainability metrics designed to communicate performance at an industry level. When disclosing information on sustainability issues, companies can use the standards to ensure that the information disclosed is standardized and therefore decision-useful, relevant, comparable and complete.

In the Sustainability Accounting Standard (version 2023 - 12) for the Multiline and Specialty Retail and Distribution sector, SASB has identified the following sustainability disclosure topics:



Question	Guide
Retail and Distribution Energy Management	Entities must efficiently manage their energy consumption due to GHG regulations and the competitiveness of renewable energy, affecting costs and operational reliability.
Labor Practices	Entities must improve labor management to avoid reputational risks and improve labor productivity, which can also reduce costs and strengthen reputation.
Worker Diversity and Inclusion	Fostering a diverse workforce improves communication with customers and better positions organizations to capture the demands of changing demographic markets, reducing legal risks.
Data Security	Protecting the financial and personal data of consumers is crucial to maintaining trust and market share, avoiding brand damage and legal liabilities.
Sourcing, Packaging and Marketing of Products	Working with suppliers to reduce the environmental and social impact of products and packaging can increase customer demand and improve margins.

In addition to the review in accordance with industry standards, benchmark standards were reviewed.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to end poverty, protect the planet, and ensure peace and prosperity for all by 2030.



Pillar	Topic	Description
People	1. The end of poverty	End poverty in all its forms and everywhere by 2030.
	2. Zero hunger	End hunger, achieve food security and improved nutrition and promote sustainable agricultura.
	3. Health and wellness	Ensure healthy lives and promote wellness for all at all ages.
	4. Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
	5. Gender equality	Achieve gender equality and empower all women and girls.
Planet	6. Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all.
	7. Responsible Consumption and Production	Ensure sustainable consumption and production patterns.
	8. Climate action	Take urgent action to combat climate change and its impacts.
	9. Underwater Life	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
	10. Life of terrestrial ecosystems	Sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.
Prosperity	11. Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all.
	12. Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
	13. Industry, innovation and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

	14. Reduction of inequalities	Reduce inequality within and between countries. Inequalities in income, gender, age, disability, race, etc.
	15. Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable.
Peace	16. Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, facilitate access to justice for all, and build effective, accountable and inclusive institutions at all levels.
Alliances	17. Partnerships to achieve the goals	Revitalize the Global Partnership for Sustainable Development.

United Nations Global Compact

The United Nations Global Compact is a voluntary initiative that promotes responsible and sustainable business practices at the global level, based on ten universal principles. Member companies commit to align their strategies and operations with these principles in order to contribute to sustainable development.



Axis	Description
Human Rights	1. The companies should support and respect the protection of internationally proclaimed human rights.
	2. The companies should make sure that they are not complicit in human rights abuses.
Labor	3. The companies should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	4. The companies should uphold the elimination of all forms of forced or compulsory labor.
	5. The companies should uphold the effective abolition of child labor.
	6. The companies should uphold the elimination of discrimination in respect of employment and occupation.
Environment	7. The companies should support a precautionary approach to environmental challenges.
	8. The companies should undertake initiatives to promote greater environmental responsibility.
	9. The companies should promote the development and diffusion of environmentally friendly technologies.

Fight against corruption	10. The companies should work against corruption in all its forms, such as extortion and bribery.
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Sustainable Management Company label

The Sustainable Management Company label is a comprehensive management tool that evaluates and distinguishes ASG aspects through specific indicators aligned with international sustainability standards.



Axis	Topic	Subtopic
Environmental	Eco-efficiency	Water consumption Energy consumption (renewable and non-renewable) GHG emissions (Scope 1, 2 and 3) Waste management
	Climate change	Zero emissions commitment Climate change strategy Climate change risk matrix GHG emissions reduction
	Environmental management	Environmental complaints Environmental risk matrix Environmental policy Environmental management system
Social	Human rights	Human rights related to grievances Freedom of association and negotiation Human rights risk matrix Human rights policy Due diligence process Human rights training program Harassment and workplace violence protocol
	Diversity and Inclusion	Disability Age groups Salary indicators Metrics and quotas Diversity and Inclusion Policy
	Labor practices and decent work	Work environment Employee benefit program Volunteering
	Local communities	Social programs Community consulting framework Grievance procedure

	Human capital development	Employee training Employee competency development
	Occupational health and safety	Fatal accidents Occupational health and safety policy Accident prevention program Health and wellness promotion Frequency rate and total injury rate (employees and contractors)
Governance	Sustainability strategies	Sustainability committee Sustainability report Materiality Sustainability plan Sustainability policy
	Ethics and integrity	Inquiries and complaints channels Code of ethics Ethics committee Unfair competition Conflict of interest Contribution to political campaigns Risk matrix Training program Compliance system
	Good Corporate governance	Board evaluation Experience of independent directors Frequency of board evaluation Independence of the board Tenure of the board Board regulations
	Risk management	Risk governance Risk methodology Enterprise risk culture
	Cybersecurity / IT	Cybersecurity strategy Cybersecurity program Security drills Vulnerability scanning

Business model and innovation	Responsible supply chain	Supplier audits Supplier code of conduct Supplier development Supplier evaluation and classification Supplier approval Supplier improvement plan Supplier ASG risk Supplier segmentation
	Responsible consumption	Non-compliance related to information and labeling Product and/or service information
	Product and / or service development	Investing in sustainable innovation
	Customer management	Protection and privacy of personal data of customers and/or consumers Complaints received about customer privacy violations Customer satisfaction rate
	Sectoral	Gestión del agua Nutrición balanceada Publicidad para niños Ciclo de vida de los envases Plan para reducir el impacto ambiental de los envases

Task Force on Climate-Related Financial Disclosures | TCFD

In 2015, the G20 expressed concern about the financial risks related to climate change and the need to disclose them, which led to the creation of the Task Force on Climate-related Financial Disclosures (TCFD), dedicated to the development of recommendations for integration into business management. Over the last few years, Ferreycorp has implemented actions in line with TCFD recommendations and has committed to disclose these advances in accordance with the pillars.




Topic	Description
Governance	The CFO is responsible for leading the climate agenda and reporting to the Board of Directors on risks and opportunities related to climate change. To support this role, the Environmental Circle and the Environmental Operating Committee have been created and the Corporate Environmental Policy has been defined.
Strategy	Together with employees from different areas of the company, different physical, transition and climate change risks and opportunities that could have an impact on Ferreycorp were identified. Based on this,

	they are working on strategies to create greater resilience and value in the face of these risks and opportunities, respectively.
Risk management	A methodology is being developed to identify, evaluate and control climate change risks in the company. The methodology seeks to consider the characteristics of climate risks and also seeks to integrate into the company's corporate risk management taxonomy.
Metrics and targets	Quantifies its corporate carbon footprint including scopes 1 and 2 of its main sites, while gradually moving towards measuring scope 3 and including all sites. In addition, they have defined climate, water, energy and waste indicators. They are working on updating their science-based emissions reduction targets, along with defining an internal carbon price and continuing to offset their emissions.

3.1.3 Review of sector trends

Articles related to 2024 trends in distribution, supply chain, engineering and technology from the most recognized consulting and auditing firms.

2024 engineering and construction industry outlook	Supply chain trends 2024: The digital shake-up	Lessons from transformers: How some distributors reset and won
 <ul style="list-style-type: none"> • Striking a balance between sustainability and efficiency. • Discover new value by leveraging digitization and embracing generative AI. • Navigating the various effects of ongoing economic uncertainty. • More strategic to cope with persistent cost volatility. • Adapting to new labor standards. 	 <ul style="list-style-type: none"> • Generative AI in operations. • AI for non-contact / low-touch planning. • The critical role of data. • Transparency and visibility beyond Tier (levels) 1 and 2. • Open source platforms. • ASG and Scope 3 emissions. • Electric vehicles, transportation and logistics. 	 <ul style="list-style-type: none"> • Economic uncertainty and pressure on margins. • Disintermediation and direct customer relationships. • Growing customer expectations. • Threat of non-traditional disruptors.

3.1.4 Review of internal documentation

The analysis of the microenvironment makes it possible to identify the issues that are prioritized in the internal management of the company through the company's internal documents. This is categorized according to the GRI 3 - 3 Management of material issues standard.

The detail of the information reviewed is as follows:

GRI 3-3 Guidelines	Year
Activities	
Analysis of the supply of products and services in the supply chain	2021
Sustainability Report	2022
Commercial Relations	
Supplier Code of Conduct	2021
Corporate Policy on Purchasing and Supplier Management	2023
Sustainability Context	
Corporate Human Rights Policy	2021
Corporate Policy on Sustainable Development	2018
Corporate Risk Management Policy	2024
TCFD Ferreycorp Report	2022
Climate Risk Matrix	2022
Integrated Corporate Policy on Safety, Health and Environment	2022
Groups of Interest	2023

3.2 Preliminary identification of ASGM issues

Based on the entire context analyzed, and with the purpose of doing the initial mapping of negative and positive, real and potential impacts related to the activities of the company, an initial list of sustainability issues was identified.

The analysis process involved a thorough review of the main sustainability standards and global commitments, an assessment of the organizational context, as well as the collection of information regarding potential and actual industry impacts. Broad connections were observed between the practices and priorities identified in these sources. Specifically, patterns were found in the sustainability strategies of leading companies, which were also reflected in the standards and indices reviewed. In addition, emerging trends and internal organizational concerns showed alignment with these ASGM themes. Consistency among the various sources of information highlighted the relevance of addressing these issues to the long-term success and resilience of the business.

From this preliminary analysis, the comprehensive list of 26 relevant ASGM topics was developed. In this list, both positive and negative impacts have been identified, taking into account both internal and external stakeholders. In addition, we carefully considered the expectations and interests of various key stakeholders, such as our employees, customers, suppliers and communities with which we interact for the identification, validation and assessment of impacts and which are directly linked to the activities of the company and its value chain.

There were 25 topics grouped into 4 dimensions: environmental, social, governance and business

model and innovation:

Figure 2: ASGM topics

Environmental	Social	Governance	Business Model and Innovation
A1. Efficiency in the use of materials	S1. Talent development	G1. Corporate governance	M1. Relationship with suppliers
A2. Energy management	S2. Health care and safety	G2. Compliance, ethics and integrity	M2. Relationship with represented brands
A3. Emission reduction	S3. Competitive and equitable pay	G3. Internal control and risk management	M3. Relationship with customers
A4. Waste management	S4. Diversity and inclusion		M4. Innovation, business digitalization and adoption of new technologies.
A5. Water and Effluent Management	S5. Contribution to the development of water and sanitation infrastructure and education.		M5. Operational efficiencies
A6. Extended product responsibility	S6. Contribution to youth education		M6. Financial results
	S7. Development of operators and technicians		M7. Market economic conditions
			M8. Competition
			M9. Data security

The following table presents the relevant ASGM issues and their respective definitions, based on the context análisis⁶ for Ferreycorp:

Table No. 2: Relevant ASG issues

#	Dimension	Topic	Definition
A1	Environmental	Efficiency in the use of materials	Efficient management of materials (renewable and non-renewable).
A2	Environmental	Energy management	Energy consumption within the organization, as well as reduction plans and actions.
A3	Environmental	Emission reduction	Plans and actions to reduce greenhouse gas emissions.
A4	Environmental	Waste management	Efficient management for minimization from generation and storage to final disposal.
A5	Environmental	Water and Effluent Management	Savings in water consumption, management of recycled and reused water, as well as effluent management (water discharge).
A6	Environmental	Extended product responsibility	Reuse of used machinery, through the circular economy, thus reducing waste and maximizing profitability.
S1	Social	Talent development	Programs to improve the technical skills and soft skills of employees, thus promoting their growth within the corporation.
S2	Social	Health care and safety	Occupational health and safety system that ensures the well-being of employees and the care of their life and physical integrity.
S3	Social	Competitive and equitable pay	Ratio of standard entry level salary to local minimum wage.
S4	Social	Diversity and inclusion	Diversity and equality of women versus men and management system to address cases of discrimination.
S5	Social	Contribution to the development of water and sanitation infrastructure and education	Investment in infrastructure and services for the development of the country, with emphasis on education.
S6	Social	Contribution to youth education	Development programs, soft skills training.

⁶ Consider that the definitions were updated and validated throughout the process with the participation of relevant stakeholders and experts

#	Dimension	Topic	Definition
S7	Social	Development of operators and technicians	Training of technicians for the development of the industry.
G1	Governance	Corporate governance	Governance structure, composition of the highest governance body and its committees, nomination and selection. Role in defining corporate objectives, values and strategy.
G2	Governance	Compliance, ethics and integrity	Corporate values, principles, standards and norms of conduct. System, rules and procedures to ensure compliance with the law and values, avoidance and management of conflicts of interest and corruption.
G3	Governance	Internal control and risk management	System and procedures to ensure proper management and self-regulation. Identification, evaluation and management of business risks.
M1	Business Model and Innovation	Relationship with suppliers	Supply chain management, selection according to social, human rights and environmental criteria, as well as training for alignment to standards.
M2	Business Model and Innovation	Relationship with represented brands	Compliance with contracts and good commercial practices for the promotion, distribution and sale of the products of the brands we represent.
M3	Business Model and Innovation	Relationship with customers	Product quality and customer satisfaction.
M4	Business Model and Innovation	Innovation	New services, solutions to respond to market opportunities and changes.
M5	Business Model and Innovation	Operational efficiencies	Spare parts supply and logistics capacity.
M6	Business Model and Innovation	Financial results	Business results as a consequence of market performance. Shareholder value generation.
M7	Business Model and Innovation	Market economic conditions	Economic and financial implications and market opportunities that impact business results.

#	Dimension	Topic	Definition
M8	Business Model and Innovation	Competition	Impact of the performance of competitors on the position of the organization and competitive advantages.
M9	Business Model and Innovation	Data security	Information management for privacy protection.

3.3. Identification of impacts, risks and opportunities

For the identification and assessment of ASGM impacts, we began with an internal evaluation. For this purpose, the leaders of the organization were interviewed, gathering their perspectives on a list of relevant ASGM issues. The participants were selected by the corporation, considering their roles and their ability to offer a strategic opinion representing various groups of interest. The main objective of this process was to identify the relevance of environmental, social and governance issues related to the management of Ferreycorp, assessing their impact on the business and its stakeholders, as part of the dual materiality analysis.

The interview agenda was structured in two sections:

- **Dual Materiality:**
 - Introduction to dual materiality: Consisted of a theoretical explanation of what dual materiality is and its function.
 - Context analysis: The information previously reviewed was detailed.
- **Prioritization of material topics**
 - Presentation of the list of relevant ASGM topics: The complete list of relevant ASGM topics for Ferreycorp was shown.
 - Prioritization exercise: The list of topics was shown for each of the dimensions, and the following questions were asked:
 - Which topic of this dimension do you consider to be a priority for the management of Ferreycorp? Why?
 - What internal impacts do you identify derived from this topic?
 - What external impacts do you identify derived from this topic?
 - It should be noted that, although the interviewees responded on the three dimensions (environmental, social and governance), according to their role in the organization, priority was given to the review of a specific dimension.

In the table No. 4. lists the 13 leaders interviewed.

Table No. 4: Participants of the Workshop of Managers

No.	Group of interest	Point of contact	Position / Area
1	Shareholders	Jimena de Vinatea	Corporate Treasury and Investor Relations of the Corporate Finance Management Department of Ferreycorp
		Rafael Solari	Investor Relations Executive of the Treasury Management Department of Ferreycorp
2	Employees	Rocio Arbulu	Wellness and Culture and Internal Communication Manager of the Human Resources Corporate Management of Ferreycorp
		Greta Limaco	Talent Management Manager of the Human Resources Division Management of Ferreycorp

3	Community	Carmen Aguilar	Social Responsibility Coordinator of the Association of Ferreycorp
		Pamela Abdala	Executive Coordinator of the Association of Ferreycorp
		Joaquin Lira	Coordinator of Social Responsibility Projects of the Association of Ferreycorp
4	Government and Society	Eduardo Ramirez del Villar	Corporate Manager of Corporate Affairs of Ferreycorp's Corporate Affairs Corporate Management Corporate Affairs of Ferreycorp
		Maria del Carmen Blume	Assistant Manager of Compliance of the Corporate Affairs Corporate Management Corp of Ferreycorp
5	Suppliers	Carolina Navarro	Assistant Manager of Corporate Services and Environment of Ferreycorp's Corporate Finance Department
		Maria Sertzen	Supplier Executive of the Corporate Finance Department of Ferreycorp
6	Customers	Karen Aliaga	Head of Customer Experience, Ferreycorp's Marketing Manager
7	Environment	Carolina Navarro	Assistant Manager of Corporate Services and Environment of Ferreycorp's Corporate Finance Management
		Natali Espinoza	Executive Environmental and Sustainability Specialist of Ferreycorp's Corporate Finance Management

Finally, key leaders were interviewed in the final stretch of the process to obtain their inputs on the definitions, scores and impacts of each relevant ASGM topic.

Table No. 5: Key leaders interviewed

No.	Point of contact	Position
1	Mariela Garcia	General Manager of Ferreycorp
2	Gonzalo Diaz	General Manager of Ferreyros
3	Ronald Orrego	Regional Accounts Division Manager of Ferreyros

3.4 Relevance assessment according to stakeholders

For the external relevance analysis, interviews and surveys were conducted with stakeholders between April and May 2024. Within this framework, the following were conducted:

- ✓ 7 virtual interviews:
 - ❑ 4 supplier interviews

- ☐ 3 customer interviews
- ✓ 2 anonymous virtual surveys:
 - ☐ 1 anonymous survey addressed to the Community, which obtained 61 responses
 - ☐ 1 anonymous survey addressed to Employees, which obtained 31 responses

The details of the **virtual interviews** are shown in the following table:

Table No. 6: Persons interviewed

No.	Group of Interest	Company	Participating	Position
1	Suppliers	Chem Tools	Miguel Diaz	QAC Coordinator (quality, environment and safety)
2		Opalo Peru	Carla Moscoso	Deputy Commercial and Operations Manager
3		Quimica Verde	Daniel Salas	Technical Assistant
4		Marsh	Patricia Pelaez	Deputy Manager in the Risk Area Management / Retail Unit
5	Customers	Caterpillar	Denis Saito	Director of Distribution
6		Santa Barbara de Trujillo	Hector Balcazar	IT Assistant
7		Stracon	Ramon Garcia	Construction Superintendent in Earthworks and Civil Works
8		Inmobiliaria y constructora San Fernando	Carlos Acosta	Proxy

In the case of the surveys, these were made up of the following questions:

1. Selection of the environmental issue that you consider Ferreycorp should prioritize in its management
2. Based on the environmental issue chosen, what positive or negative aspects of the management of Ferreycorp would you highlight? why?
3. Selection of the social issue that you think Ferreycorp should prioritize in its management
4. Based on the social issue chosen, what positive or negative aspects would you highlight about the management of Ferreycorp? why?
5. Selection of the governance issue that you think Ferreycorp should prioritize in its management
6. Based on the governance issue chosen, what positive or negative aspects would you highlight about the management of Ferreycorp? why?

3.5 Impact assessment and prioritization

During the aforementioned activities, both with internal and external groups, qualitative and quantitative inputs were obtained to address prioritization in accordance with the requirements of the methodology presented.

Thus, to define the list of material issues, an impact assessment was performed in a consolidated matrix of all impacts collected, both negative and positive, and classified based on whether they correspond to Impact Materiality or Financial Materiality.

In addition, impacts were evaluated based on their frequency and severity:

- Frequency: Each impact was assigned a value from 1 to 4, on the probability of an impact occurring.
 - 1 - low probability of impact: Unlikely, never happens or unlikely to happen
 - 2 - medium probability of impact: Occasional, happens on occasion, but not on a regular basis
 - 3 - high probability of impact: Likely to occur
 - 4 - very high probability of impact: Almost certain to happen
- Severity - in Impact Materiality: A value from 1 to 4 was assigned on the level of severity that could be generated to one or more stakeholders:
 - Shareholders
 - Employees
 - Community
 - Government and society
 - Suppliers
 - Customers
 - Environment
- Severity - in Financial Materiality: A value from 1 (minor) to 4 (catastrophic/maximum) was assigned on the level of severity that could be generated in the following criteria.
 - Financial / economic
 - Operative
 - Image
 - Strategic
 - Corporate governance
 - Legal compliance

It is important to note that the scores for negative impacts were multiplied by 2. This is because the GRI 3 Material Issues standard indicates that negative impacts cannot be offset by positive impacts. In this way, we seek to ensure that negative impacts do not lose importance.


3.6 Ranking of ASGM issues

From the consolidation of impacts and the scores assigned in the severity and frequency criteria, it was possible to obtain a prioritization of issues that can be shown in different presentations. Said prioritization has 3 forms of presentation:

1. List of ASGM issues prioritized according to impact materiality and financial materiality
2. Heat map aligned to the risk map of Ferreycorp
3. Scatter graph

In the first form, the prioritized topics are presented according to the type of materiality. Thus, the list of issues is presented on the left according to their impact materiality score, while on the right they are shown according to their financial materiality score.

Table No. 7 – ASGM issues prioritized according to materiality type

	Issues prioritized according to impact materiality	Issues prioritized according to financial materiality
	G1 Corporate governance	G2 Compliance, ethics and integrity
	M2 Relationship with represented brands	S1 Talent development
	S2 Health care and safety	S4 Diversity and inclusion
	S1 Talent development	G3 Internal control and risk management
	S6 Contribution to youth education	M3 Customer relations
	A6 Extended product responsibility	M7 Economic market conditions
	S7 Operator and technician development	S2 Health care and safety
	M8 Competence	M5 Operational efficiency
	M4 Business innovation and digitalization	A3 Emissions reduction
	A4 Waste management	A2 Energy efficiency in the value chain
	M3 Customer relationship	M8 Competence
	M5 Operational efficiency	G1 Corporate governance
	S3 Competitive and equitable salary	M2 Relationship with represented brands
	S4 Diversity and inclusion	A6 Extended product responsibility
	G2 Compliance, ethics and integrity	A4 Waste management
	M9 Data security	M4 Business innovation and digitization
	Contribution to infrastructure development, water, sanitation and education	M1 Supplier relations

M7 Market economic conditions	A1 Efficiency in the use of materials
M6 Financial performance	S3 Competitive and fair wages
G3 Internal control and risk management	S6 Contribution to the education of young people
A5 Water and effluent management	M6 Financial results
A3 Emission reduction	S7 Development of operators and technicians
A1 Efficiency in the use of materials	Contribution to the development of infrastructure, water, sanitation and education
A2 Energy efficiency in the value chain	S5 Water and effluent management
M1 Supplier relationships	A5 Data security
	M9

In addition, the following heat map has been created based on the 16 quadrants and ranges of the risk heat map of Ferreycorp. For this purpose, the issues have been placed in each quadrant according to the result of multiplying the rounded scores of each type of materiality.

For example, the topics that are placed in quadrant 6 of the second row are because they have a rounded score of 3 in impact materiality and 2 in financial materiality. In contrast, the topics placed in quadrant 6 of the third row have a rounded score of 2 in impact materiality and 3 in financial materiality.

Table No. 8: Heat map

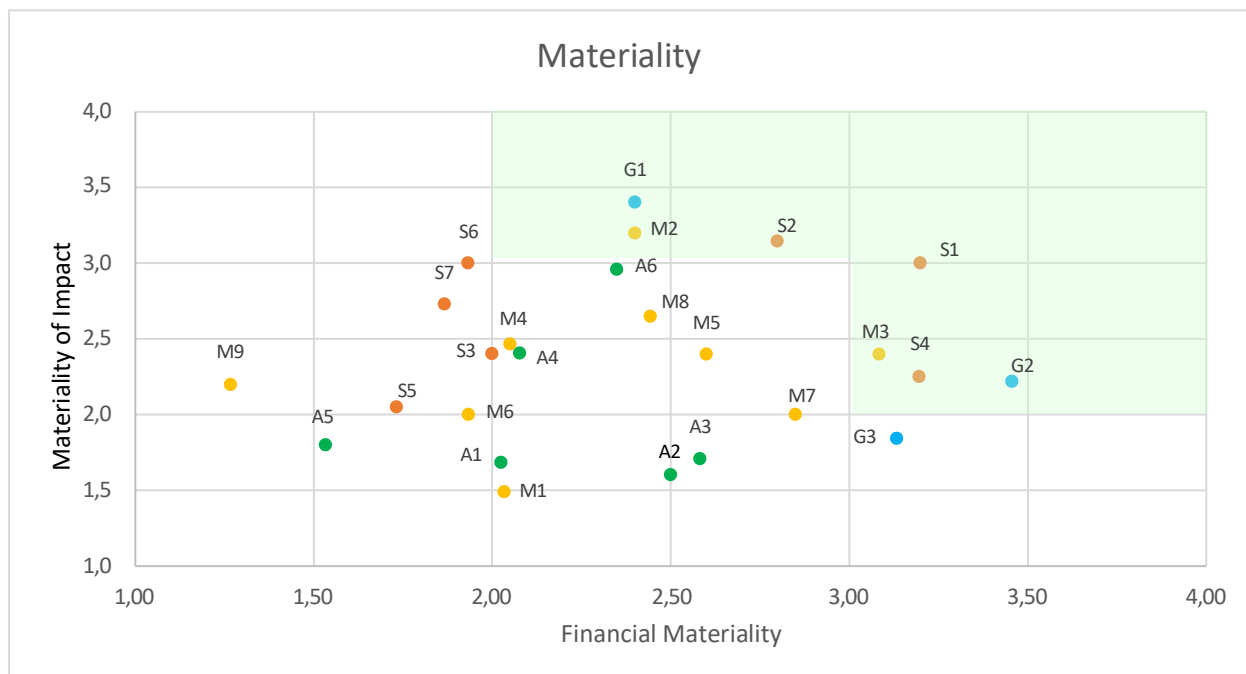
	4	8	12	16
Impact materiality	3	6 G1. Corporate Governance M2. Relationship with represented brands M8. Competition S6. Contribution to youth education S7. Development of operators and technicians A6. Extended product responsibility	9 S1. Talent development S2. Health care and safety	12

<p>2</p> <p>M9. Data security</p>	<p>4</p> <p>M4. Business innovation and digitalization M6. Financial performance S3. Competitive and equitable pay S5. Contribution to the development of infrastructure, water, sanitation and education A1. Efficiency in the use of materials A4. Waste management A5. Water and effluent management</p>	<p>6</p> <p>G2. Compliance, ethics and integrity G.3 Internal control and risk management M3. Customer relations M5. Operational efficiency M7. Market economic conditions S4. Diversity and inclusion A2. Energy management A3. Emissions reduction</p>	<p>8</p>
<p>1</p>	<p>2</p> <p>M1. Relationship with suppliers</p>	<p>3</p>	<p>4</p>

Financial materiality

It should be noted that, although this alignment effort has been made, it is not automatically integrable or comparable.

Finally, it can be presented in a scatter plot. This is the form in which it is suggested to present the list of relevant ASGM topics as it allows the exact scores for each topic to be reflected. Thus, the horizontal axis reflects the score for financial materiality and the vertical axis for impact materiality.



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	Relationship with customers
	M4	Innovation and digitalization of the business
	M5	Operational efficiency
	M6	Financial results
	M7	Economic market conditions
	M8	Competence
	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 development, water, sanitation and education
	S6	Contribution to youth education
	S7	Operator and technician development
Environmental	A1	Efficiency in the use of materials
	A2	Energy management
	A3	Emission reduction
	A4	Waste management

	A5	Water management and effluent management
	A6	Extended product responsibility

Additionally, to determine the material topics, a threshold is established that considers **topics with a score higher than 3**. Based on this, the following list of material ASGM topics was obtained.

Table No. 10: List of material ASGM topics

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

CHAPTER 2: Results obtained

4 Results obtained for the material issues

As established in the previous process, 8 material issues were determined for the company. This list includes the following topics:

4.1 Corporate governance

Negative impacts and risks	<ul style="list-style-type: none">• Lack of knowledge of governance bodies and their importance by employees• Failure to attract investors due to lack of a solid corporate governance management
Positive impacts and opportunities	<ul style="list-style-type: none">• Shareholder satisfaction due to good corporate governance of the company• Stakeholder confidence due to shared value generation

The absence of a solid corporate governance management in Ferreycorp can have considerable negative impacts and risks. Lack of knowledge on the part of employees about the importance and functioning of governance bodies can lead to a lack of alignment and commitment to the strategic objectives of the company. This lack of knowledge can generate internal distrust and negatively affect the organizational culture.

In addition, the potential lack of robust corporate governance may deter potential investors, who seek assurances of transparent and efficient management. The inability to attract investors would not only limit access to capital needed for growth and expansion, but may also affect the market valuation of the company. However, this is a risk, given that Ferreycorp does have strong corporate governance.

In contrast, it can also have positive impacts. For example, shareholder satisfaction is a direct result of sound corporate governance practices, as these ensure transparency, accountability and efficiency in the management of the company. This not only strengthens the confidence of existing shareholders, but can also attract new investors looking for companies with reliable and well-established governance practices.

In addition, good corporate governance creates an environment of trust among the different stakeholders, including employees, customers and the community in general, promoting the generation of shared value. This shared value not only reinforces the reputation of the company, but can also open up new business opportunities and strategic collaborations, positioning Ferreycorp as a leader in the sector and a role model in terms of sustainability and corporate responsibility practices.

4.2 Compliance, ethics and integrity

Negative impacts and risks	<ul style="list-style-type: none">• Loss of sales due to unethical or dishonest bidding processes• Generating a bad reputation by associating Ferreycorp with suppliers who engage in unethical behavior• Delivery of defective or low-value products due to lack of ethics• Scandals or incidents of non-compliance with the code of conduct and regulations• Having a bad image and being a bad reference for suppliers
Positive impacts and opportunities	<ul style="list-style-type: none">• Increased use of resources to vet suppliers, buyers and donors• Unbiased and non-favorable processes during recruitment and hiring of personnel• Good reputation and influence on other companies with an image of ethics and integrity• Respect for human rights regulations• Good reputation for not having heard of any cases where the rights of employees or suppliers have been violated• Continuous reporting on ASG issues that have implications for various stakeholders to the Board of Directors• Suppliers more aware of the ethical conduct they must follow by receiving training and having signed contracts• Separation of people who committed acts of corruption from the Ferreycorp staff

Ferreycorp faces a number of potential risks related to ethical management, which can have severe implications on its long-term performance and sustainability. In addition, association with suppliers that exhibit unethical behavior can lead to a bad reputation, extending the negative repercussions to all stakeholders in the supply chain. This is evidenced in a number of corporate cases where companies linked to unethical suppliers can suffer significant erosion in consumer confidence and loss of brand value.

The delivery of defective or low-value products due to lack of ethics not only compromises the quality of the final product, but can also lead to claims and litigation, directly impacting profitability. Scandals due to non-compliance with the code of conduct and regulations can result in legal sanctions and irreparably damage corporate reputation. The bad image that could be projected not only affects relationships with suppliers, but also deters potential future partners from collaborating with the company, limiting opportunities for growth and expansion. This negative

spiral can lead to reduced customer loyalty, financial losses and an overall weakening of market position.

In contrast, it can also capitalize significantly by investing in robust ethical practices and responsible supplier management. Dedicating greater resources to vetting suppliers, buyers, and donors not only ensures unbiased selection processes, but also strengthens the operational integrity of the company. This ethical approach differentiates Ferreycorp from its competitors, enhancing its reputation and attractiveness to socially conscious investors and customers. The companies that adopt sound ethical practices experience greater customer loyalty and improved public perception, which translates into long-term economic benefits.

Adherence to human rights regulations and ongoing supplier training on ethical behavior not only fosters a fairer and safer working environment, but also enhances supply chain sustainability. Separation of personnel involved in corruption demonstrates a firm commitment to integrity and can serve as a strong deterrent against future misconduct. In addition, ongoing reporting on ASG issues to the board ensures constant oversight and improved strategic decision making. This level of transparency and accountability attracts business partners who value these principles and contribute to a positive impact on society and the environment.

4.3 Relationship with brands

Negative impacts and risks	<ul style="list-style-type: none"> • Low interference of Ferreycorp in the strategic decisions of the brands it represents. • Termination of representation of brands, such as CAT, due to non-compliance with standards, disagreements or non-compliance • Affection of the reputation of represented brands due to the use of machinery in illegal mining areas
Positive impacts and opportunities	<ul style="list-style-type: none"> • Satisfaction and loyalty of customers who receive high quality products and services from CAT • Maintenance of a good reputation for the brands represented because Ferreycorp meets the required standards • Continuous improvement at Ferreycorp by aligning with the standards of the brands we represent

Due to its low interference in the strategic decisions of the brands it represents, Ferreycorp is exposed to disagreements or misalignments of standards that threaten the termination of

representation of major brands such as Caterpillar (CAT). The loss of a partnership with CAT, a highly reputable and standard brand, could have serious economic and reputational repercussions, as it represents a significant part of its revenues. The companies that fail to maintain strategic alliances with reputable brands may face a decline in market confidence and the loss of key contracts. The potential risk of inability to align their practices with the expectations of CAT could not only affect current relationships but also limit future opportunities for collaboration with other reputable brands.

In addition, reputational damage to the brands represented due to the use of machinery in illegal mining areas is a significant risk for the business and its stakeholders. Illegal mining is closely linked to human rights violations and severe environmental damage, which can irreparably damage the image of the associated brands. Ferreycorp, being indirectly involved in these activities, could face legal and regulatory sanctions, as well as a loss of trust from consumers and business partners. These events may also trigger negative media coverage, further exacerbating adverse impacts and affecting long-term viability in the marketplace.

On the other hand, the satisfaction and loyalty of customers who receive high-quality products and services strengthens the relationship with these brands and ensures customer loyalty. By consistently meeting the standards demanded by brands such as CAT, Ferreycorp can differentiate itself in the marketplace and attract a broader and more loyal customer base. The companies that align themselves with high quality and ethical practices gain a competitive advantage, which improves public perception, market share and profitability.

In addition, maintaining a good reputation for the brands represented directly benefits the business. Alignment with the required standards not only ensures the continuity of strategic partnerships, but also drives continuous improvement within the company. By constantly adapting and improving your processes to meet the high standards of your represented brands, you can achieve superior levels of operational efficiency and quality. This proactive focus on continuous improvement not only strengthens existing relationships with represented brands but also positions you as a trusted partner committed to excellence. Investing in continuous improvement practices and adherence to strict standards can improve your operational performance, increase your resilience and your ability to adapt in an ever-changing marketplace.

4.4 Relationship with customers

Negative impacts and risks	<ul style="list-style-type: none"> • Reduced sales revenue as customers are lost due to delays in customer care • Decreased revenue and limited resources to hire suppliers
	<ul style="list-style-type: none"> • Negative relationship with clients due to unethical requests from their representatives • Misuse of the image of Ferreycorp by state - owned entities in bidding processes

Positive impacts and opportunities	<ul style="list-style-type: none"> • High loyalty of our mining customers to contracting • Contribution to the growth and maturation of our clients • Securing the highest number of loyal customers and generating engagement with relevant customers • Improved customer experience by being served by engaged employees • Prioritization of customer welfare over responsibility for breakdowns, failures or repairs • Benchmark of compliance with the demands and expectations of bidding requirements
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One of the main risks faced by Ferreycorp and companies in the industry is the potential loss of customers due to delays in service, which can lead to a considerable decrease in sales revenues. Service efficiency is crucial in a highly competitive market, and any delay can result in customer dissatisfaction and loss of contracts. Failure to maintain adequate service response times means that businesses face an erosion of their customer base and, consequently, a reduction in revenue. Such a reduction limits the resources available to hire quality suppliers, creating a cycle of deficiencies that can affect operational capacity and the quality of service offered.

Another significant negative impact is the negative relationship with customers resulting from unethical requests from this stakeholder group. Unethical requests may include inappropriate demands or manipulation of processes, which can be detrimental to the image of the business. In addition, the misuse of its image by government entities in bidding processes can lead to brand erosion and negative perception by the public and other stakeholders.

On the other hand, you can strengthen your customer relationships through the loyalty of your mining customers. High customer loyalty not only ensures a steady flow of revenue, but also contributes to the growth and maturation of your business. Customer loyalty translates into long-term contracts and increased engagement, which is crucial to the financial stability of Ferreycorp. The companies that manage to maintain high levels of customer satisfaction and loyalty experience sustained growth and greater resilience to market fluctuations.

In addition, the business can improve the customer experience by prioritizing their well-being, especially in situations of breakdowns, failures or repairs. Committed employee attention and prioritization of customer needs over immediate responsibilities can generate a positive image

and strengthen business relationships. This customer - centric approach positions the company as a benchmark in meeting requirements and expectations in bidding processes. Concern for continuous improvement of the customer experience generates a perception of these companies as leaders in their sector, which allows them to attract new customers and strengthen existing relationships.

4.5 Development of talent

Negative impacts and risks	<ul style="list-style-type: none"> • Low availability of courses for technicians • High employee turnover due to limited development opportunities
Positive impacts and opportunities	<ul style="list-style-type: none"> • Increased efficiency and lower costs due to employee engagement • Continuous improvement of programs through inclusion of feedback • Happier and better trained employees due to specific development programs • Awareness raising through communication of savings and sustainability messages, as well as training

The potential risks related to the low availability or accessibility of courses for technicians limits the opportunities for training and professional updating. This lack may result in a workforce that is less prepared and less able to meet the technological and operational challenges of the sector. Lack of continuous training is a critical factor that can affect a competitiveness of the company, as employees do not acquire the necessary skills to improve efficiency and innovation. In addition, the lack of development programs can lead to high employee turnover, as employees seek growth opportunities in other companies. This phenomenon not only increases the costs of hiring and training new employees, but also affects the morale and stability of the existing team, creating a less cohesive and productive work environment.

Talent retention is crucial for long-term success and the loss of qualified employees not only implies direct costs in terms of recruiting and training new employees, but also the loss of valuable knowledge and experience. In addition, it can negatively affect project continuity and operational efficiency, as new employees need time to adapt and reach the productivity level of previous employees. In addition, it can affect the reputation of the company as an employer, making it difficult to attract qualified talent in the future.

On the other hand, in terms of opportunities, implementing continuous development programs can lead to greater operational efficiency and lower costs, as engaged employees tend to be more productive and loyal to the company. The companies that invest in employee training and development not only improve employee satisfaction and retention, but also increase their

competitiveness in the marketplace. Including feedback in development programs allows for continuous improvement, ensuring that the needs of employees are addressed and that programs remain relevant and effective.

In addition, happier and more skilled employees through targeted development programs contribute to a positive and productive work environment. Through the communication of savings and sustainability messages and training, awareness-raising not only improves the technical skills of employees, but also fosters an organizational culture geared towards efficiency and social responsibility. By prioritizing the development of its talent, Ferreycorp positions itself as an employer of choice, attracting and retaining the best professionals in the sector.

4.6 Health and Safety Care

Negative impacts and risks	<ul style="list-style-type: none"> • Stoppage of operations for case investigation • Accidents in the workplace due to lack of knowledge of safety measures and other reasons. • Respiratory illnesses due to pollutants from equipment emissions • Operators with hearing impairment due to noise from the cab. • Observations of failure to comply and personnel performing substandards despite training • Accidents that prevent the continuity of the contract with large clients.
Positive impacts and opportunities	<ul style="list-style-type: none"> • Employees with physical and mental wellbeing through initiatives and agreements that assist their health • Requirement of standards and controls to take care of the integral health of employees and suppliers • Safety culture in employees taught by leaders • Safety knowledge through talks and training in SST • Safety culture in all processes and areas • Optimal conditions for safe working conditions for employees • Good safety reputation as there are no frequent or serious accidents at work • Safety of employees with suppliers who verify compliance with standards • Employee health care with SCTR insurance and food controls

	<ul style="list-style-type: none"> Care for our people and the people of our suppliers
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Occupational health and safety has, by its very nature, several risks that can negatively impact your operations. One major risk is the stoppage of operations to investigate cases of occupational accidents. These stoppages not only affect operational continuity but can also lead to substantial financial losses and delays in project delivery. These incident investigations can be costly and lengthy, affecting operational efficiency. In addition, accidents in the work environment due to lack of awareness of safety measures and other reasons are a constant concern. Lack of adequate training and non-compliance with safety protocols can result in serious incidents that put the lives and health of employees at risk, and lead to regulatory sanctions and costly litigation.

Stakeholders mentioned a potential negative impact related to respiratory illnesses due to contaminants from equipment emissions, as well as hearing impairment in operators due to cabin noise. These conditions not only affect the health and well-being of employees, but can also lead to decreased productivity and increased absenteeism. This can have long-term consequences for both employees and the company. In addition, observations of non-compliance and the performance of substandard work despite training may indicate the need to reinforce an effective safety culture in order to avoid repeated accidents that affect the continuity of contracts, the deterioration of trust and the relationship with employees.

On the other hand, Ferreycorp has initiatives and agreements that assist the health of its employees, focusing on their physical and mental well-being, thus increasing employee satisfaction and loyalty. These initiatives improve the quality of life of employees, reduce absenteeism and increase productivity. Investing in the well-being of their employees through comprehensive wellness programs can lead to lower turnover rates and higher talent retention, which contributes positively to company stability and growth.

In addition, the requirement of standards and controls to take care of the integral health of employees and suppliers reinforces the safety culture within the company. The implementation of training programs and lectures on occupational health and safety enables employees to acquire in-depth knowledge of safety measures, significantly reducing the number of occupational accidents. It is important for the business to have a strong safety culture in order to be perceived as a more reliable and attractive company by stakeholders such as employees, customers and business partners, creating business opportunities. In addition, raising awareness of health and safety for sustainability through internal communication can also encourage more responsible and efficient practices, benefiting both employees and the company as a whole.

4.7 Diversity and inclusión

Negative impacts and risks	<ul style="list-style-type: none">• Cases of harassment of employees• Few growth opportunities for personnel not based in Lima• Little diversity in the Board of Directors and senior management.
Positive impacts and opportunities	<ul style="list-style-type: none">• New generations prefer more open and inclusive organizations• Greater inclusion of women in operations• Transformational culture for opportunities for personal growth and education in real estate, politics, etc. (without bias)• Strategic alignment by committee of managers working for D&I• Good corporate image through 8M campaigns• Good employer brand reputation, especially for women• Hiring the best program operators• Greater availability of ideas to solve problems by not discriminating proposals by gender or position

Ferreycorp faces several risks related to diversity and inclusion (D&I) that can negatively affect its work environment and reputation. One of the most serious problems is the existence of cases of employee harassment. These incidents not only create a hostile work environment and affect employee morale, but can also lead to significant legal and financial problems. Allegations of harassment in the workplace can result in costly litigation, compensation and a loss of reputation that affects the ability of the company to attract and retain talent.

Another major challenge is the lack of growth opportunities for staff who are not in Lima. This inequality can generate discontent and a perception of favoritism, which affects the motivation and commitment of employees in other regions. In addition, low diversity in senior management can limit the outlook and innovative capacity of the company. The companies with less diverse boards tend to be less able to adapt to market changes and the needs of a diverse customer base, which can affect their long-term competitiveness and sustainability.

Ferreycorp also has multiple opportunities to generate significant positive impacts through the effective implementation of D&I initiatives. New generations of workers prefer more open and inclusive organizations, which can help Ferreycorp attract and retain young, diverse talent. By promoting greater inclusion of women in operations and leadership roles, it enhances its reputation as an employer and benefits the business from a greater diversity of ideas and approaches. Inclusion of women and other underrepresented groups provides a competitive advantage in the marketplace.

In addition, a transformational culture driven by opportunities for personal growth and education in diverse, unbiased fields can significantly improve employee satisfaction and engagement. Initiatives such as 8M campaigns and D&I committee work strategically align with company goals, creating a more inclusive and equitable work environment. The companies with a strong D&I culture not only have a better corporate image, but are also seen as leaders in social responsibility, which can attract both customers and investors interested in ethical and progressive companies. In addition, the availability of a wider variety of problem-solving ideas, by not discriminating proposals by gender or position, can foster innovation and improve operational efficiency throughout the organization.

4.8 Extended product liability

Negative impacts and risks	<ul style="list-style-type: none"> • Slow and simple response time as part of after-sales service • Investment and attention to emerging regulation on extended product liability • Use of machinery of the brands represented in illegal mining areas
Positive impacts and opportunities	<ul style="list-style-type: none"> • Pride of employees in extending the life of machines through overhaul • Additional revenue through overhaul of remanufactured products • Customer satisfaction due to increased machine life through overhaul • Customers save costs for overhaul costs • Contribution to the mining industry for decarbonization plans through more eco-efficient machines.

The implementation of extended product responsibility presents several negative impacts and risks for Ferreycorp. A significant challenge is the slow and simple attention in responses as part of after - sales service. Lack of efficiency in after - sales service can generate dissatisfaction among customers, eroding trust and affecting the reputation of the company. In addition, the attention and investment required to comply with emerging regulations on extended product liability can represent a considerable financial and operational burden. These regulations, while necessary for sustainability, may require significant changes to existing processes and systems, increasing operating costs and diverting resources from other strategic areas.

Another important risk is the use of machinery of the brands represented in illegal mining areas. Ferreycorp could face reputational and legal problems if its equipment is used in activities that do not comply with regulations. This risk not only threatens the corporate image of the company, but could also jeopardize the contractual relationship with Caterpillar.

Managing these risks requires continuous vigilance and the implementation of rigorous controls to ensure that machines are used in an ethical and responsible manner, which can be a complex and costly process.

In contrast, extended product responsibility management offers opportunities such as increased customer satisfaction, as the overhaul process extends the useful life of machines, providing them with performance comparable to new equipment at a significantly lower cost. This cost savings for customers not only strengthens the business relationship, but can also attract new buyers looking to maximize their investment in heavy equipment. In addition, product rebuilds generate additional revenue for Ferreycorp, diversifying its revenue streams and consolidating its position in the market as a sustainable solutions provider.

Another key opportunity lies in the pride of employees in participating in processes that promote sustainability. By extending the life of machines through overhaul, employees feel they are directly contributing to the circular economy and reducing waste. This sense of purpose can improve team morale and engagement, resulting in higher productivity and talent retention. In addition, by offering more eco - efficient machines, Ferreycorp contributes to the decarbonization plans of the mining industry, positioning itself as a strategic ally in the fight against climate change and attracting customers seeking to minimize their environmental footprint.

5 Application of Corporate Sustainability Assessment Requirements in Materiality

5.1 Materiality Analysis

Through this report, the materiality determination process and how the materiality analysis is carried out are evidenced, complying with the following variables:

- ✓ The materiality analysis is conducted and reviewed once every two or more years.
- ✓ External stakeholders participate in the identification of material topics.
- ✓ Material topics are prioritized in a materiality matrix.
- ✓ The evaluation is based on the principle of double materiality and considers the internal impact on the company, as well as the external impact on society and the environment.
- ✓ The results of the materiality assessment are signed by top management.

Furthermore, the materiality assessment process is verified by an external assurance provider.

5.2 Materiality for the Creation of Business Value (topics and metrics)

Material Topic Name	Extended Product Responsibility	Customer Relations	Talent Development
Material Topic Category	Sustainable Products and Services	Customer Relations	Health and Safety
Business Case	<p>Extended product responsibility is relevant to our management approach due to our commitment to the environment and its impact on value creation for the business. The implementation of review processes allows us to extend the useful life of machines, offering customers greater benefits such as performance comparable to new equipment at a lower cost. This not only increases customer satisfaction (strengthening business relationships and attracting new buyers) but also generates additional income through the sale of rebuilt equipment. By diversifying its sources of revenue, Ferreycorp strengthens its position in the market as a provider of sustainable solutions. Furthermore, investing in more</p>	<p>Ferreycorp, through its subsidiaries in Peru and abroad, is engaged in the commercialization of capital goods from prestigious and well-recognized brands, as well as related services in various Latin American countries. To achieve this, the organization develops capabilities that allow it to earn customer preference, maintaining a high market share in the lines it distributes. Customer satisfaction and loyalty are crucial, as satisfied customers not only continue purchasing products and services but also provide positive referrals, attracting new clients. Investing in effective after-sales service, prompt and high-quality attention, and prioritizing customer well-being over repairs strengthens customer loyalty and increases</p>	<p>Health and safety conditions are critical for Ferreycorp due to the operational risks involved. Workplace accidents and respiratory diseases caused by pollutants can lead to operational disruptions and significant economic losses. Failure to comply with safety standards may result in regulatory penalties, costly litigation, and reputational damage, affecting relationships with key customers 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 supervision, and the active role of corporate leaders. This system reflects the</p>

	eco-efficient machines contributes to the mining industry's decarbonization plans, attracting customers seeking to minimize their environmental footprint.	repeat sales. Moreover, Ferreycorp's reputation as a reliable and ethical supplier in bidding processes enhances its competitive position and opens new business opportunities.	company's commitment to protecting its employees, aligned with its corporate values of fairness, integrity, and respect for the individual.
Type of Business Impact	Revenue	Revenue	Risk
Business Strategy	<p>Ferreyros has successfully rebuilt more than 100 Caterpillar machines over the past 3 years, contributing to the product's circular economy by giving new life to units for field production. Rebuilding is made possible through the Certified Cat Rebuild Program, as well as Ferreyros' general equipment rebuild (overhaul) program, which offers the possibility of refurbishing a wide range of machines according to each customer's needs.</p>	<p>There are six best practices through which subsidiaries implement a customer experience management model aimed at fostering loyalty:</p> <ul style="list-style-type: none"> • Designing experiences aligned with the brand promise of products and services. • Regular information-gathering mechanisms such as the "Voice of the Customer" survey. • Specification of loyalty indicators (satisfaction, repurchase, recommendation). • Implementation of service recovery actions. • Analysis of customer pain points or insights. • Specification of initiatives to improve customer experience and/or enhance the product and service value proposition. 	<p>Implementation of a robust Management System, aligned with international standards such as ISO 45001 and Law No. 29783, covering 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 safety and health culture. • 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.

			<ul style="list-style-type: none"> • Control and monitoring through audits and the Safety and Health Committee. • Incident Response and Continuous Improvement with protocols for immediate medical assistance, root cause investigation, and corrective measures.
Objective or Metric to Measure Progress in the Topic	15% increase compared to the previous year	5% increase compared to the previous year	10% reduction compared to the previous year
Target Year	2024	2024	2024
Objective Progress	<p>In 2023, 45 machines were rebuilt.</p> <p>Reference: Page 78 of the 2023 Sustainability Report</p>	<p>In 2023, all our companies had a satisfaction level above 60%, with Ferreyros achieving 73%.</p> <p>Reference: Page 39 of the 2023 Sustainability Report</p>	<p>In 2023, an LTIFR of 1.72 for employees and 1.54 for contractors was recorded.</p> <p>Reference: Pages 64 and 65 of the 2023 Sustainability Report</p>

5.3 Materialidad para grupos de interés (temas y métricas)

Material Topic Name	Customer Relations	Health and Safety
Material Topic 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 Impacted Stakeholders Assessed	<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 for External Stakeholders	<p>The impact is positive. The management of this material topic is crucial for our stakeholders (especially our clients) because it directly affects the quality and reliability of the service they receive. Delays in service can result in operational and economic losses for clients, negatively impacting their own operations and objectives.</p> <p>On the other hand, a positive relationship with Ferreycorp brings numerous benefits to customers. High loyalty among mining clients</p>	<p>The focus on health and safety is crucial due to its direct (both positive and negative) impact on employee well-being. Implementing high standards significantly reduces workplace accidents and illnesses, leading to fewer operational disruptions and lower costs related to compensation and medical treatment. This protection is essential for maintaining employee trust and loyalty, both of which are vital for the company's productivity and sustainability.</p>

	<p>ensures continuity and stability in their operations, which is crucial for planning and executing their projects. Ferreycorp's contribution to the growth and maturity of its clients helps enhance their operational and competitive capabilities. Furthermore, prioritizing customer well-being ensures a quick and efficient response to breakdowns or failures, minimizing downtime and additional costs. Ferreycorp's commitment to high bidding standards ensures that clients receive products and services that meet expectations and regulatory requirements, strengthening their own reputation and regulatory compliance.</p>	<p>Additionally, 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 employees but also surrounding communities and the environment, enhancing the company's reputation and strengthening its social license to operate. Stakeholder perception improves when Ferreycorp shows responsibility and leadership in health and safety, creating a safer and healthier environment for all.</p>
Metric Used to Measure the Environmental/Social Outcome	<p>In 2023, all our companies recorded satisfaction levels above 60%, with Ferreyros standing out at 73%.</p> <p>Reference: Page 39 of the 2023 Sustainability Report</p>	<p>In 2023, the contractor accident rate was 0.055 within Ferreycorp's corporate structure and its companies operating in Peru.</p> <p>Reference: Page 66 of the 2023 Sustainability Report</p>
Impact Assessment Performed	<p>Category: Other</p>	<p>Category: Health costs generated / avoided</p>
Description of the Assessed Impact	<p>Business continuity, job creation, and development</p>	<p>Well-being and safety of all individuals providing services to Ferreycorp</p>

Quantitative Metric Used to Measure the External Impact	<p>The Loyalty Score (NLS) goes beyond customer satisfaction as it considers satisfaction levels, repurchase intention, and recommendation intention.</p> <p>Page 40 of the 2023 Sustainability Report</p>	<p>The accident rate shows a minimal investment required for contractor accident assistance, being lower than 0.1.</p> <p>Reference: Page 66 of the 2023 Sustainability Report</p>
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6 Application of standard S1 and S2

The primary objective of IFRS S1 is for companies to disclose information about their sustainability-related risks and opportunities. This information is crucial for investors to make informed decisions regarding the provision of resources to the company.

Since an entity's ability to generate cash flows in the short, medium, and long term is closely linked to its interactions with stakeholders, society, the economy, and the natural environment, it is essential to understand how these factors influence its value chain. In this context, the entity's dependencies and impacts on these resources and relationships create both sustainability risks and opportunities.

Therefore, this standard requires companies to disclose any sustainability risk or opportunity that could reasonably affect their cash flows, access to financing, or cost of capital in the short, medium, or long term. These elements fall under the term “sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.”

The information to be disclosed must be material—that is, relevant to the primary users of general-purpose financial reports—such that omitting, misstating, or obscuring it could influence these users' economic decisions. Once the material topics are determined, financial metrics related to performance on sustainability risks and opportunities must be established.

To this end, paragraph 46 states that the metrics required by an applicable IFRS Sustainability Disclosure Standard must be disclosed. In the case of Ferreycorp, it is recommended to apply the metrics suggested by the SASB standards for the “[Multiline and Specialty Retailers & Distributors](#)” sector, as well as those for the “[Industrial Machinery & Goods](#)” sector corresponding to its main represented brand, and the [Industry-Based Guidance for Climate-Related Disclosures](#).

However, since these documents do not cover all of Ferreycorp's material topics, and in alignment with paragraphs 57–58 of IFRS S1, disclosures may also be based on the requirements of other standards designed to meet the information needs of users of financial reports. The requirements of CDP, ESRS, and CDSB were reviewed but found to be unrelated to the company's material topics. Therefore, the requirements of the Global Reporting Initiative and the Corporate Sustainability Assessment will be considered.

The following table presents Ferreycorp's material topics, the metrics to be considered, and the sources of information for these metrics.

Table No. 11: Metrics Aligned to Material Topics

Material Topics	Source	Metric	Code
	Global Reporting Initiative	<p>Governance structure and composition</p> <ul style="list-style-type: none"> Describe your governance structure, including the committees of the highest governing body responsible for decision-making and oversight of the management of the organization's impacts. Describe the composition of the highest governing body and its committees by: <ul style="list-style-type: none"> Number of executive and non-executive members Independence Tenure of members in the governing body Number of other significant positions and commitments of each member and the nature of these commitments Gender Underrepresented social groups Skills relevant to the organization's impacts Stakeholder representation 	2-9
		<p>Appointment and selection of the highest governing body</p> <ul style="list-style-type: none"> Describe the processes for appointing and selecting the highest governing body and its committees. Describe the criteria used to appoint and select members of the highest governing body, and indicate whether stakeholder (including shareholder) input is considered, as well as: <ul style="list-style-type: none"> Diversity Independence Skills relevant to the organization's impacts 	2-10
		<p>Role of the highest governing body in overseeing impact management</p> <ul style="list-style-type: none"> Describe the role of the highest governing body and senior executives in developing, approving, and updating the organization's purpose, mission or value statements, strategies, policies, and sustainability-related objectives. 	2-12

			<ul style="list-style-type: none"> Describe the role of the highest governing body in overseeing the organization's due diligence and other processes to identify and address its impacts. <ul style="list-style-type: none"> How is the highest governing body involved in stakeholder engagement? How does the highest governing body consider the results of these processes? Describe the role of the highest governing body in reviewing the effectiveness of the organization's processes, and the frequency of such reviews. 	
		Corporate Sustainability Assessment	Board effectiveness <ul style="list-style-type: none"> Board meeting attendance: <ul style="list-style-type: none"> Average attendance rate of all board members Minimum attendance percentage for all board members Board mandates: <ul style="list-style-type: none"> Number of non-executive/independent directors with four or fewer other mandates Limits on other mandates for non-executive/independent directors Board performance: <ul style="list-style-type: none"> Description of periodic self-assessment of board performance Description of periodic independent assessment of board performance Election process: <ul style="list-style-type: none"> State whether board members are elected/re-elected annually State whether members are elected individually or as a slate 	1.2.6
			Board industry experience <ul style="list-style-type: none"> Number and names of independent or non-executive directors with industry experience 	1.2.8
G2	Compliance, Ethics, and Integrity	Corporate Sustainability Assessment	Code of Conduct <ul style="list-style-type: none"> Include the following aspects: <ul style="list-style-type: none"> Corruption and bribery Discrimination Information confidentiality Conflicts of interest Antitrust/anti-competitive practices Money laundering and/or insider trading Environment, health, and safety Whistleblowing 	1.5.2
			Corruption and bribery <ul style="list-style-type: none"> Anti-Corruption Policy must include 	1.5.3

			<ul style="list-style-type: none"> o Any kind of bribery (including illegal commissions) in any part of contract payments or soft dollar practices o Direct or indirect political contributions o Charitable contributions and sponsorships 	
			<p>Code of Conduct: Systems/procedures</p> <ul style="list-style-type: none"> • Systematic definition of responsibilities and reporting lines across all divisions and companies within the group • Specific help services, focal points, ombudsperson, hotlines • Compliance linked to employee remuneration • Compliance integrated into employee performance evaluation systems • Disciplinary measures in case of breach • Compliance system certified/audited/verified by third parties 	1.5.4
			<p>Reporting of breaches</p> <ul style="list-style-type: none"> • Number of violations in: <ul style="list-style-type: none"> o Corruption or bribery o Discrimination or harassment o Customer privacy o Conflicts of interest o Money laundering or insider trading 	1.5.5
M 2	Relationship with Represented Brands	Corporate Sustainability Assessment	<p>Quality management and distribution network audits</p> <ul style="list-style-type: none"> • Quality management system <ul style="list-style-type: none"> o Written documentation on customer service quality standards o Regular regional/national/corporate customer service quality management workshops o Formal training programs for distributors • Audits <ul style="list-style-type: none"> o Periodic internal audits of the product/service distribution network (%) o Periodic external audits based on the company's defined Quality Management System (%) o Periodic external audits based on ISO 9000 series or other quality management systems (%) 	3.6.3
			<p>Incentives for distribution networks</p> <ul style="list-style-type: none"> • Description of discount/rebate policies with distributors 	3.6.4
M 3	Customer Relations	Corporate Sustainability Assessment	<p>Online strategies and customers</p> <ul style="list-style-type: none"> • % of total customers using online service solutions/sales platform 	3.6.1

			<ul style="list-style-type: none"> % of revenue generated online (e.g., through direct sales, advertising, etc.) 	
			Customer satisfaction measurement <ul style="list-style-type: none"> Satisfaction measurement methodology Satisfaction KPI for the past four years Current year satisfaction KPI target KPI scope (%) 	3.6.2
S1	Talent Development	SASB – Multiline and Specialty Retailers & Distributors	1) Average hourly wage and 2) percentage of store employees earning minimum wage, by region	CG-MR-310a.1
			Voluntary (1) and involuntary (2) turnover rates for store and distribution center employees	CG-MR-310a.2
			Total amount of monetary losses resulting from legal proceedings related to labor law violations	CG-MR-310a.3
		Corporate Sustainability Assessment	Training and development inputs <ul style="list-style-type: none"> Average training and development hours per FTE Average investment per FTE in training and development Breakdown of hours/investment by age group, gender, job category, ethnicity/nationality, and/or type of training 	3.3.1
			Employee development programs	3.3.2
			Human capital return on investment	3.3.3
S2	Health and Safety	SASB – Industrial Machinery & Goods	(1) Total Recordable Incident Rate (TRIR), (2) Fatality Rate, and (3) Near Miss Frequency Rate (NMFR)	RT-IG-320a.1
S4	Diversity and Inclusion	SASB – Multiline and Specialty Retailers & Distributors	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, and (c) all other employees.	CG-MR-330a.1
			Total monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2
A6	Responsabilidad extendida del producto	SASB – Industrial Machinery & Goods	Revenue from remanufactured products and remanufacturing services.	RT-IG-440b.1

It is worth noting that the SASB standards for the “[Industrial Machinery & Goods](#)” sector, as well as for the “[Multiline and Specialty Retailers & Distributors](#)” sector, together with the [Industry-Based Guidance for Climate-Related Disclosures](#), suggest metrics related to topics that were not identified as material for Ferreycorp.

Similarly, the following table lists these non-applied metrics for potential consideration in the future.

Table No. 12: Metrics Not Linked to Ferreycorp’s Material Topics

Topic	Source	Metric	Code
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Energy Management	IFRS S2 Industry-based guidance – Volume 50 – Industrial Machinery & Goods IFRS S2 Industry-based guidance – Volume 6 – Multiline and Specialty Retailers & Distributors SASB – Industrial Machinery & Goods SASB – Multiline and Specialty Retailers & Distributors	(1) Total energy consumed, (2) percentage from grid electricity, (3) percentage from renewable sources	RT-IG-130 a.1 CG-MR-13 0a.1
Fuel Savings and Use-Phase Emissions	IFRS S2 Industry-based guidance – Volume 50 – Industrial Machinery & Goods SASB – Industrial Machinery & Goods	Fuel economy of fleet in relation to sales for medium- and heavy-duty vehicles	RT-IG-410 a.1
		Fuel economy in relation to sales for non-transportation equipment	RT-IG-410 a.2
		Fuel economy in relation to sales for stationary generators	RT-IG-410 a.3
		Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) from: (a) marine diesel engines, (b) locomotive diesel engines, (c) medium- and heavy-duty on-road diesel engines, and (d) other non-road diesel engines	RT-IG-410 a.4
Activity Metrics		Number of units produced by product category	RT-IG-000. A
		Number of employees	RT-IG-000. B
Activity Metrics	IFRS S2 Industry-based guidance – Volume 6 – Multiline and Specialty Retailers & Distributors SASB – Multiline and Specialty Retailers & Distributors	Number of: (1) retail locations and (2) distribution centers	CG-MR-00 0.A
		Total floor area of: (1) retail space and (2) distribution centers	CG-MR-00 0.B
Materials Sourcing	SASB – Industrial Machinery & Goods	Description of management of risks associated with the use of critical materials	RT-IG-440 a.1
Data Security	SASB – Multiline and Specialty Retailers & Distributors	Description of approach to identifying and addressing data security risks	CG-MR-23 0a.1
		(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-23 0a.2
Product Sourcing, Packaging, and Marketing	SASB – Multiline and Specialty Retailers & Distributors	Revenue from products certified by third parties according to environmental or social sustainability standards	CG-MR-41 0a.1

		Discussion of processes to assess and manage risks or hazards associated with chemicals in products	CG-MR-41 0a.2
		Discussion of strategies to reduce the environmental impact of packaging	CG-MR-41 0a.3

7 Recommendations

Given the high relevance of material topics, it is suggested to prioritize their management through their inclusion in the company's strategic plan, the definition of goals, and the generation of first-line evaluations regarding the performance of these indicators.

7.1 Corporate Governance

It is recommended to strengthen compliance with clear governance policies and ensure the active participation of all board members, in order to mitigate risks associated with a lack of transparency. Leveraging identified opportunities involves fostering a culture of transparency and accountability, implementing regular internal audits, and promoting board diversity to enhance decision-making.

7.2 Compliance, Ethics, and Integrity

It is recommended to strengthen ethics and compliance training programs, alongside the establishment of effective and protected whistleblowing mechanisms. Maximizing opportunities entails creating an organizational culture based on integrity, highlighting the competitive advantages of maintaining high ethical standards, and promoting the company's reputation as a reliable and responsible partner.

7.3 Relationship with Represented Brands

It is recommended that, while the company maintains a strong relationship with its main represented brand, it should also focus on strengthening and adequately managing relationships with all other brands in its portfolio. This involves establishing monitoring mechanisms and ongoing communication with each brand, ensuring their needs and expectations are addressed promptly and effectively. By allocating adequate and specialized resources to each brand, the company can guarantee consistent, high-quality support, promoting strategic alignment and maximizing synergies for mutual growth.

7.4 Customer Relationships

It is recommended to continuously improve communication and feedback channels with customers in order to provide high-quality after-sales service. To maximize opportunities, loyalty and service personalization programs should be developed to increase customer satisfaction, strengthen relationships, and foster long-term loyalty.

7.5 Talent Development

It is recommended to strengthen development programs so that they are accessible to everyone, as well as recognition and reward systems to maintain employee motivation. To seize opportunities, the company should continue offering personal and professional growth opportunities aligned with strategic objectives, thereby attracting and retaining top talent.

7.6 Health and Safety

It is recommended to strengthen safety training programs by taking employees' concerns into account and conducting periodic audits to reduce the risk of workplace accidents and ensure compliance with regulations. Leveraging opportunities involves implementing wellness programs to improve employees' quality of life and fostering a shared safety culture among all workers.

7.7 Diversity and Inclusion

It is recommended to strengthen the anonymous reporting system and create mentorship and training programs for employees outside Lima to address the risks of harassment and unequal opportunities. Likewise, to maximize opportunities, programs for female leadership development should be promoted, diversity targets should be set for senior management, and an inclusive culture should be fostered to attract young and diverse talent.

7.8 Extended Product Responsibility

It is recommended to develop monitoring and traceability systems to improve after-sales customer service processes and mitigate risks related to the use of machinery in illegal mining. Leveraging opportunities involves fostering internal pride in sustainable practices, developing a product reconstruction business line, and promoting eco-efficient machinery as part of decarbonization efforts.

7.9 Application of the CSA

It is recommended to increase the frequency of materiality analysis reviews to an annual cycle, ensuring a more agile response to changes in the business environment and stakeholder expectations. Furthermore, it is recommended to strengthen the participation of external stakeholders through regular consultations and collaborative workshops, ensuring that results are reviewed and validated by senior management for greater transparency and commitment. Regarding information disclosure, relevant metrics and their progress should be made publicly available, as well as whether executive compensation is linked to achieving these goals.

7.10 Application of IFRS S1 and S2

For effective implementation of the IFRS S1 and S2 standards, it is recommended to establish an internal committee dedicated to sustainability and climate-related risks. This committee should include members from various areas of the company, including finance, operations, sustainability, and compliance. Its role will be to proactively manage sustainability and climate-related risks and opportunities, ensure the quality and accuracy of disclosed information, and align with IFRS standards.

For example, notes in the financial statements are a key place to provide additional information on material topics. This could include:

- **Commitment:** “Ferreycorp is committed to environmental sustainability and has implemented various initiatives to reduce its carbon footprint and improve the energy efficiency of its operations.”
- **Financial Impact:** “During fiscal year 2023, the company invested \$10 million in renewable energy technology for its facilities. This investment is expected to reduce operating costs by 15% over the next five years.”
- **Associated Risk:** “Climate change poses risks to Ferreycorp’s supply chain, including potential disruption due to extreme weather events. The company has established a \$5 million contingency fund to mitigate these risks.”

Another key example is recognizing liabilities and assets in the balance sheet associated with sustainability initiatives:

- **Environmental Liabilities:**
“Ferreycorp has recognized a \$3 million liability related to environmental restoration obligations for its operational sites, in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.”
- **Sustainability Assets:**

“The company has capitalized \$8 million in green technology assets under IAS 16 – Property, Plant and Equipment, which will be depreciated over 10 years.”

This committee initiative will not only ensure regulatory compliance but will also strengthen the company’s ability to effectively identify and respond to emerging sustainability and climate-related risks and opportunities.

ANNEXES

responde

Annex 1. Process Materials

The following folder [Annex 1 – Final Report](#) contains:

1. Context Analysis
2. Presentation to the Board of Shareholders (March 2024)
3. Presentation for Interviews with stakeholders and leaders
4. Presentation for Interviews with Ferreycorp CEO, Ferreyros CEO, Regional Accounts Manager, and CAT Representative (June 2024)
5. Impact and Materiality Matrix

The validity of the folder will be four years within the Responde domain.

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