

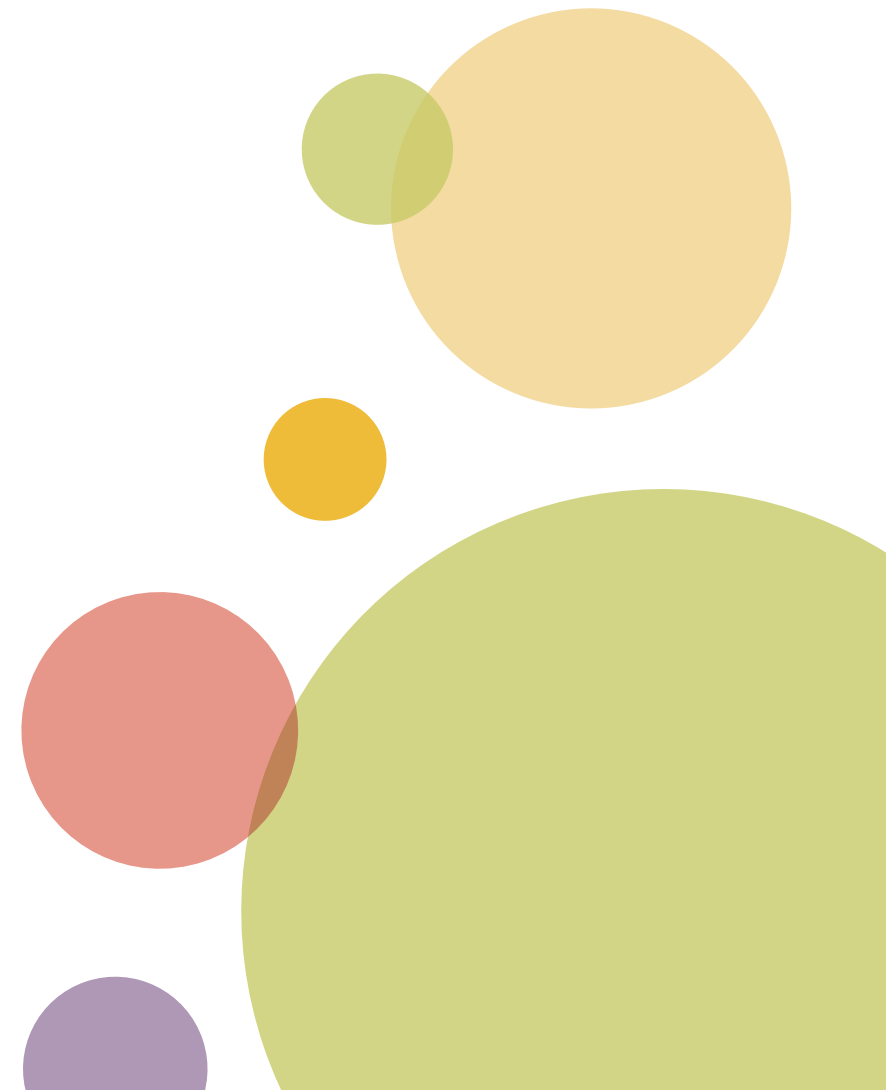


ALGARROBOS
ORGANICOS
{PERU}

**ANNUAL
REPORT
2021-2022**

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DEAR READERS:

In this second report I would like to thank each of you (partners, directors, suppliers, communities, associations, collaborators and clients), for the trust placed in our organization during this 2021-2022.

It has been a year full of many difficulties, but above all of great challenges, in the midst of a deep political and social crisis.

Despite the difficult context, we have maintained our leadership and reference in the superfood industry by having a presence in all five continents. We thus fulfill our mission of providing the best Peruvian superfoods to the world, thanks to the wonderful team I am proud to lead.

At the beginning of 2022, we achieved a new social certification, "Fair Trade Good Practices", based on respect, transparency, equity and dialogue with our stakeholders.

We have strengthened our pillars as an organization by renewing our quality and safety certifications such as GMP, HACCP and BRC with AA rating. In this way, we maintain a quality system prepared to face any contingency, and ensure the quality and safety of our products.

**Carlos Escárte
Yovera**

CEO



We have also renewed our organic certifications for seven consecutive years, after strictly complying with national and international standards. We have consolidated, throughout the value chain, a sustainable and responsible system with the care and preservation of the natural ecosystems where our main raw materials come from, thanks to Peruvian native biodiversity.

We reaffirm our commitment as an environmentally and socially responsible company. Furthermore, we face this uncertain environment with commitment, perseverance, responsibility, teamwork and solidarity from all members of our organization.

I hope this report contains information that you will find useful. We will continue to work hard on our continuous improvement for the benefit of our stakeholders.



HISTORY

Algarrobos Orgánicos del Perú is a Peruvian company founded more than fifteen years ago by the Rivera Caso family, which started its activities in its first commercial channel: national fairs and biofairs.

The beginnings of our foundation are based on the rescue of the ancestral knowledge of the inhabitants of the coastal region, through the use and management of the dry mesquite tree forests, which allowed us to bring healthy products of high nutritional and sustainable value to the table of Peruvian families.

Today we are a company dedicated to the processing and commercialization of organic products from native biodiversity, with an annual production that amounts to 653 tons for the national and international market; realizing our purpose of bringing healthy food from sustainable production systems.

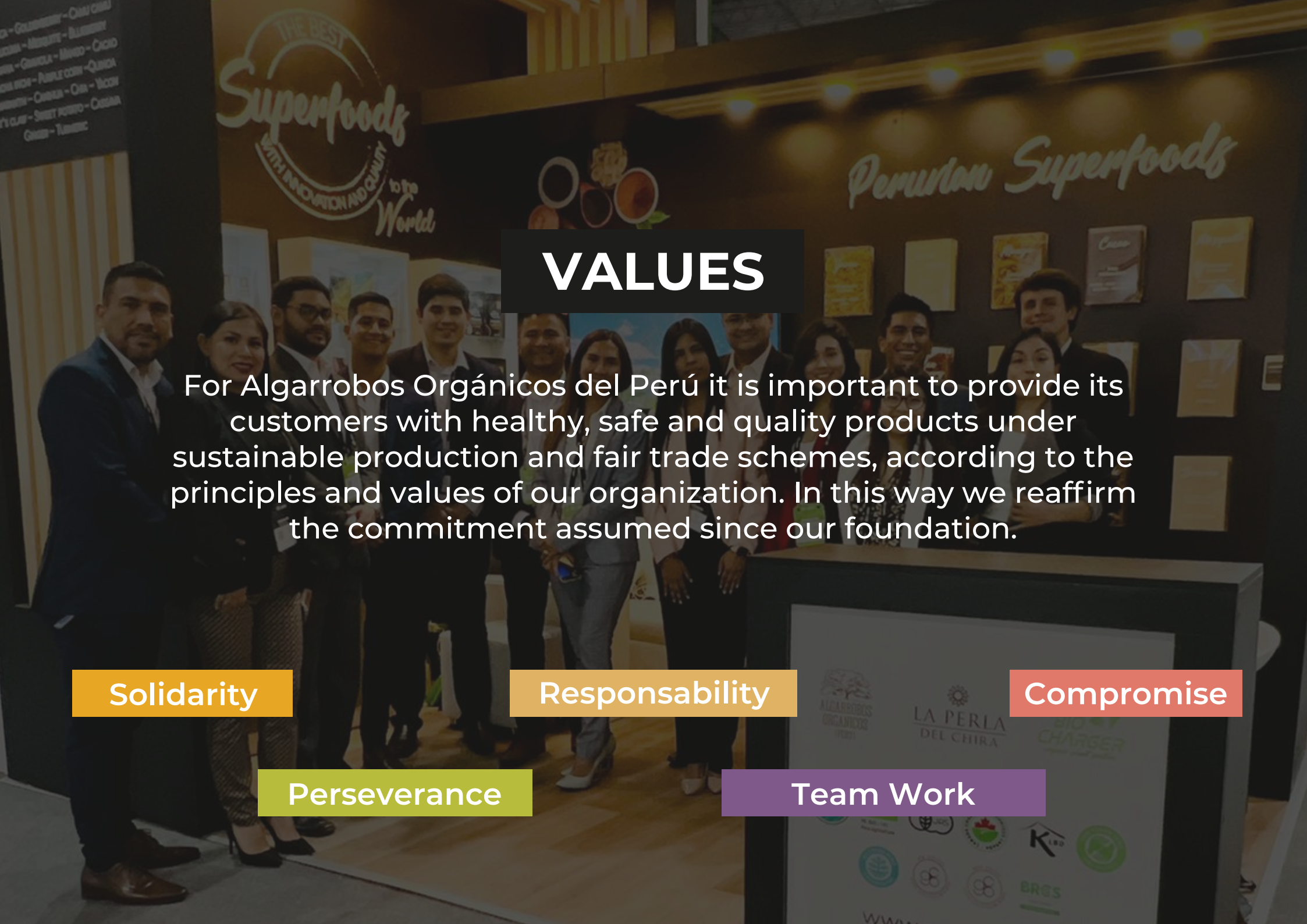


MISSION

We are a committed and responsible company in the production and marketing of **innovative Peruvian superfoods** guaranteeing our stakeholders a **fair trade with high standards of quality and sustainability.**

VISSION

To be one of the leading **strategic partners** of companies with healthy nutrition, ensuring innovation, sustainability and high standards in the global context.



VALUES

For Algarrobos Orgánicos del Perú it is important to provide its customers with healthy, safe and quality products under sustainable production and fair trade schemes, according to the principles and values of our organization. In this way we reaffirm the commitment assumed since our foundation.

Solidarity

Responsability

Compromise

Perseverance

Team Work



STRATEGIC OBJECTIVES

Aligned with the vision and mission, the strategic objectives for the period 2021 -2022 have been established for our organization.

ACHIEVE

10%

an increase in sales volume in international markets

ACHIEVE

14%

an increase of product participation in new markets, prioritizing the entry into markets the Latin American, Asian and Middle Eastern markets.

ACHIEVE

1%

the increase of the economic-financial value for the Organization.

ACHIEVE

50%

more than stakeholder (Customer) satisfaction.



OBJECTIVE 1:

Achieve an increase (10%) in sales volume in international markets.

- At the end of 2022, due to a strong decrease in the international market, it was not possible to achieve the 10% increase set as a goal, but it was achieved - 1% of the annual value of sales in exports compared to 2021.
- International sales in 2022 represented 95.6% to the BULK line (Maca powder, Maca Gelatinized Powder, organic Cacao Butter, organic Lucuma powder and organic Cacao Nibs) and 4.4% to the RETAIL line (Maca powder, Maca Gelatinized Powder, organic Camu Camu powder, Yacon Syrup and Cat's Claw powder) representing a sales value of US\$ 5,593,016.77.

- We incorporated new products to our sales such as ripe banana powder, ginger powder, maca chips, yacon, camu camu capsules, cat's claw capsules, cacao and derivatives.

In 2022 our portfolio was composed of 41 clients in the 5 continents, 6 of which correspond to recovered clients and 7 to new clients.

The following table summarizes the number of customers by type and sales value:

| TIPO DE CLIENTE | 2021 | | | 2022 | | |
|--|-----------|------------------------|-------------|-----------|------------------------|-------------|
| | # | \$ | % | # | \$ | % |
| Clientes tipo AD (>US \$500,001) | 3 | \$ 2.890.796,36 | 54% | 4 | \$ 3.620.775,02 | 68% |
| Clientes tipo A (>US \$250,001 < US\$500,000) | 2 | \$ 748.489,98 | 14% | 0 | \$ - | 0% |
| Clientes tipo B (>US \$100,001 < 250,000) | 7 | \$ 995.086,40 | 19% | 5 | \$ 769.105,70 | 15% |
| Clientes tipo C (>US \$50,001 < US\$100,000) | 5 | \$ 326.157,40 | 6% | 5 | \$ 381.013,59 | 7% |
| Clientes tipo D (<US \$50,000) | 23 | \$ 383.768,83 | 7% | 27 | \$ 522.122,46 | 10% |
| TOTAL | 40 | \$ 5.344.298,97 | 100% | 41 | \$ 5.293.016,77 | 100% |

OBJECTIVE 2

Achieve an increase (14 %) of product participation in new markets, prioritizing the entry into markets the Latin American, Asian and Middle Eastern markets.

- By 2022, we will reach **21 destination countries.** Our main markets are: United States of America 47%, Germany 25%, Bulgaria 11%, Japan 4% (new market), United Kingdom 3% and Brazil 2%.
- We achieved **37% growth in the German market** and added 1 new client to our portfolio.
- Re-entry into the **Spanish and Turkish markets.**

OBJECTIVE 3

Achieve the increase (1%) of the economic-financial value for the Organization.

- The turnover of our 5 main markets (United States, Germany, Bulgaria, Japan and United Kingdom) represents around 90% of the turnover for the year 2022.
- At the national market level, we did not reach our objectives (increase in sales); influenced by the social, political and economic context of the country, due to this, our efforts were focused on our bulk line, with a growth in our client portfolio in 6 new incorporations whose total turnover represented 20% at the end of the year 2022.
- Our profitability has grown in proportion to 1% with respect to the year 2021 due to our diversification in the market.

| Year | Total revenues |
|------|----------------|
| 2022 | \$ 5 600 000 |
| 2021 | \$ 5 375 025 |
| 2020 | \$ 4 981 767 |

OBJECTIVE 4

Achieve more than 50% stakeholder (Customer) satisfaction.

How satisfied are you with the easy of contacting the person you needed?

33,3%

Satisfied

66,7%

Very satisfied

How satisfied are you with the clarity on the information provided by your sales executive?

33,3%

Satisfied

66,7%

Very satisfied

How satisfied are you with the time taken to respond to written or telephone inquiries?

16,7%

Neither satisfied nor dissatisfied

16,7%

Satisfied

66,7%

Very satisfied

How satisfied are you with the lead time?

16,7%

Neither satisfied nor dissatisfied

50%

Satisfied

33,3%

Very satisfied

How satisfied are you with the packing, palletized and wrap of the goods?

33,3%

Satisfied

66,7%

Very satisfied

How satisfied are you with the quality of the product provided?

50%

Satisfecho

50%

Muy satisfecho

Does the product provided by AOP meet with all your requirements?

66,7%

Satisfecho

33,3%

Muy satisfecho

EXPORTS

EXPORTS

EXPORTS



Jean Pierre Cano

International Sales Chief

Area in charge of
maintaining the company's
profitability and growth
through **foreign sales.**



Incorporation of new international clients.



Upgrade of a client from type A to type AD, with a 541% increase in its share in 2021.



Reduction in the response time to requests, complaints and/or claims.

We have remained the main exporters of:



Maca



Camu camu



Lucuma



Mesquite

EXPANSION IN THE ASIAN MARKET

OPTIMIZATION OF PROCESSES WITH THE ERP ANT SYSTEM

NATIONAL COMMERCIAL

NATIONAL COMMERCIAL

NATIONAL COMMERCIAL



Angélica Salas

National Sales Chief

Area in charge of
maintaining the company's
profitability and growth
through **national sales.**

OUR CUSTOMERS

48%

Retail

Specialized stores selling natural, healthy, organic and celiac products.

13%

Bulk

39%

Direct sales



We have a broad customer portfolio distributed nationwide, with our main regions being: La Libertad, Tacna and Arequipa.

BIO 
CHARGER

Our Bio Charger protein line was promoted, resuming commercial actions for its distribution and commercialization.

THE SALES VOLUME OF OUR MAIN PRODUCT LINE "HONEY AND SYRUPS" HAS BEEN MAINTAINED

WE HAVE ADDED 4 NEW RETAIL CUSTOMERS AND RECOVERED 1 CUSTOMER FROM THE BULK CATEGORY

ACCOUNTING

ACCOUNTING

ACCOUNTING



Kathy Coronado

Accounting Chief

It provides information on the **financial, economic and tax status of the company,** which allows making decisions and planning strategies that generate profitability.



**100% compliance
with Accounting
Reports.**



**60% increase in the
refund of taxes paid in
excess.**

**100% COMPLIANCE
WITH TAX
OBLIGATIONS**

**100% IMPLEMENTATION
OF THE LOGINET
ERP SYSTEM**

COSTS MANAGEMENT

Algarrobos Orgánicos del Perú SAC has a Pricing Procedure, which establishes the criteria to be considered, which is available to its stakeholders and can be requested at info@aoperu.bio.

In the year 2022 the ERP (Enterprise Resource Planning) software was implemented 100%. The objective of which is:

The management processes of the company.

Integration of the different databases of a company in a single program.

Availability of the company's information in the same platform.

Time and cost savings.

In the year 2022, 100% of its implementation was completed.

OPERATIONS

OPERATIONS

OPERATIONS



César Berrocal

Operations Chief

It is the area in charge of **transfer and transformation of raw materials** in compliance with the quality standards until the delivery of the finished product finished product



The versatility and operability of the plant was improved through the creation of a new packaging area.



Improvements in the production process were achieved through the use of tools and analysis techniques for processes such as bottleneck and LEAN manufacture.

Creation of new products such as:

Cacao nibs sweetened
with panela

Ripe banana
powder

Cacao nibs sweetened
with yacon

PRODUCTION VOLUME

INCREASED BY 4.8%

WITH A TOTAL OF

684 t DURING 2022

AFTER OPENING UP TO

THE ASIAN MARKET, A NEW

ORGANIC STEAM DISINFECTION

PROCESS WAS CREATED

MARKETING MARKETING MARKETING



Alonso Arana

Marketing Coordinator

Area in charge of **developing marketing strategies,** addition to its development and planning, it also carries out the **visual identity of the company and its brands**

Increased product rotation through actions such as tastings at checkouts, events, personalized gondolas, exclusive promotions and contests at points of sale (stores), increasing product sales by 200% during the first month.

Increased by 25% the number of visits to the website by potential international clients from Asia, mainly Taiwan.

Increased engagement and organic reach in our main social networks.



+30k visits



+500k reach

Engagement: +2% (with respect to the year 2021)

Growth in our main social networks such as Instagram and Facebook through a social media and communication strategy that segments our two main brands (Algarrobos orgánicos and La Perla del Chira). **(Facebook: +15% / Instagram: +30%).**

Development and updating of a new website that is more practical for acquiring information and more interactive with users.



INCREASED VISITS TO THE WEB PAGE BY 29% IN 2022, AND DOUBLED ANNUAL VISITS TO THE U.S. COUNTRY LEVEL

PARTICIPATION IN NATIONAL AND INTERNATIONAL TRADE FAIRS, SUCH AS BIOFACH, NATURAL PRODUCTS EXPO WEST AND EXPOALIMENTARIA

HUMAN RESOURCES

HUMAN RESOURCES

HUMAN RESOURCES



Jackeline Rivera

Human Resources Chief

Area in charge of
generating value by
managing **human talent**
in the organization.

OUR TEAM

Number of Collaborators: 52 people

Gender equity and equal opportunities

60%
MEN

40%
WOMEN

In Algarrobos Organicos, men and women have equal access to employment and development opportunities, in this sense 60% of women occupy managerial positions and 40% are occupied by men.

60%
WOMEN

40%
MEN

Aligned procedures to the requirements of the quality management system as part of the implementation of new social certifications.

We collaborated in the process of constructing the Operational Plans for each area, participating as information gatherers and facilitators between the leaders and the external consulting team.

ADDITIONAL TALENT WAS ADDED TO THE ORGANIZATION DURING 2022 (12 VACANCIES FILLED)

REDUCED THE PERSONNEL TURNOVER RATE BY 2% COMPARED TO 2021



DEVELOPMENT AND PROMOTION:

We developed more than **30 trainings** and invested more than **1400 person-hours** in topics related to our operations: Costs, Safety, Occupational Safety and Health.

COMPENSATION

In 2022 we reviewed the compensation of our employees, awarded fair **increases and bonuses for excellence in performance**. The compensation we offer is within the labor market average.

We have implemented a new work flexibility benefit, offering the opportunity to reconcile work, family and personal life.

CLIMATE & CULTURE

Pillars of our corporate culture



Camaderie



Trust



Pride

Unique experience in the life cycle of our people

Onboarding focused on the person.

Entry

During

Exit

- Team and connections
- Learning and Development
- Compensation and benefits
- Genuine interest in people's wellbeing

Recognition and Off boarding that strengthens ties beyond the employment relationship

QUALITY MANAGEMENT

QUALITY MANAGEMENT

QUALITY MANAGEMENT



Ingrid Flores Ramos

Quality Management Chief

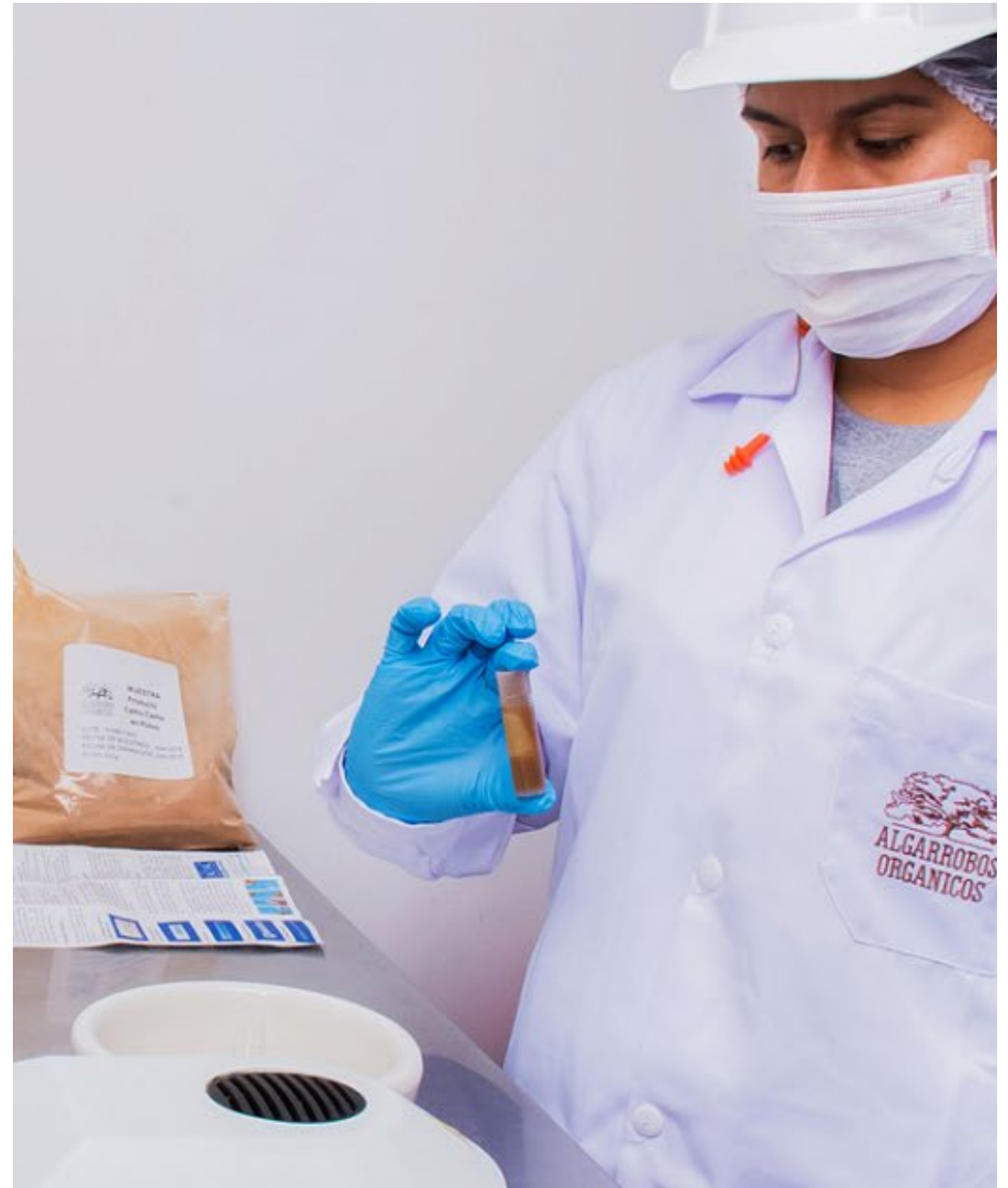
Area in charge of ensuring compliance with **national and international standards, controlling production processes** and ensuring that products comply with **customers' technical specifications.**

**BRCGS recertification
with "AA" rating.**

**Obtaining a new Social
certification: Good fair
trade practices.**

**Renewal of organic
certifications for 7
consecutive years.**

**Implementation of the
SMETA Audit: Ethical
Trade Audit.**





New analysis methodologies were implemented through the acquisition of new equipment.



The area's costs were reduced by 10% by optimizing its internal processes.

Achieved organic certification of 2 suppliers for **EU organic standards, NOP and RTPO** with the technical support of the area.

OUR CERTIFICATIONS

Certification is essential to generate trust, be more competitive, and strengthen the company's competitiveness.

ORGANICS

EUROPA, USDA-NOP, CANADA, JAS Y RTPO



PE-BIO-141
Peru agriculture



ESPECIFICS

KOSHER



QUALITY AND SAFETY FOOD

BPM, HACCP, BRC V8 "AA"



SOCIAL RESPONSABILITY

BPCJ



OTHERS

BIOCOMERCIO



BIODIVERSIDAD



Perú has 84 of the 117 life zones in the world, making it one of the 10 most megadiverse countries on the planet.

Owners of a wide variety of ecosystems, flora and fauna, genetic resources, culture and ancestral knowledge dating back more than 5 thousand years.

In this sense, mechanisms have been created to conserve and give a sustainable use to this wide range of biodiversity, one of them being Biocommerce, a business model that takes into account conservation criteria, social equity and economic profitability through the generation of added value of products from biodiversity, competitive for the national and international market.

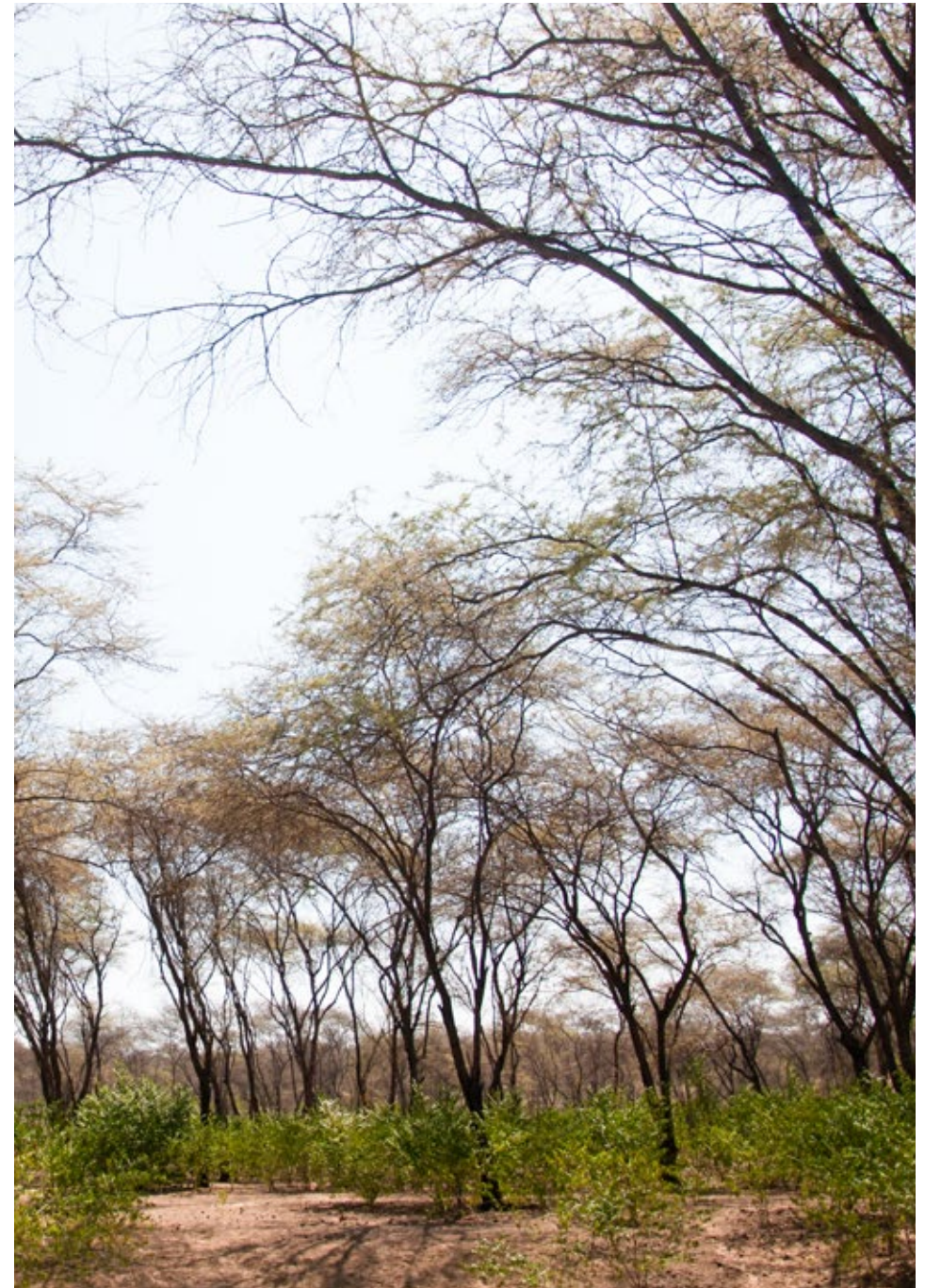
Since our foundation with the emergence of a business idea that sought to preserve the dry forests of mesquite in Piura that were highly depredated, we consolidated a joint work with the families in the communities surrounding this ecosystem for the use of the fruit in such a way that there could be an economic benefit for the families in the area without having to cut down the trees.

Thus beginning an impact not only economic and financial but also cultural, moral and social that Algarrobos Orgánicos del Perú has endured in these 15 years. We currently have the BIOCOMERCIO (PROMPERU) seal. Giving fulfillment of the principles and stipulated criteria.



PERÚ

Ministerio
de Comercio Exterior
y Turismo



GOOD FAIR TRADE PRACTICES

The certification of good fair trade practices (BPCJ) is a national seal whose principles are oriented to the achievement of corporate responsibility with stakeholders (suppliers, customers, workers and community) based on transparent and respectful relationships. To do so, companies must undergo an evaluation process to assess their compliance with the 10 criteria defined by PROMPERÚ based on ISO and international fair trade standards:



Creation of Opportunities for the Community



Good Business Practices



Capacity Building



Raising awareness of fair trade



Fair price payment

Internal and external transparency



Working conditions



Respect for the environment



Equal treatment

No child labor

Algarrobos Orgánicos del Perú is fully aware of the impacts generated by its economic activity, so since 2021 it has been complying with the 10 criteria of good fair trade practices (PROMPERU) through an Action Plan.

Actions carried out within the framework of fair trade certification:

Access and employment opportunities in our community

All of our job openings are disseminated in the communities closest to where we operate. This year, 10 people were incorporated in areas such as: Production, Human Resources, Quality, Logistic.

Productive workshops

Training for the community, aimed at the *comedores populares* of Villa el Salvador and Pachacamac on bio-gardens, preparation of food products, social networks for entrepreneurs, etc.

Employee training

Our employees were trained in health, wellness and fair trade awareness on topics related to World Food Day, stress management and control, equal treatment, no child labor, etc.

Technical support to field producers

We trained and provided technical support to producers for their certification as organic producers.

OCCUPATIONAL HEALTH AND SAFETY

For Algarrobos Orgánicos del Perú, occupational safety and health (OSH) is a fundamental right of all workers. Therefore, in accordance with the Occupational Safety and Health Regulations (Law No. 29783) we identify, evaluate and mitigate factors that can prevent occupational injuries and illnesses, providing safe and healthy working conditions.

During the 2021 - 2022 period, we did not record any injuries due to occupational accidents. We have also had no fatalities as a result of an occupational injury. We have safety devices, SCTR and ESSALUD for occupational accidents.



OCCUPATIONAL HEALTH AND SAFETY SYSTEM

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

Composed of 02 members representing all workers, who are elected by secret ballot and 02 members representing the company.

SEXUAL HARASSMENT INTERVENTION COMMITTEE

It took office in 2021. It is responsible for receiving and investigating complaints of sexual harassment in order to ensure an environment free of violence, is composed of 2 employee representatives elected by secret ballot and 2 representatives of the employer.

IPERC

Procedure for Hazard Identification, Risk Assessment and Controls for each work area in order to determine the measures to prevent or mitigate the risks associated with the worker.

The IPERC Matrix is reviewed and approved annually by the Occupational Health and Safety Committee.



MEDICAL EVALUATIONS

In Algarrobos Orgánicos del Perú we promote health, therefore pre-occupational, occupational and post-occupational medical evaluations are performed for all our collaborators, they are performed at the beginning, periodically and at the end of the labor relationship.

OSH TRAININGS

We have an annual training program, which is aimed at all members of the organization. In 2022 we implemented an Action plan to safeguard the safety and health of our personnel, reviewing the results of the last occupational monitoring. Among which the following stand out:

Change of PPEs and ergonomic furniture.

Training in Ergonomics for the workplace

Development of active breaks

Adjustment of internal procedures

ENVIRONMENTAL MANAGEMENT

Algarrobos Orgánicos del Perú is fully aware of the impacts generated by its production processes. Therefore, it has established environmental objectives and goals that prevent, control or mitigate emission sources.

As part of our certifications, we have developed various programs aimed at caring for the environment. We also have an environmental policy that guides our actions as an organization.

In 2021- 2022 we achieved 100% compliance with the program of actions focused on environmental care.

In our processing plant we have as first waste the usable waste, product of the transformation of maca, mesquite pods, cacao, lucuma, aguaymanto, etc. During 2021-2022 we reused 31,735.30 kg of this waste.

Being 80% directed as balanced feed for cattle and pigs in the department of Piura.

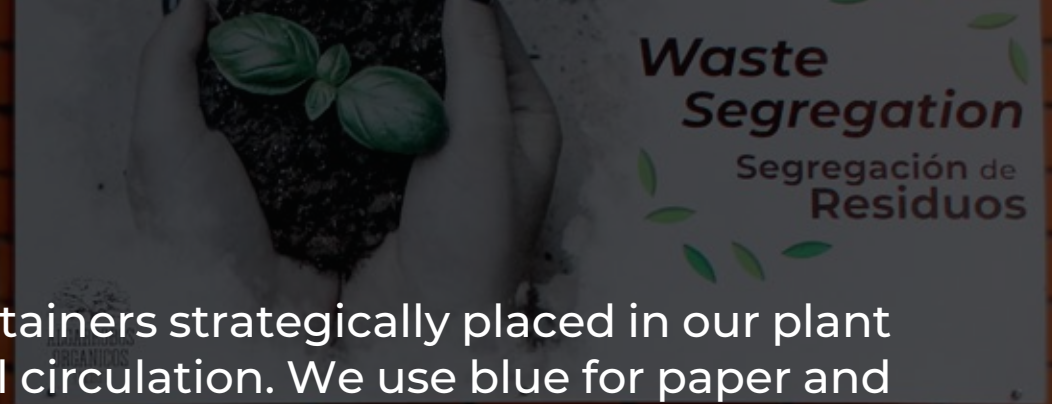
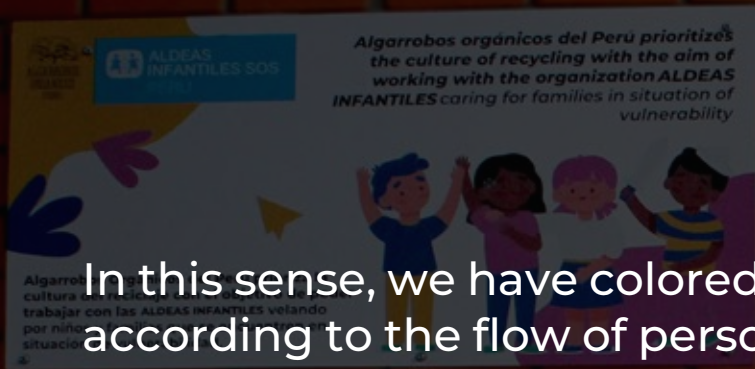
We have maintained our strategic alliances with Aldeas Infantiles and ANIQUEM (non-governmental charities); institutions that look after children's health and rights in order to direct a specific volume of solid waste for recycling.

In 2022, we have increased the volume donated by 137% compared to the previous year.

This significant increase in the volume of recycling donated was the result of environmental awareness activities aimed at all our employees in order to reinforce the correct handling and segregation of waste, highlighting the importance and benefits of this practice.

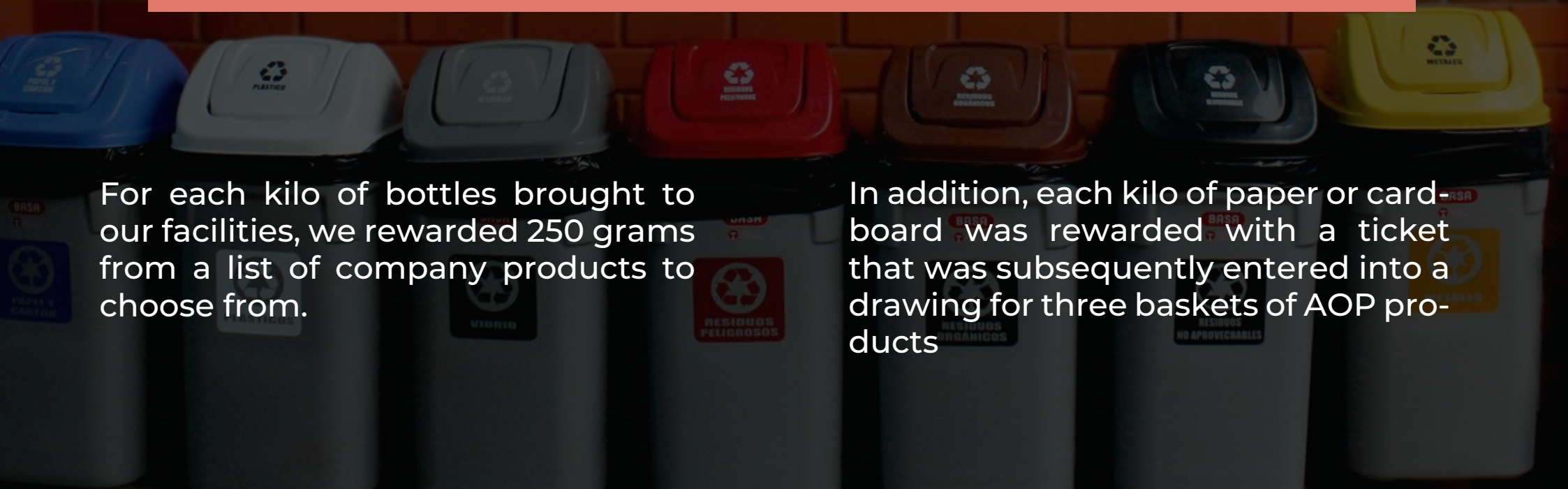


| TYPE OF WASTE | % INCREMENT |
|------------------|-------------|
| CARTON AND PAPER | 125% |
| BOTTLES | 392% |
| TOTAL DONATED | 137% |



In this sense, we have colored containers strategically placed in our plant according to the flow of personnel circulation. We use blue for paper and cardboard, white for plastic, gray for glass, red for hazardous waste, black for non-usable waste, brown for organic waste and yellow for metals.

On the other hand, we launched the **RECICLA Y GANA (RECYCLE AND WIN)** campaign, an incentive program that rewards employees with products from the organization.



For each kilo of bottles brought to our facilities, we rewarded 250 grams from a list of company products to choose from.

In addition, each kilo of paper or cardboard was rewarded with a ticket that was subsequently entered into a drawing for three baskets of AOP products.

SUPPLIERS

Our suppliers must comply with the technical specifications established considering the requirements of the destination market. Suppliers of raw materials, inputs and services must have the relevant certificates, permits, analyses or certifications in force.

The supplier selection and evaluation procedure seeks to ensure that the purchase of raw materials and supplies complies with the pre-established acquisition criteria. Several tools are used for this task, such as:

SUPPLIERS LIST

Algarrobos Orgánicos del Perú has a list of approved suppliers who are evaluated annually and asked to update their documentation (Certificates, Affidavits, etc.).



SUPPLIER INSPECTION PROGRAM

If the supplier has any quality and/or food safety certification (HACCP, BRC, ISO, etc.), they are exempted from the annual visit. For suppliers that do not have the aforementioned, an annual visit is scheduled taking as priority criteria their criticality or observations that have been reported in an annual evaluation.

SELECTION OF NEW SUPPLIERS

For a new supplier of raw materials or inputs, the qualification will be made in the Supplier Selection Form, according to the following criteria:

Time of permanence in the market

Current organic documentation

Verification of pre-purchase or test sample.

Implementation of an innocuousness and/or quality management system

Other

In the case of forestry products, the supplier must accredit the pertinent authorizations or permits, forestry guide, etc. Approved suppliers must also submit sworn statements of allergen-free product and transport, as well as additional documentation that the quality area considers appropriate.

The organization establishes criteria to promote sustainable use in obtaining the raw material used in the production process.

Buying Procedure

It starts with a purchase order to the supplier where the conditions, form of payment and the characteristics and specifications of the requested items, among others, are detailed.

Since 2021 we are regulated by a **Supplier payment policy**



Pedro Rivera Caso

DIRECTOR

ACKNOWLEDGEMENT

Algarrobos Orgánicos del Perú appreciates the trust placed in our products and processes in this last period, we reaffirm the commitment to continue meeting the highest standards that we have developed over the years, satisfactorily fulfilling all the demands and needs exposed.

In this line we make a very special thanks to each of the members of the Algarrobos Orgánicos family; it is because of them that the company is on the right track, achieving the confidence and tranquility that our customers are looking for.

The Board of Directors and the General Shareholders' Meeting hope that in this new period we will be able to consolidate long-term relationships with our stakeholders that will allow us to continue bringing Peruvian biodiversity to the world with high quality and transparency.



ALGARROBOS
ORGANICOS
{PERU}

www.aoperu.bio