

**REPORT ON COMPLIANCE With THE CODE OF GOOD CORPORATE GOVERNANCE FOR PERUVIAN COMPANIES (10150)**

**Official Company Name:**

FERREYCORP S.A.A

**Year:**

2018

**Website:**

www.ferreycorp.com.pe

**Official name of the reviewing firm:<sup>1</sup>**

**RPJ:**

B60001

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<sup>1</sup> Applicable only in the event the information contained herein has been reviewed by a specialized Company (for example: an auditing or consulting firm).

## **METHODOLOGY:**

Companies with securities listed in the Public Registry of the Securities Market are obligated to publicly disclose their good practices of corporate governance. For this purpose, they report their adherence to the principles contained in the Code of Good Corporate Governance for Peruvian Companies<sup>2</sup>.

The information to be presented refers to the year ended on December 31 of the calendar year preceding its submission. Therefore, every reference to “the year” should be understood to mean the aforementioned period. The information is presented as an appendix to the company’s Annual Report according to the electronic forms established by the Superintendence of the Securities Market (SMV) to facilitate submission of the information in this report through the MVnet system.

In **Section A**, a letter of introduction from the Company, highlighting the most important advances made with regard to corporate governance during the year, is included.

In **Section B**, the degree of compliance with the principles making up the Code is disclosed. For this purpose, the report is structured according to the five sections it comprises:

- I. Shareholder’s Rights;
- II. General Shareholders’ Meeting;
- III. Board of Directors and Senior Management<sup>3</sup>;
- IV. Risk and Compliance; and,
- V. Transparency of Information.

Each principle is evaluated based on the following parameters:

- a) **“Comply or explain” evaluation:** Indicate the Company’s level of compliance with an “x”, taking the following criteria into account:

Yes : The Company fully complies with the principle.

No : The Company does not comply with the principle.

**Explanation:** In this field, if the answer marked is “No”, the Company must explain the reasons for which it did not adopt the principle or take action that could be considered progress toward compliance or partial adoption, as applicable. In addition, if the answer marked is “Yes”, the Company may provide information on compliance with the principle, if deemed necessary.

- b) **Supporting information:** Information that provides further details on how the Company has implemented the principle.

In **Section C**, the Company’s documents that regulate its policies, procedures or other relevant matters related to the principles being evaluated are listed.

In **Section D**, additional information not covered in the preceding sections or other relevant information the Company freely decides to mention is included, in order to give investors and different stakeholders a better understanding of the good practices of corporate governance implemented.

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<sup>2</sup> The Code of Good Corporate Governance for Peruvian Companies (2013) can be found in the Orientación – Gobierno Corporativo section of the portal of the Superintendence of the Securities Market [www.smv.gob.pe](http://www.smv.gob.pe).

<sup>3</sup> The term “Senior Management” refers to the CEO and other managers.

## SECTION A:

### Introduction letter<sup>4</sup>

**The Corporate Governance** is the set of principles and rules that clearly define the roles between property (shareholders), the board of directors and its administration (management).

**Good corporate governance practices** are derived from the principles that companies must take into account to improve their performance, the relationship with their main stakeholders and the way in which they present information to the market, in order to achieve sustainability over time. They constitute a set of internal policies and procedures that contribute to lead an organization, under a criterion of transparency and integrity, and to control the management of risks, which nowadays takes on special relevance with respect to the management of companies' reputation.

More than 15 years ago, the First Corporate Governance Code for Peruvian Companies was published in our country, as a result of a public-private effort that allowed to define key foundations of application in Peru. Some issuers such as Ferreycorp, at that time with 40 years on the stock exchange, had the valuable opportunity to share their experiences in close coordination with Procapitales to contribute to this initiative.

Since then, good corporate governance in Peru has been following an upward curve in the definition of its scope as the great frame of reference in the country and its assessment as an agent of change in organizations. Under the parameters of "comply or explain", companies self-evaluate each year and thus have a basis on which to adopt measures and plans of action with respect to their government.

More and more Peruvian companies are aware of the impact of corporate governance, which promotes professionalism and efficiency in business management, as well as transparency in information. Good governance inspires in the market greater confidence in the investments they intend to make when acquiring company securities, both stocks and debt instruments of local and international issue; increases the prestige and competitiveness of the organization; boosts its sustainable growth; it generates a feeling of pride among the collaborators; and contributes to its goal of creating value in the country.

In 1962, the original shareholders registered the shares of the company in the Lima Stock Exchange, and from that moment on, actions were taken in relation to the fair treatment of shareholders and governance policies that today are considered within the Principles of Good Corporate Governance.

This allowed the company's participation in the capital market to increase as an alternative source of financing in the 1990s.

In 1994, Ferreycorp started to actively participate in the Peruvian capital market, both in equity and fixed income. In 1997, it performed an international issue of shares (ADR) of only USD 20 million, which was favored by 50% of international shareholders. These events led Ferreycorp to optimize its internal processes to serve the shareholders, developing its capabilities. For example, by then we already had an Investors Relationship area that provided personalized service to shareholders, English-spoken

<sup>4</sup>

Describes the main actions implemented during the fiscal year with regard to the terms of good practices in corporate governance that the corporation considers relevant to point out, in line with the five pillars that make up the Good Corporate Governance Code for Peruvian Companies (2013): Shareholder rights, General Shareholders Meeting, Board of Directors and Senior Management, Risks and Compliance and Information Transparency.

teleconferences were held and quarterly press reports were issued. Initiatives in this area did not stop, but instead were assumed as a long-term effort: an ongoing process that requires full attention to market signals, will and permeability to continuously incorporate best practices in the field, counting with an active strategy from the highest levels of the corporation, the Board and the General Shareholders Meeting.

It is worth noting the subsequent inclusion of Ferreycorp since 2006 in the Companies Circle, driven by the International Finance Corporation (IFC) and the Organization for Economic Cooperation and Development (OECD), composed of a leading group of leading companies in corporate governance in Latin America, which exchanges experiences in this field and shares them with other organizations.

The Good Corporate Governance code for Peruvian Companies, updated in 2013, is divided into five pillars: i) Shareholders Rights; ii) General Shareholders Meeting, iii) Board of Directors and Senior Management; iv) Risk and Compliance and v) Information Transparency, to which Ferreycorp grants maximum relevance. The corporation has established its government guidelines in accordance with national and international regulations and with other global principles, in line with the values it has fostered in its 96 years of existence. The development of good corporate governance at Ferreycorp is a path of constant improvement.

### **Equal treatment to shareholders and investors**

The corporation recognizes and protects the rights of its shareholders and investors, as well as an equal and egalitarian treatment among them all, independently of their participation (majority or minority) and origin (national or foreign).

Some key activities to safeguard the rights of our shareholders are: providing them with relevant information on the corporation in a permanent manner; keep the corporate website updated with the information published to the market; as well as planning and calling shareholder meetings with the aim of achieving as much participation as possible, be it through direct or remote presence, or through powers of attorney. Likewise, internal mechanisms have been incorporated to monitor the resolutions adopted at the Shareholders' Meetings and report that through the website.

The corporation recognizes that one of the main rights of shareholders is to partake in the profits created by their investment; for this, it has a Dividend Policy, which it has fully complied with for more than 20 years. It is worth mentioning that the Annual Compulsory General Shareholders' Meeting of 2018 modified said policy to allow the payment of interim dividends.

Similarly, in order to give greater liquidity to its action, Ferreycorp has a market maker since 2016.

In addition, for the shareholders and investors to receive timely and reliable information, the corporation has an area exclusively dedicated to serving them: the Investor Relations and Securities Management, which is part of the Corporate Finance Management.

## **General Shareholders Meeting**

The Shareholders' Meeting is the instance where the key decisions are made for the operation of the company, which is why high importance is attached to the realization of this appointment.

It is very important for Ferreycorp that its shareholders participate actively in the decisions of the Shareholders' Meeting. That is why it has been sought to increase the quorum at the annual meeting and promote that the motions of the agenda are approved by the largest number of shareholders present at the meeting or represented through powers delivered in advance.

Thus, on March 28, 2018, the Annual General Shareholders' Meeting was held, duly convened through notices published in the newspapers El Comercio and El Peruano, via telephone, website, postal mail and e-mails.

It should be noted that shareholders are not only informed of the items on the agenda, but also receive information about the development of each of the proposals through a document called Proxy Statement, which is also published as a Significant Event on the corporate website. This allows shareholders to have full information on the points that they want to approve in the Meeting and can send their conscious vote. In this way, the presence of 152 shareholders was achieved, which, added to those who granted powers of attorney, allowed the March 2018 meeting to hold a session with a 76.02% quorum after the beginning of the session.

Due to the good practices regarding the calling for the meeting, disclosure of the agenda and the proposals of the Board, the two main international consultants who provided recommendations for the management of votes – Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co. – recommended all investors to vote in favor of all the proposals made on the March 2018 Meeting agenda.

During this meeting, the General Manager – who is responsible for the compliance and supervision of the resolutions adopted at the previous meeting – informed shareholders of the compliance with the resolutions of the 2017 Annual General Shareholders Meeting, which had already been reported by the Board of Directors and disclosed to the market on that same day as an Important Fact, as well as being published in the Ferreycorp website.

At the Shareholders' Meeting held on March 28, 2018, the Audited Financial Statements, the Annual Report and the following agenda items were approved, as detailed below:

- The distribution of cash dividends to shareholders, in line with the corporation's dividends policy in place since 1997 that establishes the criteria for profit sharing. By recommendation of the Board, the cash dividend was PEN 132,171,314.60, equivalent to PEN 0.1354654234 per share (13.54654234%) and it was paid to shareholders on May 2018.
- Modification of the Dividend Policy to allow the delivery of interim dividends.
- The Board's proposal to hire Gaveglío, Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of PricewaterhouseCoopers (PWC), was approved, para la auditoría financiera del ejercicio 2018 for the financial audit of the financial year 2018, delegating to the Board of Directors the negotiation of the terms of its contract.

At the meeting of the Board of Nominations, Remuneration, Corporate Governance and Sustainability Committee held on August 20, 2018, the Board of Directors was informed of the implementation of these agreements, which will also be reported to the Board in March 2019.

### **Structure and functioning of the Directory**

The role of the Board of Directors is fundamental in the creation of value for shareholders, since together with Management, it formulates the strategic plan of the corporation and its subsidiary companies. This is chosen by the Shareholders 'Meeting in a specific manner and the candidates' professional trajectory is made known to the shareholders through the Proxy Statement.

The directors not only participate in monthly sessions, but also in three special committees (Audit and Risks, Nominations, Remuneration, Corporate Governance and Sustainability, and Innovation and Systems), chaired by independent directors.

In 2017, an ad-hoc committee of the Board of Directors was created to follow up on the process of selling the investment in La Positiva, as well as accompanying the Presidency and the General Management in said sale operation.

Likewise, the Board of Directors carries out an annual self-assessment on its performance and its management is evaluated by an external consultant on an inter-annual basis.

The Board's policies and practices are defined in the Company's Bylaws and in its operating regulations, which include its responsibilities and functions, its conformation and the selection criteria, the induction procedure, the rules for its convocation and conduct of business. the sessions, the submission of information, its evaluation and the definition of its remuneration, among other aspects.

The Annual Compulsory Shareholders Meeting of March 29, 2017 elected the Board of Directors that will govern until 2020. In that year, the directors received an induction session. During 2018, a decentralized directory was made in Arequipa and the new Component Repair Center in La Joya was visited.

In addition, the members of the Board of Directors received training on the scope and implications for the corporation of the new tax and accounting standards

promulgated by the Executive Power with respect to: transfer prices and transactions with non-domiciled, Fibra / Firis and negotiable invoices, final beneficiary and amendments to the Income Tax Law.

Likewise, in the Board session of December 2018, a training was held on Board rules and procedures.

## **Risk and Compliance**

An important highlight is the Integral Risk Management Policy, approved by the Board, which covers all companies in the corporation. The mapping of the risks and the process for their control or mitigation are reported to the Auditing and Risks Committee.

Moreover, the corporation understands the importance of the efficiency and independency of the control environments. Its Board of Directors approves the comprehensive risk management policy that covers all the companies that make up the corporation and allows a global view of critical risks.

Ferreycorp has an internal auditor that carries out auditing tasks exclusively for the corporation and is autonomous, experienced and specialized on the matters being independently assessed. The internal auditor reports to the Board through its Auditing and Risks Committee, on the annual auditing plan, the results obtained and actions taken. Within this context, the internal auditor presented the 2018 auditing plan to the Auditing and Risks Committee, and thereafter provided periodical reports on the results of the auditing for each company of the corporation.

Moreover, the corporation has an area dedicated to risk control, and employees strategically trained on risk analysis, crisis and business continuity, which review the strategic, operational and financial risks. During 2018, the mapping of risks of Ferreycorp subsidiaries and the process that defines the measures to control or mitigate them was presented to the Auditing and Risks Committee.

The General Management periodically monitors the risks to which the corporation is exposed to (Strategical, Compliance, Operational and Financial) and the Risk Area periodically updates the risks mapping and classifies them according to severity (critical, high, moderate and low), coordinating with each General Management of the subsidiary companies the risks found and the action plans to mitigate them.

Ferreycorp and its subsidiaries must hire the services of independent external auditors to obtain annual financial statements, both individual and consolidated. External auditors will deliver an expert opinion on the integrity of said statements. According to the internal policy of the companies, the external auditors will be able to rule the financial statements of the company for five consecutive years, and may be appointed an additional period, in case the services provided are satisfactory and in adequate economical terms.

Ferreycorp sustains the hiring policy of the auditing firm, which is appointed by the General Shareholders Meeting, as proposed by the Board. The hiring of external auditors will depend on the assessment made by the Board's Auditing and Risks Committee. The external auditors will evaluate the effectiveness and operability of the internal control system; their main mission is to offer an independent opinion on the corporation's annual accounting statements. The audit team must rotate within a period not exceeding five years.

Likewise, Ferreyros, Motored, Motriza, Orvisa and Unimaq hire the services of independent external auditors to audit the System for the Prevention of Money Laundering and Terrorism Financing. The external auditors issue an opinion expressing their opinion regarding compliance with the regulations governing the prevention of money laundering and financing of terrorism. By law, independent external auditors must be different from the external auditors who perform the audit of the Financial Statements, and they are contracted annually, depending on the quality of the service offered and the economic terms of their proposal.

It should be noted that during the year 2018, as in the previous year, the Compliance Report was presented to the Board of Directors, through the Audit and Risk Committee, by means of two deliveries that collected the semiannual advances in compliance.

This report includes an assessment of the degree of compliance in the ten topics identified as critical to the business. In this way, the Compliance Report is pronounced regarding compliance with the Code of Ethics; of the regulations related to the prevention of money laundering and financing of terrorism, and its subsequent report to the Financial Intelligence Unit (UIF); to the control of mining and illegal fishing; the protection of personal data; hiring with the State; relationships with customers and suppliers; the stock market and the disclosure of information; declaration and payment of taxes, as well as observance of transfer pricing provisions; foreign trade regulations; and compliance with labor obligations towards workers.

In 2018, the objective of making two deliveries of the Report was achieved: the first of them, in the committee held in February, with information at the end of 2017, and the second, in the committee of the month of September, with information on the first semester of the year.

Likewise, progress has been made during the year with the diagnosis and implementation of an Anticorruption Prevention System, which has been developed with the external advice of a company specialized in this field.

For more information on the subject and on topics related to the Code of Ethics, consult section 2.1.2, Ferreycorp Values / Anticorruption Prevention System and Code of Ethics.

### **Transparency and disclosure of information**

Ferreycorp ensures the appropriate disclosure of information and its transparency through permanent interaction with shareholders, deploying strict procedures for the management of reserved and privileged information. In this way, it is ensured that information is presented in a precise and regular manner about all relevant matters, including the financial situation, the performance of the businesses, the market situation, the information of the economic group and the delivery of rights to shareholders, among other topics.

In response to the good practice of making different points of contact available to the market to gather information, Ferreycorp participated in several individual and group meetings with investors in 2018, many of them abroad, as well as organizing a local non-local roadshow, where he visited his main institutional investors, to whom the results and strategy of the corporation were presented in detail.

In turn, it continued with the quarterly publication of results, with the analysis and discussion of the same -both in English and in Spanish-, and with the realization of quarterly conference calls, accompanied by a webcast, where institutional investors, classifiers participated. of risk, investment banks and national and foreign analysts. These meetings counted with the participation of the General Management, Finance Management and Investor Relations



Management. The company considers that the deployment of these mechanisms for the dissemination of relevant information of the company has allowed foreign funds to invest in the company and maintain its high participation in the shareholding.

## SECTION B:

### Assessment of compliance with the principles of the good governance code for peruvian companies

#### PILLAR I: Shareholder Rights

#### Principle 1: Pariy treatment

Question I.1	Yes	No	Explanation:
<i>Does the corporation recognize it gives all shareholders belonging to the same class and sharing the same conditions<sup>(*)</sup>?</i>	X		The Company has a single class of share: common share, which has the same rights and conditions.

(\*) "Same conditions" refers to the particularities that distinguish shareholders, or results in them sharing a characteristic, in their relationship with the corporation (institutional investors, non-controlling investors, etc.). it must be noted that this by no means implies the use of inside information.

Question I.2	Yes	No	Explanation:
<i>Does the society promote only the existence of voting share classes?</i>	X		The company only has one class of share and each share grants its holder the right to one vote.

a. Regarding the corporation's capital, specify:

Equity capital by the end of the fiscal year	Paid-up capital by the end of the fiscal year	Total number of shares representing the capital stock	Number of voting shares
S/ 975,683,029.00	S/ 975,683,029.00	975,683,029	975,683,029

b. In case the corporation has more than one class of stock, specify:

Class	Number of shares	Nominal value	Rights <sup>(*)</sup>

(\*) On this field, specify the particular rights of each class of stock that make it different to the rest.

Question I.3	Yes	No	Explanation:
<i>In case the corporation has investment shares, does it promote redemption policies, or voluntary Exchange of investment shares for ordinary shares?</i>		X	It does not apply; the corporation does not have investment shares.

## Principle 2: Shareholder participation

Question I.4	Yes	No	Explanation:
a. Does the corporation establish the forms of share representation, and the person appointed for registering the shares in its corporate documentation?	x		The way the shares are represented is detailed in the Bylaws of the corporation, establishing that shares may be represented by certificates, book entries or any other legal means.  In addition, a person has been appointed in the Internal Conduct Regulations and in the job description of the Securities Executive for registering the shares.
b. Is the share registry permanently updated?	x		Every day, the Securities Department updates all data regarding share transfers as soon as it receives information from Cavali, including the number of shares, thus keeping the registry up to date. This information is verified every month against the Cavali reports.

State how often is the share registry updated after being notified of a variation.

<b>Frequency:</b>	Within the first forty-eight hours	X
	Weekly	
	Others / Describe (in days)	

## Principle 3: Non-dilution of participation in equity capital

Question I.5	Yes	No	Explanation:
a. Is it a policy of the corporation that proposals made by the Board with regard to corporate actions that may affect the non-dilution right of shareholders (i.e. mergers, spin-offs, equity increase, among others) shall be previously explained by the Board in a detailed report, with the independent review of a recognized, professional external adviser appointed by the Board?	x		This policy is included in the 15th article of the Board's Rules of Procedure.  During the 2018 fiscal year, there were no operations that could affect the right of non-dilution of the shareholders.
a. Does the corporation have the policy of providing shareholders with the abovementioned reports?	x		The corporation has hired external consultants when it has carried out operations that could affect the right of non-dilution of the shareholders, as in the case of issues of securities, for the corporate reorganization and capital reduction, and the conclusions of these were presented to the Board of Directors. Article 15 of the Board's Rules of Procedure states the

		corresponding policy, which includes making reports available to shareholders.
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In case the corporation has carried out corporate operations under clause a) of Question I.5, and has independent directors (\*), explain if in all cases:

NOT APPLICABLE

	Yes	No
Was there a positive vote from all independent directors for the appointment of an external adviser?		
Did all independent directors express clearly their approval of the previously mentioned report, and backed, if it were the case, the reasons for their unconformity?		

(\*) Independent directors are those who have been selected because of their professional experience, reputation, sufficiency and economic independence and disassociation with the corporation, its shareholders or directors

#### Principle 4: Information and communications to shareholders

Question I.6	Yes	No	Explanation:
Does the corporation appoint the staff or means for shareholders to receive or require timely, trustworthy and truthful information?		X	<p>Notwithstanding the information responsibilities of the General Manager, and according to the article 190 of the General Business Association Law, the Corporate Finance Manager and the Investors Relationships Executive receive and answer all information requests.</p> <p>The people in charge of receiving, processing and answering information requests from shareholders are:</p> <p>Marcela Valdeiglesias - Securities Officer, in charge of answering shareholders requests, especially on shareholding, cash dividend release, participation in the Shareholders Meeting, etc.</p> <p>And, Elizabeth Tamayo Maertens – Investors Relationships Executive, in charge of handling information requests from shareholders, investors, analysts, rating agencies and public in general as well as guaranteeing the fulfillment of the Good Corporate Governance Principles, especially about information transparency matters.</p>

a. State through which means shareholders receive and/or request information about the corporation.

Means of Communication	Receive information	Request information
E-mail	X	X
Telephone	X	X
Corporate website	X	X

Post	X	X
Informative meetings	X	X
Others / Describe	Stock Market Superintendence website	

b. Does the corporation have a maximum deadline for answering information requests presented by shareholders? If the answer is Yes, how long is it?

Maximun amount of time (days)	3
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Question I.7	Yes	No	Explanation:
<i>Does the corporation have any mechanisms in place for shareholders to express their opinion on its performance?</i>	X		The definition of the mechanisms for shareholders and investors to express their opinion about the corporation's performance can be found in the Regulations of the General Shareholders Meeting.

If the answer to the previous question was Yes, describe the mechanisms the corporation has established for shareholders to express their opinion on its performance.

The Corporation has different mechanisms to receive the opinion of shareholders regarding its development: i) On the corporate website there is a link for shareholders to express their opinion, ii) The corporation has a toll-free line exclusively for shareholders through which they can speak to the executive in charge of the Securities Department; iii) Shareholders may get in touch via e-mail or phone with the person in charge of the Investors Relationships Department; iv) General Management, Finance Management, and the Investors Relationships Executive participate of meetings and conferences organized by investment banks and stockbroker agencies where they meet with investors and listen to their opinions; v) Investors may visit the offices and premises of the company; vi) The company encourages shareholders to participate in the General Meeting and invites them to make questions and comments.
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### Principle 5: Dividends distribution

Question I.8	Yes	No	Explanation:
<i>a. Is the compliance with the dividend policy assessed over a defined period?</i>	X		Every year, we publish on our corporate website a table with the distribution of profits approved by the General Shareholders Meeting and the dividends to be distributed. This same information is presented in each General Shareholders Meeting, when the distribution of profits is discussed.
<i>b. Are shareholders aware of the dividend policy through the corporate website, among other means of communication?</i>	X		

a. Describe the dividend policy of the corporation that applies on the fiscal year.

Approval Date	03/28/2018
Dividend Policy (criteria for the distribution of profits)	The policy establishes: "The dividends to be distributed in cash amount to 5% of the nominal value of the shares issued at the time the

	<p>meeting is called, and may add up to 60% of the free access profits. In case 5% of the nominal value of the shares issued at the time the meeting is called is below 60% of the free access profits obtained at the end of the fiscal year, the meeting may distribute a greater dividend in cash, whose limit will be 60% of the free access profits."</p> <p>The Board of Directors may propose and agree to distribute interim dividends during the corresponding fiscal year, or after it has ended up to the moment in which the determination of the dividend occurs. This decision will be based on the information in the Financial Statements showing the existence of distributable profits in the current year, taking care not to affect the financial capacity of the company to meet the payment of its social obligations based on the report presented by the General management."</p>
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- b. State the dividends in cash and shares distributed by the corporation during the current fiscal year and the previous one.

Per share	Dividends per share			
	Current fiscal year		Previous fiscal year	
	In cash	In shares	In cash	In shares
Common share	0.1354654234	-	0.128457	-

### Principle 6: Takeover or change of control

Question I.9 -	Yes	No	Explanation:
	<i>Does the corporation have policies or agreements regarding not adopting any antiabsorption mechanisms?</i>		

State if your corporation has established any of the following measures:

	Yes	No
A minimum number of shares required to become a director		X
A minimum amount of years as director in order to be appointed Chairman of the Board		X
Compensation agreements for executives//officers for any changes resulting from a takeover bid.		X
Other similar measures (describe)		

## Principle 7: Arbitration to solve disputes

Question I.10	Yes	No	Explanation:
a. Does the corporation's Bylaws include a mediation agreement that recognizes that any disputes among shareholders or shareholders and the Board, as well as any dispute of agreements of the GSM and of the Board by the corporation's shareholders will be solved by legal arbitration?	x		After evaluating this innovation in the new Corporate Governance Principles, the 2016 General Shareholders Meeting approved a change in the Bylaws to include an arbitration clause.
b. Does that clause enable an independent third party to solve the disputes, except when an express legal reserve has been set by ordinary courts?	x		The arbitration clause approved establishes that disputes will be solved by the unquestionable decision of an arbitration tribunal composed of three members. The arbitration shall be legal, and handled by the arbitration center of the Lima Chamber of Commerce or that of the Peru American Chamber of Commerce (AmchamPeru) to be chosen by the person setting forward the dispute, which will subject to the Arbitration Regulations of the above mentioned center and will take place in Lima.

In case any GSM or Board agreements have been disputed by any of the shareholders or any persons involved in the corporation during the fiscal year, state how many

Number of disputes on GSM agreements	0
Number of disputes on Board Agreements	0

## PILLAR II: General Shareholders Meeting

## Principle 8: Function and competence

Question II.1	Yes	No	Explanation:
Is the approval of the Board's remuneration policy an exclusive and non-delegable function of the GSM?	x		The Board's remuneration policy is established in the Bylaws of the Corporation which was approved by the GSM

State if the following functions are exclusive of the GSM; if the answer is No, explain which body is in charge of them

	Yes	No	Body
Arranging special investigations and audits	X		This is not an exclusive power of the GSM; it can

			also be exercised by the Board or Management.
Agreeing modifications to the Bylaws	X		
Agreeing to increase the equity capital	X		
Agreeing to distribute advance dividends	X		
Appointing external auditors	X		

## Principle 9: Regulations of the General Shareholder's Meeting

Question II.2	Yes	No	Explanation:
<i>Does the corporation have Regulations for the GSM, which are binding, and whose non-compliance shall give rise to liabilities?</i>	x		The Regulations of the GSM specify that the application of both the Bylaws and the Internal Regulations of the General Shareholders Meeting are mandatory for their corresponding instances and are therefore binding, meaning that non-compliance will give rise to liabilities.

If there are GSM Regulations, specify if they establish procedures for:

	Yes	No
Calling the meeting	x	
Shareholders to add items to the agenda	x	
Providing shareholders with additional information before the meeting	x	
Development of the meetings	x	
Appointment of the members of the Board	x	
Other relevant actions (describe)		

## Principle 10: Calling mechanisms

Question II.3	Ye	No	Explanation:
<i>Beyond the calling mechanisms established by law, does the corporation have calling mechanisms that enable it to establish contact with the shareholders, particularly those that do not participate of the control or management of the corporation?</i>	x		The company prepares a letter for shareholders, a proxy statement with the agenda items, and a power of attorney template. These documents are given to shareholders, posted on the website, and sent to the SMV as an "Important Fact". The company then contacts the proxy voting team of investors in order to solve any doubts that may arise about the agenda items, and to ensure not only suitable quorum but also quality voting. In all meetings with investors, it is announced that the GSM will take place in March in order to ensure participation.  Moreover, the person in charge of the Securities Department personally calls all shareholders and engages in following up their attendance to the meeting.



a. Complete the following information for each of the Meetings that have taken place during the fiscal year:

Calling date	Meeting date	Venue of the Meeting	Type of meeting		Universal Meeting		Quorum %	Number of shareholders	Participation (%) of the total amount of shares with voting rights		
			Special	General	Yes	No			Through power of att.	Direct exercise (*)	Did not use their right to vote
MAR 2 2018	MAR 28 2018	Jr. Cristóbal de Peralta Norte 820, Monterrico, Santiago de Surco (Ferreycorp institutional site)		X		X	76.0224%	152	22.42%	53.60%	23.98%

(\*) Direct exercise includes voting by any mean sor modalities that not imply representation.

a. Which means, beyond those mentioned in article 43 of the Law of Business Associations and those covered by the Important Facts and Classified Information regulations, did the corporation use to disclose the callings for the Meetings during the fiscal year?

E-mail	x	Post	x
Telephone	x	Social media	
Corporate website	x	Others / Detail	x

Question II.4	Yes	No	Explanation:
<i>Does the corporation provide shareholders with all the information regarding the agenda items of the GSM, and the proposals (motions) of the agreements to be taken?</i>	X		Shareholders are provided, before the meeting, with the agenda items to be discussed and the development of the motions and documents to be approved, such as the Annual Report Minutes and Financial Statements, which are communicated as "Important Facts". At the meeting, they receive a printed copy of the Annual Report to be approved, as well as the audited Financial Statements.

Did the callings made by the corporation during the fiscal year:

	Yes	No
Did you specify where to find the information regarding the agenda items to be discussed at the meetings?	X	
Did you include agenda items such as "Other matters", "Miscellaneous" or other such terms?		X

## Principle 11: Agenda items proposal

Question II.5	Yes	No	Explanation:
<i>Do GSM Regulations include mechanisms that enable shareholders to exercise their right to propose agenda items to be discussed at the GSM, and procedures in order to accept or refuse those proposals?</i>	X		The GSM Regulations establish that shareholders may contact the Chairman of the Board by letter, e-mail or Ferreycorp's website, preferably before February 15 and at the latest by the calling closing date, asking to include any matters of relevant importance that may affect the rights of shareholders. The Chairman will submit it to the Board, which will approve the calling to the General Meeting and establish the agenda items. The Board will evaluate the shareholder's requests, and if they consider they are of social interest, will proceed to include them in the agenda. In case the Board dismisses any of these requests, it will let the requesting shareholder know through a written communication of its Chairman, justifying the decision, on the day following the Board's meeting.

- a. State the number of requests to include items in the agenda of the GSM presented by shareholders during the fiscal year and their outcomes:

Number of requests		
Received	Accepted	Rejected
0	0	0

- b. In case any requests to include items in the agenda of the GSM have been dismissed during the fiscal year, state whether the corporation justified this decision to the requesting shareholders.

NOT APPLICABLE

Yes

No

## Principle 12: Procedures for voting

Question II.6	Yes	No	Explanation:
Does the corporation have mechanisms that enable shareholders to vote in spite of physical distance by secure electronic or postal means, which guarantee that the person casting the vote is actually the shareholder?	X		Shareholders who do not attend the GSM may vote remotely through their custodian bank, which receive their voting instructions and represent them at the meeting. In addition, shareholders are entitled to send their powers of attorney by post where they may state their voting intentions.

- a. If applicable, state the mechanisms or means the corporation has in place for remote voting.

Voting by electronic means	<input checked="" type="checkbox"/>	Voting by postal means	<input type="checkbox"/>
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b. In case remote voting has taken place during the fiscal year, provide the following information:

Meeting date	% remote voting				% remote voting / total
	E-mail	Corporate website	Post	Others	
MAR 28, 2018				100	6.16

Question II.7	Yes	No	Explanation:
Does the corporation have corporate documents that clearly specify that shareholders may vote separately on those matters that are substantially independent, so that they may cast their votes separately?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The shareholders meeting regulation, in article 15, state that shareholders may vote separately on those matters that are substantially independent, so that they may cast their votes separately

State whether the corporation has corporate documents that clearly specify that shareholders may vote separately for:

	Yes	No
The appointment or ratification of the directors by voting individually for each of them.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The amendment of the Bylaws, for each article, or article group that are substantially independent.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Others/ Describe		

Question II.8	Si	No	Explanation:
Does the corporation enable those who represent several shareholders to cast differentiated votes for each shareholder, in order to allow them to comply with the instructions of each person being represented?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

### Principle 13: Delegation of voting rights

Question II. 9	Yes	No	Explanation:
Does the corporation's Bylaws enable shareholders to delegate their vote to anyone?	x		

If the answer to the previous question was No, state whether the Bylaws limits the right of representation to any of the following persons:

NOT APPLICABLE

	Yes	No
Another shareholder		
A director		
A manager		

Question II.10	Yes	No	Explanation:
<i>a.</i> Does the corporation have in place procedures that describe the conditions, means and formalities to be complied when votes are delegated?	x		
<i>b.</i> Does the corporation provide shareholders with a standard letter of representation, including data on the representatives, the items the shareholder is delegating their vote on, and when applicable, their likely vote for each of the proposals?	x		For the General Shareholders Meetings that were carried out through 2018, shareholders received a proxy statement including the agenda and a model letter of representation, with a space for each shareholder to include data on the person representing them at the meeting, as well as the agenda items and a space to state their likely vote.

Describe the requirements and formalities needed for a shareholder to be represented at the Meeting:

Formality (state if the corporation demands a simple letter, notarized letter, public deed or other).	Simple letter
Anticipation (how many days before the Meeting must the power of attorney be presented).	1
Cost (state whether a payment must be made to the corporation for this purpose, and how much is it).	None

Question II.11	Yes	No	Explanation:
<i>a.</i> Does the corporation have a policy on limiting the percentage of votes delegated	x		Article 10 of the General Shareholders Meeting Regulations was amended in order to limit the percentage of votes delegated to members of the

to members of the Board and Senior Management?		Board and Senior Management. It establishes that whenever vote representation or delegation is conferred to the Chairman of the Board, a board member, or the General Management of the corporation, they may represent an amount of shares representing a maximum of 20% of the capital. The allocation of powers of attorney will take place according to the date and time the powers of attorney are received by the corporation. In case 20% is exceeded, the corporation will establish a secondary representative for those votes, in case the shareholder did not appoint another person to that end, as specified on the representation template. For the 2017 GSMs, the power of attorney template sent to shareholders included a paragraph mentioning the limit.
c. Whenever votes are delegated to members of the Board or Senior Management, does the corporation have the policy that shareholders delegating their votes should clearly state their likely vote?	x	This policy has been included in the general Shareholders Meeting Regulations. The policy states that all shareholders should express their likely vote, not only those who give power of attorney to members of the Board and Senior Management.

#### Principle 14: Monitoring GSM agreements

Question II.12	Yes	No	Explanation:
a. Does the corporation monitor the agreements reached at the GSM?	x		In fiscal year 2018 the Relevance Fact published on March 28 communicating the agreements of the Meeting was followed up: approval of Financial Statements and Report, payment of dividends in cash, modification of the Dividend Policy and designation of the auditors. external. The company follows up on the agreements, both from the Board of Directors and from the General Management, Financial Management and Corporate Affairs Management.
b. Does the corporation issue periodical reports to the Board that are then available to shareholders?	x		Management issues a report to the Board's Appointments, Remunerations, Corporate Governance and Sustainability Committee, to inform on the progress of the agreements made at the General Shareholders Meeting, which is then published on the corporate website so shareholders may access it.

If applicable, state which is the area and/or person in charge of monitoring the agreements reached at the GSM. In case a person is in charge, specify their position and area of work.

Area in charge	General Management
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Person in charge		
Name	Position	Area
Mariela García Figari de Fabbri	General Manager	General Management

## PILLAR III: Board of Directors and Senior Management

### Principle 15: Board composition

Question III.1	Yes	No	Explanation:
Is the Board made up by people with different specialties and competences, who are honorable, ethical, economically independent, have enough availability and other relevant qualities for the corporation, so that there are various approaches and opinions?	x		

- a) Provide the following information about the members of the corporation's Board during the fiscal year:

Name	Professional training (*)	Date		Shareholding (****)	
		Start (**)	End (***)	N° of shares	Part. (%)
<b>Directors (excluding independent ones)</b>					
Oscar Espinosa Bedoya	Civil Engineer, Universidad Nacional de Ingenieria; Postgraduate degrees in Engineering, Economics and Business Administration with different titles and diplomas from Harvard University, North Carolina State University, ISVE Italia, Kellogg School of Northwestern University, Institute of Economy of University of Colorado, PAD of the Universidad de Piura. He participates in 21 other boards, 16 of them of companies belonging to the economic group.	JUL 01, 1987			
Carlos Ferreyros Aspillaga	Business Administrator, graduated from Princeton University, USA. It participates additionally in two directories, of which one is from a company that belongs to the economic group.	JAN 10, 1971			
Manuel Bustamante Olivares	Attorney, Law Faculty of the Pontificia Universidad Catolica del Peru. He participates in 11 other boards, one of them of a company belonging to the economic group.	MAR 31, 2011			

Juan Manuel Peña Roca	Civil Engineer, Universidad Nacional de Ingenieria. He participates in 8 other boards, one of them of a company belonging to the economic group.	DEC 28, 1984			
Andreas von Wedemeyer Knigge	Es administrador de empresas, graduado en Hamburgo, Alemania, Business Administrator, Hamburg University, Germany. He studied in the Program for Management Development at the Harvard Business School and at Universidad de Piura. He participates in 19 other boards, one of them of a company belonging to the economic group.	JUL 07, 2003			
<b>Independent Directors</b>					
Humberto Nadal del Carpio	Economist, Universidad del Pacifico. He has an MBA from Georgetown University. He participates in 6 other boards.	MAR 29, 2017			
Jorge Ganoza Durant	Geologist Engineer, New Mexico Institute of Mining and Technology. He participates in 3 other boards, one of them of a company belonging to the economic group.	MAR 29, 2017			
Gustavo Noriega Bentín	Business Administrator, Universidad del Pacifico and MBA, IESE Business School of Universidad de Navarra, Spain. He participates in 2 other boards, one of them of a company belonging to the economic group.	MAR 29, 2017			
Javier Otero Nosiglia	Economics and Administration bachelor, Universidad de Malaga, Spain. He participates in 2 other boards.	MAR 29, 2017			

(\*) State whether the director participates of other Boards, specifying how many and whether they belong to the economic group of the corporation. For this purpose, use the definition of economic group included in the Indirect Property, Association and Economic Groups Regulations

(\*\*) Corresponds to their first appointment in the corporation.

(\*\*\*) To be completed only in case they have vacated the position of director during the fiscal year.

(\*\*\*\*) Only applicable for directors whose capital stock is equal to or greater than 5% of the shares of the corporation

Percentage of shares held by directors	1.48
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State the number of directors of the corporation who belong to each of the following age-ranges:

Under 35	Between 35 and 55	Between 55 and 65	Over 65
0	3	2	4

a. State whether there are specific requirements to become Chairman of the Board, beyond those needed to be appointed director:

Yes  No

If the answer tot the previous question was Yes, specify those requirements.

--

b. Does the Chairman of the Board have a casting vote?

Yes  No

Question III.2	Yes	No	Explanation:
Does the corporation avoid appointing deputy or alternate directors, especially because of quorum?	X		

In case there are alternate or deputy directors, specify:

Full name of alternate or deputy director	Start (*)	End (**)

(\*) Corresponds to the first appointment as alternate or deputy director of the corporation

(\*\*) To be completed only in case they have vacated the alternate or deputy director position during the fiscal year.

Question III.3	Yes	No	Explanation:
<i>Does the corporation disclose the names of the directors, their independent status and their resumes?</i>	X		



Detail under what means the company discloses the following information of the directors:

	E-mail	Corporate website	Post	Not informed	Others / Describe
Name of directors		X			Annual Report / Other reports
Their independent status		X			Annual Report / Other reports
Resume		X			Annual Report / Other reports

### Principle 16: Functions of the Board

Question III.4	Yes	No	Explanation:
<i>Is it a function of the Board:</i>			
<i>a. To approve and lead the corporation's strategy?</i>	X		
<i>b. To establish objectives, goals and plans of action including annual budgets and business plans?</i>	X		
<i>c. To control and supervise the management and be responsible for the governance and administration of the corporation?</i>	X		
<i>d. To supervise good corporate governance practices and establish the policies and measures needed in order to improve their application?</i>	X		

- a. Specify other relevant powers of the corporation's Board.
- a). Call the General Shareholders Meeting.
- b). Establish regulations for its own operation.
- c). Evaluate, approve and lead the corporate strategy, the business plan and the annual budgets of the corporation and its subsidiaries, as the main activity of the corporation is to invest on the business of its subsidiary companies, having up to a 99% of shareholding in some of them.
- d). Establish the Board Committees and appoint their members, among which independent directors must be included.
- e). Present every year the annual report, the general balance and the profit and loss statements to the shareholders, with recommendations on how to apply the profits.
- f). Ensure the integrity of the financial statements and the accounting systems, as well as the existence of risks control systems.

- g). Accept the resignations of its members and fill the vacancies in all cases stipulated by the law and the Bylaws.
- h). Appoint and remove the general manager and, if it considers it is convenient or necessary, all other officers of the corporation, determining their obligations and granting or withdrawing powers with the responsibilities they consider appropriate.
- i). In general, grant the powers of attorney it considers appropriate.
- j). Supervise all the corporation's businesses, having the power to control all the corporation's ledgers, particularly those of its subsidiary companies.
- k). Agree the distribution of advanced dividends on account of the results of the fiscal year, whenever the General Shareholders Meeting delegates that power to the Board.
- l). Decide on all commercial, financial, and administrative matters that are convenient for achieving the corporate purposes, without any restrictions regarding amount.
- m). Alienate and or dispose of assets of the Company, as long as their book value at the time of extrication is not more than 50% of the corporation's capital.
- n). Establish security arrangements, such as personal property guarantees, mortgages, bonds, warrants, and endorsements, among others, for movable and immovable assets of the corporation in order to secure the various operations of the corporation and its subsidiaries or affiliates, as well as modifying the terms of the guarantees given and agree the adherence of the corporation to the necessary documentation for the constitution, modification and cancellation of those guarantees.
- o). Supervise compliance with the established policy for the management of confidential information, be it classified or inside information, according to the norms agreed by the corporation and the regulatory entities and bodies.
- p). Ensure compliance with the corporation's Code of Ethics, and approve its amendments and modifications.
- q). Delegate the power to execute agreements made by the Board on directors and/or officers, giving them authorization to sign all public and private documents required for the exercise of such legal representation and to carry out the processes and procedures needed to implement those agreements;
- r). Evaluate regularly its own management.
- s). Exercise other powers that appear expressly or implicitly in the Bylaws.

b. Does the Board delegate any of its functions?

Yes  No

State, if applicable, which are the main functions of the Board that have been delegated, and to which body they have been delegated:

Functions	Body / Area those functions have been delegated to

## Principle 17: Duties and rights of the members of the Board

Question III.5	Yes	No	Explanation:
Are the members of the Board entitled to:			
a. Request assistance or input from experts to the Board?	x		
b. Participate in induction programs on their powers and responsibilities and to be duly informed on the organizational structure of the corporation?	x		In the GSM of March 2017, the Board of Directors was elected for the period 2017-2020. On April 11, 2017, the induction session for new directors was held.
c. Receive remuneration for their work, which combines recognition of their professional experience and the dedication they show to the corporation with a rational criteria?	x		

In case specialized advisers were hired during the fiscal year, state whether the list of specialized advisers of the Board, who have worked during the fiscal year to help with the corporation's decision-making, has been made available to shareholders.

NOT APPLICABLE

Yes  No

State, if applicable, whether any of the specialized advisers is related in any way to a member of the Board and/or Senior Management (\*).

NOT APPLICABLE

Yes  No

(\*) For relationship purposes we apply the relation criteria included in the Indirect Property, Association and Economic Groups Regulations.

State whether the corporation carried out induction programs for the new members that entered the corporation.

NOT APPLICABLE

Yes  No

a. State the percentage representing the total amount of payments and annual bonuses given to the directors with regard to the gross income, according to the corporation's financial statements.

Payments	(%) Gross Income	Bonuses	(%) Gross Income
Directors (excluding independent ones)	0.06%	Delivery of shares	
Independent directors	0.04%	Delivery of options	
		Delivery of money	
		Others (describe)	

## Principle: Board Regulations

Question III.6	Yes	No	Explanation:
Does the corporation have Regulations for the Board that are binding and whose noncompliance shall give rise to liabilities?	x		

State whether the Board Regulations include:

	Yes	No
Policies and procedures for its operation	X	
Board's organizational structure	X	
Functions and responsibilities of the Chairman of the Board	X	
Procedures for identifying, evaluating and nominating candidates to members of the Board, proposed at the GSM	X	
Procedures in case of vacancy, cessation and succession of directors	X	
Others / Describe		

## Principle 19: Independent directors

Question III.7	Yes	No	Explanation:
Is at least one-third of the Board constituted by independent directors?	x		

State which of the following conditions the corporation considers when classifying their directors as independent:

	Sí	No
Not being a director or employee of a company of the same business group, unless three or five years, respectively, have passed since the termination of that relationship	x	
Not working for a shareholder whose stock ownership amounts to, or is more than, 5% of the corporation. Included in GSM Regulations	x	
Not exceeding eight consecutive years as independent director of the corporation.		x
Not having or having had within the last three years a commercial or contractual business relation, be it direct or indirect and of a significant nature (*), with the corporation or any other company of the same group. Included in GSM Regulations	x	
Not being spouse, or having any family relationship in first or second degree of consanguinity, or in first degree of affinity, with shareholders, members of the Board or the Senior Management of the corporation. Included in GSM Regulations	x	
Not being director or member of the Senior Management of another company in which any director or member of the Senior Management is part of the Board.	x	

Not having been in the last eight years member of the Senior Management or employee of the corporation, of companies of the same group or of companies that own shares of the corporation. Included in GSM Regulations	x	
Not having been in the last three years partner or employee of the external Auditor of any corporation of the same group.	x	
Others/ Detail		

(\*) A business relation will be considered significant when any of its parts has issued invoices or payments for more than 1% of their annual income.

Question III.8	Yes	No	Explanation:
a. Does the Board state that the candidate it proposes is independent based on the inquiries it carries out and on the candidate's own declarations?	X		At the most recent Board election in 2017, the resumes of the candidates to the Board were published in the Proxy Statement. A form has been created for directors to provide information that determines their Independence condition.
b. To become independent directors, do candidates state their condition of independence to the corporation, its shareholders and managers?	X		For the March 2017 Board election, the directors signed a Code of Conduct that contained a declaration that included criteria to determine their Independence condition.

#### Principle 20: Board's operability

Question III.9	Yes	No	Explanation:
Does the board have a working plan that contributes to the efficiency of its functions?	x		

Question III.10	Yes	No	Explanation:
Does the corporation provide its directors with the channels and procedures needed in order to participate more efficiently of Board meetings, even in a remote manner?	x		

a. State, in regard to the Board meetings carried out during the fiscal year:

Number of sessions held	14
Number of sessions without calling (*)	0
Number of sessions in which the Chairman of the Board was not present	0

Number of sessions in which one or more directors were represented by deputy or alternate directors	0
Number of senior directors who were represented at least once	0

(\*) On this field, the number of sessions that have taken place under the provisions of the last paragraph of article 167 of the Law of Business Associations must be mentioned.

a. State the percentage of assistance of directors to the Board meetings during the fiscal year.

Name	% of attendance
Óscar Espinosa Bedoya	100%
Carlos Ferreyros Aspíllaga	93%
Manuel Bustamante Olivares	86%
Juan Manuel Peña Roca	100%
Andreas Von Wedemeyer Knigge	71%
Jorge Ganoza Durant	93%
Humberto Nadal del Carpio	93%
Gustavo Noriega Bentín	93%
Javier Otero Nosiglia	100%

b. State how long before the Board meeting are directors provided with all the information about the points to be discussed at the meeting.

	Under 3 days	Between 3 and 5 days	More than 5 days
Non-confidential information			X
Confidential information			X

Question III.11	Yes	No	Explanation:
a. Does the Board carry out at least once a year an objective assessment of the performance of its members, and of itself acting as a body?	x		
b. Is self-assessment alternated with assessments made by external advisers?	x		An external adviser was hired for the evaluation of the Board's performance for the 2016 fiscal year. The Board evaluation by external advisers is done every two years; it will be performed again on 2018

a. State whether the Board's performance has been assessed during the fiscal year.

	Yes	No
Acting as body	X	
Assessment of its members	X	

If the answer to the previous question was Yes for any of the fields, provide the following information for each assessment

Assessment	Self-assessment		External assessment		
	Date	Published (*)	Date	Entity in charge	Published (*)
	DEC 19, 2918	No	JUN 9, 2017	PCR	No

(\*) Answer Yes or No, to state whether shareholders have been informed about the assessment.

### Principle 21: Special committees

Question III.12	Yes	No	Explanation:
a. Does the Board create special committees to focus on the analysis of the most relevant aspects for the corporation's performance?	X		
b. Does the Board approve the Regulations for each of the special committees it creates?	X		
c. Do independent directors chair special committees?	X		All the special committees (Appointments, Remunerations, Corporate Governance and Sustainability; Auditing and Risks; Innovation and Systems) are chaired by independent directors.
d. Are budgets assigned to the special committees?		x	

Question III.13	Yes	No	Explanation:
Does the corporation have an Appointments and Remunerations Committee in charge of appointing candidates to become members of the Board, which are proposed at the GSM by the Board, as well as approving the Senior Management's system of remunerations and incentives?	X		The functions of the Appointments, Remunerations and Corporate Governance and Sustainability Committee include receiving and processing directors appointments, as well as suggesting a remuneration policy

Question III.14	Yes	No	Explanation:
Does the corporation have an Auditing Committee that supervises the efficiency and suitability of the system of internal and external control of the corporation, the corporation's auditing work or the independent auditor, as well as the compliance with the legal and professional independence regulations?		x	The Auditing and Risks Committee meets with internal and external auditors.

- a. State whether the corporation also has in place the following special committees:

	Yes	No
Risks Committee	X	
Corporate Governance Committee	X	

- b. In case the corporation has special committees, provide the following information about each committee:

Committee name:	Appointments, Remunerations, Corporate Governance and Sustainability Committee
Creation date:	JAN 26, 2005
Main functions:	<p>a). Reviewing the progress of the organizational development programs through reports on the management structure and human resources programs.</p> <p>b). Reviewing the reports presented by the management on recruitment and selection programs, performance management, wage policy, training and development among others, and draft recommendations accordingly, taking into account all the information they have on different business practices.</p> <p>c). Reviewing reports on the hiring of the main executives, the wage scale of management and executive positions, and on the supervision the General Management carries out on its performance.</p> <p>d). Ensuring the effectiveness of governance practices it adheres to, proposing or approving improvements for the corporation's governance.</p> <p>e). Reviewing the self-assessment of the Principles of Good Corporate Governance presented in the Annual Report of the Corporation.</p> <p>f). Approving the policy of information through the Internal Norms of Conduct and taking a stand, whenever necessary, on the classification of certain facts as "Important Facts" and Inside or Classified Information.</p> <p>g). Identifying the possible sources of conflict of interests among the management, directors and shareholders, as well as supervising the management's monitoring of such matters.</p> <p>h). Receiving and processing the nomination of directors.</p> <p>i). Suggesting a policy and procedures for the remuneration of the Board.</p>



	j). Approve Social and Environment Responsibility strategy and monitor its execution.		
	k). Approve resources assignment whenever needed.		
Members of Committee (*):	Dates		Position in committee
Names	Start (**)	End (***)	
Humberto Nadal del Carpio	Apr 26, 2017		Chairman
Óscar Espinosa Bedoya	Jan 26, 2005		Regular Member
Carlos Ferreyros Aspíllaga	Jan 26, 2005		Regular Member
Andreas von Wedemeyer Knigge	Apr 26, 2017		Regular Member
Jorge Ganoza Durant	Apr 26, 2017		Regular Member
% of independent directors in the committee			40%
Number of sessions during the fiscal year			4
Has delegated faculties according to the article 174 of the Law of Business Associations			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The committee or its chairman participate in the GSM			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Committee name:	Auditing and Risks Committee		
Creation date:	Jan 26, 2005		
Main functions:	<p>a). Proposing the appointment of external auditors in coordination with management. Knowing the working plan of the external auditor and having periodical meetings to be aware of the development of their work, as well as making recommendations at the end of the review, to ensure the integrity of the accounting systems through correct external auditing.</p> <p>b). Reviewing and analyzing periodically the financial statements of the corporation as well as the external auditor's reports.</p> <p>c). Being aware of the work the internal auditor has carried out during the year, and receiving quarterly reports on their advances and the implementation of corrections and improvements.</p>		
Members of Committee (*):	Date		Position in committee
Names	Start (**)	End (***)	
Javier Otero Nosiglia	Apr 26, 2017		Chairman
Óscar Espinosa Bedoya	Jan 26, 2005		Regular Member
Carlos Ferreyros Aspíllaga	Jan 26, 2005		Regular Member

Andreas von Wedemeyer K.	Jan 26, 2005		Regular Member
Juan Manuel Peña Roca	Aug 31, 2016		Regular Member
Gustavo Noriega Bentín	Apr 26, 2017		Regular Member
% of independent directors in the committee			33%
Number of sessions during the fiscal year:			4
Has delegated faculties according to article 174 of the Law of Business Associations:			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The committee or its chairman participate in the GSM			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The following committee has met since 2015:

Committee name:	Innovation and Systemas Committee
Creation date:	08/27/2014
Main functions:	<p>a). Contributing towards creating and strengthening the innovation strategy of the corporation, in line with its long-term development.</p> <p>b). Giving the Board's support to the creation of corporate innovation processes and providing them with the resources they need.</p> <p>c). Supporting actions aimed at mitigating technological and information security risks.</p> <p>In particular it has the following functions:</p> <p>a). To review management reports on the corporation's innovation and technology strategies, as well as those of its subsidiaries, which must be clearly in line with the goals of the business and the improvement of competitiveness.</p> <p>b). To receive reports from the management on the implementation of the innovation plan in different areas of the business and on the technological projects portfolio.</p> <p>c). To make recommendations to the Board for the allocation of resources and actions required for the optimum implementation of the innovation plan and of the technological project portfolio.</p> <p>d). To provide advice to the Board for the compliance of its responsibilities on technological matters, providing them with reports which analyze and review the technological</p>

	and information security risks as well as proposing actions to mitigate them.		
Members of Committee (*): Names	Date		Position in committee
	Start (**)	End (***)	
Jorge Ganoza Durant	Apr 26, 2017		Chairman
Óscar Espinosa Bedoya	Aug 27, 2014		Regular Member
Manuel Bustamante Olivares	Aug 27, 2014		Regular Member
Humberto Nadal del Carpio	Apr 26, 2017		Regular Member
Gustavo Noriega Bentín	Apr 26, 2017		Regular Member
% of independent directors in the committee			60%
Number of sessions during the fiscal year:			2
Has delegated faculties according to the article 174 of the Law of Business Associations:			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The committee or its chairman participate in the GSM			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

(\*) Provide information on the people who are or have been part of the committee during the fiscal year.

(\*\*) Corresponds to the first appointment as member of the committee of the corporation.

(\*\*\*) To be completed only in case they have ceased to be members of the committee during the fiscal year.

## Principle 22: Code of Ethics and conflicts of interests

Question III.15	Yes	No	Explanation:
<i>Does the corporation have measures in place to prevent, detect, manage and expose any conflicts of interests that may arise?</i>	x		Detailed in the conflict of interests chapter of the Code of Ethics.

Specify, if applicable, the area and/or person responsible for follow-up and control of possible conflicts of interests. If there is a person in charge, specify their position and work area.

Area in charge	Corporate Affairs Management
----------------	------------------------------

Person in charge		
Name	Position	Area
Eduardo Ramírez del Villar	Corporate Affairs Manager – Ethics and Compliance Officer	Corporate Affairs

Question III.16 / Compliance	Yes	No	Explanation:
a. Does the corporation have a Code of Ethics (*) that comprises ethical criteria and professional responsibility, including how to handle possible conflicts of interests, and whose compliance is mandatory for the corporation's directors, managers, officials and all employees(**)?	X		The corporation has a Code of Ethics that is published and provided to all of the corporation's employees through the Intranet; it is part of the induction process for new personnel. The Code of Ethics is mandatory for all directors, managers, officials and employees.
b. Does the Board or General Management approve training programs for Code of Ethics compliance?	X		General Management approved the publication of the Code of Ethics in the corporate Intranet so that it is available for all the corporation's employees. It was also included as a discussion topic in the induction process for new employees.  In 2018, the annual on-line training course on the different topics related to the Code of Ethics was conducted, aimed at all employees of the corporation, with the aim of making its content and practical application known in daily tasks.

(\*) The Code of Ethics can be part of the Internal Business Conduct Guidelines.

(\*\*) The term "employees" is applicable to all persons that have a work relationship with the corporation, regardless of their regime or work system.

If the corporation has a Code of Ethics, specify the following information:

The Code of Ethics is available to:

	Yes	No
Shareholders	X	
Other persons to whom it is applicable	X	
General public	X	

- a. Specify the area and/or person responsible for follow-up and control of the Code of Ethics. If a person is in charge, specify their position, work area and to whom they report.

Area in charge	Corporate Affairs Management
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Person in charge			
Name	Position	Area	Reports to
Eduardo Ramírez del Villar	Corporate Affairs Manager – Ethics and Compliance Officer	Corporate Affairs	General Management

- b. Is there a record of Code of Ethics non-compliance cases?

Yes  No

- c. Specify the number of Code of Ethics non-compliance cases detected reported during the fiscal year.

Number of non-compliances	8
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Question III.17	Yes	No	Explanation:
a. Does the corporation have mechanisms in place to allow reporting illegal or unethical behavior, in such a way that the anonymity of the complainant is guaranteed?	x		The corporation has designated an official that is in charge of ensuring the compliance of the Code, the Ethics and Compliance Officer, to whom the directors, employees or any other person must report immediately any event, situation or behavior that breaches the Code. During 2017, the Ethics channel has been reinforced with the implementation of new channels such as an e-mail box, a dedicated phone line, the intranet and a physical mailbox.
b. Does the corporation have mechanisms in place to allow reporting illegal or unethical behavior, in such a way that the anonymity of the complainant is guaranteed?	x		The Code of Ethics specifies that when complaints are related to accounting issues, to General Management or to any director, they must be presented to the Boards' Auditing and Risks Committee or directly to the Board.

Question III.18	Yes	No	Explanation:
a. Is the Board responsible to follow-up and control possible conflicts of interests that may arise within the Board?	x		
b. In case the corporation is not a financial institution, is it established as a policy that the Board members are prohibited from receiving loans from the corporation or any company from the group, except when explicitly authorized by the Board?	x		Article 10 of the Board Regulation is related to the salary of the Board members and specifies that during the current period it is possible to arrange advance payments. In case the advance payments exceed the annual allowance, or when they are given for a period that exceeds the following Board allowance, they will be considered a loan and thus must be approved by the Appointments, Remunerations and Corporate Governance and Sustainability Committee.
c. In case the corporation is not a financial institution, is it established as a policy that the Senior Managers are prohibited from receiving loans from the corporation or any company from the group, except when explicitly authorized by the Board?	x		The Board has approved a regulation through which it delegates approval of loans for Senior Management to its Chairman and to the General Manager.

- a. Specify the following information for Senior Managers that are shareholders of the corporation with a 5% or higher participation.

NOT APPLICABLE

Name	Position	Number of shares	Participation %
No Senior Manager has a 5% or higher participation			

Percentage of shares held by Senior Management	
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b. Specify if any members of the Board or of Senior Management is spouse or parent in first or second degree of any shareholders, other directors or Senior Managers:

NOT APPLICABLE

Name	Related to:			Name of shareholder / director / manager	Relationship type (**)	Additional Information (***)
	Shareholder (*)	Director	Senior Mgmt			
No member of the Board or of Senior Management satisfies this condition						

(\*) Shareholders with 5% participation or greater.

(\*\*) For relationship purposes, we apply the relation criteria included in the Indirect Property, Association and Economic Groups Regulations.

(\*\*\*) If there exists a relationship with any shareholder, specify their participation percentage. If the relationship is with a manager, specify their position.

c. In case any member of the Board holds or has held any management role in the corporation during the fiscal year applicable for this report, specify the following information:

NOT APPLICABLE

Name	Management role held	Peiord in Management role	
		Start (*)	End (**)
No member of the Board has held a management position			

(\*) Corresponds to the first appointment to a management within the corporation

(\*\*) To be completed only if the person left the management role during the fiscal year

d. In case any member of the Board or of Senior Management has had any important (according to its amount of nature) commercial or contractual relationship with the corporation during the fiscal year, specify the following information:

NOT APPLICABLE

Name	Relationship type	Brief description
No member of the Board of Senior Management satisfies this condition		

### Principle 23: Operation with parties

Question III.19	Yes	No	Explanation:
a. Does the Board have procedures and policies to assess, approve and disclose certain operations between the corporation and related parties, as well as to learn about commercial, personal, direct or indirect relationships that directors have between themselves or with the corporation, suppliers, clients and other stakeholders?	x		<p>Ferreycorp has procedures and policies at Board level to assess, approve and disclose certain operations between the corporation and related parties, as well as to disclose about commercial, personal, direct or indirect relationships that directors have between themselves or with the corporation, suppliers, clients and other stakeholders.</p> <p>1. There is a formal definition of parties that have a relationship with or within the corporation.</p> <p>2. Transactions between related parties, according to that definition, have been identified and disclosed during the year being validated. In addition, corporate rules related to transfer prices between related companies, to loans to Ferreycorp's related companies and to the granting of guarantees to Ferreycorp's subsidiaries, have been published.</p>
b. In case of operations of special importance or complexity, is the intervention of external, independent consultants considered for the assessment?	x		

- a. If the answer to part a) of Question III.19 was Yes, specify the areas of the corporation responsible for managing operations between parties for the following matters:

Matter	Area in charge
Assessment	An external consultant creates a report of transfer prices, in coordination with Corporate Finance Management.
Approval	Ferreycorp General Management
Disclosure	Board of Directors

- b. Specify the procedures to approve transactions between related parties

We consider market value prices and a report of transfer prices between the corporation and its subsidiaries.

- c. Specify the operations that have been carried out during the fiscal year, which are important due to their amount or subject matter, between the corporation and its related parties.

Name or social denomination of related party	Relationship nature <sup>(*)</sup>	Operation type	Amount (PEN)
Ferreyros S.A.	Subsidiary, 99.99%	Rental of premises	29,014,204.08
Ferreyros S.A.	Subsidiary, 99.99%	Sale of premises	12,510,996.48
Ferreyros S.A.	Subsidiary, 99.99%	Interests for Granted Loans	6,505,411.02
Ferreyros S.A.	Subsidiary, 99.99%	Enterprise support	3,468,040.08
Unimaq S.A.	Subsidiary, 99.99%	Interests for Granted Loans	2,211,471.18
Fargoline S.A.	Subsidiary, 99.91%	Rental service of Punta Negra	2,104,934.60
Orvisa S.A.	Subsidiary, 99.36%	Interests for Granted Loans	1,750,748.03
Ferreyros S.A.	Subsidiary, 99.99%	Rechargeable expenses	1,284,646.75
Soltrak S.A.	Subsidiary, 99.99%	Rental service	1,233,583.91
Ferreyros S.A.	Subsidiary, 99.99%	TPI Services	2,248,812.00
Ferreyros S.A.	Subsidiary, 99.99%	Enterprise support	823,365.42
Soltrak S.A.	Subsidiary, 99.99%	Rechargeable expenses	654,976.05
Soltrak S.A.	Subsidiary, 99.99%	Enterprise support	567,298.19

(\*) For relationship purposes, we apply the relation criteria included in the Indirect Property, Association and Economic Groups Regulations.

- d. Specify if the corporation sets limits to operations with related parties:

Yes  No

## Principe 24: Senior Managements functions

Question III.20 / Compliance	Yes	No	Explanation:
a. Does the corporation have a clear policy of separation of duties between the Board's management or governance, Senior Management's functions and General Manager's leadership?	x		
b. Are different persons appointed as General Manager and Chairman of the Board of the corporation?	x		
c. Does Senior Management have enough autonomy to carry out its assigned duties, within	x		



the framework of the policies and guidelines defined by the Board, and under their control?			
d. Is General Management responsible for complying with, and ensuring compliance with, the policy of providing information to the Board and its directors?	x		
e. Does the Board annually assess the performance of General Management according to well-defined standards?	x		
f. Does the General Management compensation contain fixed and variable components that consider the corporation's results, based on taking risks in a cautious and responsible manner, and in the achievement of goals outlined in the corresponding plans?	x		

- a. Specify the following information related to the General Manager and management team's compensations (including bonuses)

Position	Compensation (*)	
	Fixed	Variable
General Manager and management team	0.38%	0.12%

(\*) Specify if the percentage that corresponds to the total amount of annual compensations of members of Senior Management as compared to the level of gross income, according to the corporation's financial statements.

- b. If the corporation grants bonuses or reparations different from those determined by law to Senior Management, specify the way in which there are paid.

	General Manager	Managers
Shares granting	No	No
Options granting	No	No
Money granting	Yes	Yes
Others / Describe		

- c. If the compensation contains a variable component, specify the main criteria used to determine it.

The variable component is first determined according to the Company's results and then considering the person's performance. Criteria such as accomplishment of goals, value generation impact, constant improvement contribution, as well as leadership elements, interpersonal relationships and communication skills are considered.

- d. Specify whether the Board assessed General Management's performance during the fiscal year.

Yes  No

## PILLAR IV: Risk and Compliance

### Principle 25: Risk management system framework

Question IV.1	Yes	No	Explanation:
<i>a.</i> Does the Board approve an integral risk management policy according to its size and complexity, promoting a risk management culture within the corporation, from the Board and Senior Management to all employees?	x		Yes, this policy defines the framework for integral risk management and guarantees its implementation in Ferreycorp and all its subsidiaries. It is reviewed every two years or when it is deemed necessary to make updates, according to the risk management guidelines, standards and best practices
<i>b.</i> Does the integral risk management policy cover all companies within the group and does it provide a global view of critical risks?	x		The risk policy is a corporate one and covers all companies within the corporation

Does the corporation have a risk management delegation policy that defines the risk limits that can be managed at each Company level?

Yes  No

Question IV.2	Yes	No	Explanation:
<i>a.</i> Does General Management handle the risks to which the corporation is exposed, and provides the information to the Board?	X		Yes, through the Board's Auditing and Risks Committee.
<i>b.</i> In case a Risk Committee or a Risk Management does not exist, is General Management responsible for the risk management system?	X		The responsibility to follow up and handling risks belongs to Corporate Finance Management, for which a Risks Executive, in charge of monitoring and presenting to the Board's Auditing and Risks Committee (which approves the integral risk policy and monitors the main risks to business objectives) has been appointed. In addition, Internal Audit Management has established a control system. Both systems are presented to the Board, directly or through its Auditing and Risks Committee

Does the corporation have a Risk Manager?

Yes  No

If the answer to the previous question was Yes, specify the following information:

Name	Period in position		Reports to
	Start (*)	End (**)	
Elizabeth Guardamino	Jan 06, 2017		The Risks Executive is in charge of following up corporate risks; she reports to Corporate Finance Management and to the Auditing and Risks Committee.

(\*) Corresponds to the first appointment within the corporation.

(\*\*) To be completed only if the person left the role during the fiscal year.

Question IV.3	Yes	No	Explanation:
Does the corporation have an internal and external control system, and does the Board supervise its efficiency and suitability?	X		

### Principle 26: Internal Audit

Question IV.4	Yes	No	Explanation:
a. Is the internal auditor dedicated exclusively to performing audits, with autonomy, experience and specialization in the domain areas and Independence for the follow-up and the assessment of the efficiency of the risk management system?	X		
b. Does the internal auditor have the functions to continuously assess if the financial information generated or recorded by the corporation is valid and trustworthy, and to verify the efficiency of the compliance with standards?	X		Internal Audits in Ferreycorp: independent area of the corporation that continuously analyzes, assesses and controls the policies, procedures, practices and activities that comprise the corporation's internal control system.
c. Does the internal auditor directly report to the Audit Committee the plans, budgets, activities, progresses, results, and actions?	X		

a. Specify if the corporation has an independent area dedicated to internal audits.

Yes  No

If the answer to the previous question was Yes, specify the area to which internal reports within the corporation's hierarchical organization:

Reports to:	The internal auditor reports to the Chairman of the Board and regularly makes presentations to the Board's Auditing and Risks Committee.
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a. Specify if the corporation has a Corporate Internal Auditor

Yes  No

Specify the main responsibilities of the internal auditor and if he/she performs other duties other than internal auditing.

i) Manages internal and information systems audits, in the main premises, branches, mining and subsidiaries ii) Assesses the internal control system for money and asset laundering, according to current SBS (Banks and Assurance Superintendence) financial intelligence unit regulations, presenting the final report to the compliance officer iii) Regularly reports to Senior Management and Management Committee the results of the internal audits activities iv) Considers the reviews performed by external auditors to develop work plans v) Creates a report for each performed audit, that contains the control deviations detected and the agreed suggestions with the audited area to correct the deviations, among others.

Question IV.5	Yes	No	Explanation:
Does the Board appoint and dismiss the internal auditor based on proposals of the Audits Committee?	X		Article 14 of the Board's and Board Committees' Internal Regulation specifies that the Board has the power to appoint, assess and dismiss the internal auditor, according to recommendations of the Auditing and Risks Committee. Likewise, Article 23 of the same Regulation specifies that one of the duties of the Auditing and Risks Committee is to propose to the Board an internal auditor when a change is required.

### Principle 27: External audits

Question IV.6	Yes	No	Explanation:
Does the General Shareholders Meeting, upon request from the Board, assign an auditing firm or an independent auditor that is clearly independent from the corporation?	X		The Board, aware of the recommendations that arise from the new Principles of Good Corporate Governance for Peruvian Companies, proposes that the General Shareholders Meeting assigns the auditing firm for the period, delegating to the Board the negotiation and approval of the contractual conditions.

a. Does the corporation have a policy for assigning the external auditor?

Yes  No

b. If the auditing firm has performed other services different from account audits, specify if the corresponding contract was informed to the General Shareholders Meeting, including the percentage that the billing of those services represent when compared to the total billing of the auditing firm to the Company.

Yes  No

c. Do the persons or entities from the auditing firm provide services to the corporation other than account auditing?

Yes  No

If the answer to the previous question was Yes, specify the following information related to additional services provided by persons or entities from the auditing firm during the fiscal year.

Name or legal name	Servicios adicionales	% of compensation (*)
Gaveglio, Aparicio y Asociados sociedad Civil de Responsabilidad Limitada, a member firm of PricewaterhouseCoopers (PWC)	Transfer Prices Studies	19.7%
	Review of Income tax Sworn Statements	18.1%
	Adoption of new IFRS	8.8%
	Assessment to subsidiary	2.9%

(\*) Billing of additional services over billing of auditing services.

d. Specify if the auditing firm assigned different teams in case additional services, other than account auditing, were provided.

Sí  No

Question IV.7	Yes	No	Explanation:
a. Does the corporation have a renewal policy for its independent auditor or auditing firm?	x		The Company policy is that the same auditing firm can review the financial statements for up to five consecutive years; this can be extended for an additional period if the provided services were satisfactory and adequate in economic terms; in that case, a more comprehensive assessment must be done by the Board's Auditing and Risks Committee and the Board. The partner, the auditor responsible for the work and the members of the external audit team must be regularly changed. The auditing firm to be hired is assigned by the General Shareholders Meeting.
b. If the renewal policy defines larger renewal periods, is the work team from the auditing firm changed at least every five years?	x		In line with the external auditors renewal policy, the General Shareholders Meeting approved the hiring of Gaveglio, Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of PricewaterhouseCoopers (PwC) for the 2016 financial statements audit and it was selected again in the March 2017 Meeting for the 2017 financial statements audit

Specify the following information for the auditing firms that have provided services to the corporation during the last five years.

Legal name of auditing firm	Service provided	Period	Payment (USD)
Gaveglio, Aparicio y Asociados Sociedad Civil de Responsabilidad	Financial statements audit	2018	66.88%
	Transfer pricing studies Review of tax returns for income tax	2018	

Limitada, a member firm of PricewaterhouseCoopers (PwC)	Adoption of new IFRS Advisory to subsidiary		
	Audit of financial statements	2017	60%
	Transfer pricing studies		
	Review of tax returns for income tax IFRS adoption diagnosis	2017	
	Audit of financial statements	2016	68.87%
	Transfer pricing studies		
	Review of tax returns for income tax	2016	
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Financial statements audit	2015	100.00%
	Financial statements audit	2014	100.00%
Dongo-Soria Gaveglio y Asociados sociedad Civil, a member firm of Price Waterhouse Coopers	Accounting consultancy IFRS training	2014	
Deloitte & Touche S.R.L.	Tax consultancy	2016	
	Tax and Transfer prices consultancy	2015	
	Tax consultancy	2014	
KPMG Asesores sociedad Civil de R.L.	Tax consultancy	2015	
	PPA for Trex acquisition	2014	

(\*) Include all types of services, such as expert opinions for financial information, accounting assessment, operational audits, systems audits, tax audits and other services.

(\*\*) From the total amount paid to the auditing firm for all concepts, specify the percentage that corresponds to financial audits services.

Question IV.8	Yes	No	Explanation:
In the case of economic groups, is the external audit the same for the whole group, including offshore subsidiaries?	X		

Specify if the auditing firm hired to dictate the financial statements of the corporation for the fiscal year subject of the present report did also dictate the financial statements for other companies of your economic group.

Yes  No

If the answer to the previous question was Yes, specify the following information

Legal name of the companies in the economic group
Ferreyros S.A. Orvisa S.A. and subsidiaries Unimaq S.A. Motored S.A. Fargoline S.A. Forbis Logistics S.A. Soltrak S.A. Inti Inversiones Interamericanas Corp. And subsidiaries Maquicentro S.A. Soluciones Sitech Peru S.A. Trex Latinoamérica and subsidiaries Motriza S.A. Ferrenergy S.A.C.

## PILLAR V: Information Transparency

### Principle 28: Information policy

Question V.1	Yes	No	Explanation:
Does the corporation have an information policy for shareholders, investors, other stakeholders and the market in general, in which it defines in a formal, integral and orderly way the guidelines, standards and criteria that will be applied for handling, compiling, developing, classifying organizing and distributing the information that the corporation generates or receives?	X		

a. If applicable, specify if according to your information policy the corporation distributes the following:

	Yes	No
Corporation objectives	X	
Board and Senior Management members	X	
Shares structure	X	
Economic group description	X	

Financial statements and anual report	X	
Others / Describe		

b. Does the corporation have a corporate website?

Yes  No

The corporate website includes:

	Yes	No
A specific section about corporate governance or relationship with shareholders and investors that includes a Corporate Governance Report	x	
Important events	x	
Financial information	x	
Bylaws	x	
General Shareholders Meeting Regulation and information about meetings (attendance, minutes, others)	x	
Board composition and Regulation	x	
Code of Ethics	x	
Risk policy	x	
Social Responsibility (community, environment, others)	x	
Others/ Describe		

Question V.2	Yes	No	Explanation:
Does the corporation have an investor relations office?	x		

In case an investor's relationship office exists, specify the person in charge.

Person in charge of investors' relationships office	Elizabeth Tamayo
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In case an investor relations office does not exist, specify which is the unit (department or area) or person in charge of receiving and handling the request for information of the corporation's shareholders and public in general. If a person is in charge, specify their charge and work area.

Area in charge	
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Person in charge		
Name	Position	Area



## Principle 29: Financial Statements and Annual Report

If there are exceptions in the external auditor's report, have these been explained or justified to the shareholders?

NOT APPLICABLE, THERE ARE NO EXCEPTIONS

Yes  No

## Principle 30: Shares structure information and agreements between shareholders

Question V.3	Yes	No	Explanation:
Does the corporation disclose the ownership structure, taking into account the different classes of shares and, if applicable, the joint participation of a given economic group?	x		Ferreycorp has a single class of share, the Common Share, and reports the structure in accordance to current regulation, identifying particular shareholders with a 4% or higher participation.

Specify the composition of the corporation's share structure at fiscal year closing.

Ownership of shares with right to vote	Number of owners (at fiscal year close)	Participation percentage
Less than 1%	2,373	39.60%
Between 1% and 5%	13	36.89%
Between 5% and 10%	4	23.51%
Higher than 10%	0	0%
Total	2,390	100%

Ownership of shares without right to vote (if applicable)	Number of owners (at fiscal year close)	Participation percentage
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
Higher than 10%		
Total		

Ownership of investment share (if applicable)	Number of owners (at fiscal year close)	Participation percentage
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
Higher than 10%		
Total		

Percentage of shares in portfolio as compared to social capital:

Question V.4	Yes	No	Explanation:
Does the corporation disclose information about agreements or pacts between shareholders?			There have not been any agreements or pacts between shareholders.

a. Does the corporation keep a record of current pacts between shareholders?

Yes  No

b. In case there was any agreement or pact between shareholders that was informed to the corporation during the fiscal year, specify their subject matter.

Election of Board members	
Voting rights at assemblies	
Restrictions to free transferability of shares	
Changes in the corporation's Articles of Incorporation or charter	
Others /Describe	

### Principle 31: Corporate governance report

Question V.5	Yes	No	Explanation:
<i>Does the corporation disclose the adopted standards on corporate governance in an annual report, whose content is responsibility of the Board, based on a prior report from the Auditing Committee, the Corporate Governance Committee or an external consultant?</i>	x		The corporation discloses the standards adopted on corporate governance in the Annual Report.

a. Does the corporation have mechanisms in place for the internal and external disclosure of corporate governance practices?

Yes  No

If the answer to the previous question was Yes, specify those mechanisms.

The corporation discloses the corporate governance practices through its website, its intranet, its standards and procedures, its Annual Report, its events and presentations to investors, and when it participates in tenders.
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## SECTION C:

### Corporation Document's Contents

Specify in which of the following corporation documents these subjects are regulated:

		Principle	Bylaws	Internal Regulations (*)	Manual	Others	Not regulated	Not applicable	Document Name (**)
1.	Policy for payment or exchange of non-voting right shares	1						X	
2.	Method to record the rights of share ownership and who is responsible of recording	2	x		x	x			
3.	Procedures for selection of external consultant to give independent opinion on the Board's proposals for corporate operations that may affect the shareholders' non-dissolution right	3		X					
4.	Procedure to receive and handle the requests for information and opinions of shareholders	4	x	X					
5.	Dividends policy	5				X			
6.	Politics or agreements to avoid adopting anti-takeover mechanisms	6						X	
7.	Arbitration agreement	7	X						
8.	Policy to select corporation directors	8	X	X					
9.	Policy to assess compensations of the corporation directors	8	X						
10.	Mechanism to make available to shareholders information related to the contents of the General Shareholders Meeting agenda and agreed proposals	10		X					
11.	Means used by the corporation to call meetings, additional to those established by law	10		X					
12.	Additional mechanisms for shareholders to propose agenda items to be discussed at the General Shareholders Meeting	11		X					
13.	Procedures to accept or dismiss shareholders' proposed agenda items to be discussed at the General Shareholders Meeting	11	X	X					

14.	Mechanisms to allow remote participation of shareholders	12		X					
15.	Procedures for shareholders' differential voting	12		X					
16.	Procedures for vote delegation	13		X					
17.	Requirements and formalities for a shareholder to be represented in a Meeting	13	X	X					
18.	Procedures for vote delegation to Board or Senior Management members	13		X					
19.	Procedures to follow-up the General Shareholders Meeting's agreements	14		X					
20.	Minimum and maximum number of directors to be included in the corporation's Board	15	X	X					
21.	Duties, rights and functions of the corporation's directors	17	X	X					
22.	Types of bonuses that the Board receives for accomplishment of the corporation's goals	17						X	
23.	Hiring policy for consultancy services for directors	17							
24.	Induction policy for new directors	17	X	X					
25.	Special requirements to be appointed independent director	19		X					
26.	Criteria for assessment of performance of the Board and its members	20							
27.	Policy to determine, follow-up and control possible conflicts of interests	22				X			
28.	Policy to define the procedure to assess, approve and disclose operations between related parties	23				X			
29.	Responsibilities and duties of the Chairman of the Board, Executive President, General Manager and other Senior Management members	24	X	X					
30.	Criteria to assess performance of Senior Management	24		X					
31.	Policy to set and assess Senior Management's compensations	24		X					
32.	Integral risks management policy	25			X				
33.	Responsibilities of the internal auditor	26			X				

34.	Policy for assigning external auditor, determining contract duration and criteria for renewal	27				X			
35.	Policy for information disclosure and communication to investors	28		X	X				

(\*) Includes GSM Regulation, Board Regulation and others published by the corporation.

(\*\*) Specify the document name, except in the case of the corporation BYlaws.

## SECTION D:

In addition, the corporation describes other relevant issues in its field below:

### *Transactions between related companies*

Ferreycorp and its subsidiaries carry out commercial and financial transactions between them, for which it has a transfer pricing standard between companies of the corporation. According to the same, market prices must be considered, both in the margins for sales of products between companies and in the collections for corporate services and shared services, rents and collection of interest on loans. These prices are set according to the mechanisms approved by the auditing firm that is in charge of preparing the transfer pricing report, determining lower and higher quartiles for the gross margins collected and for the interest rates.

During 2017, the consultant on transfer pricing was changed in order to have a complementary opinion on the subject; similarly, regulation has continued on this point. During 2018, the Corporate Standard for Transfer Pricing between related companies of Ferreycorp was updated.

The corporation has increased the services it provides to its subsidiary companies, complying in all cases with current regulations. He also presented the transfer pricing reports to the National Superintendency of Tax Administration (Sunat).

### *Rotation of the company validating the report on compliance with the Principles of Good Corporate Governance*

*In accordance with the new regulations of the Lima Stock Exchange (BVL) that established that the validating signature of the Corporate Governance Questionnaire be rotated after three years, Ferreycorp hired MC & F as validator for the review of the 2015 and 2016 reports. The results of the validation for the year 2016 yielded 99.6% compliance, a level higher than the 97.18% obtained the previous year. For the validation of the Corporate Governance Questionnaire for fiscal year 2017, Ferreycorp changed its validator and hired Pacific Credit Rating (PCR). The validation resulted in a score of 100%.*

### *Participation in the Companies Circle*

For more than a decade, the corporation has been a member of the Circle of Companies of the Latin American Roundtable of Corporate Governance (Companies Circle), an initiative of the OECD and the IFC that seeks to positively influence other companies by sharing corporate governance practices. The Companies Circle is composed of nine leading companies and agents of change in corporate governance in the region. In September 2018, Ferreycorp participated in the sixteenth annual meeting of the Companies Circle, held in Bogotá (Colombia), at the offices of Grupo Argos. In this meeting, issues were addressed in the field of good governance, compliance and sustainability, based on the experiences and knowledge of the companies that make up the Companies Circle. In addition, an analysis was presented on the perception that investors in Latin America have of ESG issues for investment decision making. In this way, the members of the Companies Circle continue contributing to the corporate governance and sustainability agenda in the region and promoting the importance of good practices as promoters of value creation in organizations.

#### *Acknowledgments of Good Corporate Governance*

- Company with best corporate governance practices, winner of La Llave de Bolsa de Valores de Lima for the sixth time. This distinction, created by the Stock Exchange a decade ago, considers compliance with the Principles of Good Corporate Governance, the liquidity of the stock and being among the top five companies in the La Voz del Mercado ranking.

- erreycorp ranked second in the La Voz del Mercado 2018 ranking, presented by Ernst & Young (EY) and the BVL.<sup>5</sup>

The Ferreycorp share, with nearly 2,400 shareholders from Peru and abroad, integrated the Good Corporate Governance Index (IBGC) for eleven consecutive years.

These distinctions ratify the corporation's commitment to its stakeholders to maintain a transparent, reliable and sustainable company, and are convinced that these good practices impact on the generation of value, reducing risks and costs, and creating competitive advantages.

At the same time, it renews its commitment to continue not only with the adoption of best practices, but also to share the path traveled. Finally, the corporation participates permanently in forums and instances to promote the development of the Peruvian capital market.

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<sup>5</sup> The study that gives rise to the ranking is the result of an anonymous survey, conducted by GfK, in which 367 specialists participated, including institutional investors, financial analysts, risk assessors, business banking, regulators, company directors, academics. and business journalists.