



ANNUAL REPORT 2015

Ferreycorp

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Statement of responsibility

This document contains true and sufficient information on the operations of Ferreycorp S.A.A. during the year 2015.

Notwithstanding the responsibility of the issuer, the undersigned assume responsibility for its content pursuant to applicable legislation.



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Chief Executive Officer



Patricia Gastelumendi Lukis
Chief Financial Officer



Miguel Espinosa Rivas
Budget and Accounting Manager

Lima, March 30, 2016

1. Letter from the President

In the year 2015, Ferreycorp further improved its outstanding position as a leading corporation in the capital goods, supplies and complementary services business, offering a vast portfolio of products and services in Peru and eight other countries in Latin America, through 17 subsidiary companies. Its primary mission is for its companies to offer increasing value to its customers, providing top-quality machinery, equipment, parts and services, as well as solutions that complement and enhance each other, in order to serve nearly every sector of the economy.

In this effort, the role of representing Caterpillar, a leading brand with which we have had close ties for over 70 years, in Peru, Guatemala, El Salvador and Belize stands out. Over the years, other brands of recognized international prestige have been added. The successful relationship with many of these brands has, in turn, been an important supporting factor in the corporation's expansion, by making it possible to serve them in different countries.

This expansion is the result of the application of the strategy determined some years ago to guide the growth of the corporation, which is supported by three pillars: i) continuous identification of products and brands that have synergies with the current portfolio and whose inclusion makes it possible to serve customers better with a more complete range; ii) increased presence in the Latin American region, taking the representation of the brands with which it has been working to other countries, thereby strengthening its relationship with prestigious manufacturers; and iii) becoming involved in business that has strong synergies with capital goods and services, such as logistics and energy provision, among others, without losing sight of its main lines of business.

Taking the foregoing into account, the year 2015 was very positive, not only in terms of the results achieved, but also in the consolidation of the corporate structure, despite complex economic and political scenes in the different countries in which the corporation's companies operate.

In the case of Peru, the economy was generally weak. Production indicators reveal an economic cycle with lower than expected GDP growth rates. The low level of private consumption and investment as a consequence of lower business and consumer expectations, the reduction in international prices of our main export products, particularly in relation to the reduced growth of the Chinese economy, and fluctuations in the value of the United States dollar created a complicated environment for business in general.

In addition, uncertainty resulting from domestic politics and social conflicts, particularly those related to mining, exacerbated the unfavorable behavior of private and public activity.

However, despite the factors mentioned, the corporation continued growing in Peru, as well as in the other countries where it operates, developing its companies' commercial capacity and identifying important business opportunities in the countries where it operates.

In this context, in the year 2015 the corporation's consolidated sales, including direct orders, amounted to S/. 5,333 million, 9% higher than in 2014, achieving growth in each of the different groups of companies. The 17 Ferreycorp companies are now grouped in three units for better coordination and supervision.

The first group of companies, dedicated to the distribution of Caterpillar machinery, equipment and parts in Peru, is made up of Ferreyros, Orvisa, Unimaq and Ferrenergy. Its sales totaled S/. 4,168 million, 9% higher than in the same period during the preceding year, mainly due to a greater volume of deliveries of heavy machinery from Ferreyros to mining companies in an expansion phase, which represent 17% of that company's sales. Along with this growth, it also maintained high levels of sales of Caterpillar machines and engines to other economic sectors, especially construction, which accounts for 20% of the principal subsidiary's total sales.

Although the different models of Caterpillar machines have always maintained absolute leadership, the level of sales in 2015 gave rise to a 60% market share, one of the highest in its history, based on import statistics. The high market shares obtained stand out, especially that of mining and heavy construction equipment at 73%. At the same time, in Central America, subsidiary companies also obtained high market shares. Achieving these positions brings legitimate satisfaction to our organization, which has represented Caterpillar since 1942. In 2015, Caterpillar recognized Ferreyros as one of its best dealers in the world.

The growth in sales of machinery and equipment of this first group of companies has been accompanied by a noteworthy 13% increase in sales of parts and services, in relation to the preceding year, driven in part by many important customers' decision to postpone investment in new equipment and extend the operation of their existing machines, using services offered by the corporation's companies to have them repaired. In this regard, the larger share of post-sales revenue as a percentage of this group's total sales reflects our companies' policy to serve the customer throughout the useful life of the products they sell, thereby contributing to the efficiency and productivity of their operation.

The second group of companies, which does business in Central America, showed an increase of 9% in sales, which totaled S/. 520 million by the end of the year, including those made by the recently acquired Transportes Pesados S.A., a leader in the commercialization of parts for heavy transport equipment in El Salvador. This dynamic group of subsidiaries is made up of Gentrac, in Guatemala and Belize, and Cogesa, in El Salvador, representatives of Caterpillar and Mobil in these countries; Mercalsa, a wholesale Mobil distributor for Nicaragua; and the company mentioned previously, Transpesa.

The remainder of the companies (Mega Representaciones, Motored, Cresko, Fiansa, Fargoline, Forbis Logistics, Soluciones Sitech Perú and Trex), make up a third group, which is dedicated to types of business that have great synergy with the capital goods business. This group achieved sales of S/. 645 million during the year, which was an increase of 10%. Standing out in these results is the revenue generated by Trex, which deals in the Terex brand of cranes, lift platforms and a wide range of port equipment in Chile. Acquired by the corporation in June 2014, it is in the process of integrating the operation in Peru (previously within Ferreyros), as well as expanding its current operations in Colombia and Ecuador soon.

It should be noted that, as a result of the diversification and internationalization process begun in 2010, Ferreycorp's operations outside of Peru amounted to 12% of total consolidated sales for the year 2015. The corporation's presence in these countries, representing different prestigious brands, adds value to its operations and makes it possible to replicate good management practices that increasingly contribute to improvement in what we are able to offer customers.

The importance of the diversification of the company through businesses that complement the distribution of products of the main company we represent, Caterpillar, in Peru and abroad should also be noted, since they represent 12% of the corporation's sales. This development has been possible thanks to the long-term relations we maintain with leading brands such as Mobil, Good Year, Metso, Terex, Massey Ferguson, Kenworth, Iveco and 3M, among others, which are represented by Ferreycorp companies in Peru and abroad.

In line with the positive trend in sales, the corporation's gross profit totaled S/. 1,292 million, 16% higher than in 2014. In addition, Ferreycorp's EBITDA—which reflects the business' approximate profitability and cash generation—grew 28%, totaling S/. 667 million. The EBITDA margin was 12.5% for the year, a 10.7% improvement over 2014, as a result of achieving an adequate volume of revenue and a high gross margin of 24%. The corporation's net profits increased 75%, reaching S/. 161.8 million as of December, 2015.

These figures respond firstly to the composition of the corporation's sales, among which, as mentioned previously, the sale of parts and services accounted for the majority, as is typical of companies dedicated to the sale of machinery. On the other hand, as in the case of nearly every company, exchange losses were recorded during the preceding year, but recovery of that loss resulted in a better gross margin. Lastly, the operating margin showed good results due to better control over administrative and selling expenses.

Also noteworthy is the progress made in asset management. The corporation's companies continued improving their inventory turnover ratios by significantly reducing assets, despite the previously mentioned diversification of lines of business and geographic coverage, which tend to put upward pressure on inventory and accounts receivable.

With regard to the value of the corporation's shares, unfortunately the value per share dropped considerably during the year, without reflecting—in our opinion—the true behavior of the business or its real foundations. The share price of S/. 1.62 at the beginning of the year 2015 fell, closing the year 18% lower at S/. 1.35. It should be noted that, over the course of the year, shareholders received dividends of 6% per share. The strong link with mining investment that the market attributes to the corporation and the weak overall behavior of the Lima Stock Exchange contributed to this situation.

Faced with this situation, the Board of Directors adopted two important policies: first, it approved a share buyback program for 50 million shares (5% of the capital), in a context in which the price per share was lower than its fundamental value and even the book value, making it an attractive investment opportunity. This program was executed throughout the year and will continue to be monitored and reported to the market. As a second measure, we sought a way of increasing share liquidity and permitting more frequent trading and increased volumes traded to drive the share price toward its fundamental value, in order to continue participating in emerging market indexes, for which the Board of Directors agreed to hire a market maker to operate starting early in 2016.

Although for different reasons it appears that 2016 will be a complex year for business activity in the countries in which Ferreycorp operates, we believe the future of Peru and the other countries will continue offering business opportunities that make high levels of growth possible, as well as its consolidation as an excellent Latin American corporation.

The challenge is particularly significant in Peru due to the complex behavior of the international context and the natural uncertainty caused by the electoral process. Despite these circumstances, we trust that the measures required to promote private investment and efficiently drive public investment will be adopted, so that diverse projects the country needs for its development can be carried out.

In light of this situation, Ferreycorp and its subsidiary companies will continue fostering the creation of value in the markets in which it already operates and seeking business opportunities. This growth and the achievements accomplished in 2015 were made possible by the commitment and effort of the more than 6,500 workers in the entire corporation, under the leadership of their managers.

In conclusion, as we embark on a new year marked by expectations of better performance, I would like to reiterate our recognition of the shareholders for placing their trust in the Board of Directors, reaffirming our desire for a smooth, transparent relationship; to our customers, for their loyalty and continued preference; to Caterpillar and the other prestigious brands we represent, for their constant support; and to those who have granted us a financial contribution.

On the following pages, I am pleased to present the shareholders with the 2015 management report, prepared by Management and approved by the Board of Directors during its February 24, 2016 meeting, as well as the financial statements, pursuant to Conasev Resolution No. 141.98 EF/94.10, which requires that companies present annual reports, including a statement of responsibility.

Óscar Espinosa Bedoya
Executive President

2. Structure of the Corporation

2.1 Objective and history of the corporation

With its 93-year institutional history, Ferreycorp is a Peruvian corporation that specializes in the provision of capital goods and related services, with operations mainly in Peru, its country of origin; in Central America, through its subsidiaries in Guatemala, El Salvador, Belize and Nicaragua; and more recently in Chile, Ecuador and Colombia. Listed on the Lima Stock Exchange (BVL) with an outstanding track record, it conducts its activities through 17 companies and over 6,500 workers.

Ferreycorp's strategy in response to a changing environment and continuous detection of business opportunities has been to transform itself to meet the multiple needs of its customers under the best possible conditions, to continue creating more jobs, and to ensure an attractive return on its shareholders' investment.

Although in the early years following its founding in 1922, the company was dedicated to the commercialization of a number of consumer products, in 1942 Ferreycorp began its solid relationship with Caterpillar, which has grown stronger over the years. Ferreycorp's work over seven decades has been recognized by the main company it represents, which is a world leader in machinery.

Over the course of its operations, Ferreycorp has consolidated a prestigious portfolio of brands and unmatched coverage in Peru, making it the undisputed leader in its field. In addition, it has incorporated new businesses in the country through different subsidiary companies, whether created or acquired to shorten the learning curve, whenever necessary. Subsequently, it took the step of going international, upon representing Caterpillar and Mobil lubricants in the Central American region. Recently, it also began representing the Terex brand in Chile, taking advantage of capacities and knowledge acquired over the years, in order to place them at the service of the same brands in new territories with growth potential.

Since the 90s, the Ferreycorp companies have concentrated their activities on the provision of capital goods and complementary services. Extractive activities such as mining, oil and fisheries; productive activities such as agriculture and industry; and activities in the tertiary sector, such as construction, energy, commerce and transportation, have been the destination of its products and services.

In addition to contributing to Ferreycorp's sales and profits, the subsidiaries enhance the corporation's market coverage and complement the solutions it provides. The subsidiaries join their experience, coverage and logistical services, among other capacities, achieving synergies that benefit the corporation's customers, with a focus on contributing to greater efficiency and productivity in their operations. In light of this, many customers of the principal

subsidiary, Ferreyros, receive goods and services from other Ferreycorp companies.

It should be noted that in 2012, a reorganization gave rise to a business structure headed by a holding company, Ferreycorp, the parent company of 17 differentiated subsidiaries, all of which have the same focus and specialization in capital goods and related services.

As part of this reorganization, Ferreyros S.A. was formed in July 2012 as an independent subsidiary, assuming the commercial operations of the company formerly known as Ferreyros S.A.A., which was also the parent company. Therefore, the parent company role was relinquished in order to concentrate exclusively on its business activities, leaving the corporate role to Ferreycorp, including the strategic definition of the entire group of businesses, the determination of corporate policy applicable to all of the corporation's companies, and monitoring and supervision of the achievement of goals and objectives. For further information on the corporation's history, please see "Historical Summary" in the Appendices section.

2.2 Companies in the corporation

The business of the Ferreycorp corporation is conducted through 17 subsidiary companies:

Companies representing Caterpillar and allied brands in Peru	Companies representing Caterpillar and allied brands in Central America	Companies that complement the goods and services provided to the different productive sectors
<ul style="list-style-type: none"> ▪ Ferreyros ▪ Orvisa ▪ Unimaq ▪ Ferreenergy 	<ul style="list-style-type: none"> ▪ Gentrac (Guatemala) ▪ Compañía General de Equipos - Cogesa (El Salvador) ▪ General Equipment Company Limited- Gentrac (Belize) ▪ Mercadeo Central Americano de Lubricants - Mercalsa (Nicaragua) ▪ Transportes Pesados S.A. de C.V. (El Salvador) 	<ul style="list-style-type: none"> ▪ Motored ▪ Mega Representaciones ▪ Cresko ▪ Fiansa ▪ Fargoline ▪ Forbis Logistics ▪ Soluciones Sitech Perú ▪ Trex LatinoAmerica (Chile, Ecuador and Colombia)

The chapter titled "Commercial and operations management" contains a description of these subsidiaries, their business and operations. For information on the Economic Group filed with the Superintendence of the Securities Market (SMV), please see the Appendices section.

3. Commercial and Operations Management

In 2015, the subsidiaries of the Ferreycorp corporation, in Peru and abroad, obtained consolidated sales, including direct orders, of S/. 5,333 million (US\$ 1,673 million), which represented growth of 9% compared to the year 2014. Caterpillar and allied brand dealers in Peru contributed 78% of total consolidated sales; those located in Central America, 10%; and companies that complement the goods and services for the different productive sectors, 12%.

It is worth mentioning that each of the three groups of companies increased its sales in the year 2015 in relation to the previous year, as explained in further detail on the following pages.

This chapter describes the scope of the commercial and operations management of the Ferreycorp subsidiaries during the year, with emphasis on the results of its activities and the main sectors served during the year.

3.1 Performance of Caterpillar and allied brand dealers in Peru

The corporation's principal subsidiary, Ferreyros, as well as Unimaq, Orvisa and Ferrenergy, are Caterpillar and allied brand dealers in Peru. Thanks to the specialization adopted by each of these subsidiaries, the corporation has ample market coverage in Peru, maximizing its capacity to serve different markets and geographical areas and offering its customers portfolios of differentiated products, with the backing of unmatched post-sales support.

Ferreyros, the leading company in the commercialization of capital goods in Peru, as well as in the provision of services in this line of business, focuses on machinery and equipment for large-scale projects in sectors such as mining, heavy construction, energy and agriculture. Unimaq is the company specializing in the light equipment line, which is used in urban and light construction, as well as other sectors such as industry, commerce and services, agriculture and mining. Orvisa operates in the Peruvian jungle, meeting the needs of activities in this region with the Ferreyros and Unimaq portfolio of products, as well as some other products and services geared toward sectors inherent to the Amazon region, such as river transportation, oil production and the forestry sector. Ferrenergy is dedicated to the supply and sale of thermal energy—although on a small scale—generated with diesel or residual fuel oil and gas.

As a whole, this group of companies had sales of S/.4,168 million (US\$ 1,308 million) in 2015, which is 9% higher than in the year 2014. The Caterpillar brand's noteworthy market share in Peru was 60%—one of the highest in recent years—measured according to the FOB value of the different brands imported. This reflects the significant commercial effort made during the year, our customers' preference and trust throughout the country, and their positive opinion of the portfolio of products and the post-sales support that goes along with them.

In addition to the provision of machines and equipment, in a context of economic challenges for the country, Caterpillar and allied brand dealers in Peru continued creating value for their customers through top-notch post-sales support, which contribute to maximum asset productivity. In this context, they demonstrated the great relevance of sales of the parts and services line, which rose 13% compared to 2014, and in line with the growth in the quantity of machinery and equipment in use in the country.

3.1.1 Ferreyros S.A.

Ferreyros, the leading company in heavy machinery and specialized services in Peru, with its team of 3,500 workers, achieved sales of S/. 3,464 million (US\$ 1,086 million) in 2015, which was higher than in the previous year.

Once again, the company maintained its customers' preference and loyalty, which enabled it to take advantage of opportunities to provide machinery and equipment in the territory, in order to replace and expand fleets. As indicated previously, the portfolio of Caterpillar products held a leading position in the country, obtaining a larger share in a market that continued to contract. Complementarily, customers were able to select other high-value options, such as leasing machinery or buying semi-new Caterpillar equipment.

In an economic context in which important customers opted for conservative investments in new assets, as they did in 2014, Ferreyros made use of its product support capacities to meet its customers' need to take full advantage of existing machines and equipment. Therefore, the parts and services line accounted for a large percentage of the company's total sales, with the backing of capacities worthy of a market leader: more than 1,500 service technicians, presence in over 70 points throughout the country—including customers' projects and operations in sectors such as mining and construction, with national coverage—different methods of providing service in the field, a network of over 20 maintenance and repair shops nationwide, warehouses and parts on consignment at different mines, etc.

Mining continued to contribute significantly to Ferreyros' revenue during 2015, with the sale of equipment, parts and services for both open pit and underground mining. This result stands out in a context where, like in 2014, the reduction of international prices of metals played a very important role in the decision making of mining companies and companies whose operations are essentially focused on copper and gold. Sales to the mining industry were 15% higher than in 2014.

Mining companies in Peru restructured their business strategies, opting for greater caution in their capital asset investments (Capex) and greater control over spending in their operations, in order keep their production costs down. However, for the purpose of maintaining their productivity levels through maximum utilization of their assets, mining companies showed an 18% increase in their demand for parts and services, in comparison to 2014.

In large-scale mining, the market penetration of the world's largest truck, the CAT 797F, continued. This model has a 400-ton payload, which shows our customers' inclination to use machines with maximum tonnage. In addition, Caterpillar trucks with other payloads entered the country, responding to diverse market needs. With this activity, Caterpillar mining trucks achieved a leading market share of 84%, measured according to official import figures in FOB values.

At the same time, the number of CAT 7495 electric rope shovels, the largest ones Caterpillar makes, continued to grow in the country. To date, approximately 30 Caterpillar shovels, both rope and hydraulic models, are operating successfully in different Peruvian mines.

Similarly, the number of Caterpillar trucks in the country increased in size due to the arrival of some used trucks that a mining country transferred from operations abroad, counting on Ferreyros's repair services. This contributed to maintaining leadership in the fleet of high-tonnage trucks and electric shovels, in addition to numerous pieces of auxiliary Caterpillar and allied brand equipment in the country. Operations of this type also guarantee the sustainability of the services and parts business.

In addition, we continued boosting the productivity of operations with world-class technical and logistical support for Caterpillar equipment at mines, which is highly valued by customers, as it increases their operational fleets by improving performance and contributing to their value chain.

During the year, Ferreyros was awarded contracts in calls for tenders for trucks and auxiliary equipment for important expansion projects, whose sales and startup will take place throughout the year 2016, along with the expansion of national copper production planned for the following year.

A contract has also been signed on the testing and introduction of four units of Caterpillar's new 794AC electric truck in a mining operation, which will be reflected in 2016 and confirms our intention to have the broadest portfolio of machinery in the market.

Lower metal prices also prompted underground-mining companies to maintain their production levels, with emphasis on reducing operating costs, as well as postponing or reducing their investments and exploration programs. Despite this situation, Ferreyros reaffirmed its privileged position in an outstanding line: Caterpillar LHD loaders. In 2015, it achieved a market share of 76% in the 4 yd³ or more segment.

It should be mentioned that in 2015, for the sixth year in a row, Ferreyros had the highest sales in underground mining equipment among Caterpillar dealers worldwide, for which it received recognition from the main company it represents.

In addition, a milestone in the underground mining business was the market introduction of the first large-capacity Caterpillar LHD loader, the 20-ton capacity R3000H, in the Cerro Lindo operation.

Currently, approximately 1,300 Ferreyros workers are exclusively dedicated to serving the open pit and underground mining industry, not including technicians and engineers dedicated to providing support for their equipment in the company's maintenance and repair shops.

Although the construction sector contracted during the year, it generated significant sales volumes for the company in the machinery and equipment lines, as well as in parts and services. Similarly, the Caterpillar brand showed leadership, taking advantage of opportunities in the market, obtaining a 73% share in heavy construction, measured according to the FOB value of imports, which was higher than the share for 2014.

In 2015, construction companies continued to focus on the execution of road construction and maintenance contracts for the Ministry of Transportation and Communication. In addition, some regional governments began awarding contracts for the construction of important roads, among which sections of the Huacho-Pativilca-Trujillo, Quilca-Matarani-Punta Bombón, Puente Ricardo Palma-La Oroya-Huancayo, and Ayacucho-Abancay highways; resumption of work on the Quinoa-San Francisco highway; and section 2 of the Longitudinal de la Sierra highway, stand out.

Construction continued on multi-year hydroelectric projects, such as the Cerro del Águila, Chaglla, Quitaracsa, Cheves and Huanza hydroelectric plants.

It should also be mentioned that the year marked the beginning of relevant infrastructure works, among them Line 2 of the Lima Metro, the Southern Gas Pipeline, the modernization of the Talara Refinery and the Vías Nuevas de Lima road project.

At the same time, despite the reduction in prices of metals, a number of construction companies continued with the execution of different mining facility expansion and construction projects, among which the expansion projects at Cerro Verde, Constancia and Las Bambas particularly stand out.

Ferreyros has been involved in the aforementioned projects through the lease or sale of Caterpillar machinery, as well as support during the execution of works, with full-time maintenance, parts and advisory services. During the year, Ferreyros offered product portfolio to the construction sector that included Caterpillar machines, Terex cranes, Metso crushing and screening equipment and Astec asphalt plants, accompanied by first-class parts and services.

Leasing machinery was an alternative of special interest to customers in this market, through the Rentafer business unit, which has a fleet of over 500 units available, on average, comprising different equipment families and capacities. It should be mentioned that a Caterpillar program which makes it possible to give

a significant part of the leasing fleet the flexibility to be sized according to the size of the industry continues in operation.

Continuous growth in the quantity of machinery and equipment in use for the different economic sectors, among them mining and construction, represents significant potential growth of the parts and services line, which is very important to the company.

Ferreyros fulfilled the energy requirements of customers from diverse sectors, such as mining companies, temporary power generation companies, fisheries, office buildings, hotel chains, factories and agro-industrial companies, to which it supplied generators in the 200 kW to 2,000 kW per unit range. Annual average growth of 4.5% in energy demand in Peru in 2015, with a cumulative energy demand of 48,066 GW-hour supplied mainly by hydroelectric (48%) and thermal (50%) power plants in very similar proportions, gave rise to these requirements.

It should be noted that, during the year, Ferreyros equipped two open-cycle power plants with a total of 36 Caterpillar model 3516 power modules, which are being installed in Pucallpa and Puerto Maldonado, prepared for interconnection with the national grid. These plants will enter into operation in the first semester of 2016.

Similarly, the installation of the La Gringa Thermal Power Plant was completed. It is equipped with two Caterpillar model G3520C gas-powered generators, which are interconnected with the national grid and run on gas obtained from garbage in the Huaycoloro sanitary landfill, in order to complete a total of 7.8 MW, together with the thermal power plant of the same name. This project contributes to the obtention of energy with the least possible impact on the environment, by reducing emissions and using clean fuel.

Ferreyros maintains its outstanding position in the energy sector, thanks to its product portfolio, its specialized post-sales support and its capacity to provide comprehensive solutions, such as turnkey plants or power modules.

Like the situation in the mining sector, in the oil and gas sector, the drop in the price of oil—which fell to nearly US\$ 30 per barrel WTI in the international market, 50% lower than in 2014—led to a contraction in investments in exploration and exploitation, limiting demand for equipment.

However, due to having national coverage, customers' preference for equipment proven apt for use under the country's extreme conditions, and high quality post-sales, the Caterpillar brand achieved an 89% market share in generators over 725 kW, measured according to their FOB value in dollars.

The accompaniment Ferreyros provided during the startup of construction of the Southern Gas Pipeline stands out, as the company sold 56 machines and leased more than 65 to different contractors on the project, who are operating in regions with limited access by land.

With regard to the maritime and fisheries sector, in 2015, despite the announced appearance of the effects of a very strong El Niño phenomenon, two seasons with a total allowable catch of 2.58 million MT and 1.1 million MT respectively have been approved. This is an increase of 47% over the volume caught during the preceding year and will make greater fishmeal production and higher revenues for the fishing industry possible, considering a price of US\$ 1,800 per MT.

During the year, Ferreyros was very active in the repair of marine engines at its maintenance and repair shops, meeting the requirements of its fishery customers, who placed their trust in the company to ensure the operativity of their vessels. As a result, the Caterpillar brand continues to lead in the sector, with a market share of over 60% in marine engines, measured in FOB import values.

Regarding sales to the government sector, planned spending by State entities in 2015 was in excess of US\$ 21 billion, equivalent to over 40% growth compared to the preceding year, although only part of that amount was executed. Ferreyros won 35% of the contracts for capital goods, carried out through 93 purchasing processes at the national level, mainly for CAT machines and generators, as well as Massey Ferguson and Landini tractors.

It is important to mention that, in late 2015, a tender was held for a lot of machines for preventive actions related to the El Niño phenomenon, in which Ferreyros was awarded a contract for 20 machines (50% of the total), which will be delivered in January 2016.

In 2015, Ferreyros continued contributing to the development of the agricultural sector through mechanization, a key component of greater rural productivity.

The company focused its efforts on the agricultural export sector, through promotions offered to agricultural associations and expansion of the customer and product portfolio, as well as on family farms, with greater coverage in the field and new agreements with associations, where it found new market niches. In 2015, Ferreyros strengthened its partnerships with entities that provide its customers financing, such as Agrobanco and some rural savings and loan associations, which very actively support the country's small and medium-sized farms.

Although the agricultural market contracted during 2015, Ferreyros maintained its leadership in the distribution of agricultural tractors, with a 30% market share in FOB values, selling 371 units of the Massey Ferguson and Landini brands. In this manner, the company maintained its leadership in the agricultural export and agricultural sectors and achieved customer preference for high-power agricultural tractors in the sugar sector.

In addition, sales of tractor-drawn agricultural implements doubled in comparison to 2014, and sales of Kepler Weber, IGPS and Zaccaria equipment to the grain processing sector rose 53%. Complementarily, sales of parts for

agricultural and agro-industrial machinery resulted in 14% growth compared to 2014.

3.1.2. Unimaq S.A.

Unimaq is the corporation's company specializing in the sale and lease of Caterpillar and allied lines of light capital goods. Its business is geared toward urban markets and light construction, as well as toward the industry, agriculture, commerce, services and mining sectors. In addition to the CAT General Construction line (compact equipment), Unimaq deal distributes allied brands such as Mitsubishi CAT forklifts, Wacker compaction equipment, Lincoln Electric welding equipment, CAT Olympia generators, Amida light towers, Enerpac hydraulic tools, CompAir stationary air compressors, Sullair portable compressors, Lincoln Industrial lubrication systems, Valtra agricultural tractors and Carmix self-loading concrete mixers.

Its 2015 sales totaled S/. 562 million (US\$ 176 million), including parts and services, a similar level to that of 2014, in a market that contracted more than 15%. It should be noted that allied lines represent 66% of the company's sales.

The largest portion of its sales for the year (43%) was made to the construction market, where it maintained leadership in nearly all of the lines it distributes. In particular, the Caterpillar line of compact equipment stands out once again, with a leading market share of 61%, measured in FOB import values. Unimaq's commercial performance again merited it an award as the top dealer worldwide in this line, as the company was able to incorporate a significant percentage of new customers for the corporation. In addition, it was recognized by Mitsubishi CAT as the top dealer in Latin America.

It is worth mentioning that during the year, Unimaq continued consolidating its position in the segment of medium-sized and small contractors participating in local and regional sanitation and road construction projects, despite the market contraction. Unimaq's business is not limited to the sale of new machinery and equipment; since its beginnings, it has had the most widely varied leasing fleet for this contractor segment. Unimaq's leasing fleet includes more than 1,360 units of different sizes and for different uses, from compact Caterpillar units to hammers, vibratory compactors and light towers, among other types of equipment, whose total book value is US\$ 58 million. Among the leasing services Unimaq offers are medium and long-term leasing contracts, where forklifts stand out. In 2015, the fleet of forklifts managed by Unimaq comprised 800 units. In addition, the company has renewed a number of contracts.

Since its foundation in 1999, Unimaq has established branches in Piura, Cajamarca, Lambayeque, Trujillo, Huancayo, Arequipa, Cusco and Ilo. Its headquarters is in Lima, where it also has a location in Villa El Salvador to serve the southern part of the country, and where it will soon open a location to serve northern Peru. It also has offices in Cerro de Pasco, La Oroya and Ayacucho.

3.1.3. Orvisa S.A.

Orvisa is the Ferreycorp company which specializes in capital goods, services and consumables for activities in the Peruvian Amazon region, mainly representing the Caterpillar brand. It provides comprehensive solutions for customers operating in this part of the country, as the specialist in capital goods for sectors such as oil, river transportation, forestry and value-added wood, in addition to other sectors the corporation serves in different regions of the country, such as agriculture and construction.

With its headquarters in the city of Iquitos and branches in the cities of Pucallpa and Tarapoto, in addition to offices in Huánuco, Bagua and Madre de Dios, Orvisa has remained close to its customers since 1973, offering differentiated solutions and a portfolio mainly comprising the same lines of products and services as Ferreyros and Unimaq, as well as others products specifically applicable to the area in which it operates.

At the close of 2015, Orvisa's sales amounted to S/. 186 million (US\$ 58 million), lower than in 2014, mainly in the construction, forestry, agriculture, and oil and gas markets. The company's operations faced an atypical year due to interruptions by a longer than usual rainy season and high river levels in the Amazon region; the retraction of operations of oil and gas companies due to low oil prices; and the lower level of budget execution among public entities in the area. However, with long-term vision as the leading supplier of equipment, machinery and consumables in the area, Orvisa launched a new service, putting its first floating service station into operation to serve the river transportation segment. The company has been offering this segment an increasingly larger portfolio that includes marine engines and generators, marine bodywork and paint, and now fuel, positioning itself as the expert in service for the river transportation sector with high operating standards.

In addition, during the year, turnkey projects were handed over; coverage of opportunities in prime products and parts improved; and other operating improvements were made to ensure better performance and maintain leadership in the distribution of capital goods, services and consumables in the Amazon region.

It is worth mentioning that during 2015, Orvisa continued serving the forestry sector through product lines such as Caterpillar skidders, as well as allied brands' sawmills and wood drying kilns. The sector has good growth prospects, especially since in the last quarter of the year, the regulations on the Forestry Law were published to regulate activities in this sector, which should foster larger investments in the coming years.

3.1.4. Ferrenergy S.A.C.

Ferrenergy is the corporation's company dedicated to meeting specific demand for isolated, non-connected power generation, as a complement to the generators, motors and turn-key plants offered by Ferreyros and Unimaq. The company was founded in 2006 through a partnership between Ferreycorp and Energy International Corporation (now SoEnergy International, affiliated with the Caterpillar dealer in Colombia). Each partner company owns 50% of Ferrenergy.

In light of the sufficiency of the interconnected system in Peruvian territory, the year 2015 presented fewer opportunities for the company. Even so, during the year, this Ferreycorp company dedicated to the supply and sale of thermal energy had sales of S/. 9.7 million (US\$ 3.0 million), a level close to that attained in 2014. Its main customers during the year were Electro Ucayali and Electro Oriente, in the Peruvian Amazon region. In addition, it placed emphasis on searching for new opportunities in industry, as well as in infrastructure, mining, oil and gas projects.

With a decade of operations, Ferrenergy offers thermal energy solutions using gas, diesel and residual fuel oil generators, serving customers in the public and private sectors that are located outside the limits of the National Interconnected Electric System. It also covers customers within the system that require "bridge" energy (until a permanent solution is implemented) or energy for testing equipment, for pre-operating phases or for emergencies, as Ferrenergy is a specialist in coverage of every type and magnitude of temporary energy need.

3.2 Performance of Caterpillar and allied brand dealers in Central America

In 2010, the corporation entered the Central American region, accepting Caterpillar's invitation to serve it in Guatemala, El Salvador and Belize, in response to the diversification strategy defined by Ferreycorp to grow by expanding to Latin American countries, providing some of the products and services in its portfolio in Peru. It should be noted that, over the years, a number of Caterpillar dealers have served more than one territory, placing their capacities at the service of Caterpillar in more than one country.

During 2015, Ferreycorp's operations in Central America generated revenue of S/. 520 million (US\$ 163 million), with a variation of 9% compared to the preceding year. In this manner, these companies' contribution to the corporation was maintained, generating 10% of total sales.

It is worth mentioning that Caterpillar has a privileged position in these territories, thanks to the strategies adopted by these subsidiaries, as well as the significant contribution of the Mobil lubricants business, which has enabled this set of businesses to increase geographic coverage to more countries.

In addition, it is necessary to highlight the incorporation of another subsidiary, Transportes Pesados S.A. de C.V. (Transpesa), in 2015. Transpesa is a leader in the commercialization of parts for heavy transport equipment. In this manner, Ferreycorp complements its activity in El Salvador, where it has operated since 2010 through its subsidiary that sells Caterpillar and allied brands, and strengthens its operations in the automotive segment, which it serves in Peru through its Motored subsidiary.

3.2.1. Corporación General de Tractores S.A. – Gentrac (Guatemala)

Gentrac—the only Caterpillar machinery and equipment dealer in Guatemala, as well as the national distributor of Mobil lubricants in the territory and representative of other prestigious brands—had sales totaling S/. 344 million (US\$ 108 million) in 2015, which were affected by political instability in Guatemala in the second semester of the year. However, Gentrac once again obtained a leading market share of nearly 40% in the Caterpillar line of machinery and equipment. Mining and construction were two key sectors among Gentrac’s sales during the year.

With regard to mining, thanks to a high level of customer loyalty, the market share for Caterpillar equipment in Guatemala remained above 80%, despite lower demand for equipment during the year. It should be noted that in Guatemala, there are both open pit and underground metallic mining operations (gold, silver and nickel), as well as non-metallic mining (cement), the latter corresponding to the quarry and aggregate segment. As occurs in other countries, foreign companies, such as Goldcorp and Tahoe Resources, operate in Guatemala.

In the heavy construction segment for road infrastructure and hydroelectric development, Gentrac held a leading position, with a market share of over 50%. In 2015, mining projects and private highway projects mainly drove the construction sector, with a lower level of public infrastructure works compared to the preceding year.

As the only Mobil lubricants distributor for the entire Guatemalan territory since 2013, Gentrac serves every economic sector, generating sales of S/. 58 million (US\$ 18 million). As is widely known, following the acquisition of the business of Mercalsa in the year 2013, Gentrac became responsible for national distribution of Mobil lubricants in Guatemala.

Gentrac has its headquarters and a parts store in Guatemala City, as well as a location exclusively dedicated to the Mobil lubricants line of business. It has branches in Quetzaltenango and Teculután, a parts store in the city of Morales and 17 mobile warehouses at its customers’ facilities.

Through its brand, Gentrac Rental Store, the company distributes the Sullair, Genie, Wacker, Olympian, Carmix and Cipsa brands. In addition, it is the exclusive dealer for Mitsubishi forklifts and Wacker compact equipment in Guatemala, through Cresko Guatemala, a company created in 2014 with 100% Gentrac capital.

It has operated since 1938 with other names and other partners as the exclusive Caterpillar dealer in Guatemala, Gentrac was acquired by the distributor in El Salvador in 1998, and subsequently by Ferreycorp in 2010.

3.2.2. Compañía General de Equipos S.A. – Cogesa (El Salvador)

Founded in 1926, Cogesa has been a Caterpillar dealer in El Salvador since 1930. In addition, it is the only distributor of Mobil lubricants in its territory, as well as of other top-quality lines. Its sales in 2015 totaled S/. 110 million (US\$ 34 million), which reflects relevant growth, taking into account that the Salvadoran economy generally showed lower than 2% performance, as it has in recent years. In an economy with low growth rates, the company maintains very good market coverage to detect opportunities as they arise in sectors such as highway construction and maintenance, urban construction projects in general, industry, and the commerce and services sector.

Sales of CAT machinery and equipment, the leading brand in El Salvador with a 62% market share, were concentrated in backhoes, mini loaders and excavators, which are used extensively in road maintenance projects and small-scale construction projects.

The commercialization of Mobil lubricants, an activity in which the company has been engaged since 2001, made a significant contribution to earnings, with more than 20% of total sales. In this line of business, strong sales in the B2C segment stands out, growing more than 15% in relation to the preceding year.

In addition, Cogesa geared its activities toward agriculture, concentrating on sugar mills and the sugar cane planting and harvesting process, a traditional activity for the company. The types of agricultural equipment with the highest demand during 2015 were tractors, loaders and harvesters for the sugar industry, which obtained a 75% share.

Cogesa provides post-sale coverage nationwide through its three branches located in San Salvador in the central part of the country, Sonsonate in the western part, and San Miguel in the eastern part. From these three sales points, it provides support for all the infrastructure projects underway within the national territory. In this context, during 2015, sales of parts and services represented 35% of the company's total sales.

In addition to its headquarters in San Salvador, Cogesa has two branches in the cities of Sonsonate (western part of the country) and San Miguel (eastern part). It also represents lines such as Mitsubishi-CAT forklifts, Wacker compaction and lighting equipment, Lincoln Electric welding equipment, Olympian-CAT generators, Sullair compressors, Mack trucks, John Deere agricultural generators and Michelin tires for construction, agriculture and trucks.

3.2.3. Mercadeo Central Americano de Lubricantes – Mercalsa (Nicaragua)

Incorporated in the Ferreycorp corporation in 2013, Mercalsa is the wholesale distributor of Mobil lubricants for Nicaragua. It was founded in 2009, after Mobil Nicaragua transferred its operations to a group of its executives, who were in charge of developing a national distribution network.

Mercalsa's sales in 2015, which totaled S/.22 million (US\$ 7.1 million), were mainly to the mining, sugar mill and power generation sectors. These results were affected by a number of structural factors, such as government policy geared toward changing the composition of the national energy mix, which reduces consumption of industrial lubricants in one of their key segments.

Within this framework, Mercalsa supplied lubricants and provided support services to the construction and commerce sectors through its complete line of products for heavy applications. In addition, it also covered the light vehicle market through a wide subdistribution network to reach the B2C segment.

In Nicaragua, reduced external demand and low prices for the country's main exports have had an impact on manufacturing, mining and agricultural activities, the last of which was also affected by changes in the pattern of rainfall. Economic performance in general has depended on the construction and commerce sectors, the strongest in the national economy during 2015.

Mercalsa's operations are based in Managua, from where it serves the entire Nicaraguan territory.

3.2.4. Corporación General de Tractores S.A. – Gentrac (Belize)

Gentrac represents Caterpillar and other prestigious brands in Belize. It was established in 1998, the year in which it acquired the assets and business of Belize Cemcol Limited, the Caterpillar distributor for the country up until that time.

Its sales totaled S/. 14 million (US\$ 4.4 million) in 2015, which was a slight increase compared to the preceding year. The main sectors to which these sales were made were industry, the maritime sector, heavy and light construction, and commerce. The power generation line deserves special mention, where Gentrac and Caterpillar stood out once again as the market leader, for industry as well as commerce.

The Belize economy was affected in 2015 by a drop in exports of the main raw materials that support the country, such as sugar, molasses, citrus fruit, oil, and marine products. Only bananas showed positive behavior. Despite this, Gentrac's sales grew due to taking full advantage of business opportunities that arose in the country, where it is recognized as a leader in machinery, equipment and post-sales support.

In addition to Caterpillar, it distributes the Wacker, Sullair and Twin Disc brands, as well as Mitsubishi forklifts and forklift trucks and Olympian generators. Its headquarters are in Ladyville, where the country's international airport is located.

3.2.5. Transportes Pesados S.A. de C.V. – Transpesa (El Salvador)

Transportes Pesados S.A. de C.V. (Transpesa), a leader in the commercialization of parts for heavy transport equipment in El Salvador, became part of Ferreycorp on July 1, 2015.

Its commercial activity in 2015 centered on the cargo transport, collective passenger transport and municipal government segments, which enabled it to achieve sales of over S/.27 million (US\$ 9 million).

The company has a position of leadership in the market for parts and consumables for heavy transport equipment, with a market share of over 50%. This position has been maintained in a context of slow economic growth in the country in recent years.

Transpesa carries a wide line of products to support the economic sectors it serves. Its main line of business is parts for truck and bus engines, as well as chassis. Parts sales represent 70% of the company's total sales. However, the contribution of additional consumables such as lubricants and tires is also very important, as are sales of Kenworth vehicles. The corporation served the Kenworth brand through the Motored subsidiary in Peru.

With 35 years in the market, Transpesa has eight branches in El Salvador, located in San Salvador, Santa Ana, Sonsonate, Metapán, Lourdes, San Miguel and Soyapango.

3.3 Performance of companies that complement the selection of goods and services for the different productive sectors

The Ferreycorp subsidiaries, whose large portfolio of goods and services complement the selection of products for the different productive sectors, contributed sales of S/. 645 million (US\$ 202 million) in 2015, 10% more than in the previous year. This third set of companies includes all of the companies in Peru or other Latin American countries that serve companies the corporation represents other than Caterpillar or those involved in business and activities other than capital goods.

Worth mentioning is the consolidation of the operations of the Trex subsidiary—a dealer in Terex brand cranes, lift platforms and a range of port equipment, whose central operations are in Chile—which became part of Ferreycorp in 2014. The contribution to earnings of the different subsidiaries specializing in logistics—which showed growth during 2015—consumables, heavy transport

vehicles, Asian machinery, metalworking, and technological solutions also stands out.

3.3.1. Motored S.A.

With a wide range of vehicles that includes tractor trucks, trucks and buses that run on diesel and natural gas, for the automotive market, Motored provides this segment a complete range of transportation solutions developed to satisfy the needs of the country's main sectors, such as mining, construction, transportation, commerce and services.

In 2015, the market for 16-plus-ton trucks and tractor trucks contracted 14% in comparison to 2014, when it had already decreased 26% compared to the previous year, as a result of deceleration of the economy. In this context, Motored achieved sales of S/.204 million (US\$ 64 million), corresponding to 436 units, which was less than in 2014. In this context, the market share of brands represented by Motored in the relevant 16-plus-ton truck and tractor trailer segment has remained at 6% over the last three years.

Motored's value proposal for customers in the automotive sector is not limited to the sale of prestigious-brand Kenworth and Iveco vehicles; it includes the provision of parts and maintenance and repair services for many brands available in the market and not only those whose vehicles it sells. Obtention of Cummins engine maintenance and repair certification for 30% of the technical service personnel stands out as an achievement made during the year. This will enable the maintenance and repair shops in Arequipa, Trujillo and Lurín to be recognized as Cummins Full Service shops authorized by the engine manufacturer, making it possible to serve a larger number of vehicles.

ISO: 9001 revalidation was also obtained for service processes in Lima, which are related to maintenance and repair, pre-delivery, accidents, and mechanical assistance for vehicles used in the mining, construction, transportation, commerce and service sectors, in addition to service contract execution at customers' operations. With this revalidation, improvement in the customer satisfaction indicator, as well as continuous improvement in operations, will be achieved.

In addition to two locations in Lima—a 30,000 m² property on the South Pan-American Highway in Lurín for its main service shop, the sale of parts and its warehouse for local service, and another 4,000 m² property in Ate, next to the Vía de Evitamiento road for its central parts warehouse, the sale of parts and vehicles, and administrative offices—Motored has three complete branches for the sale of units, service and parts in Arequipa, Trujillo and Cajamarca. In addition, Motored Parts has three sales points in Lima and operates in provinces such as Huancayo and Piura.

Motored is a dealer for Kenworth, Iveco and DAF brands, as well as a varied range of brands of parts, which are distributed by its Motored Parts division. It

began its operations in 2012, providing transportation solutions to customers in economic sectors such as mining, construction, commerce and services.

3.3.2. Cresko S.A.

Cresko specializes in the commercialization of Asian products, with post-sales service that is different from that offered by Caterpillar dealers. It came about as part of a Caterpillar strategy offering products in a differentiated manner, offering its dealers SEM equipment, a brand owned by Caterpillar. Since it began its operations in October 2007, Cresko has served emerging customers in sectors such as construction, mining, agriculture, and industry in general that are not covered by Ferreyros and Unimaq. In its portfolio, it has SEM loaders, crawler tractors, and motor graders. Subsequently, it added other brands such as Shacman trucks, Foton agricultural tractors, Wacker Neuson rollers and light towers, Super generators, Mitsubishi forklifts, and Shaorui crushers and grinding mills, among others.

In 2015, its sales in the capital goods category totaled S/. 31 million (US\$ 9.6 million), which was higher than in 2014. It is worth mentioning that, starting in the first quarter of the year, Cresko focused on the capital goods business in response to its mission and vision of being a company that commercializes equipment and machines for the country's different productive sectors, leaving the commercialization of chemical inputs behind.

In this manner, in 2015 the company maintained its leadership in imports of earth moving machinery from Asia. Thanks to a larger equipment portfolio of both frontloaders and new models of crawler tractors and motor graders, it was better able to respond to customer demand and provide solutions. The market share for SEM loaders during the year was 45% with regard to similar products from China, which is an outstanding achievement in a market that contracted nearly 40% with regard to earth moving machinery.

Similarly, the larger Shacman portfolio, which contains dump trucks with different features depending on the type of work and geographical conditions, helped increase Cresko's sales and market share.

It is important to mention that indicators have begun showing that the CRM implemented by Cresko has improved its commercial management and, therefore, its customer service.

In late 2015, the company obtained the representation of a line of Shaorui crushing and milling equipment. Shaorui, which is part of Metso, a prestigious brand the corporation also represents, has a large portfolio that will help increase Cresko's sales in 2016 and, moreover, provide customers an excellent option for their quarries and the manufacture of aggregates.

3.3.3. Mega Representaciones S.A.

Mega Representaciones is the corporation's subsidiary specializing in comprehensive solutions for consumables used in industry. It represents prestigious brands, among which are Goodyear, Mobil and 3M, and has a complete portfolio of products, including tires, lubricants, industrial safety articles, abrasives, and both manual and power tools.

Mega Representaciones' sales in 2015 totaled S/. 202 million (US\$ 63 million), in a context of a significant reduction in the prices of tires and lubricants, due to lower international prices of oil and rubber, as well as contraction of the market in general.

Despite difficulties in its sphere of activity during the year, Mega Representaciones continued consolidating its leading position in comprehensive solutions in consumables for industry, serving different economic sectors through the provision of consumable products and post-sales support. The latter, in the different product lines, involves onsite service at its customers' operations, with personnel assigned to the location and consignments; technical advising and training; and service in a network of maintenance and repair shops. The objective of these capacities is to help reduce its customers' operating costs, increase their efficiency and improve the safety of their operations.

In addition, during the year, Mega Representaciones obtained ISO 9001:2008 recertification for its retreading plant, warehouse and dispatch processes, and reaffirmed its membership in the Asociación de Buenos Empleadores (Association of Good Employers).

The product portfolio includes top brands such as Goodyear and Superhawk tires; Mobil lubricants; Fleetguard and Donaldson filters; 3M, Capital Safety, Microgard, Ansell, Tecseg and Westland industrial safety articles; 3M and Dewalt abrasives; Sata, Armstrong and Allen hand tools; and Bosch and Dewalt power tools. The last of the aforementioned lines was added to the company's portfolio in the third quarter of 2015, as were the Kimberly Clark and MSA brands in the industrial safety line. Its lines of business also include products for retreading, predictive maintenance and microfiltration processes.

Mega Representaciones became part of Ferreycorp in 2007, with the acquisition of Mega Rubber S.A., which was merged two years later with Inlusa (Industria y Comercio S.A.). In 2013, the acquisition of Tecseg was finalized, so its line of industrial safety products now belongs to Mega Representaciones.

3.3.4. Fiansa S.A.

Fiansa is the corporation's company specializing in the execution of metalworking projects for the principal sectors of the economy. Its main lines of business are the manufacture of heavy and semi-heavy structures, boilermaking and metal assembly.

It should be noted that, for the purpose of expanding capacities for managing Fiansa projects, in 2013 Ferreycorp partnered with URSSA, a Spanish company belonging to the Mondragón corporation that specializes in metal construction, with projects in Europe, America, Africa and Asia.

The year 2015 was marked by a sharp contraction of demand (30%) in the metalworking structure category. In this context, Fiansa achieved sales of S/. 27 million (US\$ 8.6 million), which was less than in the preceding year. However, improvements introduced in processes, in both project management and manufacturing, as well as investments made in infrastructure in 2014 enabled Fiansa to increase its contribution margins during the year.

The company's activity in 2015 was basically focused on the manufacture of structures, mostly for industry and mining, the latter of which was affected by a slowdown in new operations.

In addition, during the year Fiansa was awarded the most important contract in its history for the manufacture of metallic structures for use in the expansion of an important mining project. In the assembly business, the company was hired for its biggest, most complex project ever: the assembly of the Pachitea Bridge in the Peruvian jungle, which will be carried out during 2016.

After 47 years of operations, Fiansa approaches 2016 with optimism, in the midst of challenging conditions, with new plans for innovation and the consolidation of improvements introduced.

3.3.5. Fargoline S.A.

With 32 years in the domestic market, Fargoline offers temporary storage of containers, loose and roll-on roll-off cargo, as well as customs warehouse and simple storage services, successfully consolidating its value proposal in the foreign trade logistics sector and setting the standard for the market in which it operates.

During 2015, Fargoline's sales continued growing, reaching S/.72 million (US\$ 22.5 million), with the same installed capacity. The line of business called temporary storage represented 73% of its revenues, which was a 12% increase over the preceding year. The customs storage and simple storage lines of business accounted for 17% of sales, in addition to the logistical services Fargoline provides for projects, with increasing consolidation.

Despite decreased robustness in the flow of foreign trade, Fargoline attracted a larger number of customers and expanded the services it offers to customers with which the company has been working for years.

The competition that Fargoline faces in its field requires flexibility and dynamism to tend to customers' needs, which it has been able to do, thanks to a satisfactory financial situation as a result of strict cost control and reductions that offset the lower share of the more profitable lines of business during the year.

In addition to tending to the foreign trade-related logistical needs of the corporation's companies, which were initially 100% of its business, Fargoline has built a significant portfolio of customers, among which the country's import and export companies account for 77% of its operations, complementing the deployment of services. In the case of importers, they are mainly customers in the capital goods business. The company has also begun working with export companies.

Its investment in equipment during the year included the acquisition of two Terex container cranes for an approximate value of US\$ 1 million and infrastructure improvement, on which it spent US\$ 500 mil.

Fargoline maintains certification by the Business Alliance for Secure Commerce (BASC), the international alliance that promotes secure commerce in cooperation with governments and international organizations. Similarly, it has ISO 9001, OHSAS 18000 certification and has been recognized as a good employer by the Peruvian American Chamber of Commerce, in addition to being honored by *Perú 2021* with its Socially Responsible Company Distinction.

3.3.6. Forbis Logistics

This company is Ferreycorp's freight forwarder, which was created in 2010 in the U.S. state of Florida, for the initial purpose of fulfilling the demand for logistical services between the United States and Peru.

In 2012, Forbis Logistics was formed in the city of Lima for the purpose of serving the local and international market in a more direct manner, expanding its service routes to North America, Latin America and Europe. In 2014, it was named an official Caterpillar freight forwarder.

Forbis Logistics consolidated its position as a Caterpillar freight forwarder in 2015. In April, it was awarded 100% of the Caterpillar air cargo with Peru as a destination, which made it possible to mobilize over 4,802 metric tons to Peru by air.

Its commercial growth has been equally promising, as its sales totaled S/. 52.1 million (US\$ 16.3 million), marking a significant increase with regard to the levels obtained in 2014. Sales to companies unrelated to Ferreycorp increased 100%, accounting for 7% of the total cargo moved. Additionally, Forbis Logistics

increased its product portfolio to include a foreign trade area, in order to provide the services of handling and following up on import and export operations, closely coordinating with providers of customs brokerage and terminal services (air and marine).

During the year, Forbis Logistics placed first in the ranking of kilos transported from the United States to Peru, according to InfoEscomar 9. In addition, it is in third place worldwide in the number of kilos transported to Peru, according to the same source.

3.3.7. Soluciones Sitech Perú S.A.

During 2015, Soluciones Sitech Perú continued consolidating its position as the corporation's subsidiary dedicated to integrating technologies to create solutions that increase customers' productivity in the mining, construction, oil and gas, and agriculture markets, making its first sales to important customers and strengthening relations with the companies it represents.

In the underground mining market, which was the market most important to the company in 2015, the implementation of a connectivity solution called MST began in the underground expansion of an important mine in the Cajamarca region. In addition, starting in the month of October, Soluciones Sitech Perú, in partnership with Ferreyros, incorporated the Loadrite weighing system in all of its Caterpillar LHD loaders in the country. This technology gives operations personnel greater control over production and operation. This partnership earned Soluciones Sitech Perú the "Top dealer in growth of year-over-year sales in the Americas region" award granted by Trimble, a company it represents.

With regard to open pit mining, the company began implementing an asset management solution (AMT, I Solutions) in an important mining operation in the southern part of the country. It also began working on a pilot project for a DSS anti-fatigue solution (Seeing Machines) in the operations of an important mining customer in the Cajamarca region.

In the construction market, the company continued conducting demonstrations and pilot tests to monitor machinery with the most important contractors in the sector in Peru.

Soluciones Sitech Perú has a complete portfolio of the lines it carries, such as Trimble, Loadrite, AMT, DSS and MST, and has developed the capacities necessary to meet the growing demand for solutions in the construction and mining markets in particular.

3.3.8. Trex LatinoAmerica SpA (Chile, Ecuador and Colombia)

This company is the Terex dealer for the entire range of cranes and lift platforms and a complete line of port equipment in Chile, with initial operations in Ecuador and Colombia. Founded in the year 2000, Trex became part of Ferreycorp in 2014, but its origins in the crane and port equipment industry in Chile date back to the 80s.

A year after becoming part of Ferreycorp, Trex achieved a significant increase in sales, which totaled S/.156 million (US\$ 49 million), comparing very favorably to the preceding year. This result is largely due to the fact that, for the first time, more AC cranes (all terrain) were sold in Chile. This equipment is larger and more complex than RT cranes (rough terrain), consolidating a trend seen for some time now. The Terex Zweibrücken Explorer line was the standout of the year, with more than 12 units delivered.

In a context in which the market failed to grow, the company significantly increased its market share in new cranes by more than 50%, maintained its share in port equipment above 60%, and obtained an unprecedented 40% market share in Genie. These results are promising for Trex' future operations.

In 2015, the company worked intensely on the implementation of a training plan that seeks to standardize the quality of its post-sales support, from north to south, in every territory where it operates. This is a way of maintaining the company's identity, which is closely linked to the quality of its post-sales support. Trex firmly believes that maintaining high market shares requires world-class support.

Trex' activity during the year was also related to the launch of a leasing fleet to meet customers' different needs, as many require this type of service. The leasing and parts lines, which are characterized by their larger margins, accounted for a significant share of sales in 2015, totaling 19% of the total, compared to 14% in the preceding year.

The market presented a high level of uncertainty throughout the year, which was evident in the postponement of investment decisions by customers. Therefore, some operations initially scheduled for the first semester of the year did not take place until the last quarter.

Through sales and leasing operations, the company serves the Chilean territory out of its offices in Santiago, Antofagasta, Calama, Copiapó and Concepción. Trex LatinoAmerica gears its operations toward sectors such as mining, energy, the port industry, and construction.

Trex has excellent post-sales support that includes field service, a permanent presence at customers' operations, a centralized network of maintenance and repair shops and warehouses, and maintenance and training plans for customers.

4. Organization and Human Resources

This chapter presents relevant information on the two steering and decision-making bodies in the organization, the Board of Directors and Management, as well as details on the workforce and the corporation's main human resource processes.

4.1 Board of Directors

The Ferreycorp S.A.A. Board of Directors is composed of ten directors elected for a three-year period, pursuant to the General Law on Companies and in compliance with article 32 of the Company's bylaws.

It should be noted that all of the directors were confirmed, one by one, by the General Shareholders' Meeting. This process included the advance publication of the names of the candidates for director.

The directors of Ferreycorp S.A.A. for the 2014-2017 period, elected at the General Shareholders' Meeting held on March 26, 2014, are:

Óscar Espinosa Bedoya
Carlos Ferreyros Aspíllaga
Ricardo Briceño Villena
Manuel Bustamante Olivares
Aldo Defilippi Traverso
Carmen Rosa Graham Ayllón
Eduardo Montero Aramburú
Raúl Ortiz de Zevallos Ferrand
Juan Manuel Peña Roca
Andreas Von Wedemeyer Knigge

Once again, the members of the Board of Directors elected Óscar Espinosa Bedoya as their Chairman and Carlos Ferreyros Aspíllaga as Vice Chairman for the aforementioned period.

As part of the creation of the holding company in 2012, it was established that the members of the Board of Directors of Ferreycorp S.A.A. would hold the same positions on the Board of Directors of Ferreyros S.A.

Information on the directors' careers can be found in the Appendices. The Board of Directors' practices are explained in the evaluation of corporate governance.

4.1.1 Special bodies within the Board of Directors

The Ferreycorp S.A.A. Board of Directors has four committees:

- **General Management and Strategy Committee (formerly the General Management and Subsidiaries Committee)**
- **Nominating, Compensation and Corporate Governance Committee (formerly the Organizational Development and Corporate Governance Committee)**
- **Audit and Risk Committee (formerly the Audit Committee)**
- **Innovation and Systems Committee (new committee)**

For further information on the functions and powers of each committee, please see the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies for 2015.

4.1.2 Board of Directors of subsidiary companies

As mentioned previously, the Board of Directors of the main subsidiary, Ferreyros S.A., is composed of the same directors as Ferreycorp S.A.A.

The boards of directors of the other subsidiaries are chaired by Óscar Espinosa Bedoya, the Executive President of Ferreycorp S.A.A., and Mariela García Figari de Fabbri, CEO of Ferreycorp S.A.A. is their vice chair.

The other members of the boards of directors are the following Ferreyros S.A. and/or Ferreycorp S.A.A. managers:

Name	Position	Subsidiary Company Directorship
Gonzalo Díaz Pro	Central Business Manager at Ferreyros	Unimaq, Ferrenergy, Orvisa, Fiansa, Cresko, Soluciones Sitech Perú, companies in the Gentrac and Mercalsa group, as well as Trex
Patricia Gastelumendi Lukis	Central Finance Manager at Ferreyros and Corporate Finance Manager at Ferreycorp	Unimaq, Orvisa, Fiansa, Mega Representaciones, Ferrenergy, Fargoline, Cresko, companies in the Gentrac and Mercalsa group, Forbis Logistics, Motored, Soluciones Sitech Perú and Trex
Hugo Sommerkamp Molinari	Central Management Control and Systems Manager at Ferreyros	Unimaq, Orvisa, Fiansa, Fargoline, Cresko, companies in the Gentrac and Mercalsa group, Forbis Logistics, and Motored
Luis Bracamonte Loayza	Corporate Investment Manager at Ferreycorp	Fiansa, Mega Representaciones, Fargoline, Cresko, Forbis Logistics, Motored and Soluciones Sitech Perú
Oscar Rubio Rodríguez	General Manager of Unimaq	Orvisa, Motored and Cresko
Enrique Salas Rizo- Patrón	Construction and Mining Division Manager at Ferreyros	Unimaq, Mega Representaciones, Cresko, Motored, Soluciones Sitech Perú and Trex
Andrea Sandoval Saberbein	Logistics Manager at Ferreyros	Fargoline and Forbis Logistics

Rodolfo Paredes León	Development Manager at Ferreycorp	Fiansa
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4.2. Management

As part of the reorganization process in 2012, by means of which corporate responsibilities were assumed by Ferreycorp as the parent company, its managerial structure was gradually completed. In 2015, Ferreycorp had a CEO and seven departments (Corporate Affairs; Internal Audit; Communication and Image; Finance; Business; Technology, Processes and Innovation; and Human Resources).

Information on the senior executives of Ferreycorp and its subsidiaries for the year 2015 is presented in the following section. Some managerial changes were made on January 1, 2016 and announced as a Material Event on June 11, 2015.

Details on the professional background of each of these executives can be found in the Appendices.

4.2.1 Key executives of Ferreycorp S.A.A.

Mariela García Figari de Fabbri
Chief Executive Officer

Luis Bracamonte Loayza
Corporate Business Manager

Andrés Gagliardi Wakeham
Corporate Human Resources Manager

Alberto García Orams
Corporate Technology, Processes and Innovation Manager

Patricia Gastelumendi Lukis
Corporate Finance Manager

Eduardo Ramírez del Villar López de Romaña
Corporate Affairs Manager

José Miguel Salazar Romero
Corporate Communication and Image Manager

Raúl Vásquez Erquicio
Corporate Internal Audit Manager

4.2.2 Key executives of Ferreyros

Mariela García Figari de Fabbri
General Manager

Gonzalo Díaz Pro
Assistant General Manager

Andrés Gagliardi Wakeham
Central Human Resources Manager

José López Rey Sánchez
Central Product Support Manager

Hugo Sommerkamp Molinari
Central Finance Manager

Luis Fernando Armas Tamayo
Large-scale Mining Division Manager

Jorge Durán Cheneaux
Branches and Agriculture Division Manager

Enrique Salas Rizo-Patrón
Construction and Mining Division Manager

4.2.3 Key executives of other Ferreycorp subsidiaries

Carlos Barrientos Gonzales
General Manager of Mega Representaciones

Javier Barrón Ramos Plata
General Manager of Cresko

Henri Borit Salinas
General Manager of Motored

José Luis Chocarro Amunárriz
General Manager of Fiansa

Jorge Devoto Núñez del Arco
General Manager of Forbis Logistics

David Matuk Heresi
General Manager of Ferrenergy

Raúl Neyra Ugarte
General Manager of Fargoline

Víctor Otero Pizarro
General Manager of Trex

Oscar Rubio Rodríguez
General Manager of Unimaq

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

César Vásquez Velásquez
General Manager of Orvisa

Marcos Wieland Conroy
General Manager of Soluciones Sitech Perú

Alberto Parodi de la Cuadra
Assistant General Manager of Gentrac Guatemala

4.3 Human resources

To the corporation, its people are what is most important. Therefore, Corporate Human Resources Management has developed a value proposal for the workers of Ferreycorp and its subsidiary companies, based on fostering pride, affinity and purpose, as well as providing a good quality of life, an excellent work environment, and opportunities for personal and professional development, including competitive compensation and benefits.

The value proposal assumes that the Ferreycorp corporate culture, which is the foundation for growth and achievement of the corporation's objectives, needs to be differentiated. It should be characterized by the inclusion of committed leaders who are agents of change, as well as by the implementation of a human resources management model that makes it possible to attract and retain talent. In addition, the value proposal aims to set an example in the market regarding best labor practices aligned with the corporation's objectives, as well as to foster continuous improvement in safety management through best practices and established standards.

The primary role of the Corporate Human Resources Department is to link corporate strategies, the culture, the organizational climate and leadership, as well as the creation of value, anticipating major trends in human resources. This department comprises four areas: Culture and Communications, Talent Management, Labor Matters, and Occupational Health, Safety and Environment.

In May 2015, a corporate culture and leadership project was launched to facilitate the process of organizational change, based on the business strategy and the definition of new roles and competencies, in order to develop a vision of the strategically desired culture and leadership. This project, which involved 32 leaders from the corporation and a group of workers from all of the subsidiaries in Peru and abroad, produced the definition of the Ferreycorp culture. By the end of 2015, we had a new definition of cultural elements, the leader profile and employee competencies.

With regard to governance, a set of policies has been developed for the entire corporation, in the areas of human resources, safety and security, and labor management.

Regarding internal communications, Ferreycorp has channels of communication to keep the over 6,500 workers in the corporation's companies informed, such as the Intranet and the corporate magazine, in addition to other channels some of the subsidiaries have.

It also has a performance management model for the purpose of building and consolidating a culture based on high performance among Ferreycorp employees, who contribute to the achievement of its strategic objectives and established goals, with a view to the sustainability of the business.

It should be mentioned that, for several years now, Ferreycorp has had an integrated management system for occupational health, safety and environment that makes it possible to manage and advise on continuous improvement of processes, avoiding accidents in its subsidiaries in Peru.

In addition, every subsidiary of the corporation has a team responsible for ensuring good labor relations. In the entire Ferreycorp corporation, there is only one labor union: Sindicato Unitario de Trabajadores at Ferreyros S.A. At the end of 2015, it had 287 members, who contribute to the formulation of policies that ensure good working conditions and a good quality of life for workers and their families.

Emphasis is also placed on achieving a good work-life balance, including mechanisms that permit greater inclusion of women in the job market, facilitating their role as mothers working outside the home. Two Ferreycorp subsidiaries, Ferreyros and Unimaq, are among 20 private companies that have nursing rooms.

4.3.1 Composition of personnel

At the end of 2015, the corporation had 6,665 workers. The inclusion of Trex, the company acquired in 2014, and of Transpesa, acquired in 2015, in the total number for Ferreycorp stands out.

Year	2010	2011	2012	2013	2014	2015
Total Ferreycorp - Peru	4,221	4,813	5,681	5,834	5,774	5,628
Total Ferreycorp - Abroad	516	545	556	685	859	1,037
Total Ferreycorp	4,737	5,358	6,237	6,519	6,633	6,665

The Ferreyros, Fiansa, Fargoline, Mega Representaciones and Unimaq subsidiaries are members of the Asociación de Buenos Empleadores (Association of Good Employers) in Peru, which is sponsored by the American Chamber of Commerce (Amcham). Ferreyros is a founding member of this institution, which brings together companies known for respecting their workers and providing an adequate work environment through the application of good human resource practices in all of their processes.

It should be noted that, during 2015, the corporation received different recognitions for its work in the area of human resource management. Ferreyros placed among the top 10 companies to work for in Peru, according to the ranking published by the Monitor Empresarial de Reputación Corporativa (Merco), and, for the fourth year in a row, among the top 10 companies with the best reputation according to the Merco Empresas ranking.

4.3.2 Internal training programs

In the corporation, employee development and mobility is fostered through different training programs and the policy of giving existing employees priority when existing or new job positions are being filled.

In 2015, Ferreycorp continued developing leadership and management competencies through specialized programs. In addition, several of its subsidiaries have signed agreements with educational institutions on master's degree programs, certificate programs, specialization programs, maintenance and repair workshops, and different courses.

Similarly, the corporation seeks the development of administrative, commercial and technical personnel through capacity-building programs and initiatives. In the technical area, the Service Pro program merits mention. This program ensures continuous training for technicians, who achieve higher levels of specialization and certification of skills.

As many readers of this report will remember, in 2014 Ferreyros built a new Technical Development Center in Callao, with a total area of 2,300 m². At this center, the groundwork was laid for safety and security training and some

regulatory courses at the corporate level, whose scope will be expanded in the medium term. In addition, the Virtual Campus is being developed. It is a virtual training platform where courses on Information Security and on Health, Safety and Environment are taught for different companies in the corporation.

For further information on Human Resources, please see the appendices of this Annual Report (Company Administration).

5. Financial Management & Management Discussion and Analysis of the Audited Financial Statements

5.1 Financial management

Ferreycorp consolidates the results of the set of subsidiary companies operating in Peru and abroad, and approves its companies' strategies, as well providing guidelines and implementing control mechanisms for all of its subsidiaries.

Ferreycorp also engages in investment activities through the acquisition of companies in Peru and abroad in different economic sectors. In order to achieve better results, the company aspires to continue obtaining resources in an aggregate as well as individualized manner for each of its subsidiaries, for which it can act as a guarantor if necessary, in order to obtain conditions in line with the Ferreycorp risk profile. The financing it obtains as part of these activities is transferred to its subsidiaries.

It should be mentioned that Ferreycorp's revenue as an individual company comes from its share of its subsidiaries' earnings under the equity method and the dividends they transfer to Ferreycorp every year (revenue from the profits of the subsidiaries of which it is the majority shareholder). In addition, the corporation receives revenues from leasing real estate to its subsidiary, Ferreyros, as well as interest on loans granted to its subsidiaries, as explained further on in this section.

Transfer pricing and transactions between related companies

In line with its strategy and in compliance with tax regulations, Ferreycorp has sought to ensure that its operations with its subsidiaries are comparable to others it may engage in under similar conditions at market values. Therefore, it has rules on transfer prices between related companies in the economic group and an area in charge of reviewing transactions between them, through rigorous analysis of the support functions the corporation provides for its subsidiaries, the assets or resources employed to carry out these functions, and the costs and risks it assumes.

Real estate leasing

Following the company's reorganization in 2012, Ferreycorp maintained the properties used by its main subsidiary, Ferreyros, which are located throughout the country. However, during the 2015 fiscal year, Ferreycorp sold Ferreyros five properties located in Ica, Arequipa, Cajamarca, Chimbote and Huaraz. The remaining properties are leased to Ferreyros at market prices, with signed contracts.

Corporate services

Additionally, Ferreycorp receives revenue from corporate services it provides to its subsidiary companies, also at market prices, maintaining the business model designed in its strategic planning, which defines the corporation as the party responsible for establishing commercial, financial and control guidelines on the management of its subsidiaries.

This activity takes place in cases in which the corporation has a specialization not found in the subsidiaries, due to which services are offered instead of internal contracts or contracts with third parties. What is sought is to generate synergies and provide top quality services according to the standards of a company in the corporation. The services provided during the year, which are called shared services, include i) internal auditing ii) legal advice, and iii) risk management and financial planning. Other activities included among these corporate services are human resource management, corporate communications, brand management, infrastructure, treasury, information technology and processes, among others.

The value proposal of the corporation's operating companies lies in developing certain capacities, which are their competitive advantage, in these companies, such as having: i) adequate inventories that ensure their availability and make it possible to meet delivery times to customers' satisfaction; ii) adequate infrastructure throughout the countries where it operates; iii) resources for granting customers' credit and accompanying them with the necessary funds from diverse sources (banks, Caterpillar Financial and capital markets).

Its financing strategy is geared toward obtaining funds in a centralized manner when required. In this regard, it has issued bonds in the international market or has received loans from financial entities, obtaining preferential rates and good financial conditions that it passes along to its related companies through loans. It should be noted that the preferential rates Ferreycorp obtains in the market are based on the corporation's good image, reputation and excellent credit history.

For the purpose of reducing the company's risk related to credit operations, which are not its main business, as well as to improve asset turnover, some years ago the corporation adopted a policy of limiting credit to its customers. These needs rarely arise, since there are other competitive options, especially from Caterpillar Financial, which has a significant share of the financing provided to the corporation's customers, or credit from the banking system with better conditions regarding the term and interest rates.

In order to reduce the investment in units in the leasing fleet and to reduce the cash requirement for this investment, the Rental Acceleration Program was maintained. Under this program, Caterpillar Financial assumes the risks related to the asset and keeps the investment on its balance sheet.

Some construction projects geared toward enhancing maintenance and repair shops, equipment and new locations have been postponed. Although they were included in the fixed assets budget for the year, continuous follow-up is

conducted on Capex and the investment is made only when recovery of the investment can be verified, considering the company's situation and outlook for the markets in which it operates. It is important to mention that in previous years, the company made investments necessary for maintaining the world-class capacities it offers its customers.

The acquisition of a piece of land in Punta Negra, located 40 kilometers from Lima, was the largest investment in infrastructure and fixed assets in 2015. It is part of the master plan for real estate implemented in recent years, which provides for efficient use of infrastructure. Ferreyros also made the first payment on the acquisition of a property in Arequipa for the purpose of building a specialized maintenance and repair shop for mining machinery.

Accounts receivable are a permanent aspect of the company's assets, as they include all of the invoices issued for sales of parts, leased assets or other articles or services, which are short-term loans (30 days), as well as machines and equipment whose invoices will be paid by financial institutions, such as Caperpillar Financial and banks, among others that provide financial resources to the corporation's customers. In 2015, the total investment in accounts receivable among the corporation's companies was less than in the preceding year, totaling US\$ 294.4 million, an amount similar to that of 2014 (US\$ 308.0 million).

For the purpose of reducing debt, in order to improve financial indicators and operating cash flow position, in 2015 the corporation continued with the strategy of negotiating factoring without recourse with the different local banks, in relation to outstanding invoices in its accounts receivable from customers, mentioned in the preceding paragraph. This mechanism is attractive because it makes it possible to improve the days sales outstanding and, therefore, the cash cycle, at a very low financial cost. In the year 2015, US\$ 115 million in invoices were factored.

Additionally, Caterpillar International Services del Perú S.A. (Cispsa) has continued consolidating its position as an option for obtaining Caterpillar machinery, by offering customers operating leases. This is an interesting system through which the asset remains on the entity's books rather than the customer's.

Capital market

For many years, the capital market has been a very important source of financing for the company. In 1962, it opened its capital, listing its shares on the Lima Stock Exchange, and since the 90s, it has been involved in the placement of debt instruments.

During 2015, the capital market was affected by the deceleration of the global economy and depreciation of the nuevo sol. This situation, in addition to MSCI's consultation on a proposal to change the classification of the Lima Stock Exchange, gave rise to a situation affecting prices of Peruvian shares, in light of which the Board of Directors approved a share buyback program (treasury

shares) in August 2015. This enabled the corporation to achieve a number of objectives, such as sending the market a message of confidence in the business environment and keeping the share price from dropping abruptly, by removing shares from the market. In particular, the latter objective was aimed at giving the shareholders added value and making their investment more profitable, considering that the company's foundations are very solid and the fundamental value of the share is much higher than its market value. This buyback was made possible by surplus cash Ferreycorp had in 2015, due to which it had no impact on the company's level of debt.

The program consisted of the potential acquisition up to 50 million shares on the Lima Stock Exchange, without a deadline by which to complete it. However, the maximum time this investment can be held in treasury shares is two years, as provided by the General Law on Companies. As of the end of December 2015, Ferreycorp had repurchased 27,048,334 shares for S/. 35 million, at an average price of S/. 1.30. It is important to mention that, since the beginning of the share buyback program announced on August 27 through December 31, 2015, the share price recovered 14%, based on the initial purchase price of S/. 1.16.

Regarding other matters, in the year 2015 Ferreycorp made the decision and took preliminary steps to work with a market maker to improve its liquidity. In 2016, arrangements were made to work with Credicorp Capital for this purpose.

The corporation has only one debt instrument: its US\$ 300 million issue in 2013 of bonds that mature in 2020. With regard to the performance of the international bonds, it has clearly been one of the most profitable issues, considering placements made in the country in previous years, essentially because the corporation has generated a positive cash flow of S/. 154 million, which is reassuring to fixed-income investors. It should be noted that investors in debt paper are always expectant regarding the evolution of indicators such as EBITDA, free cash flow, debt maturity, and leverage and debt ratios.

During 2015, Ferreycorp attended 16 conferences with investors, at which it had had high demand for meetings and met with 234 variable and fixed-income investors. Investor interest was also evident from the visits paid by 68 of them to the corporate offices during the year.

In addition, the practice of holding quarterly teleconferences to present results was maintained, and information was provided to analysts and brokerage firms that deal in the shares.

Lastly, it is important to mention that the risk rating agencies that classify shares, as well as debt, issued by the corporation have confirmed their classification.

5.2 Management Discussion and Analysis of the Audited Financial Statements

Reading this chapter, taking into consideration the consolidated financial statements, is recommended for a thorough understanding of the volume and results of the corporation's business as a whole.

INDIVIDUAL FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

Balance sheet analysis

Balance Sheet (in millions of nuevos soles)

	31-12-15	31-12-14	Variation	
			Amount	%
Assets				
Current assets				
Cash and cash equivalents	76.7	4.5	72.2	1,604.4
Commercials accounts receivable, net	3.3	4.3	-1.0	-23.3
Long-term accounts receivable from related entities	106.2	237.5	-131.3	-55.3
Other long-term account receivable, net	16.3	10.2	6.1	59.8
Prepaid expenses	0.7	1.0	-0.3	-30.0
Total current assets	203.2	257.5	-54.3	-21.1
Commercial accounts receivable, net	0.0	0.0	0.0	
Long-term accounts receivable from related entities	696.4	523.6	172.8	33.0
Other long-term accounts receivable, net	1.3	1.7	-0.4	-23.5
Financial investments	1,635.5	1,554.9	80.6	5.2
Property, plant & equipment	348.1	346.1	2.0	0.6
Other assets	0.0	0.2	-0.2	-100.0
Total assets	2,884.5	2,684.0	200.5	7.5

Balance Sheet (in millions of nuevos soles)

continues

	31-12-15	31-12-14	Variation	
			Amount	%
Liabilities and shareholder's equity				
Current liabilities				
Financial liabilities	52.6	41.7	10.9	26.1
Commercial accounts payable	2.7	0.5	2.2	440.0
Other accounts payable	48.5	46.0	2.5	5.4
Account payable to related entities	0.9	1.0	-0.1	-10.0
Total current liabilities	104.7	89.2	15.5	17.4
Other financial liabilities	1,045.8	957.5	88.3	9.2
Deferred income tax liability	39.9	41.5	-1.6	-3.9
Total liabilities	1,190.4	1,088.2	102.2	9.4
Shareholders' equity				
Share capital	1,014.3	1,014.3	0.0	0.0
Treasury shares	-27.0		-27.0	
Additional paid-in capital	65.4	73.5	-8.1	
Legal reserve	123.2	110.1	13.1	11.9
Other equity reserves	250.3	245.9	4.4	1.8
Gain/loss on currency translation	49.0	20.9	28.1	134.4
Retained earnings	218.9	131.1	87.8	67.0
Total shareholders' equity	1,694.1	1,595.8	98.3	6.2
Total	2,884.5	2,684.0	200.5	7.5

As of December 31, 2015, assets totaled S/. 2,884.5 million, compared to S/. 2,684.0 million as of December 31, 2014, which is an increase of S/. 200.5 million (7.5%). The main variations in assets are due to: i) an S/. 80.6 million increase in investments in securities, mainly due to the new accounting policy of valuing investments in subsidiaries, related companies and joint ventures, to the use of the equity method, and other activity; and ii) to an increase in the cash balance due to collections made by Ferreyros S.A. that were transferred to the corporation as advances on dividends.

As of December 31, 2015, liabilities totaled S/. 1,190.4 million, compared to S/. 1,088.2 million as of December 31, 2014, an increase of S/. 102.2 million (9.4%). This increase is due to the exchange rate, since in dollars, financial debt decreased 3.7% (US\$ 12.5 million), in comparison with the financial debt balance as of December 31, 2014.

Financial ratios

The current ratio as of December 31, 2015 was 1.94, which was lower than the current ratio of 2.89 as of December 31, 2014, due to a change in the composition of assets. As of December 31, 2014, current assets represented 10% of the assets, while as of December 31, 2015, these assets accounted for only 7% of the total. This is because part of the related accounts receivable has been transferred to long-term accounts receivable.

The financial debt ratio as of December 31, 2015 was 0.60, in comparison with 0.62 as of December 31, 2014. In order to calculate this ratio, the balance of cash and banks, as well as liabilities related to suppliers that do not generate financial expenses, was excluded.

The total debt ratio as of December 31, 2015 was 0.70, in comparison with 0.68 as of December 31, 2014.

Income Statement Analysis

Income Statement (in millions of nuevos soles)

	2015	2014	Variation
	Amount	Amount	%
Revenue			
Share of earnings of subsidiaries, associates and joint ventures	212.3	124.8	70.1
Financial income	38.8	37.7	2.9
Leasing services	29.8	24.1	23.7
Managerial support services	10.7	4.9	118.4
Miscellaneous income	3.5	1.8	94.4
Total revenue	295.1	193.3	52.7
Financial expenses	-59.4	-53.0	12.1
Administrative expenses	-28.4	-17.0	67.1
Cost of leasing services	-6.3	-6.5	-3.1
Currency exchange difference, net	-42.7	-25.2	69.4
Total (expenses) income	-136.8	-101.7	34.5
Net income before tax	158.3	91.6	72.8
Income tax	5.2	5.3	-1.9
Net income from continuing operations	163.5	96.9	68.7
Net income from discontinued operations	-1.7	-4.9	-65.3
Net income	161.8	92.0	75.9

Ferreycorp's higher earnings in 2015 are mainly due to increased revenue from subsidiaries, related companies and joint ventures, due to higher net profits of the subsidiaries, as well as higher revenue for managerial support.

The corporation's higher expenditures during 2015 essentially correspond to: i) an increase in administrative expenses, due to the February 1 transfer of a group of managers and workers from the Ferreyros subsidiary to the corporation, the objective of which was to improve corporate processes and optimize control over the companies' operations; and ii) a larger currency exchange loss than that recorded in 2014, due to 14.19% appreciation of the dollar compared to the sol in 2015, in comparison with 6.90% appreciation of the dollar in 2014.

Regarding the results of discontinued operations, the lower loss in 2015 compared to 2014 is mainly due to lower "Commercial accounts receivable." As of December 31, 2015, the volume of these assets was no longer significant.

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

In the year 2014, the persons responsible for the preparation and review of financial information were Hugo Sommerkamp Molinari, Central Management Control and Systems Manager at Ferreyros, and Giovanna Cárdenas Rodríguez CPC, Accounting Manager.

In the year 2015, the persons responsible for these tasks were Patricia Gastelumendi Lukis, Corporate Finance Manager at Ferreycorp, and Miguel Espinosa Rivas CPC, Budget and Accounting Manager at Ferreycorp.

FERREYCORP S.A.A. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of December 31, 2015 and as of December 31, 2014, as well as explanations of the main accounts and their variations are presented on the following pages. For this purpose, some figures have been reclassified on the income statement shown below, in order to include the gross profit from purchase orders transferred by Caterpillar to Ferreyros, as sales and sales cost.

Change in income tax rates (Law No. 30296)

In the year 2014, the corporation recorded an adjustment to income tax expense for S/. 12.4 million, increasing it and affecting net profit, pursuant to Law No. 30296 published in the official newspaper, *El Peruano*, on December 31, 2014, which had a one-time impact on the corporation's earnings.

The accounting adjustment made at the end of the 2014 fiscal year was necessary due to a law published in December of that year in relation to income tax, which reduced the rate from 30%, the rate in force through the year 2014, to 28% in 2015, and 26% in 2019. Deferred income tax, which was calculated at a single rate of 30% through the year 2013, was adjusted to the rates for the coming years in which the expenses recorded through the year 2014 can be deducted from taxable income.

Analysis of the Consolidated Balance sheet of Ferreycorp and Subsidiaries

Consolidated Balance Sheet (in millions of nuevos soles)

	31-12-15	31-12-14	Variation	
			Amount	%
Assets				
Current assets				
Cash and cash equivalents	233.3	89.9	143.4	159.5
Commercial account receivable, net	957.0	889.4	67.6	7.6
Other accounts receivable, net	140.9	132.5	8.4	6.3
Inventory, net	1,379.4	1,561.8	-182.4	-11.7
Prepaid expenses	22.2	17.1	5.1	29.8
Total current assets	2,732.8	2,690.7	42.1	1.6
Commercaill accounts receivable, net	47.9	31.3	16.6	53.0
Other accounts receivable, net	4.6	4.7	-0.1	-2.1
Investment in associates and joint ventures	93.5	78.0	15.5	19.9
Property, plant & equipment	1,417.0	1,328.2	88.8	6.7
Intangible assets, net	86.1	79.0	7.1	9.0
Commercial credit	178.6	170.4	8.2	4.8
Deferred tax asset	180.0	136.9	43.1	31.5
Total	4,740.5	4,519.2	221.3	4.9

Consolidated Balance Sheet (in millions of nuevos soles)

continues

	31-12-15	31-12-14	Variation	
			Amount	%
Liabilities and shareholders' equity net				
Current liabilities				
Financial liabilities	525.6	504.0	21.6	4.3
Commercial accounts payable	460.0	459.9	0.1	0.0
Other accounts payable	463.6	465.7	-2.1	-0.5
Deferred income tax liability	31.0	24.5	6.5	26.5
Total current liabilities	1,480.2	1,454.1	26.1	1.8
Other financial liabilities	1,410.1	1,328.7	81.4	6.1
Other accounts payable	0.7	0.8	-0.1	-12.5
Deferred income tax liability	155.4	139.8	15.6	11.2
Total liabilities	3,046.4	2,923.4	123.0	4.2
Shareholders' equity				
Share capital	1,014.3	1,014.3	0.0	0.0
Treasury shares	-27.0		-27.0	
Additional paid-in capital	65.4	73.5	-8.1	-11.0
Legal reserve	123.2	110.1	13.1	11.9
Other equity reserves	250.3	245.8	4.5	1.8
Gain/loss on currency translation	49.0	21.0	28.0	133.3
Retained earnings	218.9	131.1	87.8	67.0
Total shareholders' equity	1,694.1	1,595.8	98.3	6.2
Total	4,740.5	4,519.2	221.3	4.9

As of December 31, 2015, assets totaled S/. 4,740.5 million, compared to S/. 4,519.2 million as of December 31, 2014, which is an increase of S/. 221.3 million (4.9%). The main variations in asset accounts that gave rise to this increase are the following:

- a) S/. 143.4 million increase in cash and banks, mainly due to significant payments received from mining customers during the final days of the year, which could not be applied to medium-term financial debt.
- b) Net increase of S/. 88.8 million in fixed assets due to the acquisition of a piece of land in Punta Negra for a corporate location that will enable the subsidiary companies that will have offices there to provide their customers better service and improve the administrative aspect, seeking synergies.

As of December 31, 2015, liabilities totaled S/. 3,046.4 million, compared to S/. 2,923.4 million as of December 31, 2014; that is, an increase of S/. 123.0 million (4.2%) due to the aforementioned growth in local currency. In terms of dollars, debt decreased 8.1% compared to the same period in 2014.

Financial ratios

The current ratio as of December 31, 2015 was 1.85, similar to the current ratio of 1.85 as of December 31, 2014.

The financial debt ratio of 1.04 as of December 31, 2015 is lower than the ratio of 1.14 as of December 31, 2014. In order to calculate this ratio, the balance of cash and banks and liabilities related to suppliers that do not generate financial expenses were excluded.

The debt ratio as of December 31, 2015 was 1.80, slightly lower than the 1.83 obtained as of December 31, 2014.

The net financial debt (cash) / EBITDA ratio as of December 31, 2015 was 2.64, a significant reduction compared to the 3.47 obtained as of December 31, 2014, and the adjusted ratio of 2.57, if the financing of inventory (covenants established in the contract on the issue of international corporate bonds) is deducted.

With the foregoing, the corporation continued demonstrating its capacity to generate the cash necessary to meet its obligations without problems and is in adherence to the covenants.

Analysis of the Consolidated Results of Operations of Ferreycorp S.A.A. and Subsidiaries

Consolidated Income Statement (in millions of nuevos soles)

	2015		2014		Variation	
	Amount	%	Amount		%	
Net sales	5,332.5	100.0	4,877.8	100.0	9.3	
Cost of sales	-4,040.4	-75.8	-3,760.4	-77.1	7.4	
Gross Income	1,292.1 [▼]	24.2	1,117.4	22.9	15.6	
Selling and administrative expenses	-819.9	-15.4	-798.4	-16.4	2.7	
Miscellaneous income (expense), net	18.2	0.3	18.5	0.4	-1.6	
Operating income	490.4 [▼]	9.2	337.5	6.9	45.3	
Other income (expense)						
Financial income	21.3	0.4	19.8	0.4	7.6	
Financial expenses	-106.3	-2.0	-97.4	-2.0	9.1	
Currency exchange difference, net	-151.8	-2.8	-99.5	-2.0	52.6	
Share of earnings of associates and joint ventures	5.9	0.1	6.6	0.1	-10.6	
	-230.9 [▼]	-4.3	-170.5	-3.5	35.4	
Net income before tax	259.5 [▼]	4.9	167.0	3.4	55.4	
Income tax	-97.7	-1.8	-75.0	-1.5	30.3	
Net income	161.8 [▼]	3.0	92.0	1.9	75.9	

Net sales

(in millions of nuevos soles)

	2015		2014		Variation	
	Amount	%	Amount		%	
Domestic sales	4,674.2	87.7%	4,297.2	88.1	8.8%	
Foreign sales	658.3	12.3%	580.6	11.9	13.4%	
Total	5,332.5	100.0%	4,877.8	100.0%	9.3%	

In millions of nuevos soles

	Variation		
	2015	2014	%
Machinery and equipment			
Mining trucks and Cat machines (GM)	573.8	382.2	50.1
Caterpillar machines and engines sold to other sectors (NGM)	1,045.5	1,074.1	-2.7
Leasing and used equipment	465.6	515.2	-9.6
Allied equipment	666.9	587.0	13.6
	2,751.8	2,558.5	7.6
Parts and services	2,203.1	1,935.4	13.8
Other lines	377.6	383.9	-1.6
Total	5,332.5	4,877.8	9.3

Net sales in 2015 totaled S/. 5,332.5 million, in comparison with S/. 4,877.8 million for the preceding year, which represents an increase of 9.3%.

The sale of Caterpillar and allied brand equipment totaled S/. 2,752 million, which represents an increase of 8%, mainly due to providing machines to the mining sector to fill orders placed by mining companies in an expansion phase.

The sale of parts and services increased significantly, by 14%, driven by the growth and replacement of units of machinery in use, as a result of equipment sales in recent years.

Upon analysis of the results of each group of companies, as of December 31, 2015, it can be noted that the sales of Caterpillar dealers in Peru increased 9.3%. This increase was mainly driven by a larger volume of deliveries of heavy machinery from Ferreyros to mining companies in an expansion phase, which grew 50%, as well as the sale of parts and services, which rose 13.4% compared to 2014. This reflects the top-notch support offered to customers' fleets, thanks to the capacities built over the years by the corporation's companies.

Caterpillar dealerships and others businesses abroad show a 13.4% increase in sales, also driven by the sale of parts and services, the acquisition of Trex with its allied brand business (with operations in Chile and small business units in Ecuador and Colombia, which contributed revenue starting in the month of June 2014) and Transpesa (with operations in El Salvador that contributed revenue for six months in 2015, since the acquisition was made in late June). In addition, other subsidiaries operating in Peru that complement the Caterpillar business had sales volumes similar to those for the preceding year, despite lower economic activity in the country.

Sales profit

Gross profit for 2015 was 15.6% higher than that of 2014. In percentages, the gross margin was 24.2%, higher than the 22.9% recorded last year. This was mainly due to increased sales of parts and services, which have a larger margin than other lines, as well as to recovery of prior period exchange losses due to revaluation of the dollar. The exchange rate was S/. 2.989 at the beginning of the year and S/.3.413 at the end of December. This means that the company's sales were recorded at a higher exchange rate, while the cost of sales was determined by the book value of inventory purchased at lower exchange rates. This higher gross revenue made it possible to recover part of the exchange loss incurred during the year as a result of adjustment of the debt in dollars that financed inventory.

This impact is due to accounting procedures, which require that inventories be recorded in nuevos soles at the historical exchange rate on the acquisition date, while sales are recorded at the exchange rate on the transaction date.

Selling and administrative expenses

Selling and administrative expenses totaled S/. 819.9 million in 2015, compared to S/. 798.4 million for the preceding year, which represents growth of 2.7%, a much lower percentage than that of the increase in sales.

Miscellaneous income (expense), net

In 2015, miscellaneous net income of S/. 18.2 million was recorded, an amount similar to that recorded in 2014.

Financial income

Financial income for 2015 totaled S/. 21.3 million, which is 7.6% less than the S/. 19.8 million for the preceding year.

Financial expenses

Financial expenses totaled S/. 106.3 million in 2015 and S/. 97.4 million in the preceding year, which represents an increase of 9.1%. The growth in financial expenses in local currency is due to converting it to nuevos soles at a higher exchange rate.

Currency exchange gain (loss)

In the years 2015 and 2014, net liabilities in foreign currency gave rise to S/. 151.8 million and S/. 99.5 million in exchange losses, respectively. These losses were due to the 14.19% and 6.90% appreciation of the United States dollar compared to the nuevo sol in 2015 and 2014, respectively (the exchange rate was S/. 2.989 as of December 31, 2014 and rose to S/. 3.413 as of December 31, 2015; while the exchange rate as of December 31, 2013 was S/. 2.796 and rose to S/. 2.989 as of December 31, 2014).

Income tax

Income tax for 2015 and 2014 was calculated according to tax and accounting regulations.

Net profit

Net profit for the year totaled S/. 161.8 million, an increase of 75.9% in comparison with S/. 92.0 million for the preceding year. This improvement is due to higher gross profit and adequate control over spending, which offset the higher exchange loss.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA for 2015 totaled S/. 667.2 million, showing an increase of 27.7% compared to the S/. 522.3 million for the preceding year, mainly as a result of higher operating income. The EBITDA margin for 2015 was 12.5%, higher than the 10.7% margin for the preceding year.

Appendices

Appendix 1: Business

1.1 General information

1.1.1 Name, address, telephone number, fax and contact information

Official company name	Ferreycorp S.A.A.
Type of company	Publicly traded corporation
Taxpayer number (RUC)	20100027292
Address	Jr. Cristóbal de Peralta Norte 820 Monterrico, Santiago de Surco Lima, Peru
Telephone number	511-626-4000
Fax number	511-626-4504
Website	www.ferreycorp.com.pe
Dedicated customer line	511-626-5000
Dedicated shareholder line	0800-13372

1.1.2 Incorporation and registration in Public Records

Ferreycorp (previously Ferreyros S.A.A.) was incorporated under its original name of Enrique Ferreyros y Compañía Sociedad en Comandita, by means of a public document dated September 14, 1922 before Notary Public for Lima Dr. Agustín Rivero y Hurtado. It was recorded in entry 1, page 299, volume 15, Companies at the Commercial Registry Office of Lima. This company was dissolved, as recorded in entry 10 on page 296 of volume 30 of the Commercial Registry Office of Lima.

Enrique Ferreyros y Compañía S.A. absorbed the assets and liabilities of the former company, by means of a public document dated September 21, 1931 before Notary Public for Lima Dr. Agustín Rivero and Hurtado, recorded in entry 1 on page 457 of volume 31 of the Commercial Registry Office of Lima. The change of name to Enrique Ferreyros S.A. was made by means of a public document on November 23, 1981 before Notary Public for Lima Dr. Jorge Orihuela Iberico, recorded in record no. 11007355 of the Registry of Legal Entities.

The change of name to Ferreyros S.A. was made by means of a public document on May 6, 1996 before Notary Public for Lima Dr. Jorge Orihuela Iberico, recorded in entry 2B of record 117502 of the Book of Companies of the Registry of Legal Entities. During the General Shareholders' Meeting on March 24, 1998, it was agreed to change the official name of company to Ferreyros S.A.A., which was recorded in entry no. 11007355 of the Registry of Legal Entities.

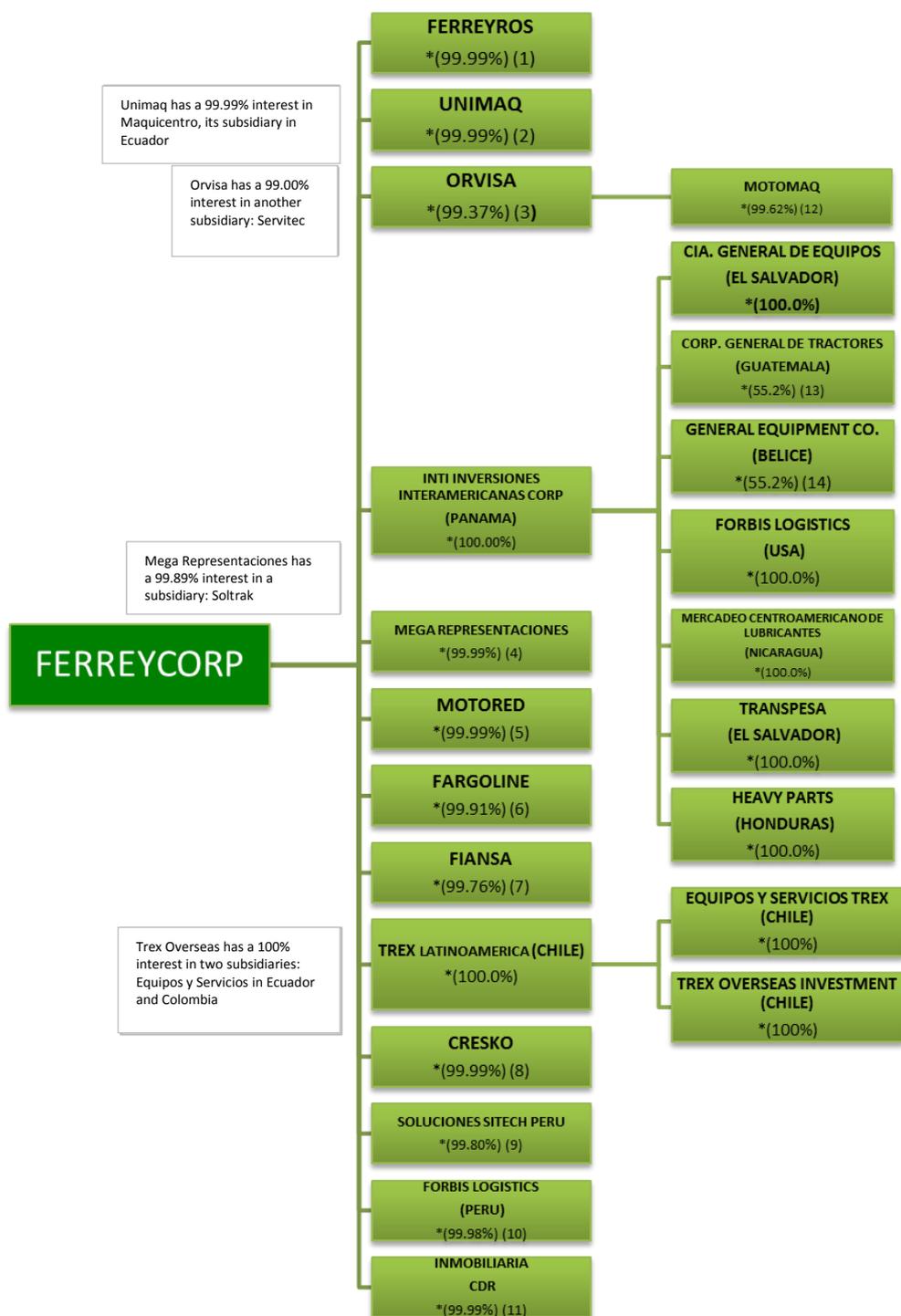
As agreed during the shareholders' meeting held in March 2012, the company underwent a simple reorganization process, by which two equity blocks were separated in two subsidiary companies.

As explained in the Financial Management chapter, the first equity block, derived from the business of the automotive division, was transferred to the Motored S.A. subsidiary; and the other, derived from the business of machinery and equipment sales, as well as post-sale services for the Caterpillar line and allied brands, was transferred to the Ferreyros S.A. subsidiary.

Following the separation of these equity blocks, the company changed its name from Ferreyros S.A.A. to Ferreyrcorp S.A.A.

The new organizational structure as a holding company will allow it to concentrate on its role as an investor, focusing on each subsidiary in order to improve the service provided to its customers, expand its coverage, look after its own business opportunities and improve its operational capacities.

1.1.3 Economic Group



Notes:

The companies for which no country is specified were established in Peru.

* Percentage share of the direct majority shareholder

- (1) Fargoline and Unimaq's share is 0.00002% each
- (2) Ferreyros and Fargoline share is 0.0015% each
- (3) Ferreyros' share is 0.6310%
- (4) Unimaq's share is 0.0002%
- (5) Unimaq's share is 0.0002%
- (6) Orvisa's share is 0.0867%
- (7) Orvisa's share is 0.2426%
- (8) Unimaq's share is 0.0016%
- (9) Unimaq's share is 0.2000%
- (10) Unimaq's share is 0.0200%
- (11) Unimaq's share is 0.0050%
- (12) Servitec's share is 0.3800%
- (13) Cía. General de Equipos' share is 44.8%
- (14) Cía. General de Equipos' share is 44.8%

1.1.4 Share capital, shareholding structure and behavior of the share price

As of December 31, 2015, Ferreycorp's share capital was represented by 1,014,326,324 fully subscribed and paid up common shares with a nominal value of S/. 1.00, of which 64% are held by Peruvian investors and 36% by foreign investors.

The share price at the beginning of the year was S/. 1.62 and the closing price was S/. 1.35. The highest quote was S/. 1.62, reached in January, and the lowest S/. 1.00, in August. The average share price in 2015 was S/. 1.35.

Shareholders with holdings of 5% or more of the company's capital as of December 31, 2015 are:

Full name	Number of shares	Share (%)	Origin
La Positiva Vida Seguros y Reaseguros	89,423,517	8.82%	Peruvian
Onyx Latin America Equity Fund LP	76,086,339	7.50%	United States
AFP Prima Fondo 2 (RI-Fondo 2)	71,434,867	7.04%	Peruvian
Equinox Partners LP	61,568,407	6.07%	United States

The distribution of shares with voting rights is the following:

Shareholding	No. of shareholders	No. of shares	% of share
Less than 1%	2,387	270,161,661	26.63
1% to less than 5%	18	445,651,533	43.94
5% to less than 10%	4	298,513,130	29.43
10% or more	0	0	0
Total	2,409	1,014,326,324	100.00

1.2 Description of operations and development

1.2.1 Corporate purpose

According to its bylaws, the corporate purpose of Ferreycorp S.A.A. is to purchase and sell domestic and foreign merchandise and products; to import and export merchandise and articles in general; to provide services and to make investments and commissions. The Company can also engage in every act and enter into any contract permitted by law that leads to the achievement of its purposes or that in any way serves to improve their achievement or that is in the company's interest, including forming companies and acquiring shares and/or interests in companies through purchases or other means, or by participating in capital increases.

1.2.2 Term

The term of the Company is indefinite.

1.2.3 Evolution of operations

- **Historical summary**

Ferreycorp S.A.A. was founded in 1922 as an initiative by Enrique Ferreyros Ayulo and his three partners, in order to commercialize consumer products. Over the course of its history, it has adopted different names, the first of which was Enrique Ferreyros and Cía. Sociedad en Comandita. In 1942, it started up its activities in the capital goods business, upon obtaining a Caterpillar Tractor dealership, which meant a complete change in its activity. At that time, it consolidated its operations in two large business units: consumer goods and capital goods. In the same decade, with a view to achieving greater coverage in order to sell its products, it began decentralizing and opened offices in provinces, as well as a number of subsidiaries.

In 1962, for the purpose of supporting its growth, the shareholders decided to go public and list the company on the Lima Stock Exchange, laying the foundation for the company it is today, with diversified ownership and approximately 3,000 shareholders.

Toward the end of the 80s, it got out of the consumer goods business and decided to concentrate its efforts on capital goods, its main line of business today, for which it obtained new dealerships to complement the Caterpillar line. In this manner, it is better able to serve customers in the different productive sectors of the economy. In the 90s, it decided to offer its customers options in addition to the purchase of new units, by leasing equipment and selling used machinery. In that same decade, it began serving open pit mining projects, whether new concessions

or privatized companies, importing the first Caterpillar off-highway mining trucks.

In 1994, it expanded its participation in the capital market through the placement of corporate bonds and commercial paper. It became an important participant, with considerable success and investor demand. Starting in 1995, it made significant investments to improve the infrastructure of its offices and maintenance and repair shops, as well as to train service personnel, in order to fulfill contracts on the maintenance and repair of the large fleets of mining trucks that began entering the country for large, open pit mining operations. These operations were being carried out as a result of the granting of concessions following the privatization of mining companies in the 90s. In addition, some years later, the company decided to become involved in the sale of machinery for underground mining, following the purchase of Caterpillar.

In response to the growth it had undergone, in 1997 it successfully placed shares nationally and internationally, which made a US\$ 22 million capital increase possible.

During the 1998-2001 period, the company faced sharp deceleration of growth of the economy, which had a negative impact on its sales. In this context, it was able to adapt its organization and finances to the new size of the market and, at the same time, accompany its customers during this period of crisis in the country.

Starting in 2003, the corporation's subsidiaries showed strong growth. What is now Ferreyros S.A. (formerly Ferreyros S.A.A.), as the subsidiary with the largest operating volumes, added new lines of products and services; strengthened its coverage of customers in charge of major investment projects in the country, including mining, energy, oil, and infrastructure projects; and expanded its customer base, all of which was supported by considerable investments in infrastructure, systems and training. In addition, other Ferreycorp subsidiaries experienced gradual growth that has enabled them to represent 35% of the corporation's business today, complementing what the subsidiary with the largest operating volumes offers its customers. New businesses were added during this period, whether through the acquisition of companies or the creation of new subsidiaries.

In 2010, the internationalization of the corporation began with the acquisition of the Panama-based Gentrac Corporation, the owner of Caterpillar dealerships in Guatemala, El Salvador and Belize.

In 2012, the Ferreycorp corporation was formed, which would make greater future growth of all the business of its subsidiaries possible and, at the same time, maintain its specialization in

certain activities. In addition, the Ferreyros and Motored subsidiaries were created; the former took over the Caterpillar business, while the latter took over the automotive business, which had been a line of business within Ferreyros.

In order to ensure future growth of the corporation and make new investments possible, a US\$ 62 million capital increase took place during the year. The majority of the new shares issued were subscribed by the corporation's shareholders, showing their commitment to the growth strategy defined.

In the same year, Ferreyros S.A., the main subsidiary, added a new line of mining machinery (the Bucyrus line acquired by Caterpillar), including electric and hydraulic shovels and drills, making it—together with Caterpillar, the company it represents—the most complete machinery and equipment option for this economic sector.

In 2013, expansion of the different Ferreyros S.A. subsidiaries continued through acquisitions such as the Mobil lubricant distribution business in Guatemala and Nicaragua, as well as a personal protective equipment business with significant distribution in Peru, in addition to the creation of Soluciones Sitech Perú, a technological solutions company.

In order to reprofile the corporation's debt and continue guaranteeing funding for its investments, taking into account the opportunities offered by the international corporate bond market, in 2013, US\$ 300 million in corporate bonds with a good interest rate and seven-year maturity were issued and successfully placed.

In 2014, Ferreyrcorp began operating in neighboring Chile through the acquisition of Trex, a dealer of the entire range of Terex brand cranes and lift platforms and a complete line of port equipment in the country.

In 2015, the corporation acquired Transportes Pesados S.A., a leader in the commercialization of parts for heavy transport equipment in El Salvador, with 35 years in the market and eight branches in the country. In this manner, Ferreyrcorp complemented its activity in El Salvador, where it has operated since 2010 through its subsidiary that deals in Caterpillar and allied brands.

- **Product lines**

The Ferreyrcorp corporation is the only Caterpillar distributor in Peru, Guatemala, El Salvador and Belize. The Caterpillar brand, which the company has represented in Peru since 1942, has a vast portfolio of machinery and equipment: mining trucks, front loaders, tractors, motor graders, excavators, electric and hydraulic

shovels, drilling equipment, LHD loaders for mining, marine engines, generators, etc.

In addition to Caterpillar machines and engines, Ferreyros, the corporation's subsidiary with the largest volumes, commercializes a wide range of products of other high-quality brands, including Terex cranes, Metso equipment to produce aggregates for construction, Astec asphalt plants—added in 2014—and utilitarian equipment, such as Paus brand LHD loaders and trucks. In addition, for agriculture, Massey Ferguson and Landini tractors, Zaccaria rice milling machines, Kepler Weber grain dryers and silos, agricultural implements, etc.

Other Ferreyrcorp subsidiaries supply other high-quality equipment in their areas of business, such as Kenworth and DAF trucks, Iveco vehicles, Sullair compressors, Mitsubishi-CAT forklifts, Wacker compaction equipment, Lincoln Electric welding equipment, Olympian-CAT generators, Amida light towers, Enerpac hydraulic tools and Carmix self-loading concrete mixers, as well as—in the Asian machinery segment—lines such as Shacman commercial trucks and SEM front loaders, motor graders and crawler tractors, among others. Similarly, they distribute Goodyear tires and Mobil lubricants, as well as 3M, Capital Safety, Microgard and Bullard personal protective equipment, among other products.

In Central America, subsidiaries Genfrac (Guatemala and Belize) and Cogesa (El Salvador) represent the Caterpillar brand and a complete portfolio of allied lines. In addition, the Ferreyrcorp companies are distributors of Mobil lubricants in Guatemala and El Salvador, as well as in Nicaragua through Mercalsa. Also in El Salvador, the Transportes Pesados S.A. subsidiary supplies different brands of parts for truck and bus engines and chassis. In Chile, Trex represents the Terex brand of cranes and lift platforms, as well as a complete line of port equipment.

For the purpose of serving customers that need to lease machinery rather than buy it, Ferreyros, Unimaq-The CAT Rental Store and the Ferreyrcorp subsidiaries in Central America have a sizable fleet of Caterpillar machines to cover these demands, especially for infrastructure projects and general construction. In Chile, the leasing fleet includes Terex brand cranes with an under 100 ton capacity and lift equipment in the complete range of the Genie brand (Terex).

- **Competition**

Due to the wide range of the product lines distributed by Ferreyrcorp companies, they compete in a segmented manner with a large number of suppliers that import and distribute different

brands. However, thanks to its customers' preference, the main company the corporation represents, Caterpillar, has a leading market share; the range of allied brands also has an outstanding position in its sphere of activity.

With regard to the competition of the main brands represented by Ferreycorp, in auxiliary equipment and off-highway trucks for large-scale Mining, the Caterpillar brand's competition is Komatsu and Hitachi. In LHD loaders for underground mining, Atlas Copco and Sandvik are its competitors. In electric and hydraulic shovels, the competition is P&H and Hitachi.

In earth-moving machinery, John Deere, Hitachi, Doosan, Hyundai, and Komatsu, among others, are Caterpillar's competitors in equipment for the construction market. In addition, since 2008, lots of more than twenty different brands of Chinese earth-moving machinery for the heavy construction segment have arrived in the country. In 2015, their market share was approximately 2% in FOB values and 7% of the total units imported to Peru.

At the same time, Ferreyros commercializes Astec asphalt plants, whose main competitors are the Ciber, Bomag Marini and Skycraft brands.

Cresko, a Ferreycorp subsidiary, distributes Asian machinery to compete in the same segment. It supplies heavy and lightweight Shacman trucks that compete with FAW, Dong Feng, Foton and Sinotruck, among others. In the line of SEM loaders, motor graders and tractors, its competitors are Liugong, SDLG, and Yutong, among other lines.

In the engine line, Ferreyros distributes Caterpillar, competing in the diesel segment with Detroit Diesel, Cummins, FG Wilson and Volvo brands; in the heavy fuel oil segment, with the Wartsila and Man brands; and Wartsila and Waukesha, in the gas combustion segment.

In drills for surface mining, it distributes Caterpillar (line formerly known as Bucyrus) and competes with Sandvik and Atlas Copco. In cranes with different characteristics and capacities, it represents Trex and competes with Grove and Linkbelt. In the agricultural line, it distributes Massey Ferguson and Landini, competing with John Deere and Ford New Holland.

In trucks, in the markets for both dump trucks and tractor trucks, the Motored subsidiary deals in the Kenworth, Iveco, and DAF brands, and competes with Volvo, Scania, Mercedes Benz, Freightliner, Hino and Volkswagen, as well as with Chinese brands FAW, Sinotruk and Dongfeng.

In Central America, the main competitors in the machinery category are Hyundai, Case, John Deere, New Holland and Komatsu; in engines, Cummins, FG Wilson and Perkins, among others; and in lubricants, Castrol, Chevron and Shell. In Chile, Manitowoc (Grove) and Liebherr cranes, Kalmar port equipment, JLG lift equipment and Manitou handlers are among the competitors of Trex, a subsidiary that became part of Ferreycorp in 2014.

In the lines of parts in the different brands it commercializes, the corporation faces competition from entities that distribute non-genuine parts in small market segments.

In the case of Mega Representaciones, the Goodyear tires it commercializes compete with brands such as Bridgestone and Michelin, as well as Chinese brands. In lubricants, this subsidiary represents Mobil and competes with Shell and Castrol, among others. In the case of personal protective equipment, Miller, North, Honeywell, MSA and others are the competition.

Fiansa's competition in the manufacture of heavy and semi-heavy structures and boilers, metalworking and electromechanical assembly, and electrical installations is from Técnicas Metálicas, Esmetal, Haug, Fima and Imecom.

In the sale and supply of energy, Ferrenergy competes with Agrekko, APR and Power Solution.

Fargoline conducts its operations in competition with other firms in different domestic and foreign business groups that operate as customs warehouses and intermodal terminals, such as Tramarsa and Ransa (Romero group), Neptunia (Andino group), Imupesa (Agunsa group based in Chile), APM Terminals (A.P. Moller Maersk group based in Denmark) and Dubai Ports World (a state-owned company based in the United Arab Emirates), and Contrans (Transmeridian group).

In the provision of freight forwarder services, Forbis Logistics Corp. competes with Alexim, La Hanseática, Gamma Cargo, New Transport, DHL, MIQ and Fleet.

The main competitors of Soluciones Sitech Perú, which represents Trimble in the machine positioning and guidance solutions market, are Topcon, a Komatsu company, and Leica, a Central European company.

- **Investment plans and policies**

The corporation has a policy of investing in fixed assets necessary for its business and better customer service. In addition, it has a strategy of investing in new businesses that enable it to continue increasing its sales in the capital goods sector.

With the objective of providing better service for its customers in the southern region, the company is negotiating the acquisition of a piece of land in Arequipa, where plans are to begin construction work during 2016.

- **Main assets**

The type of business in which the corporation's companies are engaged requires a large investment in assets, including the inventory required to guarantee availability and delivery times to their customers' satisfaction. It also requires adequate infrastructure for their activities in Peru and the other countries where they operate, as well as equipment in their leasing fleets to fulfill this specific customer need, among others.

Investments in assets are the following:

- 1. Investment in fixed assets*

Following the simple reorganization carried out in 2012, the corporation kept the business premises where the branches of its subsidiary, Ferreyros, operated. In 2015, it revised its strategy and the business premises of the Arequipa, Cajamarca, Ica, Chimbote and Huaraz branches were transferred. Plans are to transfer another significant group of business premises in 2016. The different subsidiaries have the premises required to conduct their operations. In addition, Ferreycorp and its subsidiary companies are interested in giving their maintenance and repair shops and premises technological and environmental protection improvements. Lastly, premises that maintain their value per square meter, that are convenient for moving machinery and for trucks to enter, and that are near customers' operations are sought.

The Master Plan for Establishments includes the expansion of some business units and their relocation to areas on the outskirts of Lima. In 2015, Ferreycorp acquired a piece of land in the Punta Negra district with a US\$ 20 million investment. In this manner, the corporation will have the possibility of consolidating diverse business units in a corporate complex and seeking synergies among them, as well as ensuring the availability of space that in the future will be scarce in the country's capital, and at very reasonable distances from their main operations.

Among the corporation's operational fixed assets, the leasing fleet stands out. It is made up of approximately 454 units in Ferreyros, 1,360 units in Unimaq, 304 machines and engines in Gentrac Guatemala and 11 cranes in Trex. The leasing fleet can be considered semi-inventory, which remains in the assets for an average of 3 years before being sold at its residual value, which is updated continually. Lastly, fixed assets also include the main

components of large machinery for open pit mining, which makes it possible to offer world-class service in the repair of mining trucks.

2. *Investment in inventory*

During 2015, in response to the decreased activity several of the corporation's companies faced, consolidated inventory levels were reduced. However, in the second semester of the year, the corporation's inventories were impacted by equipment valued at US\$ 32 million for Ferreyros mining industry customers (Caterpillar trucks and shovels), which will be delivered in January 2016.

3. *Investment in accounts receivable*

For the purpose of reducing the corporation's consolidated risk related to credit operations of its subsidiary companies, which are not their main business, as well as improving asset turnover, some years ago the corporation adopted a policy of limiting credit to its subsidiaries' customers, thanks to the availability of lines of credit from third parties. Therefore, there are other competitive options, especially Caterpillar Financial, as customers' primary source of financing, in Ferreyros as well as in the other distributors in Peru and Central America and also in other companies that commercialize capital goods. There is also bank credit with good conditions regarding the term and interest rates.

However, the payment terms offered customers by the corporation's companies result in a portfolio of accounts receivable consisting mainly of invoices for equipment or parts that remain in the portfolio for 45 days on average.

1.2.4 Guarantees, sureties, bank bonds, contingencies and commitments

Commitments and contingencies

As of December 31, 2015, the Group had the following commitments:

Ferreycorp S.A.A:

- (a) Sureties for US\$ 81,374,741 and US\$ 1,005,253, which guarantee subsidiaries and affiliates' credit operations and third parties' purchasing operations, respectively, with different maturities.

Subsidiaries

Ferreyros S.A.:

- (a) Sureties for US\$ 38,600,000, which guarantee third parties' purchasing operations.

- (b) Bank bonds in favor of financial entities for US\$ 24,000,000, which mainly guarantee the seriousness of the company's offer and the delivery of products sold through public calls for tenders and the payment of customs duties related to the importation of merchandise.

Fargoline S.A.:

The subsidiary has obtained a surety bond in favor of the National Customs Superintendence for merchandise in a customs regime for US\$ 1,200,000 and for merchandise in temporary storage for US\$ 1,400,000.

Cresko S.A.:

The subsidiary has bank bonds in favor of the Ministry of Education for S/. 2,000,000 and the Provincial Municipality of Datem del Marañón for S/. 59,998,000, which mainly guarantee the seriousness of the company's offer and the delivery of products sold through public calls for tenders.

Mega Representaciones S.A.:

- (a) Sureties for US\$ 475,553.22 and S/. 49,245,391.41, which guarantee third parties' purchasing operations and financial leases, respectively, with different maturities.
- (b) Bank bonds in favor of financial entities for US\$ 2,565,000 and S/. 2,152,965, which mainly guarantee the seriousness of the company's offer and the delivery of products sold through public calls for tenders, as well as payment of customs duties related to the importation of merchandise, respectively.

Motored S.A.:

- (a) Sureties for US\$ 17,237,958, which guarantee third parties' purchasing operations.
- (b) Bank bonds in favor of third parties for S/. 2,516,065, mainly guarantee the seriousness of the company's offer and the delivery of products sold through public calls for tenders.

Orvisa S.A.:

- (a) Sureties for US\$ 3,500,000, which guarantee subsidiaries and affiliates' credit operations and third parties' purchasing operations.
- (b) Bank bonds in favor of financial entities for US\$ 7,328,621, which mainly guarantee the seriousness of the company's offer and the delivery of products sold through public calls for tenders.

Tax situation and contingencies

- (a) The Group is subject to the tax system of each country in which it operates and pays taxes based on unconsolidated earnings. As of December 31, 2015 and 2014, the tax rate on taxable income in the main countries in which the company and its subsidiaries operate is:

	Tax rates	
	2015	2014
	%	%
Peru (*)	28	28
Ecuador	22	22
Colombia	25	34
Chile (**)	22.5	22.5
Guatemala	31	31
El Salvador	25	25
Belize	25	25
Nicaragua	30	30
United States of America	15 and 28	15 and 28

- (*) Starting in the fiscal year 2015, pursuant to Law 30296, the tax rate on taxable income, after deducting the workers' share, is the following:

- Fiscal years 2015 and 2016: 28%
- Fiscal years 2017 and 2018: 27%
- Fiscal years 2019 and after: 26%

- (**) According to tax reforms in Chile, the tax rate on taxable income for the coming fiscal years will be:

Year	System	
	Art. 14 Letter A	Art. 14 Letter B
	Tax rate	
2016	24.0%	24.0%
2017	25.0%	25.5%
2018 and following	25.0%	27.0%

Until companies state their intention to pay taxes under the Art. 14 Letter "A" system, by means of an extraordinary shareholders' meeting, the law establishes that, by default, they are considered to be under the Art. 14, Letter "B" system.

Pursuant to legal provisions in force in some countries as of December 31, 2015 and 2014, cash dividends for non-domiciled shareholders are taxed at the following rates:

	Tax rates	
	2015	2014
	%	%
Peru (*)	6.8	4.1
Ecuador	-	-
Colombia	10	10
Chile	35	35.0
Guatemala	-	-
El Salvador	5	5
Belize	-	-
Nicaragua	-	-

(*) Juridical persons not domiciled in Peru and natural persons are subject to an additional tax withholding on dividends paid:

- 4.1% on income generated through December 31, 2014.
- The rates on income generated and distributed in 2015 or after are the following:
 - 2015 and 2016: 6.8%
 - 2017 and 2018: 8%
 - 2019 and after: 9.3%

(b) Regulations on prices and transfers in force in Peru, Nicaragua, Guatemala, El Salvador, Belize, Chile, Colombia, Ecuador and the United States of America state that transactions with domestic or foreign related companies must be recorded at market values.

The tax authorities have the right to request such information. Based on analysis of the Group's operations, Management and its legal advisors believe the application of the aforementioned regulations will not result in any material contingencies for the Group as of December 31, 2015 and 2014.

(c) The Tax Authority in Peru has the authority to audit and, if applicable, correct the income tax calculated by the company in the four years following the year in which a tax return is submitted. Tax returns for income tax and the general sales tax for the years 2011 to 2015 are pending audit by the Tax Authority. The tax returns corresponding to the years 2000 to 2008 were reviewed by the Tax Authority. The Tax Administration is in the process of auditing the years 2009 and 2010.

In addition, the tax returns for the main subsidiaries' income tax and general sales tax are subject to audit by each country's Tax Administration for the following periods:

	Period subject to audit
Foreign subsidiaries:	
Country	
Guatemala	2011 to 2015
El Salvador	2005 to 2015
Belize	2008 to 2015
Nicaragua	2009 to 2015
United States of America, Chile, Colombia and Ecuador	2009 to 2015
Local subsidiaries	
Ferreyros S.A.	2012 to 2015
Unimaq S.A.	2011 to 2015
Cresko S.A.	2011 to 2015
Fiansa S.A.	2011 to 2015
Mega Representaciones S.A. and Subsidiary	2013 to 2015
Fargoline S.A.	2011 to 2015
Orvisa S.A. and Subsidiaries	2011 to 2015
Motored S.A.	2012 to 2015
Inmobiliaria CDR S.A.	2013 to 2015
Forbis Logistic S.A.	2012 to 2015
Soluciones Sitech Perú S.A.	2013 to 2015

Due to possible interpretations of the legal regulations in force by the corresponding tax authority, it is not currently possible to determine whether the reviews made will result in any liabilities for the Group. Therefore, any additional tax or charge resulting from eventual tax revisions would be charged to earnings for the year in which they are determined.

In the opinion of the Group's Management, any eventual additional taxes determined by the corresponding Tax Administration of each country will not be significant for the consolidated financial statements as of December 31, 2015 and 2014.

(d) Contingencies -

As of December 31, 2015, the company has pending tax appeal processes or contentious-administrative proceedings for a total amount of approximately S/. 111,589,000 (which includes S/. 14,452,000 in fines and S/. 75,051,000 in interest). These processes

are pending administrative or judicial resolution, and are related to observations made by the Tax Administration to the tax returns for: (i) income tax (including payments on account) for fiscal years 2001 to 2008 for S/. 102,388,000; (ii) general sales tax for fiscal years 2001 to 2006 for S/. 3,030,000; and (iii) income tax for non-domiciled taxpayers for fiscal years 2002, 2003, 2005, 2006 and 2015 for S/. 6,172,000.

In every case, as of December 31, 2015, the company has requested advice from specialists, who together with Management have determined that there are some assessments for approximately S/. 8,940,000 (S/. 8,857,000 as of December 31, 2014), whose degree of loss has been deemed probable. The company has recorded a provision for these amounts, which is included in the "Other accounts payable" line on the consolidated balance sheet. See note 13.

Together with its legal and tax advisors, Management believes that the Group has the technical and legal grounds to expect the Tax Court in Peru to rule in favor of the Group; in this regard, it is believed that the future resolution of these proceedings will not result in material liabilities; therefore, it was not necessary to record liabilities for them as of December 31, 2015 and 2014.

1.3 Judicial, administrative or arbitration proceedings

Ferreycorp S.A.A. and its subsidiaries are involved in certain judicial proceedings that arose in the normal course of its activities, the majority of which cannot be considered material individually or collectively. However, it should be noted that at the end of the year, the group's companies as a whole have ten lawsuits for the concept of compensation for damages and others under appeal for S/. 7.0 million, one of which is for the sum of S/. 5.0 million. General Management, based on the opinion of its legal advisors, believes that these claims are unfounded and that the final result will be in favor of the corporation's companies.

1.4 Administration of the corporation

1.4.1 List of directors

The policies of the Board of Directors and the composition of the same and its committees are explained on page 31. The professional backgrounds of the directors of Ferreycorp are detailed below.

Óscar Espinosa Bedoya (Chairman)

Executive President of Ferreycorp S.A.A. since the year 2008 and Chairman of the Board of Directors of Ferreyros S.A. and the corporation's other subsidiaries. He became managing director in 1983, having joined the company in 1981. He has held important managerial positions at Corporación Financiera de Desarrollo (Cofide), the World Bank, Banco Internacional del Perú, Cosapi (from 2011 to August 2014) and other financial entities. Currently, he is a member of the boards of directors of ProFuturo AFP, since March 2013; La Positiva insurance company, since 1996; and Sociedad de Comercio Exterior del Perú (Cómex Perú), since 2011. He is a member of the Board of Trustees of Universidad UTEC, a member of Asociación Pro Universidad del Pacífico, and the Board of Trustees of Universidad Antonio Ruiz de Montoya. He is also a director of the Instituto Peruano de Economía (IPE / Peruvian Institute of Economics), the Fulbright Commission in Peru and CARE Peru. He received the IPAE award in 1999. He is a civil engineer and graduate of Universidad Nacional de Ingeniería, with graduate studies in Engineering, Economics and Business Administration, having earned different degrees and diplomas from Harvard University, North Carolina State College, ISVE in Italy, the Kellogg School at Northwestern University, the Economics Institute at the University of Colorado, and the PAD at Universidad de Piura.

Carlos Ferreyros Aspíllaga (Vice Chairman)

Member of the Ferreycorp S.A.A. Board of Directors since the year 1971 and Vice Chairman since 2008. He was the Chairman of the Board of Directors from 1993 until 2008. At Ferreyros S.A., he has held the same position as he had on the Ferreycorp S.A.A. Board of Directors since the year 2012. He is a director of La Positiva Seguros y Reaseguros, as well as a member of the Group of 50 (Carnegie Endowment for International Peace & Inter-American Dialogue). He has a degree in Business Administration from Princeton University.

Ricardo Briceño Villena

Member of the Ferreycorp S.A.A. Board of Directors since the year 2011 and of the Ferreyros S.A. Board of Directors since 2012. He has a degree in Industrial Engineering from Universidad Nacional de Ingeniería, Lima; a licentiate in Economics and Development from the University of Louvain and a master's degree in Public Finance and Planning from the University of Antwerp, Belgium. For more than 20 years, he held the positions of General Manager and Executive President of all of the companies in the Glencore Group in Peru. He is the former president of the Sociedad Nacional de Minería, Petróleo y Energía and of Confiep. He was honored with the IPAE Award in 2010. Currently, he is the Chairman of the Board of Directors of Agrícola Don Ricardo, an agricultural export company; a director of Interbank and Enersur; a member of the Advisory Board of Toyota del Perú and of the Advisory Board of APM Terminals. He is the Vice President of the Asociación de Gremios Productores Agrarios del Perú (AGAP / Agricultural Producers' Association of Peru) and Vice President of the Asociación Empresarios por la Educación (EXE / Businesspeople for Education Association).

Manuel Bustamante Olivares

Member of the Ferreycorp S.A.A. Board of Directors since the year 2011 and of the Ferreyros S.A. Board of Directors since 2012. Chair of the Risk Committee for La Positiva Seguros y Reaseguros and La Positiva Vida Seguros y Reaseguros (2013 to present); director of La Positiva Sanitas (since 2012); Chair of the Board of Directors of Fundación Chilca (2010 to present); director of Mastercol (2008); Vice Chair of the Board of Directors of La Positiva Vida Seguros y Reaseguros (2005 to present); president of the Audit Committee for La Positiva Vida Seguros y Reaseguros (2005 - 2012); director of Corporation Financiera de Inversiones (2005); director of Transacciones Financieras (since 2000); director of Dispercol (1998); director of Sociedad Andina de Inversiones eb Electricidad (1996); director of Futuro Invest and Futuro Inmobiliario Camacho (1994); President of Profuturo AFP (1993-1999) and a member of its Executive Committee (1993-2010); first Vice President of Banco Interandino (1991-1995); president of Banco de la Nación and member of the Committee on Peru's External Debt (1980-1983); member of the Board of Directors of Corporation Financiera de Desarrollo - Cofide (1980-1983); Vice President of La Positiva Seguros y Reaseguros (1975 to present); founding partner and member of the Estudio Llona & Bustamante Abogados law firm (1963 - present); foreign trainer at Shearman & Sterling in New York (1962-1963); and President of the Manuel J. Bustamante de la Fuente Foundation (1960 - present). A lawyer by profession, he is a graduate of the Law School at Pontificia Universidad Católica del Perú.

Aldo Defilippi Traverso

Member of the Ferreycorp S.A.A. Board of Directors since the year 2005 and of the Board of Directors of Ferreyros S.A. since 2012. In addition, he has been the Executive Director of the Cámara de Comercio Americana del Perú (Amcham Perú) since April 2002, and President of

the Asociación de Cámaras de Comercio Binacionales (ACCB / Association of Bi-national Chambers of Commerce), since January 2009. During the year 2015, he was a director of different institutions, among which are BanBif (until March), Amrop, Business Alliance for Secure Commerce (BASC), Centrum Católica, Peruvian Cancer Foundation, Nest Fund, Instituto Peruano de Acción Empresarial (IPAE) and United Way, in Peru; Vice President of the Association of American Chambers of Commerce, in Washington, and director of the Ana G. Mendez University System, in San Juan, Puerto Rico. He is an advisor to the Grupo Binacional de Promoción de la Inversión Privada, Plan Binacional de Desarrollo de la Región Fronteriza Perú-Ecuador. He has held the position of Finance Manager at Ferreyros and General Manager at Banco Industrial, Banco de Comercio and Banex in Peru; Executive Director of Bladex in Panama; Investment Banking Manager and Senior Economist at Inter-American Investment Corporation (IIC), in Washington; head of the Economic Studies Division at INTAL-Inter-American Development Bank (IDB), in Argentina; and economist at the World Bank, in Washington. He has been Chairman of the National Commission on Foreign Investment and Technology (Conite), Manager of Proinversión and General Manager of Apoyo S.A. He has taught at Universidad del Pacífico, Universidad de Lima and Pontificia Universidad Católica del Perú. He is a PhD candidate in Economics, and has a master's degree in Economic Policy and in Economic Development from the University of Boston. He has completed the Chief Executive Officers' Program at the Kellogg School of Management at Northwestern University and a bachelor's degree in Economics from Universidad del Pacífico.

Carmen Rosa Graham Ayllón

Member of the Ferreycorp S.A.A. Board of Directors since the year 2011 and of the Ferreyros S.A. Board of Directors since 2012. She is a member of the boards of directors of Banco Internacional del Perú (since 2007), Entel Perú (since 2013), Unión de Cervecerías Peruanas Backus and Johnston (since 2014) and Camposol (since 2014), as well as the board of Empresarios por la Educación (Businesspeople for Education, since 2007), of Asociación para el Progreso de la Dirección (since 2014) and President of Women Corporate Directors WCD Perú (since 2009). She is an international consultant on corporate governance and management. She has held the positions of President of Universidad del Pacífico (2007 to 2009), General Manager of IBM Colombia (1999 to 2001) and General Manager of IBM Perú and IBM Bolivia (2001 to 2003). She has been a member of the boards of directors of businesses and industry associations in Peru and Colombia. She has a degree in Business Administration from Universidad del Pacífico. IBM Systems Engineering. She has an MBA from the Adolfo Ibáñez School of Management in Florida. She has participated in different executive development programs at IBM Corporation, Georgetown University, Harvard Business School, Universidad de Monterrey and Universidad de Piura, among others.

Eduardo Montero Aramburú

Member of the Ferreycorp S.A.A. Board of Directors since the year 1980 and Vice President from 1993 to 2008. He has been a member of the Board of Directors of Ferreyros S.A. since 2012. Currently, he is also the President of Indus and director of Agrícola BPM. Formerly, he was a director of the Central Bank of Peru and Executive President of Industrias Pacocha. He has a degree in Economics from Lehigh University and a master's degree in Business Administration from the Wharton School at the University of Pennsylvania.

Raúl Ortiz de Zevallos Ferrand

Member of the Ferreycorp S.A.A. Board of Directors since the year 2011 and member of the Ferreyros S.A. Board of Directors since 2012. Currently, he is a partner at the Ortiz de Zevallos Abogados law firm. In addition, he is the Chair of the Board of Directors of Consorcio La Parcela and a director of Licsa, of Almacenera Grau, of Agrícola Comercial & Industrial (Acisa), Inversiones Quinta Heeren and Barrialto. He is a member of the Board of the Textile Committee of the Sociedad Nacional de Industrias (National Society of Industries), of the Board of the Asociación Cultural Peruano Británica (Peruvian British Cultural Association), alternate director elected by the funds managed by the pension fund manager (AFP) of Enersur (Suez Group) and advisor to the Board of Directors of Sindicato Minero de Orcopampa, a company of which he was a director from 1999 to 2009. He has been the Vice Minister of Tourism and Trade and a director of companies such as Inversiones Cofide, Fertilizantes Sintéticos, Prolansa (Armco Group) and Cervecería del Norte (Backus Group). He was the President of Club Nacional from 2002 to 2004. He has a law degree from Pontificia Universidad Católica del Perú, where he has also taught courses.

Juan Manuel Peña Roca

Member of the Ferreyros S.A. Board of Directors since the year 1984 and of the Ferreycorp S.A.A. Board of Directors since 2012. Currently, he is the President of La Positiva Seguros y Reaseguros and La Positiva Vida, Seguros y Reaseguros; Chair of the Board of Directors of Alianza Compañía de Seguros y Reaseguros (Bolivia) and a director of Alianza Vida Compañía de Seguros (Bolivia). He is the Chair of the Board of Directors of Martinizing del Perú and a director of G Money. Formerly, he was the General Manager of Bland Welch (Brazil), where he was in charge of the Latin America and Caribbean area. He was also the President of Federación Interamericana de Empresas de Seguros (Fides / Inter-American Federation of Insurance Companies) from 2003 – 2005. He was the President of the Asociación Peruana de Empresas de Seguros (Apeseg / Peruvian Association of Insurance Companies) from 2002-2004 and Vice President from 2012-2014. He held the position of director and member of the Executive Committee of Profuturo AFP from 1993-2008. He was an alternate director of Confiep from 2012-2014. He has a Civil Engineering degree from Universidad Nacional de Ingeniería.

Andreas von Wedemeyer Knigge

Member of the Ferreycorp S.A.A. Board of Directors since the year 2003 and of the Ferreyros S.A. Board of Directors since 2012. Currently, he is also the Executive President and General Manager of Corporación Cervesur, as well as Chair of the Board of Directors of different companies in that group (Creditex, Alprosa, Transaltisa and Proagro, among others). He is the Chair of the Board of Directors of Euromotors, of Altos Andes and of Renting; director of Corporación Aceros Arequipa, of La Positiva Seguros y Reaseguros and of La Positiva Vida Seguros y Reaseguros, as well as of Corporación Financiera de Inversiones, among others. He is the President of the Sociedad Nacional de Industrias (National Society of Industries) and a member of Board of Cómex Perú, where he is also a member of the Executive Committee. He has been a director and General Manager of Cía. Cervecería del Sur del Perú, Chair of the Board of Directors of Profuturo AFP, President of Asociación de AFP and member of the Board of Trustees of Tecsup. He has a degree in Business Administration from the University of Hamburg in Germany, and has participated in the Program for Management Development at Harvard Business School and Universidad de Piura.

1.4.2 Management team

The composition of the management team of the corporation and its subsidiary companies is shown on page 36. The professional backgrounds of the senior executives of Ferreycorp S.A.A. are detailed below.

Mariela García Figari de Fabbri Chief Executive Officer

General Manager of Ferreycorp S.A.A. (formerly Ferreyros S.A.A.) since the year 2008 and of Ferreyros S.A. since 2012, when the roles of the corporation and its main subsidiary were separated. In January 2016, she left the position of general manager at Ferreyros to dedicate her efforts to the supervision of all of the corporation's subsidiaries in Peru and abroad as the CEO of Ferreycorp and a member of the boards of directors of the subsidiaries. She has been with the corporation 27 years, having joined Ferreyros S.A.A. in 1988. Since then, she has held several positions in the Finance Division, among them that of Finance Manager, from 2001 to January 2005. Subsequently, she was the Assistant General Manager of the company from January 2005 to March 2008 and as part of a succession plan. She is a director of all of the corporation's companies and Vice Chair of the Board of Directors of most of them, in Peru and abroad. Currently, she is a member of the Board of Directors of *Perú 2021*, of the American Chamber of Commerce (Amcham Perú) since 2014, having been a member of its Board of Directors from 2007 to 2013. She is also a member of some Caterpillar boards. From 2010 to 2013, she was the president of the Latin American Companies Circle, which brings together 15 Latin American companies that stand out for their good practices in corporate governance. She is a member of the

Board of Trustees of some of the colleges of Universidad del Pacífico and of Universidad de Ingeniería and Tecnología (UTECH). She was a member of the Board of Directors of Procapitales and Chair of its Committee on Corporate Governance until late 2006, as well as a director of IPAE, from 2002 to 2004; of Cosapi, from 2007 to 2009; and of the Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Oil and Energy), from 2011 to 2013. Previously, she was a researcher and member of the Editorial Committee at Consorcio La Moneda. She has a licentiate degree in Economics from Universidad del Pacífico and an MBA from Universidad Adolfo Ibáñez in Chile and Incae in Costa Rica.

Luis Bracamonte Loayza

Corporate Investment Manager

Corporate Investment Manager at Ferreycorp during the years 2014 and 2015, named Corporate Business Manager in 2016. He joined the company in 1979 and has held a number of important positions, such as Assistant Manager of Credit and Collections. In 1996, he took over the Branches Division. Subsequently, he headed the Agricultural and Automotive areas, as well as Orvisa as its General Manager. From 2012 to 2013, he was the Central Manager of the subsidiaries. He has been a director and Vice President of the Lima Chamber of Commerce at different times and is currently a director of the Asociación Automotriz del Perú (Automotive Association of Peru). He is the director responsible for the Motored, Mega Representaciones, Cresko, Fargoline, Forbis Logistics, Fiansa and Soluciones Sitech Perú subsidiaries. He is a graduate of Universidad de Lima, and has earned specialization diplomas from ESAN and the Senior Management Program (PAG) at Incae in Costa Rica. He has a master's degree in Marketing and Commercial management from EOI Business School in Spain.

Andrés Gagliardi Wakeham

Corporate Human Resources Manager

Corporate Human Resources Manager at Ferreycorp since the year 2014 and Central Manager of Human Resources at Ferreyros since 1986. From 1973 to 1980, he was the Assistant Manager and Manager of Industrial Relations at Laboratorios Efesa, when this was a branch of Ferreyros S.A.A. He has held similar positions at other prestigious companies. He has a licentiate degree in Industrial Relations from Universidad de San Martín de Porres and has continued specializing in his field through different courses and programs.

Alberto García Orams

Corporate Technology, Processes and Innovation Manager

Corporate Technology, Processes and Innovation Manager at Ferreycorp since the year 2015. He has been a partner in 360 Consulting, a business and information technology consulting firm. He has been an Associate Partner at IBM; Corporate Systems Manager at Gloria Group; Managing Director at Métrica; and Information Manager at Mauricio Hochschild & Cía. He has a bachelor's degree in Science and Industrial

Engineering from Pontificia Universidad Católica del Perú and a master's degree in Management from Universidad de Piura (Senior Management Program).

Patricia Gastelumendi Lukis
Corporate Finance Manager

Corporate Finance Manager at Ferreycorp since the year 2014 and Central Administration and Finance Manager at Ferreyros from 2012 to 2015. Previously, she was the Manager of the Finance Division at Ferreyros, starting in 2005. She joined the corporation in 1987. After being in charge of different functions in the Credit and Collections area, she held the position of Credit Manager from 1998 to 2005. Currently, she is a member of the Board of Directors of the Ferreycorp subsidiary companies in Peru and abroad, with the exception of Ferreyros. She is a member of the Board of Directors of IPAE and has been a member of the Board of Directors of Procapitales. She chaired the Organizing Committee for CADE Universitaria 2010. In addition, she has been a member of the Procapitales Corporate Governance Committee and the IPAE Integrity Committee. She has a licentiate degree in Business Administration from Universidad de Lima and has specialized in Accounting and Finance at ESAN. She has an MBA from Universidad Adolfo Ibáñez in Chile and Incae in Costa Rica. In 2007, she participated in the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler Business School at the University of North Carolina. In 2009, she participated in the Administration of Global Economies program offered by the Harvard Extension School Faculty and, in 2012, the Corporate Governance program at the Yale School of Management. She also represents the corporation in the Latin American Companies Circle.

Eduardo Ramírez del Villar López de Romaña
Corporate Affairs Manager

Corporate Affairs Manager at Ferreycorp since the year 2014, in charge of legal matters and compliance. Previously, he was the Manager of the Corporate Affairs Division at Ferreyros, starting in 2010. He joined the corporation in 1999 as its Legal Manager. In the past, he was in charge of the legal area of the Office of the Vice President of Finance at the Andean Development Corporation (CAF) at its headquarters in Caracas, Venezuela, responsible for the legal aspect of debt transactions of the international organization and, prior to that, as a lawyer in Legal Consultancy, providing support with regard to financing operations for the public and private sectors in Peru and in structuring large-scale projects at the regional level. Previously, he held the position of Legal Manager at Cosapi Organización Empresarial, providing legal advice on matters related to the construction business. He is a member of the Legal Affairs Committee of the American Chamber of Commerce of Peru (Amcham Perú). He has taken a number of specialization courses in Peru and abroad. In 2007, he participated in the Caterpillar Leading for Growth and Profitability program at the Kenan-Flagler Business School at the University of North Carolina. He has a Law degree from Pontificia

Universidad Católica del Perú and a Master in Law degree from George Washington University (Fulbright scholarship recipient).

José Miguel Salazar Romero

Corporate Communications and Image Manager

Corporate Communications and Image Manager at Ferreycorp since the year 2015. Previously, he held the position of Central Marketing Manager at Ferreyros, starting in 2007; Central Customer Relations Manager, starting in 2004; and Mining Division Manager, starting in 2001. Prior to that, from 1996 to 2000, was the General Manager of Matreq Ferreyros, the exclusive Caterpillar dealer in Bolivia and a subsidiary of Ferreyros S.A.A. From 1990 to 1995, he held different positions outside the corporation. Until 1990, he held different positions in Human Resources, Sales and Administration, including the Finance Division in 1988, having joined Ferreyros in the year 1969. He has participated in courses in the country and in seminars organized by Caterpillar, including the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler Business School at the University of North Carolina, as well as the Strategic Management for Tourism Companies certificate program at Universidad del Pacífico.

Raúl Vásquez Erquicio

Corporate Auditing Manager

Corporate Auditing Manager at Ferreycorp since the year 2014. Previously, he held the position of Internal Auditing Division Manager at Ferreyros, starting in 1978. Prior to that, he held the positions of Auditing Manager at Arthur Andersen, Partner at Caipo y Asociados and Administrative Finance Manager at Compañía Pesquera Estrella del Perú. He is the Founding President of Instituto de Auditores Internos del Perú, and has been the District Director for Latin America and a member of the Professional Issues Committee of the Institute of Internal Auditors, President of the Federación Latinoamericana de Auditores Internos (FLAI / Latin American Federation of Internal Auditors) and Chair of the FLAI Ethics Committee. He has participated in different courses and seminars in his area of specialization in Peru and abroad. He has taught at Universidad Nacional Mayor de San Marcos and Universidad Federico Villarreal. He is a certified public accountant and has a bachelor's degree in Economic and Commercial Sciences, as well as PhD studies in Economics at Universidad Nacional Mayor de San Marcos. He has Certification in Risk Management Assurance from the Institute of Internal Auditors (United States).

Mariela García Figari de Fabbri
General Manager

See details on her professional background on page 80.

Gonzalo Díaz Pro
Assistant General Manager

Assistant General Manager of Ferreyros since July 2015 and General Manager of the company since January 2016. Previously, he was the Central Business Manager for seven years. Before that, he headed the Large-scale Mining Division. He joined the company in August 2004, and has more than 25 years of experience in the management and development of construction, open-pit mining and energy projects in Peru and Chile. He has held different positions in the Cosapi Group, including that of Commercial Manager of the branch in Chile, and Project Manager in the joint venture with the Bechtel Corporation for the execution of the then Antamina Greenfield project. Since 2012, he has chaired the Suppliers Committee of the Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Oil and Energy), and has been a member of the Board of Directors of the Peruvian-Canadian Chamber of Commerce. In addition, he has been a member of the Board of the Suppliers Committee of the Peruvian Chamber of Construction (Capeco) and the American Chamber of Commerce of Peru (Amcham Perú) Committee on Infrastructure, Energy and Mining. Currently, he is a member of the Board of Directors of Unimaq, Orvisa, Ferrenergy, Fiansa, Cresko and Soluciones Sitech Perú, as well as of the foreign subsidiaries. He has a civil engineering degree from Pontificia Universidad Católica del Perú and an MBA from Universidad Adolfo Ibáñez in Chile and Incae Business School in Costa Rica. In addition, he is a graduate of the CEO Management Program at Kellogg School of Management at Northwestern University and has participated in different specialization courses in Peru and abroad, among them the Director Training Program offered by Universidad del Pacífico and Universidad de Piura, as well as Ernst & Young.

Hugo Sommerkamp Molinari
Central Finance Manager

In charge of the supervision of the Treasury, Financial Customer Services, Logistics, Accounting, Tax, Management Control and Budget departments/areas at Ferreyros S.A. Previously, he held the position of Central Management Control and Systems Manager from the year 2001 to 2015; he also headed the Risk Area at the corporate level, and supervised the IT Department until the year 2014. He joined the corporation in 1985 and, until 1990, was the Manager of the Controller's Department for the branch companies. He is a director of all of the Ferreyrcorp S.A.A. subsidiaries, with the exception of Ferreyros S.A. From 1990 to 1996, he worked in Paraguay as the finance manager of the different subsidiaries of the ECOM group (Lausanne, Switzerland). He rejoined the corporation in 1996 in the position of Administration and

Finance Division Manager, which he held until 2001. He is a certified public account and graduate of Pontificia Universidad Católica del Perú. He has also taken specialization courses in Peru and abroad, including the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler Business School at the University of North Carolina. He has been the stock exchange representative of Ferreycorp S.A.A. and Ferreyros S.A. since March 31, 2012.

Andrés Gagliardi Wakeham
Central Manager of Human Resources

See details on his professional background on page 81.

José López Rey Sánchez
Central Manager of Product Support

Central Manager of Product Support since the year 2012. He joined the corporation in 1981. He was the Manager of Services from 1994 to 1998 and Manager of Parts and Services from 1999 to 2001, when he was promoted to Product Support Division Manager. He has a degree in Mechanical Engineering from Universidad Nacional de Ingeniería and has taken courses in Business Administration and Managerial Accounting at ESAN, as well as the Senior Management Program at Universidad de Piura. In 2007, he participated in the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler Business School at the University of North Carolina.

Luis Fernando Armas Tamayo
Large-scale Mining Division Manager

Large-scale Mining Division Manager since 2012, with 30 years of experience in the management, implementation, commercialization and market development of heavy equipment for open-pit mining operations. He held the position of regional manager at Caterpillar for northern Latin America, based in Miami (United States) during the year 2011; General Manager of Bucyrus South Africa, headquartered in Johannesburg, from 2009 to 2011; and General Manager of Bucyrus Peru, from 2000 to 2009, participating in the implementation and creation of the company in the national mining market. Previously, he held the position of Mine Maintenance Senior at Alumbraera (Argentina), from 1997 to 2000. In addition, he held positions in engineering, planning and maintenance at Southern Perú in its Cuajone operations from 1986 to 1997. He graduated from Universidad Nacional de Ingeniería in Mechanical and Electrical Engineering, and completed the Senior Management Program at Universidad de Piura, in addition to numerous specialization courses on mining equipment in Peru, Chile and the United States.

Jorge Durán Cheneaux
Branches and Agriculture Division Manager

Branches and Agriculture Division Manager since the year 2012. He joined the corporation in 1994 as a field service engineer in charge of the Cerro Verde mining operation. Subsequently, he was the head of Services – Southern Region. Starting in 1999, he headed the Service

Department at the national level; in 2001, the Component Repair Center (CRC) and the maintenance and repair shops in Lima; in the year 2005, Large-scale Mining Operations; and in 2007, the Large-scale Mining division. He has a Mechanical Engineering degree from Pontificia Universidad Católica del Perú (PUCP) and, in 2009, he was granted an MBA from Universidad Adolfo Ibáñez in Chile and Incae in Costa Rica. He has participated in several specialization courses and Caterpillar forums; he has Black Belt certification in the Six Sigma continuous improvement program; and in 2007, he graduated from the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler Business School at the University of North Carolina. With 20 years at Ferreyros, he is also a director of Motored, a subsidiary of Ferreycorp, and a member of the Ferreyros Central Security Committee.

Enrique Salas Rizo-Patrón

Construction and Mining Division Manager

Construction and Mining Division Manager since the year 2010, having served as the General Manager of the Mega Representaciones subsidiary since 2007. Currently, he is a director of Ferreycorp subsidiaries Unimaq, Mega Representaciones, Cresko, Motored, Soluciones Sitech Perú and Trex. In 1999, he founded and was the General Manager of Mega Rubber, a leading company in the commercialization of off-highway tires and lubricants for industry in the country. Previously, starting in 1986, he had held the position of Sales Manager at Andean Trading, the exclusive Goodyear International distributor for Peru. He has close to 30 years of experience in sales and service with added value of industrial products for the mining, construction, transportation and industrial markets. He is a member of the Board of Directors of Unimaq, Mega Representaciones, Cresko, Motored, Soluciones Sitech Perú and Trex. He attended Universidad de Lima; specialized in Sales, Marketing and Services at ESAN, and has taken other course in commercial, administrative, and financial management for executives. He has also participated in courses and forums at Caterpillar and institutions related to the above mentioned markets.

Professional background of senior executives of other Ferreycorp subsidiaries

Carlos Barrientos Gonzales

General Manager of Mega Representaciones

General Manager of Mega Representaciones S.A. since the year 2010. During his 19 years with the corporation, he has held positions in different areas, and managerial positions since the year 2006, having served as Commercial Manager of the Large-scale Mining Division at Ferreyros. He has a bachelor's degree in Business Administration from Pontificia Universidad Católica del Perú and an MBA from Centrum Católica. He has taken specialization courses in sales and strategy in Peru and abroad, including the Senior Management Program at Universidad de Piura, the Caterpillar Leading for Growth and Profitability

program taught at the Kenan-Flagler Business School at the University of North Carolina, and the CEO Management Program at the Kellogg School of Management at Northwestern University in Evanston, Illinois.

Javier Barrón Ramos Plata
General Manager of Cresko

General Manager of Cresko S.A. since the year 2012. He began his career with Ferreyros in 1996, holding different positions in the Commercial and Administration areas in several branches of the corporation. He has obtained a number of awards and recognitions in courses taught by Caterpillar. He has 19 years of experience in the commercialization of capital goods. He has been Senati's advisor for the department of La Libertad from 2010 to 2012, as well as the organization's representative to different chambers of commerce of the branches with which he interacted. Currently, he is a member of the Machinery Committee of the Lima Chamber of Commerce. He has an Industrial Engineering degree from Universidad de Piura and graduated with honors from the master's degree in Business Administration program at ESAN. He has also taken graduate courses in Finance at ESAN and courses in Marketing, Leadership and Sales taught by Caterpillar. He has received Advanced Level Sales Certification from Caterpillar University.

Henri Borit Salinas
General Manager of Motored

General Manager of Motored S.A. since the year 2012. Previously, he was the Manager of the Automotive Division at Ferreyros S.A.A. from 2011 to 2012, when it was absorbed by Motored. He began his career in the Consulting Division of Arthur Andersen & Co. in 1992, reaching the position of manager before leaving the firm in 1998. He held the position of General Manager of Indumotora del Perú from 1999 to 2011. He has 15 years of experience in the automotive sector. He has been a member of the Board of Directors of Asociación de Representantes Automotrices del Perú (Araper) from 2005 to 2011 and from 2013 to the present. He has an Industrial Engineering degree from Universidad de Lima and did graduate studies at Universidad del Pacífico and Universidad de Piura.

José Luis Chocarro Amunárriz
General Manager of Fiansa

He had a long career with the Mondragón corporation, one of Spain's ten largest business groups, holding the positions of Technical Secretary of the Construction Division, at the corporate level; Director of Promotion and Development at URSSA, a company in the group with expertise in metal construction and projects on four continents; and Director of the Environmental Business Unit at Biurrarena, the corporation's firm dedicated to the capital goods business. In addition, he has held the positions of Manager and Administrative Financial Director at Viviendas y Contratas (Vicon), a Spanish construction company. He has a licentiate degree in Economic and Business Sciences from Universidad de Deusto in San Sebastián (Spain), where he graduated with merit, as well as a

high school diploma and COU from Colegio del Sagrado Corazón in Donostia-San Sebastián.

Jorge Devoto Núñez del Arco

General Manager of Forbis Logistics

General Manager of Forbis Logistics Corp. and Forbis Logistics S.A. since the year 2013. He has experience in logistics project management since 2001. During his nine years with the corporation, he has held positions in three areas: Commercial, Projects and Logistics. Within his experience, his participation in the exchange program with Caterpillar, during which he worked in the city of Miami for a year, stands out. He has Black Belt certification in the Six Sigma continuous improvement program, as well as in the Caterpillar Production System (CPS), a continuous improvement methodology adapted to the Caterpillar world. He has a bachelor's degree in Food Industries from Universidad Nacional Agraria La Molina and graduated with honors in Strategic Business Administration (MBA) from Centrum Católica.

David E. Matuk Heresi

General Manager of Ferrenergy

General Manager of Ferrenergy S.A.C since the year 2013, with managerial experience in multinational and local companies dedicated to consumer products, mining exploration and services. He has an Industrial Engineering degree from Pontificia Universidad Católica del Perú and has taken different specialization courses in Peru and abroad.

Raúl Neyra Ugarte

General Manager of Fargoline

General Manager of Fargoline S.A. since the year 2009. He began his career in the Peruvian Navy, before joining the private sector. He worked for Molinos Takagaki in the poultry sector and for Nestlé in the consumer products sector. He joined Ferreyros in 1995, where he held managerial positions starting in 2005, after working in different areas of the corporation. He is a member of the Board of the Asociación de Operadores Portuarios del Perú (Peruvian Association of Port Operators). Has an MBA from Incae in Costa Rica and Universidad Adolfo Ibáñez in Chile, and specialized in Logistics at Pontificia Universidad Católica del Perú. He has Black Belt certification in the Six Sigma continuous improvement program from Caterpillar University, and graduated from Escuela Naval de Perú (Peruvian Naval School) as a Navy Officer with a bachelor's degree in Business Administration.

Víctor Otero Pizarro

General Manager of Trex LatinoAmerica

General Manager of Trex LatinoAmerica since the company was formed in 2014. Previously, he held the position of General Manager of Equipment and Services Trex S.A., which he and his partners founded in the year 2000. He has 25 years of experience in management and business development in the areas of capital goods, mining and port operations, holding different positions at Minepro Chile, now Joy Global,

including Manager of the Material Handling Division which comprised P&H cranes, PPM port equipment and Morris bridge cranes. He has a degree in Architecture from Pontificia Universidad Católica de Chile and an MBA from Universidad Adolfo Ibáñez.

Oscar Rubio Rodríguez
General Manager of Unimaq

General Manager of Unimaq S.A. from 2007 through 2015, and Corporate Business Manager since the year 2016. He is a director of Orvisa and Cresko. He joined the corporation in 1975 and has held managerial positions since the year 1983, including that of Assistant General Manager of Orvisa from 1989 to 1991. He is a member of the Board of Directors of Orvisa, Cresko and Motored. He has a degree in Economics from Universidad Nacional Mayor de San Marcos, and has taken courses in Peru and abroad. He has also participated in the Senior Management Program at Universidad de Piura and earned specialization diplomas from ESAN, IPAE and Universidad La Salle Argentina.

Ricardo Ruiz Munguía
General Manager of Gentrac and Cogesa

General Manager of Ferreycorp subsidiaries in Central America, Caterpillar dealers: Corporación General de Tractores, S.A. (Gentrac), in Guatemala; Compañía General de Equipos S.A. (Cogesa), in El Salvador; and General Equipment Company Limited (Gentrac), in Belize. He is in charge of companies in Central America, such as Mercalsa, Heavy Parts and Transpesa. He joined Cogesa in 1978. He held positions in different areas of the company and was named General Manager in 1991. In 1998, when Cogesa acquired 100% of Gentrac in Guatemala and Gentrac in Belize, he was named Vice Chair of the Board of Directors and Executive Director of the three companies. In 2001, he was named Chairman of the Board of Directors and CEO of Gentrac Corporation, the holding company for the previously mentioned companies. The holding company has belonged to Ferreycorp (formerly Ferreyros S.A.A.) since 2010, the year he was named General Manager of the new organization in Central America. In other activities in El Salvador, he has served as a member of the Board of Directors of Aseguradora Agrícola Comercial; member of the Board of Directors of Banco de Comercio; Chairman of the Board of Directors of Banco Atlacatl; member of the Board of Directors of the Central Bank of Peru; member of the Board of Directors of the Asociación Bancaria (Banking Association); director of Financiera Atlacatl; and director of the Asociación de Ahorro y Préstamo (Aprisa / Savings and Loan Association). He has a licentiate degree in Agricultural Economics from the University of Louisiana and a master's degree in Business Administration from Incae.

César Vásquez Velásquez
General Manager of Orvisa

General Manager of Orvisa S.A. since February 2006. With 16 years of experience in the capital goods sector, he has held the positions of Head

of General Administration, Administrative Manager and General Accountant in the same company. He worked in the chain of Interbank branches and was the General Accountant at Compañía Embotelladora Lusitania. He was a member of the Board of Directors of the Caja Municipal de Ahorro y Crédito de Maynas (CMAC Maynas / Maynas Municipal Savings and Loan) from 2005 to 2007 and member of the Senati Loreto Regional Advisory Council from 2009 to 2011. He has a master's degree in Financial Management from the Escuela de Organización Industrial (EOI) in Spain, a master's degree in Higher Education from Universidad Nacional Mayor de San Marcos (coursework completed), and Advanced Level Certification in Sales from Caterpillar University. He is a certified public accountant and a graduate of Universidad Nacional de la Amazonía.

Marcos Wieland Conroy

General Manager of Soluciones Sitech Perú

General Manager since Soluciones Sitech Perú started its operations. He began his career at IBM as a systems support engineer. Subsequently, he worked for Microsoft as the Manager of Marketing Programs in the areas of education, marketing and sales; for BCTS, as the consulting firm's Business Manager; and for Price Waterhouse Coopers, in the position of Marketing Manager. He joined Ferreyros in 2007, as the Commercial Development Manager in the Marketing area, the position he held until he assumed his current position. He has a master's degree in Business Administration from the University of Texas at Austin and two bachelor's degrees: one in Industrial Engineering from Pontificia Universidad Católica del Perú and the other in Computer Science from the University of Arkansas at Little Rock. He has taught Marketing and Technology for over ten years at ESAN.

Alberto Parodi de la Cuadra

Assistant General Manager of Gentrac Guatemala

Assistant General Manager of the Corporación General de Tractores, S.A. (Gentrac) subsidiary, in Guatemala, from July 2015 to February 2010. Assistant General Manager of Unimaq S.A. since August 2015 and named General Manager in January 2016. He joined Ferreyros in 1995, where he held the positions of Construction Division Manager, Medium-scale Mining and Energy from 2007 to 2010, Commercial Manager of Construction and Medium-scale Mining from 2006 to 2007, and Post-sale Commercial Manager from 2002 to 2005, among other positions. In addition, he was the National Manager of Sales and Leasing at Matreq Ferreyros in Bolivia from 2000 to 2002. He has an Industrial Engineering degree from Universidad Ricardo Palma and a master's degree in Strategic Business Administration from Centrum Católica. He has participated in specialization programs at well-known business schools in Peru and abroad, such as Harvard Business School, Kenan-Flagler Business School at the University of North Carolina, and Incae in Costa Rica.

Appendices

Appendix 2: Information on the market for securities registered in the Public Registry of the Securities Market

2.1 Common shares

FERREYCORP S.A.A.
Variable Income

ISIN Code	Mnemonic	Year-Month	QUOTES 2015				Average Price S/
			Opening S/	Closing S/	Maximum S/	Minimum S/	
PEP736001004	FERREYC1	2015-01	1.62	1.50	1.62	1.32	1.42
PEP736001004	FERREYC1	2015-02	1.43	1.44	1.48	1.37	1.43
PEP736001004	FERREYC1	2015-03	1.44	1.41	1.44	1.34	1.40
PEP736001004	FERREYC1	2015-04	1.41	1.37	1.41	1.32	1.38
PEP736001004	FERREYC1	2015-05	1.38	1.43	1.43	1.36	1.38
PEP736001004	FERREYC1	2015-06	1.43	1.42	1.43	1.37	1.41
PEP736001004	FERREYC1	2015-07	1.39	1.37	1.43	1.34	1.37
PEP736001004	FERREYC1	2015-08	1.37	1.29	1.37	1.00	1.21
PEP736001004	FERREYC1	2015-09	1.29	1.26	1.29	1.16	1.24
PEP736001004	FERREYC1	2015-10	1.26	1.40	1.40	1.25	1.31
PEP736001004	FERREYC1	2015-11	1.40	1.28	1.45	1.27	1.33
PEP736001004	FERREYC1	2015-12	1.28	1.35	1.35	1.25	1.30

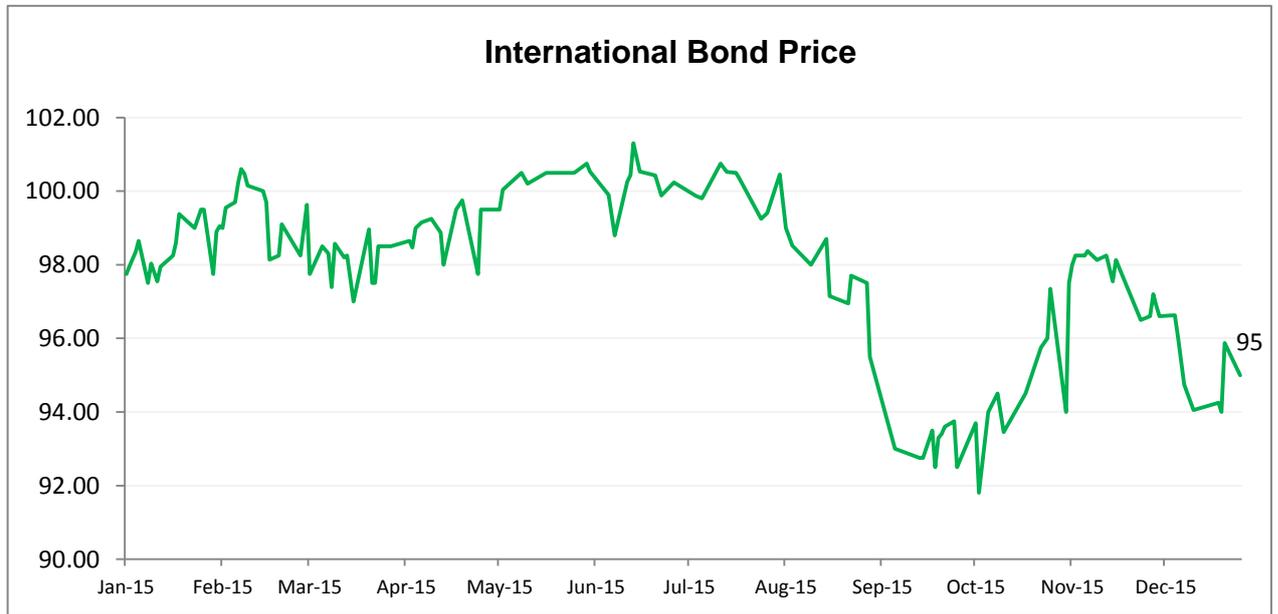
2.2 Outstanding issues of debt instruments

In April 2013, Ferreycorp issued US\$ 300 million in corporate bonds in the international market. The amount obtained for this issue, with an annual rate of 4.875%, was used for reprofiling a three-year, medium-term loan with amortization payments, making it a seven-year bullet payment loan. In this manner, the corporation freed short-term lines of credit and covered its medium-term needs.

The bonds received a BB+ rating (stable outlook) from international credit rating agencies Moody's and Standard & Poor's.

The bonds have a maturity date of seven years from the date they were issued. These bonds represented approximately 50% of the total financing required. The other 50% was composed of lines of credit through local and foreign banks, Caterpillar Financial Services and the local capital market.

The following graph shows the performance of the bonds during the year 2015:



Appendices

Appendix 3: Corporate Sustainability Report

Section A:

Implementation of Corporate Sustainability actions

Question A.1	Yes	No	Explanation:
<i>Has the company voluntarily adhered to standards of good practices in Corporate Sustainability?</i>	X		Aware of the active role it should play as an agent of change and its responsibility in relation to the country's development, our corporation implements different initiatives to generate positive impacts on its workers, shareholders, customers, suppliers, government, society, the community and the environment.

If the answer is yes, indicate the standard and compliance date:

Standard	Compliance date
Global Compact Ferreycorp maintains its commitment to the initiatives of the Global Compact network and its ten guiding principles.	2004
Sustainability Report Through its Ferreyros subsidiary, the corporation discloses information about its management in a Sustainability Report according to the GRI (Global Reporting Initiative) methodology, for the purpose of communicating the company's economic, social and environmental performance, as well as implementing aspects for improvement identified. (Continued on the next page)	2010

<p>Asociación de Buenos Empleadores (ABE / Association of Good Employers) Five of the corporation's companies—Ferreyros, Unimaq, Fiansa, Mega Representaciones and Fargoline—are members of ABE, sponsored by the American Chamber of Commerce of Peru (AmCham). Company members of ABE are characterized by their respect for their workers and for providing an adequate work environment by implementing good practices in human resources in all of their processes. In addition, they promote good practices in human resources among their suppliers, who, in turn, improve the motivation and welfare of their workers, their productivity and the quality of their products and services.</p>	2007
<p>Socially Responsible Company Distinction Five of the corporation's companies—Ferreyros, Unimaq, Mega Representaciones, Fargoline and Motored—have received the Socially Responsible Company Distinction, a recognition awarded by Peru 2021 for their commitment to socially responsible management as part of their business culture and strategy.</p>	2013

If sustainability reports other than this report are prepared, indicate the following information:

These reports are prepared:	YES	NO
Voluntarily	X	
Due to investor requirements		
Due to requirements by public institutions		
Other (list):		

Access to these reports can be obtained through:

Superintendence of the Securities Market (SMV) portal	
Corporate website	X
Social networks	
Other / List	

Question A.2

	Yes	No	Explanation:
<i>Does the company have a corporate policy that considers the impact of its activities on the environment?</i>	X		The efforts of each company in the corporation are geared toward preventing environmental impacts and continuously improving its performance in this area, in line with the Comprehensive Health, Safety and Environment Policy. Therefore, it maintains a Standard Environmental Management System based on ISO standard 14001.

- a. If your answer to question A.2 is yes, indicate the company document which regulates the policy and the body that approves it.

Document	Body
Internal Health, Safety and Environmental Regulations (each subsidiary)	Health, Safety and Environment Committee
Comprehensive Health, Safety and Environment Policy (each subsidiary)	Health, Safety and Environment Committee and the CEO
Environmental Management Manual (each subsidiary)	Health, Safety and Environment Committee
Corporate Risk Management Policy	Office of the CEO

- b. Does the company quantify greenhouse gas emissions produced by its activities (carbon footprint)?

Yes No

If your answer is yes, indicate the results obtained:

As part of its social responsibility and environmental objectives, Ferreyros measured the carbon footprint of its industrial facility in 2015. According to the ISO 14064-I methodology, the impact of this Ferreyros location is a total of **4,985.52 tons of CO₂**.

- c. Does the company quantify and document the total amount of energy used in its activities?

Yes No

If your answer is yes, indicate the results obtained:

Ferreyros 9,080,711.52 (Kw-h)	Mega Representaciones 0 (Kw-h)
Fiansa 1,190,744 (Kw-h)	Motored 160,439 (Kw-h)
Cresko 57,004 (Kw-h)	Orvisa 529,615 (Kw-h)
Fargoline 3,972 (Kw-h)	Unimaq 707,468 (Kw-h)

d. Does the company quantify and document the total amount of water used (water footprint) in its activities?

Yes No

If your answer is yes, indicate the results obtained:

Ferreyros 102,195 (m ³)	Mega Representaciones 0 (m ³)
Fiansa 5,493 (m ³)	Motored 4,871 (m ³)
Cresko 665 (m ³)	Orvisa 6,371 (m ³)
Fargoline 3,972 (m ³)	Unimaq 15,870 (m ³)

e. Does the company quantify and document waste produced as a result of its activities?

Yes No

If your answer is yes, indicate the results obtained:

Ferreyros 1,242,153.15 (Kg)	Mega Representaciones 9,694 (Kg)
Fiansa 744,114 (Kg)	Motored 69,135 (Kg)
Cresko 2,056 (Kg)	Orvisa 47,952 (Kg)
Fargoline 68,847 (Kg)	Unimaq 116,882 (Kg)

Question A.3

	Yes	No	Explanation:
Does the company have a policy to promote and ensure its workers' fundamental principles and rights in the workplace? ¹	X		Ferreycorp's strongest advantage is its workers. Having a motivated, committed team is essential in order to maintain the corporation's leadership and strength. Therefore, Ferreycorp recognizes its workers' efforts and provides them optimal working conditions, a good working environment and stimulation for their all round development.

- a. If your answer to question A.3 is yes, indicate the company document which regulates this policy and the body that approves this document.

Document	Body
Global Compact Report	
Internal Work Regulations	Human Resources
Corporate policy against discrimination and harassment	

- b. Does the company keep a record of work-related accidents?

Yes No

If your answer is yes, indicate the area responsible for keeping the record and to whom the area reports.

Area responsible	Reports to
Health, Safety and Environment	Corporate Human Resources Manager

¹ According to the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the principles and rights fall into the following four categories: (i) freedom of association and the effective right to collective bargaining, (ii) the elimination of forced or compulsory labor, (iii) the abolition of child labor and, (iv) the elimination of discrimination in respect of employment and occupation.

c. Does the company have a training plan for its workers?

Yes

No

If your answer is yes, indicate the area of the company that approves the plan and the frequency with which adherence to the plan is evaluated:

Body	Evaluation frequency
Talent Management Department	Once a semester

d. Does the company take surveys or make evaluations regarding the work environment?

Yes

No

If your answer is yes, indicate the results obtained:

The most recent work environment survey, titled "Encuesta de Opinión de Satisfacción" (EOS / Satisfaction Opinion Survey), was taken in 2014 using the Caterpillar methodology. Ten companies in the group participated: Ferreycorp, Ferreyros, Orvisa, Cresko, Fargoline, Unimaq, Forbis Logistics, Fiansa, Mega Representaciones and Motored.

The survey evaluated 15 aspects and, on average, the corporation is at 75%, with employee commitment at 78%.

1. Values
2. Safety
3. Responsibility for results
4. Efficiency of the working team
5. Focus on the customer
6. Commitment
7. Leadership
8. Communication
9. Collaboration
10. Senior management
11. Learning and development
12. Recognition
13. Health / welfare
14. Changes
15. Continuous improvement

Question A.4

	Yes	No	Explanation:
<i>Does the company have a policy that establishes basic guidelines for its relations with the communities with which it interacts?</i>	X		For the purpose of making positive impacts on all of its stakeholders, Ferreycorp works closely with different sectors of the community, mainly on an issue it deems essential for the country's progress: education for youth.

- a. If your answer to question A.4 is yes, indicate the company document which regulates this policy and the body that approves this document.

Document	Body
Code of Ethics	

- b. Has the company encountered social conflicts (strikes, marches, etc.) in the community where it conducts its main activities as a consequence of its operations?

Yes No

If your answer is yes, explain the impact of these social conflicts on the Company's activities.

- c. Does the company work in collaboration with the community in the joint creation of value, including the identification and solution of the main problems they have in common?

Yes No

- d. Does the company invest in social programs in the community where it conducts its main activities?

Yes No

If your answer is yes, indicate the percentage the investment in such programs represents with regard to gross revenue according to the Company's financial statements:

The budget for the Social Responsibility area is not tied to the corporation's revenue.

Question A.5	Yes	No	Explanation:
<i>Does the company have a policy that establishes basic guidelines for managing supplier relations?</i>	X		Under clearly established principles such as transparency, equitable treatment and mutual growth, the selection of suppliers is made based on the quality of their product or service, price, delivery terms, and management aspects (treatment of personnel and implementation of delivery reliability programs).

a. If your answer to question A.5 is yes, indicate the company document which regulates this policy and the body that approves this document.

Document	Body
Code of Ethics	
Standard for contractors and suppliers' work and services	Central Safety and Security Committee

b. Does the company keep an updated list of its suppliers?

Yes No

If your answer is yes, indicate the area responsible for keeping the list and to whom the area reports.

Area responsible	Reports to
Financial Services and Treasury Department	Central Finance Manager

c. Does the company have a criterion for supplier selection that considers ethical matters and compliance with labor legislation?

Yes No

d. Does the company have a procurement or hiring policy on selecting suppliers that adhere to sustainable or environmental management standards?

Yes No

Question A.6	Yes	No	Explanation:
<i>Does the company have a policy that establishes basic guidelines for managing customer relations?</i>	X		Ferreycorp fosters mutually beneficial, long-term commercial relations with its customers, offering the best comprehensive solutions for their business, the support of a leading a corporation, and a tradition of integrity and solid values.

a. If your answer is yes, indicate the company document which regulates this policy and the body that approves this document.

Document	Body
Code of Ethics	
Corporate policy on management of information on prospects, customers and contacts	Central Marketing Management

b. Does the company keep an updated log of customer complaints?

Yes No

If your answer is yes, indicate the area responsible for keeping the log and to whom the area reports.

Area responsible	Reports to
Customer Management	Marketing Management

- c. Does the company have regular channels for dealing with the public and for receiving suggestions and complaints related to the products and services it provides?

Yes

No

- d. Has the company received any recognition for the quality of its customer service?

Yes

No

If your answer is yes, indicate the recognitions received:

The companies in the corporation carry out internal auditing processes for the purpose of overseeing the handling of complaints and customer satisfaction.

In the case of Ferreyros, complaints made to the company by means of the complaint log are entered in the Indecopi portal.

Section B:

Details of actions implemented by the Company

This section details the Company's stakeholders and the actions implemented during the year in relation to the impact of its operations on social development (labor practices, community and customer relations, and product liability) and the environment (materials, energy, water, emissions, effluents and waste), complementing the information provided in Section A.



Workers

Ferreycorp's most important asset is its human capital. Having a motivated, committed team is essential for building the corporation's leadership and strength. Therefore, the corporation recognizes their effort and provides all of its workers optimal working conditions, a good work environment and stimulus for their all round development.

Appreciation and respect for diversity

Ferreycorp is known for maintaining a work environment free of discrimination, favoring equal opportunity based on each worker's merits. Similarly, it has a Workplace Inclusion Program for the purpose of promoting the inclusion of individuals with disabilities. Ferreyros, Mega Representaciones and Unimaq have hired workers with disabilities.

Health, safety and working conditions

For the purpose of mitigating every condition that could affect its workers health or safety, damage its facilities or cause negative impacts on the environment, Ferreycorp has an Industrial Safety, Occupational Hygiene and Environmental Management system.

In addition, the social welfare area provides ongoing, personalized attention in areas such as health, education, housing, family problems, etc.

Professional and personal development

Ferreycorp is committed to its workers' professional development and offers them different, ongoing training programs to develop their skills.

In addition, it fosters balance between work and their private lives, and implements different training initiatives on productive topics, vacation programs for their children and recreational activities.

Relations with the union

Uninterruptedly since 1946, the laborers at Ferreyros, the main subsidiary of Ferreycorp, have been represented by a union that has a healthy relationship with the company. This group contributes different initiatives to the creation of policies that favor working conditions and the quality of life of the workers and their families.

Social activities

Activities are held to promote camaraderie among the personnel in the different companies in the corporation. In addition, since 2010, workers from the different companies have had the opportunity to participate in the Corporate Olympics, as well as 6-a-side soccer (*fulbito*) championships, and the corporate volunteers' "Ferreycorp 4k" race, among other competitions.

Shareholders

Ferreycorp is known in Peru and abroad for its good corporate governance practices, which are evident in its respect for rights and equitable treatment of all of its shareholders; timely, transparent information; and a highly qualified Board of Directors that represents all of the shareholders.

In 2015, for the eighth year in a row, the corporation was included in the Lima Stock Exchange's Good Corporate Governance Index (IBGC), as it has since this distinction was created in the year 2008. In addition, it has participated actively in the Companies Circle of the Latin American Corporate Governance Roundtable since it joined in 2006.

Ferreycorp's high standards of corporate governance are based on a continuous improvement approach, which prompts it to make continuous progress in its field of action. For further information, please refer to the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies corresponding to the year 2015.

Customers

The corporation promotes mutually beneficial, long-term commercial relations with its customers, offering comprehensive solutions for their business, the support of a leading corporation and a tradition of integrity and solid values.

Ferreycorp provides its customers a value proposition through:

- A varied portfolio of high-quality products and services, with service specialized by sectors.
- Constant monitoring of customer satisfaction and the handling of complaints with a continuous improvement approach to the services offered and anticipation of future needs.
- Well run business and adequate management of marketing and communication policies.
- Respect for customers' privacy, by protecting the confidentiality of information.
- Training customers on technical specifications and adequate handling of products.

Suppliers

Adhering to clearly established principles such as transparency, equitable treatment and mutual growth, the selection of suppliers is made based on the quality of the product or service, its price and delivery terms. These criteria are complemented by management aspects such as good treatment of workers and the implementation of safety programs.

Five subsidiaries of the corporation—Ferreyros, Unimaq, Fiansa, Mega Representaciones and Fargoline—are members of the Asociación de Buenos Empleadores (Association of Good Employers) sponsored by the American Chamber of Commerce of Peru (AmCham). These companies have made a commitment to promote good human resource practices among their suppliers. This, in turn, improves workers' motivation and welfare, and increases their productivity and the quality of the products and services offered.

Ferreyros and Unimaq foster high safety standards among their transportation service providers through standardization processes carried out every year. Since 2007, Ferreyros has brought them together in a Committee of Transportation Companies, in which they share their experiences and good practices for the purpose of implementing improvements in processes and solving problems found.

In 2015, Fargoline trained all of its strategic service suppliers on matters related to quality, safety, the environment and BASC standards. Similarly, Unimaq, Motored and Mega Representaciones provided safety orientation sessions for their suppliers.

Government and society

Ferreycorp has a strict honesty policy in all of its commercial operations, ensuring that none of the corporation's companies ever benefits from fraudulent or illegal conduct on the part of its employees.

In addition, the corporation:

- Encourages responsible citizenship and a culture based on values.
- Promotes forming opinions through forums and organizations.
- Reports annually to the United Nations Global Compact network.
- Through its Ferreyros subsidiary, Ferreycorp discloses information on its management in a Sustainability Report according to the GRI (Global Reporting Initiative) methodology, for the purpose of communicating the company's

economic, social and environmental performance, as well as implementing improvement in problem areas identified.

Community

The corporation works closely with different sectors of the community, mainly on an issue it deems essential for the country's progress: the education of its youth.

Ferreycorp Professional Development Program – Ferreycorp Association

The Ferreycorp Association, which is made up of Ferreyros, Unimaq, Orvisa, Fiansa, Cresko, Fargoline, Motored, Mega Representaciones and the corporation itself, strengthens higher education students' education in ethics and civic commitment, as well as their job skills. In the year 2015, 1,891 young people in higher education from more than 30 Peruvian cities participated in this program.

Think Big Program

Training program geared toward the education of young people for a technical career as a Caterpillar equipment mechanic. The two-year program, which combines training at Tecsup with weeks of internship at Ferreyros, offers access to a Ferreyros education loan fund that allows students to finance up to 100% of the cost of their studies. This amount is paid by participants once they are employed. Upon completion of their training, participants have the option of working for Ferreyros or Unimaq, with an unlimited career path.

The twelfth group in Lima and the fifth group in Arequipa graduated in 2015, with 16 and 15 students respectively.

Senati and “Sembrando tu Futuro” (Sowing your Future) Dual Training Program

For the purpose of complementing the technical training of young students from the National Industrial Job Training Service (SENATI), Ferreyros, Fiansa, Motored, Orvisa and Unimaq offer their facilities for students to do internships through the Dual Training Program.

The “Sembrando tu Futuro” (*Sowing your Future*) program is geared toward young students from low-income families in Lima's Huaycán community who are interested in higher education at SENATI. The most outstanding students are sponsored by Unimaq; the subsidiary covers the full cost of their studies.

Ferreyros “Best Heavy Equipment Operator in Peru” Contest and Ferreyros Heavy Equipment Operators Club

This contest was held for the first time in 2012, within the framework of the company's 90th anniversary, for the purpose of highlighting the importance of the professional development of heavy machinery operators in sectors that contribute to the country's development.

The initiative is complemented by the Ferreyros Heavy Equipment Operators Club launched in 2013. The only group of its kind in Peru, it offers members the possibility of gaining knowledge and experience to become leaders in their field, through free seminars in different parts of the country and on its website: www.cluboperadoresferreyros.com. By the end of 2015, the club had more than 8,300 members.

Obras por Impuestos (Works for Taxes)

Ferreycorp seeks to contribute directly to the country's decentralized development through the financing and execution of public investment projects, under the Obras por Impuestos (Works for Taxes) scheme. Therefore, in 2015, in a consortium with mining companies Chungar and Chinalco, Ferreyros continued the execution of a project under this scheme, for the purpose of improving and expanding drinking water, sewer and wastewater treatment services in seven neighborhoods in the district of Yauli (province of Yauli, Junín). This project will be completed during the first semester of 2016.

In addition, in September 2015, in a consortium with Chungar and Unimaq, Ferreyros signed an agreement with Huayllay District City Hall on the financing and execution of a project to expand and improve the drinking water, sewer and waste water treatment system in the town of San Agustín de Huaychao in the district of Huayllay (Cerro de Pasco). Work on the project is expected to start in the first semester of 2016.

The corporation focuses on projects to improve and expand the water and sewer system, road infrastructure and education. Through Obras por Impuestos, Ferreycorp seeks to promote the execution of public investment projects with efficiency and productivity, contributing to the country's progress.

Internship Program, support for academic research and vocational guidance

Ferreyros, Unimaq, Mega Representaciones, Motored, Orvisa, Fiansa and Cresko offer this program for the purpose of supporting students from different educational institutions in the country in their professional development.

Corporate Volunteering

In 2015, volunteer work performed by workers from different companies in the corporation, in Lima as well as other provinces, benefited children and young people from different parts of the country. The activities focused mainly on improving different schools.

With the desire to help those most in need, the "Ferreycorp 4K" race was held for the sixth year in a row. The race is a corporate volunteering fundraising activity held simultaneously in 13 cities around the country, with the participation of over 4,000 workers from ten subsidiaries, their families and friends.

Environment

The efforts of each company in the corporation are geared toward preventing environmental impacts and continuously improving its performance in this area, in line with the Integrated Health, Safety and Environment Policy. Therefore, the corporation has developed a Standard Environmental Management System based on ISO 14001.

This system is executed, monitored and audited through each company's Environmental Management Program (EMP), which includes:

- i) Planning: Identification of environmental impacts.
- ii) Training and awareness raising: Awareness raising about environmental protection.
- iii) Operational control: Adequate management of the main environmental aspects of the business.
- iv) Verification: Monthly consumption indicators and follow-up on preventive and corrective actions.

Distinctions

In 2015, Ferreycorp was honored with the following distinctions, adding to a long list of achievements over the course of its history.

During 2015, Ferreyros, Unimaq, Mega Representaciones, Fargoline and Motored were distinguished as Socially Responsible Companies by Perú 2021.

Ferreyros was recognized as one of the ten companies with the best reputation in the country, according to the Merco 2015 Business Reputation Ranking, in partnership with *Gestión* newspaper.

Kimberly Clark recognized Ferreyros among the ten companies that made the greatest contribution to its paper recycling drive called “Recíclame, cumple TU papel” (Recycle me, do your part). As a result of this drive, 62 children from Aldeas Infantiles SOS received meals during the year.

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

Official Company Name:

FERREYCORP S.A.A.

Year:

2015

Website:

www.ferreycorp.com.pe

Official name of the reviewing firm:¹

B60001

¹ 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*².

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. Shareholders’ Rights
- II. General Shareholders’ Meeting
- III. Board of Directors and Senior Management³
- IV. Risk and Compliance
- 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.

² The *Código de Buen Gobierno Corporativo para las Sociedades Peruanas / 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.

³ The term “Senior Management” refers to the CEO and other managers.

SECTION A:

Letter of Introduction⁴

Ferreycorp has adopted principles of good corporate governance that, among other matters, are geared toward protecting the rights of all shareholders equally, whether majority, minority or foreign shareholders, through equitable treatment; ensuring adequate, timely dissemination of all matters the corporation deems relevant, including the financial situation, its performance, risks it faces and shareholdings, and following strict guidelines on communicating matters of importance and confidential matters, whenever they occur; and guaranteeing strategic guidance of the corporation, through effective monitoring of the Board of Directors and the definition of its responsibilities to its shareholders.

Similarly, these principles state that companies should be run based on values such as clear Board of Directors' policies, equitable treatment of shareholders and transparency of information. In particular, the Board of Directors's role is to add value to the company, contributing experiences and new points of view through independent directors, with a variety of opinions and backgrounds, by means of their active participation on internal committees.

Ferreycorp's commitment is to continue implementing improvements in the good corporate governance area, in order to serve its shareholders and investors with transparency, equity and reliability day by day, maintaining excellent relations with them. The corporation remains alert to the opinion of the market, whose expectation is to establish a direct, transparent relationship with issuing companies in which it is interested in investing or holding a position. Therefore, Ferreycorp constantly updates and improves its corporate governance practices in line with global trends and, above all, according to what is required or recommendable for Peruvian companies.

In June 2014, the Superintendence of the Securities Market published the new form for the Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies, which has been mandatory starting with the Annual Report corresponding to the year 2014 for companies that have securities listed in the Public Registry of the Securities Market.

This new self-evaluation form allows the company to explain the reasons it has not adopted the principle or does not fully adhere to it, as well as actions carried out that could be considered progress toward compliance or partial adoption, as applicable.

Additionally, in order to be included in the Good Corporate Governance Index, the Company is required to have the report reviewed by a specialized validating firm that follows the instructions and parameters defined by the Lima Stock Exchange (BVL). Recently, a new BVL rule established that the same validating firm cannot be used by a company more than three years in a row. Therefore, Ferreycorp will change validating firms for the 2015 report, for the purpose of submitting to the evaluation process in a manner that will allow it to be included in the Lima Stock Exchange Good Corporate Governance Index.

⁴ The main actions taken during the year in terms of good corporate governance practices that the Company deems relevant to highlight in line with the five pillars that make up the *Código de Buen Gobierno Corporativo para las Sociedades Peruanas / Code of Good Corporate Governance for Peruvian Companies (2013)*—Shareholders' Rights, General Assembly, the Board of Directors and Senior Management, Risk and Compliance and Transparency of Information— are described.

Ferreycorp is confident that the process of implementing the standards of good corporate governance must be continuous, due to which, throughout the year 2015, it has continued adapting some practices to the new code, which provides highly valuable guidelines on the General Shareholders' Meeting, equitable treatment of shareholders, Board of Directors' policies, risk management and transparency of information. Adaptation to this new code has led to changes in some company documents and internal policies, including the Bylaws and the Regulations of the Shareholders Meeting and of the Board of Directors, all of which have been submitted to the corresponding bodies for approval. The main changes are the following:

a) In relation to the Regulations of the Shareholders Meeting, the establishment of a limit on the number of votes that can be delegated to the Board of Directors and Senior Management was included. In addition, it was established that there must be a follow-up on agreements adopted by the General Shareholders' Meeting, and the Nominating, Compensation and Corporate Governance Committee must be informed, designating the CEO as the person responsible for follow-up, informing the corresponding committee and the respective shareholders.

In addition, it was established that if a shareholder is unable to attend Shareholders' Meeting and decides to grant a power of attorney to another person, this power must contain a form indicating the shareholder's voting preference with reference to each item on the agenda. This has been done successfully, with a high level of acceptance, since the General Shareholders' Meeting of 2014. In addition, it was determined that shareholders must vote separately on matters which are substantially independent, so that they can exercise their voting preferences, such as in the case of the nomination of the Board of Directors or amendment of the Bylaws by article.

The corporation's Code of Ethics has been restructured in line with the company's values, all of the personnel have received training on it, and the members of the Board of Directors have been involved in the process.

b) In the interest of establishing guidelines that ensure good participation in the General Shareholders' Meeting, whether directly or through a proxy for voting purposes, Ferreycorp sought the advice of a foreign firm specializing in the matter, not only for the purpose of obtaining powers of attorney for the Meeting, but also to ensure the quality of the votes cast. As a result, for the General Shareholders' Meeting of 2015, Ferreycorp prepared a governance report in which it disclosed and developed each proposal on the agenda and included the possibility of voting separately on each item on the agenda.

The General Shareholders' Meeting was held on March 30, 2015, having been announced with proper notice by means of announcements published in *Expreso* and *El Peruano* newspapers, on signs in the corporation, by telephone, through the website, by regular mail, by electronic mail and letters, with details on the agenda items so that the shareholders could participate in the meeting with more information on the matters to be discussed. In this manner, the presence of 118 shareholders was achieved. Including those who had granted power of attorney, the Meeting was held with a quorum of 77.59%. The agreements adopted during the meeting were revealed to the market the same day as an "Important Event" and published on the Ferreycorp website.

Due to improvement in these practices and their adaptation to international standards, the two main international consulting firms that provide recommendations on corporate governance for managing voting, Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co., recommended voting in favor of all of the proposals on the agenda during the Meeting.

c) In line with the current dividend policy, as updated in March 2013, the General Shareholders' Meeting approved the distribution of cash dividends. By recommendation of the Board of Directors, it was agreed to pay S/. 0.06 per share (6.00%) as a cash dividend.

d) Following the corporate governance recommendations, during the year 2015, the CEO presented the follow-up on the agreements adopted at the General Shareholders' Meeting held in March 2015 to the Board of Directors Nominating, Compensation and Corporate Governance Committee. Similarly, in line with best practices, a company was hired to evaluate the Board of Directors' performance over the preceding year.

In addition, presenting an amendment to the Bylaws to include arbitration for dispute resolution—in accordance with the new requirements—at the General Shareholders' Meeting to be held in March 2016 has been proposed to the Corporate Governance Committee.

e) The Regulations of the Board of Directors and Board of Directors' Committees were also modified to regulate loans to the Board of Directors. In addition, the procedure for nominating candidates for the Board of Directors to be proposed to the General Shareholders' Meeting was established, including verification of the independence of independent directors. Lastly, it was established that the evaluation of the Board of Directors would be performed with the accompaniment of external advisors at least every two years.

f) Since the corporation was created in 2013, greater importance has been given to non-commercial transactions between Ferreycorp and its subsidiary companies, such as loans, property leases and corporate services, among others. In this regard, there is an Audit and Risk Committee that, during the year 2015, approved corporate regulations on transfer prices between related companies, loans from Ferreycorp to related companies, and guarantees granted by Ferreycorp to subsidiaries.

The Risk Committee is mapping the risks of all of the corporation's companies and has a specialized area and regulations in this regard. In January 2015, the Risk Committee approved and published the corporate risk management policy.

g) Through its Securities and Investor Relations Department, the corporation continued responding to inquiries and presenting relevant, timely information to its shareholders, analysts and other stakeholders. Following the good practice of placing different contact points for receiving information at the market's disposal, Ferreycorp participated in different individual and group meetings, and held quarterly conference calls with institutional investors, investment banks and local and foreign analysts. These meetings generated greater interest among foreign funds, which have maintained their large stake in the company. In addition, quarterly results continued to be published, with an analysis and discussion of the same in English and Spanish.

h) In the year 2015, following a rigorous evaluation process carried out by a validating firm approved by the Lima Stock Exchange, Ferreycorp's commitment to good corporate governance resulted in its inclusion—for the eighth consecutive year—in the Lima Stock Exchange's Good Corporate Governance Index which, since 2008, has comprised the companies with the best corporate governance practices.

SECTION B:

Evaluation of compliance with the principles of the Code of Good Corporate Governance for Peruvian Companies

PILLAR I: Shareholders' rights

Principle 1: Parity of treatment

Question I.1	Yes	No	Explanation:
<i>Does the Company ensure equitable treatment of shareholders of the same class and with the same conditions^(*)?</i>	X		The company has only one type of shares: common shares with the same rights and conditions.

(*) The term "same conditions" is understood as particularities that distinguish shareholders or are a common characteristic (institutional investors, non-controlling investors, etc.). It should be taken into account that it by no means implies approval of the use of privileged information.

Question I.2	Yes	No	Explanation:
<i>Does the Company only promote the existence of classes of shares with voting rights?</i>	x		The company has only one type of shares and each share gives the holder the right to cast one vote.

a. Regarding the Company's capital, specify:

Subscribed capital at the end of the year	Paid-in capital at the end of the year	Total number of shares representing the share capital	Number of shares with voting rights
1,014,326,324.00	1,014,326,324.00	1,014,326,324	987,277,990

b. If the Company has more than one class of shares, specify:

Class	Number of shares	Nominal value	Rights ^(*)

(*) In this field, the particular rights of the class that distinguish it from others should be listed.

Question I.3	Ye	No	Explanation:
<i>If the Company has investment shares, does the Company have a policy of voluntary exchange of investment shares for ordinary shares?</i>			Not applicable; the Company does not have investment shares.

Principle 2: Shareholder participation

Question I.4	Yes	No	Explanation:
<i>a. Do company documents establish the manner in which shares are to be represented and the person responsible for maintaining the share register?</i>	x		The manner in which shares are represented is set forth in the Company Bylaws, which establish that shares may be represented by certificates, book entries or any other manner permitted by law. In addition, a person responsible for maintaining the share register has been defined in the Internal Rules of Conduct and in the description of the position of Securities Executive.
<i>b. Is the share register kept up to date?</i>	x		On a daily basis, the Securities Department modifies everything related to transfers of shares as soon as the information is received from CAVALI, including the number of shares, in order to keep the share register up to date. The information is verified monthly against Cavali reports.

Indicate the frequency with which the share register is updated, once it is known there is a change.

Frequency:	Within forty-eight hours	x
	Weekly	
	Other / Specify (in days)	

Principle 3: Non-dilution of equity stake in capital stock

Question I.5	Yes	No	Explanation:
<i>a. Does the Company have a policy that proposals by the Board of Directors related to corporate operations that may affect the shareholders' right of non-dilution (i.e., mergers, spin-offs, capital increases, etc.) must be explained in advance by the Board in a detailed report with the independent opinion of an external advisor of high professional standing named by the Board of Directors?</i>	x		This policy is set forth in article 15 of the Regulations of the Board of Directors. During the year 2015, there have been no such corporate operations. In previous cases of share issues, the company hired external consultants whose opinions were submitted to the Board of Directors.
<i>b. Does the Company have a policy of making the aforementioned reports available to shareholders?</i>	x		The Company has hired external consultants when it has issued securities, and their conclusions have been submitted to the Board of Directors. Article 15 of the Regulations of the Board of

		Directors, approved in April 2015, sets forth the corresponding policy on making said reports available to shareholders.
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If corporate operations within the scope of point a) of question I.5 took place in the Company during the year and if the Company has Independent Directors^(*), for each case, state whether:

Not applicable.

	Yes	No
All of the Independent Directors voted in favor of the appointment of the external advisor		
All of the Independent Directors stated clearly whether they accepted said report and, if applicable, gave their reasons for their disagreement.		

(*) Independent Directors are those selected for their professional background, honorability, economic stability, independence, and lack of ties with the Company, its shareholders or management.

Principle 4: Information and communication to shareholders

Question I.6	Yes	No	Explanation:
<i>Does the Company determine the responsible parties or means through which shareholders receive and request timely, reliable information?</i>		x	<p>Notwithstanding the CEO's responsibilities regarding information, pursuant to article 190 of the General Law on Companies, the individuals in charge of receiving and handling shareholder requests for information are:</p> <p>Fiorella Caro Gutiérrez – Securities area of the Corporate Finance Department.</p> <p>Elizabeth Tamayo Maertens - Investor Relations area of the Corporate Finance Department.</p> <p>The securities executive is the person in charge of handling shareholder requests, particularly those related to their shareholdings, paid-up shares, cash dividend payments, participation in the General Shareholders' Meeting, etc.</p> <p>The Investor Relations executive is the person in charge of handling requests for information from shareholders, investors, analysts, risk classifiers and the general public, as well as overseeing compliance with the Principles de Good Corporate Governance, particularly regarding matters</p>

		related to transparency of information.
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a. Indicate the means by which the shareholders receive and/or request information from the Company.

Means of communication	For receiving information	For requesting information
Electronic mail	x	x
Telephone	x	x
Corporate website	x	x
Regular mail	x	x
Information meetings	x	x
Other / Specify	Website of the Superintendence of the Securities Market	

b. Does the Company have a time limit for responding to shareholder requests for information? If the answer is yes, state the time limit.

Time limit (days)	3
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Question I.7	Yes	No	Explanation:
	x		

If the answer is yes, specify the mechanisms the Company has for shareholders to express their opinion on how it is being run.

The Company has different mechanisms for receiving shareholders' opinions on the way it is run: i) on the corporate website, there is a link where shareholders can express their opinion; ii) the company has a free phone line exclusively for shareholders, which is answered by the executive responsible for the Securities Department; iii) shareholders can express their opinions by writing to the electronic mail address of the person responsible for Investor Relations or by calling on the phone; iv) the management and the persons responsible for investor relations participate in meetings and conferences organized by banks and stock broker companies where they meet with investors and listen to their opinions; and v) the company encourages shareholders' participation in the General Shareholders' Meeting and invites them to ask questions and make comments during the meeting.

Principle 5: Participation in Company dividends

Question I.8	Yes	No	Explanation:

<p>a. <i>Is compliance with the dividend policy subject to evaluations with a defined frequency?</i></p>	x		<p>A chart with the distribution of profits approved in General Shareholders Meeting and the dividends to be distributed is published annually on the corporate website.</p>
<p>b. <i>Are the dividend policies made known to the shareholders on the corporate website, among other media?</i></p>	x		

a. Indicate the Company's dividend policy applicable to the year.

Date approved	March 26, 2013
<p>Dividend policy (criteria for the distribution of profits)</p>	<p>The policy states that, "The cash dividend to be distributed will be equivalent to 5% of the nominal value of the shares issued as of the time the Meeting is called. The amount to be distributed can be up to 60% of distributable earnings.</p> <p>In the event that 5% of the nominal value of the shares issued as of the time the Meeting is called is less than 60% of distributable earnings obtained by the end of the year, the General Shareholders' Meeting may distribute a larger cash dividend, whose limit will be equivalent to 60% of distributable earnings."</p>

b. Indicate cash and stock dividends distributed by the Company during the year and during the preceding year.

Per share	Dividends per share			
	Reporting year		Year preceding reporting year	
	Cash	Stock	Cash	Stock
Common share	0.06000	-	0.059031	7.3103302%

Principle 6: Change of control or takeover

Question I.9 -	Yes	No	Explanation:
<i>Does the Company have policies or agreements about not adopting anti-takeover mechanisms?</i>	x		The Company does not have any policies or agreements on the adoption of anti-takeover mechanisms.

Indicate whether your company has established any of the following measures:

	Yes	No
Minimum required number of shares to be a director		x
Minimum number of years as a director in order to be appointed Chair of the Board of Directors		x
Indemnification agreements for executives / officers as a consequence of changes following a TOB		x
Others of a similar nature/ Specify		

Principle 7: Arbitration for dispute resolution

Question I.10	Yes	No	Explanation:
<i>a. Do the Company Bylaws include an arbitration agreement that states that any dispute between shareholders, or between the shareholders and the Board of Directors, as well as any challenge by shareholders of the Company to agreements of the GSM and/or the Board of Directors, must be submitted to arbitration?</i>		x	Upon evaluation of this new recommendation in the principles of corporate governance, the Company will make a proposal in the General Shareholders' Meeting that the Bylaws be modified to include a clause to establish arbitration as the mechanism to be used to resolve any disputes that may arise between the Company and its shareholders.
<i>b. Does said clause facilitate having an independent third party resolve disputes, except in the case of an express legal reserve before ordinary courts?</i>		x	We do not currently have said clause but, as mentioned before, a amendment of the Bylaws will be proposed to the General Shareholders' Meeting.

If any agreements by the GSM and the Board of Directors were challenged by shareholders or others involved in the Company during the year, state the number.

Number of challenges to GSM agreements	0
Number of challenges to Board of Directors agreements	0

PILLAR II: General Shareholders' Meeting

Principle 8: Role and responsibilities

Question II.1	Yes	No	Explanation:
<i>Is approval of the Board of Directors' compensation policy the exclusive, non-delegable responsibility of the GSM?</i>	x		The Board of Directors' compensation policy is established in the Company Bylaws, which were approved by the General Shareholders' Meeting.

Indicate whether the following are exclusive responsibilities of the GSM. If the answer is no, state the body to which they correspond.

	Yes	No	Body
Order special audits and investigations	x		
Agree on amendment of the Bylaws	x		
Agree on stock increases	x		
Agree on the distribution of interim dividends	x		The General Shareholders' Meeting can delegate this authority to the Board of Directors and has done so on occasion.
Appoint external auditors	x		

Principle 9: Regulations of the General Shareholders' Meeting

Question II.2	Yes	No	Explanation:
<i>Does the Company have Regulations of the GSM that are binding and whose breach entails liability?</i>	x		The Regulations of the General Shareholders' Meeting states that the Bylaws and the Internal Regulations on Shareholders' Meetings are mandatory at the respective levels and, therefore, are binding, due to which breach entails liability.

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

	Yes	No
Calling a Shareholders' Meeting	x	
The incorporation of agenda items by shareholders	x	
Providing additional information to the shareholders for Shareholders' Meetings	x	

Conducting Shareholders' Meetings	x	
The appointment of members of the Board of Directors	x	
Other relevant information/ Details		

Principle 10: Mechanisms for calling a shareholders' meeting

Question II.3	YES	No	Explanation:
<i>In addition to the mechanisms for calling a shareholders' meeting established by law, does the Company have mechanisms for calling a shareholders' meeting that make it possible to establish contact with the shareholders, particularly those that have no control over the Company or do not participate in its management?</i>	x		<p>The Company prepares a letter with the agenda, governance statement and a power of attorney. These documents are distributed to the shareholders, disseminated through the website and sent to the Superintendence of the Securities Market as a Material Event. The Company establishes contact with the proxy voting team to respond to any inquiries about points on the agenda and to ensure not only a quorum, but also the quality of voting. In meetings with investors, announcements are made that the General Shareholders' Meeting will be held in the month of March, in order to ensure their participation.</p> <p>In addition, the person responsible for the Securities Department communicates by telephone with the shareholders and conducts a follow-up on their participation in the General Shareholders' Meeting.</p>

a. Complete the following information for each Shareholders Meeting held during the year:

Date of announcement	Date of the Meeting	Venue of the Meeting	Type of Meeting		Shareholders' Meeting attended by all shareholders		Quorum %	No. of Shareholders Present	Participation as a percentage of total shares with voting rights		
			Special	General	Yes	No			Through power of attorney	Direct exercise (*)	Did not exercise voting rights

March 3, 2015	March 30, 2015	Jr. Cristóbal de Peralta Norte 820, Monterrico, Santiago de Surco (Ferreycorp headquarters)		x		x	77.59%	118	30.69%	46.90%	22.41%
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(*) Direct exercise of voting rights comprises voting by any means or method that does not imply representation.

- a. What means, in addition to those established in article 43 of the General Law on Companies and the Regulations on Material Events and Confidential Information, did the Company use to announce Shareholders' Meetings during the year?

Electronic mail	x	Regular mail	x
Telephone	x	Social Networks	
Corporate website	x	Other / Specify	x

Question II.4	Yes	No	Explanation:
Does the Company make all information related to points on the agenda for the Stockholders' Meeting and proposed agreements to be adopted (motions) available to shareholders?	x		The points on the agenda with information on the motions and documents pending approval, such as the Annual Report and the Financial Statements, which are communicated as Material Events, are made available to shareholders in advance of the General Shareholders' Meeting. At the General Shareholders' Meeting, they are given a printed copy of the Annual Report to be approved, as well as a copy of the audited Financial Statements and the questionnaire on Corporate Governance.

Did the Company's notices of call during the year:

	Yes	No
State the place where information on the items on the agenda for Shareholders' Meetings could be found?	x	
Include "other matters", "various points" or the like as agenda items?		x

Principle 11: Proposals for agenda items

Question II.5

	Yes	No	Explanation:
<p><i>Do the Regulations of the GSM include mechanisms that make it possible for shareholders to exercise the right to formulate proposals for agenda items to be discussed during the General Shareholders' Meeting and the procedures for accepting or rejecting such proposals?</i></p>	x		<p>The Regulations of the General Shareholders' Meeting establish that shareholders can send the Chair of the Board of Directors a communication by mail, electronic mail or the Ferreycorp S.A.A. website, preferably before February 15 and prior to the deadline for issuing the notice of call at the latest, requesting the inclusion of a matter of material importance that could affect shareholders' rights. The Chair will submit it for consideration by the Board of Directors, which approves the notice of call to the General Shareholders' Meeting and establishes the matters on the agenda. The Board of Directors will evaluate requests from shareholders and, if deemed in line with the company's interests, will proceed to include them as agenda items. If the Board of Directors rejects any of these requests, through its Chair it will communicate the decision in writing to the shareholder who made the request, with the corresponding basis for the decision, on the next day after the Board of Directors meeting is held.</p>

- a. Indicate the number of requests submitted by shareholders during the year to include items on the agenda to discuss in the General Shareholders' Meeting, and how they were handled:

Number of requests		
Received	Accepted	Rejected
0	0	0

- b. If any requests to include agenda items for discussion at the GSM were denied during the year, indicate whether the Company communicated the reason for denying shareholders' requests.

Not applicable

Yes

No

Principle 12: Voting procedures

Question II.6

	Yes	No	Explanation:

<p><i>Does the Company have mechanisms that make absentee voting possible by secure postal or electronic means that guarantee that the person casting the vote is actually the shareholder?</i></p>	x	<p>Shareholders that are not present at the GSM can cast absentee votes through their custodian banks, which receive voting instructions and represent them in the General Shareholders' Meeting. We also receive powers of attorney shareholders send by mail, in which they indicate their voting intentions.</p>
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a. If so, indicate the mechanisms or means the Company has for absentee voting.

Voting by electronic means	x	Voting by mail	x
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b. If absentee votes were cast during the year, provide the following information:

Date of the Shareholder's Meeting	% absentee voting				% absentee voting / total
	Electronic mail	Corporate website	Regular mail	Other	
March 30, 2015				100	2.92

Question II.7	Yes	No	Explanation:
<p><i>Does the Company have company documents that clearly state that shareholders can vote separately on matters that are substantially independent, in such a way that they can exercise their voting preferences separately?</i></p>	x		<p>Article 15 of the Regulations of the General Shareholders' Meeting states that the shareholders will vote separately on matters that are substantially independent, in such a way that they can exercise their voting preferences separately, such as in the case of the nomination or approval of directors by means of an individual vote for each one, amendment of the Bylaws by article or group of substantially different articles.</p>

Indicate whether the Company has company documents that clearly state that shareholders can vote separately on:

	Yes	No
The nomination or approval of Directors by means of individual voting for each one.	x	
The amendment of the Bylaws, by article or group of substantially independent articles.	x	

Other / Specify	
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Question II.8	Yes	No	Explanation:
<i>Does the Company allow those acting on behalf of various shareholders to cast different votes for each shareholder, in order to follow the instructions of each shareholder represented?</i>	x		

Principle 13: Delegation of voting rights

Question II. 9	Yes	No	Explanation:
<i>Do the Company Bylaws allow its shareholders to delegate their voting rights to any other person?</i>	x		

If the answer is no, indicate whether the Bylaws restrict the right to representation, in favor of any of the following persons:

Not applicable

	Yes	No
Another shareholder		
A director		
A manager		

Question II.10	Yes	No	Explanation:
<i>a. Does the Company have procedures which list the conditions, means and formalities to be followed in situations in which voting rights are delegated?</i>	x		
<i>b. Does the Company provide shareholders a sample letter of representation that includes the representative's personal data, the matters on which the shareholder delegates his or her vote and, if applicable, his or her voting preference on each proposal?</i>	x		For the Shareholders' Meeting of 2015, a Proxy Statement including the agenda and a sample letter of representation with a space for the shareholder to fill in personal data for the person representing him or her in the Shareholders' Meeting, in addition to the proposals and, beside them, a space for indicating voting preferences, was made

		available to shareholders.
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Indicate the requirements and procedures for a shareholder to be represented at a Shareholders' Meeting:

Procedure (indicate whether the Company requires a simple letter, a letter certified by a notary, a document of public record, or another document)	Simple letter
Advance notice (number of days before the Shareholders' Meeting that the power of attorney must be submitted)	1
Cost (indicate whether the Company requires payment for this purpose and the amount)	None

Question II.11	Yes	No	Explanation:
<i>a. Does the Company have a policy of establishing limits on the percentage of delegation of voting rights to members of the Board of Directors or Senior Management?</i>	x		Article 10 of the Regulations of the Shareholders Meeting were amended to limit the percentage of delegation of voting rights to members of the Board of Directors or Senior Management. The regulations establish that when the representation and delegation of votes are granted to the Chair of the Board of Directors, to a director or to the CEO of the Company, the limit will be the number of shares representing 20% of the capital. Granting of powers of attorney will take place according to the date and time letters of power of attorney are sent to the Company. If they exceed 20%, the Company will appoint a secondary representative to represent said votes, if the shareholder has not designated another person in the manner specified on the representation form. This will take place starting with the 2016 Shareholders' Meeting.
<i>c. In cases in which voting rights are delegated to members of the Board of Directors or Senior Management, does the Company have a policy that shareholders that delegate their votes must clearly establish their voting preferences?</i>	x		This policy has been included in the Regulations of the Shareholders Meeting. The policy is that all of the shareholders express their voting preference, not only those who grant power of attorney to the Board of Directors and Senior Management.

Principle 14: Follow-up on GSM agreements

Question II.12	Yes	No	Explanation:
a. Does the Company follow up on agreements adopted by the GSM?	x		The Company's follow-up on agreements is conducted by the Board of Directors, the CEO, the Finance Department and the Corporate Affairs Department. In the year 2015, a follow-up was made on the communication of the Material Event of the approval of the Financial Statements and the Annual Report, the payment of cash dividends and the appointment of the external auditors.
b. Does the Company submit periodic reports to the Board of Directors that are made available to shareholders?	x		Management issues periodic reports to the Board of Directors' Nominating, Compensation and Corporate Governance Committee on progress made on the agreements adopted in the Shareholders' Meeting. This report is made available to the shareholders.

If applicable, indicate the area and/or person responsible for following up on agreements adopted by the GSM. If a person is responsible, also include his or her position and the area in which he or she works.

Area responsible	CEO
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Person responsible		
Full Name	Position	Area
Mariela García Figari de Fabbri	CEO	Office of the CEO

PILLAR III: THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Principle 15: Composition of the Board of Directors

Question III.1	Yes	No	Explanation:
Is the Board of Directors composed of individuals with different areas of specialization and competencies, with prestige, ethics, economic independence, sufficient availability and other qualities relevant to the Company, in order to have a variety of approaches and opinions?	x		

a) Indicate the following information corresponding to members of the Company's Board of Directors during the year.

Full Name	Higher Education (*)	Date		Shareholding(****)	
		Start (**)	End (***)	No. of shares	Interest (%)
Directors (excluding independent directors)					
Oscar Espinosa Bedoya	Civil Engineering degree from Universidad Nacional de Ingeniería. Graduate studies in Engineering, North Carolina State University, United States. Master's degree, Harvard University. Certificate program, Economic Development ISVE, Italy. Graduate studies in Economics, Univ. of Colorado. CEO Management Program, Kellogg School, Northwestern University. Certificate program, PAD Universidad de Piura. Additionally, he participates on 5 boards of directors, 1 of which is the board of a company belonging to the economic group.	01/Jul/1987			
Carlos Ferreyros Aspíllaga	Business Administration degree from Princeton University, United States. Additionally, he participates on 2 boards of directors, 1 of which is the board of a company belonging to the economic group.	10/Jan/1971			

Manuel Bustamante Olivares	Majored in Law at Pontificia Universidad Católica del Perú. Additionally, he participates on 11 boards of directors, 1 of which is the board of a company belonging to the economic group.	31/Mar/2011			
Juan Manuel Peña Roca	Civil Engineering degree from Universidad Nacional de Ingeniería. Additionally, he participates on 7 boards of directors, 1 of which is the board of a company belonging to the economic group.	28/Dec/1984			
Andreas von WedemeyerKnigge	Master's degree in Business Administration (Diplom Kaufmann), University of Hamburg, Germany. Program for Management Development (PMD) and other courses at Harvard Business School, United States, as well as at Universidad de Piura. Additionally, he participates on 13 boards of directors, 1 of which is the board of a company belonging to the economic group.	07/Jul/2003			
Independent Directors					
Carmen Rosa Graham Ayllón	Business Administration degree from Universidad del Pacífico. Participation in Systems Engineering and Executive Development programs at IBM Corporation, Georgetown University, Harvard Business School, Universidad de Monterrey and Adolfo Ibáñez School of Management. Additionally, she participates on 5 boards of directors, 1 of which is the board of a company belonging to the economic group.	31/Mar/2011			

Aldo Defilippi Traverso	Bachelor's degree in Economics from Universidad del Pacífico. Master's degree in Economic Policy and Economic Development, Boston University. Ph. D. Candidate in Economics, Boston University. Chief Executive Officers' Program, Northwestern University. Additionally, he participates on 13 boards of directors, 1 of which is the board of a company belonging to the economic group.	22/ Mar /2005			
Ricardo Briceño Villena	Industrial Engineering degree from Universidad Nacional de Ingeniería. Master's degree in Economics and Finance, Universities of Louvain and Antwerp, Belgium. Additionally, he participates on 4 boards of directors, 1 of which is the board of a company belonging to the economic group.	31/Mar/2011			
Eduardo Montero Aramburú	Bachelor's degree in Economics, Lehigh University, United States. Master's degree in Business Administration, Wharton School of Finance and Commerce, University of Pennsylvania, United States. Additionally, he participates on 3 boards of directors, 1 of which is the board of a company belonging to the economic group.	28/Mar/1980			
Raúl Ortiz de Zevallos Ferrand	Law degree from Pontificia Universidad Católica del Perú. Additionally, he participates on 7 boards of directors, 1 of which is the board of a company belonging to the economic group.	31/Mar/2011			

(*) Additionally, specify whether the Director participates simultaneously on other boards of directors, stating the number and whether these belong to the economic group of the reporting Company. For this purpose, the definition of an economic group contained in the Regulations on Indirect Property, Related Parties and Economic Groups should be used.

(**) Corresponds to the first appointment in the reporting Company.

(***) Complete only if the Director left the position during the year.

(****) Mandatory only for Directors with an interest of 5% or more in the capital stock of the reporting Company.

% of total shares held by Directors	1.61
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Indicate the number of Directors of the Company in each of the following age groups:

Under 35	Between 35 and 55	Between 55 and 65	Over 65
0	0	4	6

a. Indicate whether there are specific requirements to be named Chair of the Board of Directors, in addition to requirements to be named a Director.

Yes No

If the answer is yes, indicate said requirements.

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b. Does the Chair of the Board of Directors have the deciding vote?

Yes No

Question III.2	Yes	No	Explanation:
<i>Does the Company avoid appointing alternate or substitute directors, especially for the purpose of constituting a quorum?</i>	X		

If there are alternate or substitute directors, state the following:

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

(*) Corresponds to the first appointment as an alternate or substitute director of the reporting Company.

(**) Complete only if the alternate or substitute director left the position during the year.

Question III.3	Yes	No	Explanation:
<i>Does the Company disclose the names of Directors, their independent status and their professional and educational backgrounds?</i>	X		

Indicate the media the Company uses to disclose the following information on Directors:

	Electronic mail	Corporate website	Regular mail	Not reported	Other / Specify
Names of the Directors		X			Annual Report
Whether or not they are independent		X			Annual Report
Professional and educational backgrounds		X			Annual Report

Principle 16: Functions of the Board of Directors

Question III.4	Yes	No	Explanation:
<i>Are the following functions of the Board of Directors?:</i>			
<i>a. Approve and supervise the Company's corporate strategy.</i>	X		
<i>b. Establish objectives, goals and plans of action, including annual budgets and business plans.</i>	X		
<i>c. Oversee and supervise the management of the company and take charge of the Company's governance and administration.</i>	X		
<i>d. Supervise good practices of corporate governance and establish the policies and measures necessary for their implementation.</i>	X		

- a. Specify what other relevant powers are vested in the Company's Board of Directors.
- a). To call the General Shareholders' Meeting.
 - b). To regulate its own operation.
 - c). To evaluate, approve and supervise corporate strategy, the business plan and the annual budgets of the Company and its subsidiaries, given that the Company's primary activity is to invest in the business of its subsidiary companies, in many of which it has a 99% interest.
 - d). To establish Board of Directors' Committees and appoint their members, among which independent directors should be included.
 - e). Submit the annual report, the balance sheet and the income statement to the shareholders on an annual basis, recommending how profits should be allocated.
 - f). Ensure the reliability of the financial statements and accounting systems, as well as the existence of risk control systems.
 - g). Accept the resignation of its members and fill vacancies in cases provided for by law and the Bylaws.

- h). Appoint and remove the CEO and, if it deems appropriate or necessary, other officers of the Company, determining their responsibilities and granting and revoking powers of attorney with the authority it deems appropriate.
- i). Grant powers of attorney in general, as it deems appropriate.
- j). Oversee all of the Company's business, with the authority to review the Company's accounting books, especially those of its subsidiaries.
- k). Agree on the distribution of interim dividends, when the General Shareholders' Meeting delegates it such powers.
- l). Decide on every commercial, financial and administrative matter related to the achievement of the corporate purpose, without limitation regarding the amount.
- m). Transfer and/or dispose of company assets whose book value at the time does not exceed 50% of the Company's capital.
- n). Provide guarantees, in general, such as personal property security interests, mortgages, sureties, warrants, etc. on the Company's movable and immovable property, in order to guarantee the different operations of the Company and its subsidiaries or affiliates, as well as to modify the terms of guarantees granted and to agree on the Company's signing of documents required to establish, modify and discharge such guarantees.
- o). Supervise compliance with the established policy on the handling of confidential information, whether restricted or privileged, according to regulations issued by the Company and regulatory entities and bodies.
- p). Oversee compliance with the Company's Code of Ethics and approve changes and modifications to it.
- q). Delegate authority to the Company's directors and/or officers to execute agreements adopted by the Board of Directors, expressly authorizing them to sign public and private documents required to exercise said legal representation and to follow the necessary procedure to implement such agreements;
- r). Evaluate its own performance periodically.
- s). Exercise other powers derived expressly or tacitly from the Bylaws.

b. Does the Board of Directors delegate any of its functions?

Yes No

If so, indicate which of the Board of Directors' main functions have been delegated and the body to which they were delegated:

Functions	Body / Area to which functions have been delegated

Principle 17: Rights and responsibilities of members of the Board of Directors

Question III.5	Yes	No	Explanation:
<i>Do members of the Board of Directors have the right to:</i> <i>a. Ask the Board of Directors for the support or input of experts?</i>	x		
<i>b. Participate in orientation programs on their powers and responsibilities and to be informed in a timely manner of the the Company's organizational structure?</i>	x		
<i>c. Receive compensation for their work that combines recognition of their professional experience and dedication to the Company with rational criteria?</i>	x		

If expert advisors were hired during the year, indicate whether the list of expert advisors that provided services to the Board of Directors during the year for the Company's decision making was made known to the shareholders.

NOT APPLICABLE

Yes No

If so, specify whether any of the expert advisors had a connection to any member of the Board of Directors and/or Senior Management (*).

Not applicable.

Yes No

(*) For purposes related to relationships, the criteria for relationships contained in the Regulations on Indirect Property, Related Parties and Economic Groups will be applied.

a. If so, indicate whether the Company held orientation programs for any new members that joined the Company.

Yes No

b. Indicate the percentage of the gross revenue shown on the Company's financial statements that the total amount of Directors' compensation and annual bonuses represents.

Compensation	(%) Gross Income	Bonuses	(%) Gross Income
Directors (excluding Independent Directors)	0.055%	Shares	
Independent Directors	0.055%	Options	
		Cash	
		Other (details)	

Principle 18: Regulations of the Board of Directors

Question III.6	Yes	No	Explanation:
<i>Does the Company have Regulations of the Board of Directors that are binding and whose breach gives rise to liability?</i>	x		

Indicate whether the Regulations of the Board of Directors contain:

	Yes	No
Policies and procedures for its operation	x	
Organizational structure of the Board of Directors	x	
Functions and responsibilities of the Chair of the Board of Directors	x	
Procedures for the identification, evaluation and nomination of candidates for the Board of Directors, which are proposed to the GSM	x	
Procedures for cases of vacancy, dismissal and replacement of Directors	x	
Other / Specify		

Principle 19: Independent Directors

Question III.7	Yes	No	Explanation:
<i>Is at least a third of the Board of Directors made up of Independent Directors?</i>	x		

Indicate which of the following conditions the Company takes into consideration to classify its Directors as independent directors.

	Yes	No
Must not be a director or employee of a company in the same business group, unless three (3) or five (5) years, respectively, have passed since that relationship ended.	x	
Must not be an employee of a shareholder with a greater than five percent (5%) interest in the Company. Included in Regulations of the GSM	x	
Must not have been an Independent Director of the Company for more than eight (8) continuous years.		x
Must not have, or have had in the last three (3) years, a commercial or contractual, direct or indirect, significant ^(*) business relationship with the Company or any other company in the same group. Included in Regulations of the GSM	x	
Must not be the spouse or relative within the second degree of kinship of shareholders, members of the Board of Directors or Senior Management. Included in Regulations of the GSM	x	
Must not be a director or member of Senior Management of another company in which any Director or member of Senior Management of the Company is		x

on the Board of Directors.		
Must not have been, in the last eight (8) years, a member of Senior Management or employee of the Company, companies in the same group or companies that are shareholders of the Company. Included in Regulations of the GSM	x	
Must not have been, during the last three (3) years, a partner or employee of the External Auditor or the Auditor of any company in the same group.	x	
Other / Specify		

(*) A significant relationship is assumed to exist when either of the parties has issued invoices or made payments for an amount exceeding 1% of its annual revenue.

Question III.8	Yes	No	Explanation:
a. Does the Board of Directors declare that the candidate it proposes is independent based on its inquiries and the candidate's declaration?	x		A form has been created for candidates to declare their Independence, based on the criteria for independent directors. The form will be used for the next Board of Directors election. For the most recent Board of Directors election held in 2014, the candidates' resumes were published in the Governance Statement, along with the declarations of the candidates considered independent.
b. Do candidates for Independent Director declare their independent status to the Company, its shareholders and management?		x	In the most recent election, this statement was not used, but the form designed and included in the Regulations of the Board of Directors will be used in the future.

Principle 20: Operativity of the Board of Directors

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

Question III.10	Yes	No	Explanation:
Does the Company provide its Directors the channels and procedures necessary for them to participate effectively in Board of Directors meetings, including teleconferences?	x		

a. In relation to the Board of Directors meetings held during the year, indicate the following:

Number of meetings held	14
Number of meetings for which there was no call to meeting ^(*)	0
Number of meetings the Chair of the Board of Directors did not attend	0
Number of meetings in which one or more Directors were represented by substitute or alternate Directors	0
Number of regular Directors that were represented on at least one occasion	0

(*) In this field, the number of meetings held pursuant to the last paragraph of article 167 of the General Law on Companies should be reported.

- b. Indicate the percentage of Board of Directors meetings attended by each Director during the year.

Name	% attendance
Óscar Espinosa Bedoya	100%
Carlos Ferreyros Aspíllaga	93%
Ricardo Briceño Villena	100%
Manuel Bustamante Olivares	93%
Aldo Defilippi Traverso	93%
Carmen Rosa Graham Ayllón	93%
Eduardo Montero Aramburú	86%
Raúl Ortiz de Zevallos Ferrand	93%
Juan Manuel Peña Roca	86%
Andreas Von Wedemeyer Knigge	78%

- c. Indicate how many days in advance of a Board of Directors meeting the Directors have all of the information related to matters to be discussed at the meeting at their disposal.

	Under 3 days	3 to 5 days	More than 5 days
Non-confidential information			x
Confidential information			x

Question III.11	Yes	No	Explanation:
a. Does the Board of Directors objectively evaluate its performance as a governing body and that of its members, at least once a year?	x		
b. Is the self-evaluation methodology alternated with evaluations conducted by external advisors?	x		An external advisor was hired for the 2014 Board of Directors' performance evaluation.

- a. Indicate whether performance evaluations have been conducted for the Board of Directors during the year.

	Yes	No
As a governing body	x	
Of its members		

If the answer to the preceding question is yes in either field, provide the following information for each evaluation:

Evaluation	Self-evaluation		External evaluation		
	Date	Disclosed (*)	Date	Entidad responsable	Disclosed (*)
	December 28, 2015	No	August 26, 2015	PCR	No

(*) Indicate Yes or No, whether the evaluation was made known to the shareholders.

Principle 21: Special Committees

Question III.12	Yes	No	Explanation:
<i>a. Does the Company's Board of Directors form special committees to analyze the most relevant aspects of the Company's performance?</i>	x		
<i>b. Does the Board of Directors approve the regulations that govern each special committee it forms?</i>	x		
<i>c. Are special committees chaired by Independent Directors?</i>		x	The Company has four Board of Directors' Committees, of which one is chaired by an independent director.
<i>d. Are special committees assigned a budget?</i>		x	They do not have a budget assigned to them.

Question III.13	Yes	No	Explanation:
<i>Does the Company have a Nominating and Compensation Committee in charge of nominating Board of Directors candidates, who are proposed to the GSM by the Board of Directors, as well as approving the compensation and incentive system for Senior Management?</i>	x		Among the functions of the Nominating, Compensation and Corporate Governance Committee is receiving and processing director nominations, as well as suggesting the compensation policy.

Question III.14	Yes	No	Explanation:

<p><i>Does the Company have an Audit Committee that supervises the effectiveness and suitability of the Company's internal and external control system, the work of the audit firm or independent auditor, as well as compliance with regulations on legal and professional independence?</i></p>	x	<p>The Audit Committee meets with internal and external auditors.</p>
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- a. Specify whether the Company also has the following Special Committees:

	Yes	No
Risk Committee	x	
Corporate Governance Committee	x	

- b. If the Company has Special Committees, indicate the following information for each committee:

<p>Official Name of the Committee:</p>	<p>General Management and Strategy Committee (formerly the General Management and Subsidiaries Committee; the official name of the committee was changed on August 27, 2014)</p>		
<p>Date formed:</p>	<p>January 26, 2005</p>		
<p>Main functions:</p>	<p>a). Contribute to the formulation of strategic plans and annual business plans. b). Ensure that affiliated companies are run well. c). Formulate recommendations to the Board of Directors on investment policy, as well as on the acquisition and disposal of fixed assets. d). Evaluate the Company's level of indebtedness, as well as the liability structure, conducting a follow-up on its indebtedness and the guarantees it grants. e). Review reports issued by management on the status of key assets such as the Company's inventory and accounts receivable. f). Serve as an advisory body to Management on matters submitted for its consideration.</p>		
<p>Members of the Committee⁽¹⁾:</p>	<p style="text-align: center;">Date</p>		
<p>Full Name</p>	<p style="text-align: center;">Start (**)</p>	<p style="text-align: center;">End (***)</p>	<p style="text-align: center;">Position on the Committee</p>
<p>Óscar Espinosa Bedoya</p>	<p>26/Jan/2005</p>		<p>Chair</p>
<p>Carlos FerreyrosAspillaga</p>	<p>26/Jan/2005</p>		
<p>Eduardo Montero Aramburú</p>	<p>26/Jan/2005</p>		
<p>Juan Manuel Peña Roca</p>	<p>26/Jan/2005</p>		
<p>Ricardo Briceño Villena</p>	<p>27/Apr/2011</p>		

Independent Directors as a percentage of the total number of members of the Committee	40%	
Number of meetings held during the year:	2	
Has powers delegated pursuant to article 174 of the General Law on Companies:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The committee or its Chair participates in the GSM	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Official Name of the Committee:	Nominating, Compensation and Corporate Governance Committee (formerly the Organizational Development and Corporate Governance Committee; its name was changed on August 27, 2014)
Date formed:	January 26, 2005
Main functions:	<p>a). Supervise progress on organizational development programs through reports on the administrative structure and human resource programs.</p> <p>b). Oversee reports issued by management on recruiting and selection programs, performance administration, salary policy, as well as policies on training and development, among others, and formulate recommendations, taking into consideration available information on practices in place in the business environment.</p> <p>c). Review reports on the hiring of key executives and the salary scale for managerial and executive positions, and monitor the CEO's supervision of their performance.</p> <p>d). Oversee the effectiveness of governance practices in place, proposing or approving improvements in the Company's governance practices.</p> <p>e). Review the self-evaluation of Principles of Good Corporate Governance presented in the Company's Annual Report.</p> <p>f). Approve the information policy through the Internal Rules of Conduct and, whenever necessary, state its opinion on the classification of certain facts as Material Events and Privileged and Restricted Information.</p> <p>g). Identify potential sources of conflict of interest among the administration, directors and shareholders, and supervise follow-up by Management.</p> <p>h). Receive and process director nominations.</p> <p>i). Suggest the compensation policy for the Board of Directors</p>

	and procedures for the same.		
Members of the Committee ⁽¹⁾ : Full Name	Date		Position on the Committee
	Start ^(**)	End ^(***)	
Óscar Espinosa Bedoya	26/Jan/ 2005		
Carlos Ferreyros Aspíllaga	26/Jan/ 2005		Chair
Aldo Defilippi Traverso	26/Jan/ 2005		
Raúl Ortiz de Zevallos Ferrand	27/Apr/2011		
Carmen Rosa Graham	27/Aug/2014		
Independent Directors as a percentage of the total number of members of the Committee	60%		
Number of meetings held during the year:	3		
Has powers delegated pursuant to article 174 of the General Law on Companies:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
The committee or its Chair participates in the GSM	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	

Official Name of the Committee:	Audit and Risk Committee (formerly the Audit Committee; its name was changed on August 27, 2014)		
Date formed:	January 26, 2005		
Main functions:	<p>a). Propose the appointment of external auditors in coordination with Management. Know the external auditor's work plan and hold periodic meeting to be aware of their progress, as well as the recommendations they issue upon completion of their review, in order to safeguard the reliability of the accounting systems through an appropriate external audit.</p> <p>b). Periodically review and analyze the Company's financial statements.</p> <p>c). Know the internal auditor's work plan and receive quarterly reports on their progress and the implementation of corrective measures and improvements.</p>		
Members of the Committee ⁽¹⁾ : Full Name	Date		Position on the Committee
	Start ^(**)	End ^(***)	
Óscar Espinosa Bedoya	26/Jan/ 2005		
Carlos Ferreyros Aspíllaga	26/Jan/ 2005		
Andreas von Wedemeyer K.	26/Jan/ 2005		Chair

Manuel Bustamante	27/Apr/2011		
Carmen Rosa Graham	27/Apr/2011		
Independent Directors as a percentage of the total number of members of the Committee	20%		
Number of meetings held during the year:	4		
Has powers delegated pursuant to article 174 of the General Law on Companies:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
The committee or its Chair participates in the GSM	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	

The following committee was created and began meeting in 2015:

Official Name of the Committee:	Innovation and Systems Committee		
Date formed:	August 27, 2014		
Main functions:	<p>a). Contribute to the formulation and consolidation of the Company's innovation strategy, in line with its long-term development.</p> <p>b). Provide support from the Board of Directors on the formulation of the corporation's innovation processes and the allocation of the necessary resources.</p> <p>c). Support actions geared toward mitigating technological and information security risks.</p> <p>In particular, it has the following responsibilities:</p> <p>a). Review reports from management on the innovation and information technology strategy for the corporation and its subsidiary companies, which should be clearly aligned with business objectives and improved competitiveness.</p> <p>b). Receive reports from management on the implementation of the innovation plan in the different areas of the business and of the portfolio of technological projects.</p> <p>c). Make recommendations to the Board of Directors on the allocation of resources and actions required for successful implementation of the innovation plan and the portfolio of technological projects.</p> <p>d). Advise the Board of Directors on the fulfillment of its responsibilities corresponding to technological matters, making it aware of reports containing an analysis and review of technological and information security risks, as well as actions to mitigate them.</p>		
Members of the	Date	Position on the Committee	

Committee ^(*) : Full Name	Start ^(**)	End ^(***)	
Carmen Rosa Graham	27/Aug/2014		Chair
Oscar Espinosa	27/Aug/2014		
Andreas von Wedemeyer	27/Aug/2014		
Manuel Bustamante	27/Aug/2014		
Independent Directors as a percentage of the total number of members of the Committee			25%
Number of meetings held during the year:			2
Has powers delegated pursuant to article 174 of the General Law on Companies:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
The committee or its Chair participates in the GSM	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	

(*) Information shall be provided on the persons who are or were members of the Committee during the reporting year.

(**) Corresponds to the first appointment as a member of the Committee in the reporting Company.

(***) Complete only if the person left the Committee during the year.

Principle 22: Code of Ethics and Conflicts of Interest

Question III.15	Yes	No	Explanation:
<i>Does the Company adopt measures to prevent, detect, handle and expose any conflicts of interest that may arise?</i>	x		Explained in detail in the Code of Ethics, in the chapter on conflicts of interest

If so, indicate the area and/or person responsible for follow-up and monitoring of potential conflicts of interest. If a person is the responsible party, also include his or her position and the area in which he or she works.

Area responsible	Corporate Affairs
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Person responsible		
Full Name	Position	Area
Eduardo Ramirez del Villar	Manager of Corporate Affairs	Corporate Affairs

Question III.16 / Compliance	Yes	No	Explanation:
<i>a. Does the Company have a Code of Ethics^(*) with which compliance is mandatory for its directors, managers, officers and other workers^(**) and which comprises criteria on ethics and professional responsibility, including the handling of potential cases of conflict of interest?</i>	x		The Company has published a Code of Ethics that is communicated to all of the Company's workers on the intranet and is included in the orientation process for new personnel. Compliance with the Code of Ethics is mandatory for directors,

		managers, officers and employees.
b. Does the Board of Directors or the CEO approve training programs on compliance with the Code of Ethics?	x	The CEO approved the publication of the Code of Ethics on the corporate intranet to make it available to all of the corporation's workers. In addition, it is included as a topic in the orientation process for new employees.

(*) The Code of Ethics may be part of the Internal Rules of Conduct.

(**) The term "workers" refers to everyone who has any type of employment relationship with the Company, regardless of the employment system or arrangement.

If the Company has a Code of Ethics, indicate the following

It is available to:

	Yes	No
Shareholders	x	
Other persons to whom it is applicable	x	
The general public	x	

- a. Indicate the area and/or person responsible for follow-up and compliance with the Code of Ethics. If a person is the responsible party, also include his or her position, the area in which he or she works, and to whom he or she reports.

Area responsible	Corporate Affairs
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Person responsible			
Full Name	Position	Area	Reports to
Eduardo Ramirez del Villar	Manager of Corporate Affairs	Corporate Affairs	CEO

- b. Is there a record of cases of breach of this Code?

Yes No

- c. Indicate the number of breaches of the provisions established in the Code detected or reported during the year.

Number of breaches	1
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Question III.17

Yes	No	Explanation:
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<p>a. Does the Company have mechanisms that make it possible to file complaints corresponding to illegal or unethical conduct, guaranteeing the complainant confidentiality?</p>	x	<p>The corporation has appointed a functionary, known as the Ethics Officer, to enforce the code. A director, worker or third party should report any inappropriate event, situation or conduct in violation of the code to the Ethics Officer as soon as possible.</p>
<p>b. Are complaints submitted directly to the Audit Committee when they are related to accounting matters or when the CEO or the Finance Manager is involved?</p>	x	<p>The Code of Ethics establishes that complaints related to accounting matters, the CEO or a director should be submitted directly to the Board of Directors' Audit Committee or to the Board of Directors itself.</p>

Question III.18	Yes	No	Explanation:
<p>a. Is the Board of Directors responsible for following up on and monitoring any potential conflict of interest that may arise in the Board of Directors?</p>	x		
<p>b. If the Company is not a financial institution, does it have an established policy that members of the Board of Directors are prohibited from receiving loans from the Company or from any company in the economic group, except with express prior authorization from the Board of Directors?</p>	x		<p>Article 10 of the Regulations of the Board of Directors, which refers to Compensation of the Board of Directors, has been amended to state that payments on account of directors' compensation can be agreed upon. In the event payments on account exceed the amount of the annual per diem or if they are given for a period exceeding the following payment of the per diem for the Board of Directors, they will be deemed to be loans, for which authorization from the Nominating and Compensation Committee is required.</p>
<p>c. If the Company is not a financial institution, does it have an established policy that members of Senior Management are prohibited from receiving loans from the Company or from any company in the economic group, except with express prior authorization from the Board of Directors?</p>	x		<p>Management has approved a procedure under which the Board of Directors delegates approval of loans to Senior Management to the Chair of the Board of Directors and the CEO.</p>

- a. Indicate the following information for members of Senior Management that are shareholders with an interest of 5% or more in the Company. Not applicable.

Full Name	Position	Number of shares	% of total shares
No member of Senior Management has an interest of 5% or more			

% of total shares held by Senior Management	
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- b. Indicate whether any of the members of the Board of Directors or Senior Management of the Company is the spouse or relative within the second degree of consanguinity or the first degree of affinity of:

Full Name	Kinship with:			Full Name of the Shareholder / Director / Manager	Type of kinship ^(**)	Additional information ^(***)
	Shareholder ^(*)	Director	Senior Management			
No members of the Board of Directors or Senior Management meet this condition						

(*) Shareholders with an interest of 5% or more in the capital stock.

(**) For purposes related to relationships, the criteria for relationships contained in the Regulations on Indirect Property, Related Parties and Economic Groups will be applied.

(***) In the event there is a connection with a shareholder, include the shareholder's interest in the capital stock. If the connection is with a member of management, include his or her position.

- c. If any member of the Board of Directors holds or has held a managerial position in the Company during the year covered by this report, provide the following information:

Full Name	Managerial position held	Dates in the managerial position	
		Start (*)	End (**)
No member of the Board of Directors holds a managerial position			

(*) Corresponds to the first appointment in the reporting Company in the managerial position.

(**) Complete only if the person left the managerial position during the year.

- d. If any member of the Board of Directors or Senior Management of the Company maintained a commercial or contractual relationship with the Company that was significant due to its nature or the amount involved during the year, indicate the following information. NOT APPLICABLE

Full Name	Type of Relationship	Brief Description
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No member of the Board of Directors or Senior Management meets this condition		
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Principle 23: Operations with related parties

Question III.19	Yes	No	Explanation:
a. <i>Does the Board of Directors have policies and procedures for the valuation, approval and disclosure of certain operations between the Company and related parties, as well as for knowing about direct or indirect commercial or personal relations that Directors maintain between them, with the Company, with its suppliers or customers, and with other stakeholders?</i>	x		<p>Ferreycorp has policies and procedures at the Board of Directors level for the valuation, approval and disclosure of certain operations between the Company and related parties, as well as for knowing about direct or indirect commercial or personal relations that Directors maintain between them, with the Company, with its suppliers or customers, and with other stakeholders.</p> <p>1. The Company has a formal definition of related parties.</p> <p>2. Transactions between related parties according to this definition have been identified and disclosed during the reporting year. In addition, corporate regulations have been published on transfer prices between related companies and loans to related companies from Ferreycorp, as well as a corporate regulation on Ferreycorp guarantees granted to its subsidiaries.</p>
b. <i>For the valuation of particularly relevant or complex operations, is the involvement of independent external advisors considered?</i>	x		

- a. If the answer to part a) of question III.19 is yes, indicate the area(s) of the Company responsible for handling operations with related parties in the following aspects:

Aspects	Area Responsible
Valuation	Report on Transfer Prices by the external advisor in coordination with the Corporate Finance Department
Approval	CEO of Ferreycorp
Disclosure	

b. Indicate the approval procedures for transactions between related parties:
 The Company has market value prices and reports on transfer prices between the Company and its subsidiaries.

- c. List transactions between the Company and related parties during the year that were material due to their amount or the nature of the relationship.

Name or Official Company Name of the related party	Nature of the relationship ^(*)	Type of transaction	Amount (S/.)
Inti Inversiones Interamericanas Corp.	Subsidiary, 99.9%	Loans granted, 84 month day term	76,036,571
Ferreyros S.A.	Subsidiary, 99.9%	Sale of business premises (for branches)	75,590,255
Ferreyros S.A.	Subsidiary, 99.9%	Loans granted, 90 day term	71,576,915
Motored S.A.	Subsidiary, 99.9%	Loans granted, 90 day term	43,454,260
Ferreyros S.A.	Subsidiary, 99.9%	Lease of business premises	29,019,450
Ferreyros S.A.	Subsidiary, 99.9%	Financing Interest	15,808,964
Mega Representaciones S.A.	Subsidiary, 99.9%	Loans granted, 180 day term	14,798,074
Orvisa S.A.	Subsidiary, 99.9%	Loans granted, 90 day term	12,502,246
Cresko S.A.	Subsidiary, 99.9%	Loans granted, 180 day term	10,641,678
Unimaq S.A.	Subsidiary, 99.9%	Financing Interest	8,305,588
Ferreyros S.A.	Subsidiary, 99.9%	Business support	7,551,690

(*) For purposes related to relationships, the criteria for relationships contained in the Regulations on Indirect Property, Related Parties and Economic Groups will be applied.

- d. Specify whether the Company sets limits on transactions with related companies:

Yes No

Principle 24: Functions of Senior Management

Question III.20 / Compliance	Yes	No	Explanation:
a. Does the Company have a clear policy that draws the line between administration or governance by the Board of Directors, the ordinary running of the company by Senior Management and the leadership of the CEO?	x		
b. Are the CEO and Chair of the Board of Directors of the Company different persons?	x		
c. Does Senior Management have sufficient autonomy to carry out its functions within the	x		

<i>framework of the policies and guidelines defined by the Board of Directors, and under its control?</i>			
<i>d. Is the CEO responsible for complying with and enforcing the policy on submitting information to the Board of Directors and the Directors?</i>	x		
<i>e. Does the Board of Directors evaluate the CEO's performance annually, according to well-defined standards?</i>	x		
<i>f. Does Senior Management's compensation have a fixed component and a variable one, which take into consideration the Company's earnings, based on prudent, responsible assumption of risks, and adherence to the goals established in the respective plans?</i>	x		

- a. Indicate the following information regarding the compensation received by the CEO and management team (including bonuses).

Position	Compensation (*)	
	Fixed	Variable
CEO and management team	0.32%	0.09%

(*) Indicate the percentage the total annual amount of Senior Management's compensation represents with regard to gross revenue, according to the company's financial statements.

- b. If the Company gives bonuses, other than those required by law, to Senior Management, indicate the manner in which they are paid.

	CEO	Managers
Shares	No	No
Options	No	No
Cash	Yes	Yes
Other / Specify		

- c. If there is a variable component of compensation, specify the main aspects taken into account to determine it.

The variable component is determined, firstly, as a function of the Company's earnings, and then the manager's performance is considered. Aspects such as the manager's achievement of objectives, impact on the generation of value, contribution to continuous improvement and processes are taken into account, as well as leadership, interpersonal relations and communication skills.

- d. Indicate whether the Board of Directors evaluated the CEO's performance during the year.

Yes No

Principle 25: Risk management system

Question IV.1	Yes	No	Explanation:
<i>a. Has the Board of Directors approved a comprehensive risk management policy in line with its size and complexity, promoting a culture of risk management in the Company, starting with the Board of Directors and Senior Management and encompassing the workers?</i>	x		Yes, this policy establishes the framework for comprehensive risk management and guarantees its implementation throughout Ferreycorp and all of its subsidiaries. It is reviewed every two years or whenever updating it is deemed necessary, according to risk management guidelines, standards and best practices.
<i>b. Does the comprehensive risk management policy extend to all of the companies in the group and allow a global view of critical risks?</i>	x		The risk policy is corporate and it extends to all of the companies in the corporation.

Does the Company have a risk management delegation policy that establishes risk limits for each level of the Company?

Yes No

Question IV.2	Yes	No	Explanation:
<i>a. Does the CEO manage the risks to which the Company is exposed and bring them to the attention of the Board of Directors?</i>	x		Yes, through the special Board of Directors Audit and Risk Committee.
<i>b. Is the CEO responsible for the risk management system, if there is no Risk Committee or Risk Department?</i>	x		There is a Risk Department and a Risk Committee that monitor the main risks to the business' objectives. Additionally, the Internal Audit Department has established a monitoring system. Both systems are presented to the Board of Directors, whether to the entire board or through its Audit and Risk Committee.

Does the Company have a Risk Manager?

Yes No

If the answer is yes, indicate the following:

Full Name	Dates in the Position		Area / Body to which the position reports
	Start ^(*)	End ^(**)	
Daniela Flores	01/Jul/2015		The Risk Executive is responsible for follow-up on corporate risk and reports to the Corporate Finance Department and to the Risk Committee.

^(*) Corresponds to the first appointment in the reporting Company.

(**) Complete only if the person left the position during the year.

Question IV.3	Yes	No	Explanation:
<i>Does the Company have an internal and external control system, whose effectiveness and suitability is overseen by the Company's Board of Directors?</i>	x		

Principle 26: Internal auditing

Question IV.4	Yes	No	Explanation:
<i>a. Does the internal auditor do auditing work exclusively and have autonomy, experience and expertise in the matters being evaluated, and independence for follow-up and evaluation of the risk management system's effectiveness?</i>	x		
<i>b. Is the internal auditor responsible for ongoing evaluation of all the financial information produced or recorded by the Company to ensure that it is valid and reliable, as well as verification of regulatory compliance?</i>	x		Internal auditing at Ferreycorp: independent area of the corporation that continuously analyzes, evaluates and monitors policies, procedures, practices and activities that make up the corporation's internal control system
<i>c. Does the internal auditor report directly to the Audit Committee on audit plans, budget, activities, progress, results obtained and actions taken?</i>	x		

a. Indicate whether the Company has an independent area responsible for internal auditing.

Yes No

If the answer to the preceding question is yes, indicate to whom auditing reports hierarchically within the organic structure of the Company.

Reports to:	The internal auditor reports to the Chair of the Board of Directors and makes periodic presentations to the Board of Directors' Audit Committee.
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a. Indicate whether the Company has a Corporate Internal Auditor.

Yes No

Indicate the main responsibilities of the person in charge of internal auditing and whether he or she has additional responsibilities other than internal auditing.

- Supervises internal audits and information systems at headquarters, branches and mining projects, as well as at subsidiaries.
- Evaluates the internal control system regarding money and asset laundering according to the regulations of the financial intelligence unit of the Superintendencia de Banca, Seguros and AFP (SBS / Superintendence of

Banking, Insurance and Pension Funds) in force, and submits the final report to the compliance officer.

- Reports periodically to senior management and to the Management Committee on the results of internal audit activities, including successful practices, achievement of goals and significant results.
- Takes into account reviews made by external auditors to develop the work program, avoiding duplication of efforts.
- For each audit conducted, issues a report containing observations made and suggestions agreed upon with the area audited, as necessary to correct deficiencies.

Based on a risk evaluation, the internal auditor prepares an annual plan, establishing priorities to conduct reviews at Ferreycorp, as well as at subsidiaries. Over the course of the year, urgent requests made by managers of the different areas are added to the program.

Internal audits encompass financial audits, as well as operational audits. Among the most important are the review of the evaluation of accounts receivable; the observation of physical inventory, including machinery, equipment and parts; the review of cash and bank operations (cash counts, confirmation and reconciliation of bank accounts with the accounting books); the evaluation of accounts payable to suppliers and banking institutions; the review of other asset and liability accounts; the review of the main operations involving the sale of machinery and parts, as well as the corresponding costs; the review of the main expense accounts on the income statement, etc.

Question IV.5	Yes	No	Explanation:
<i>Does the Board of Directors appoint and remove the Internal Auditor upon recommendation by the Audit Committee?</i>		x	The Corporate Audit Manager is appointed or, if applicable, removed with the approval of the Chair of the Board of Directors, and the Audit Committee is informed.

Principle 27: External auditors

Question IV.6	Yes	No	Explanation:
<i>Upon the Board of Directors' proposal, does the GSM designate an audit firm or independent auditor that is clearly independent of the Company?</i>	x		Aware of the recommendation made by the new formulation of principles de good corporate governance for Peruvian companies, the Board of Directors proposed that the General Shareholders' Meeting appoint the audit firm for the year and delegate negotiation and approval of the hiring conditions to the Board of Directors.

a. Does the Company have a policy on the appointment of the External Auditor?

Yes No

The Board of Directors proposes the the designation of the auditor to the General Shareholders' Meeting, based on policy, and the General Shareholders' Meeting approves the hiring of external auditors.

- b. If the audit firm has performed services other than auditing accounts, indicate whether the General Shareholders' Meeting was informed of this hiring, including the percentage the billing of these services represents with regard to the audit firm's total billing to the company.

Yes No

- c. Do people or entities related to the audit firm provide services to the Company, other than auditing accounts?

Yes No

If the answer to the preceding question is yes, indicate the following information regarding the additional services provided by people or entities related to the audit firm in the reporting year.

Name or official company name	Additional services	% of compensation(*)

(*) Billing of additional services as a percentage of audit services billed.

- d. Indicate whether the audit firm used different teams, if additional services other than auditing accounts were provided.

Not applicable

Yes No

Question IV.7

	Ye	No	Explanation:
a. <i>Does the Company have a policy of changing its independent auditor or its audit firm?</i>	x		<p>The Company's policy is that the same audit firm can issue an opinion on the Company's financial statements for five consecutive years. It can be appointed for an additional period, if the services provided were satisfactory and adequate in economic terms. A more exhaustive evaluation by the Board of Directors' Audit Committee and the full Board of Directors is required. The partner, the auditor responsible for the work and the members of the external audit team should be rotated periodically.</p> <p>The hiring of the audit firm is approved by the General Shareholders' Meeting.</p> <p>Every additional service must be disclosed, including the</p>

		percentage the fees for those services represent in relation to the fees received for auditing the financial statements.
<i>b. If said policy establishes longer terms for changing the audit firm, is the audit team rotated at least every five (5) years?</i>	x	The E&Y audit firm was appointed in 2011. The Manager and Senior in charge of the audit changed in the year 2014 and then remained the same in the year 2015.

Indicate the following information on audit firms that have provided services to the Company in the last five (5) years.

Name of Audit firm	Service	Period	Compensation (US\$)
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of Financial Statements	2015	100.00%
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of Financial Statements	2014	100.00%
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of Financial Statements	2013	83.80%
	Asset Laundering Prevention Audit	2013	
	Other		
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of Financial Statements	2012	83.80%
	Asset Laundering Prevention Audit	2012	
	Procedures on Bucyrus Net Assets Acquired		
	Other		
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of Financial Statements	2011	76.03%
	Asset Laundering Prevention Audit	2011	
	Assistance with Software Selection Process		
	-Other		
Dongo-Soria Gaveglio y Asociados Sociedad Civil, member firm of PriceWaterhouseCoopers	Assistance on the determination of the Purchase Price Allocation Salary Survey	2012	
Dongo-Soria Gaveglio y Asociados Sociedad Civil, member firm of PriceWaterhouseCoopers	Accounting Advisory Services Training on IFRS	2014	
Deloitte & Touche S.R.L.	Advice on Tax and Transfer Prices	2015	
	Tax Advisory Services	2014	
	Simple Reorganization	2008-2013	
	Personnel Selection		
	Implementation of Risk Management		
KPMG Asesores Sociedad Civil de R.L.	Tax Advisory Services	2015	
	PPA for the acquisition of Trex	2014	
	PPA for the acquisition of Tecseg and Mercalsa, and the Mobil business	2013	

(*) Include every type of service, such as issuing opinions on financial information, accounting consulting, operational audits, system audits, tax audit or other services.

(**) Of the total amount paid to the audit firm for every concept, indicate the percentage corresponding to compensation for financial audit services.

Question IV.8	Yes	No	Explanation:
<i>In the case of economic groups, is the external auditor the same for the entire group, including offshore subsidiaries?</i>	x		

Indicate whether the audit firm hired to issue an opinion on the Company's financial statements corresponding to the reporting year also issued an opinion on the financial statements of other companies in the economic group for the same year.

Yes No

If your answer to the above is yes, indicate the following:

Official name(s) of the company or companies in the economic group
Ferreyros S.A. Orvisa S.A. Unimaq S.A. Motored S.A. Fiansa S.A. Fargoline S.A. Forbis Logistics S.A. Ferrenergy S.A.C. Mega Representaciones S.A. Cresko S.A. Inti Inversiones Interamericanas Corp. Inmobiliaria CDR S.A.C. Soluciones Sitech Perú S.A. Equipos and Services Trex S.A.

PILLAR V: Transparency of Information

Principle 28: Information Policy

Question V.1	Yes	No	Explanation:
<i>Does the Company have an information policy for the shareholders, investors, other stakeholders and the market in general, with which it formally defines guidelines, standards and criteria on the handling, gathering, preparation, classification, organization and/or distribution of information produced or received by the Company?</i>	x		

a. If so, indicate whether the Company disseminates the following, according to the information policy:

	Yes	No
Company objectives	x	
List of members of the Board of Directors and Senior Management	x	
Shareholding structure	x	
Description of the economic group to which it belongs	x	
Financial Statements and Annual Report	x	
Other / Specify		

b. Does the Company have a corporate website?

Yes No

The corporate website includes:

	Yes	No
A special section on corporate governance or shareholder and investor relations that includes a Corporate Governance Report	x	
Material Events	x	
Financial information	x	
Bylaws	x	
Regulations of the General Shareholders' Meeting, information on shareholders' meetings (attendance, minutes, etc.)	x	
Composition of the Board of Directors and its regulations	x	
Code of Ethics	x	
Risk policy	x	
Corporate social responsibility (community, environment, other)	x	
Other / Specify		

Question V.2	Yes	No	Explanation:
<i>Does the Company have an investor relations office?</i>	x		

If it has an investor relations office, indicate who the person in charge is.

Person in charge of the Investor Relations office	Elizabeth Tamayo
---------------------------------------------------	------------------

If there is no investor relations office, indicate the unit (department/area) or person responsible for receiving and handling requests for information from the Company's shareholders and the general public. If the responsible party is an individual, include his or her position and the area in which he or she works.

Area responsible	
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Person responsible		
Full Name	Position	Area

Principle 29: Financial Statements and Annual Report

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

Not applicable; there are no exceptions.

Yes No

Principle 30: Information on the shareholding structure and agreements between shareholders

Question V.3	Yes	No	Explanation:
<i>Does the Company disclose the ownership structure, considering the different classes of shares and, if applicable, the joint interest of a certain economic group?</i>	x		Ferreycorp has only one type of share, which is the common share, and reports the structure according to the regulations in force, identifying shareholders with a 5% or greater interest individually.

Indicate the composition of the Company's shareholding structure at the end of the year.

Shareholding with voting rights	Number of shareholders (at year end)	% held
Less than 1%	2,387	27.36%
Between 1% and 5%	17	42.40%
Between 5% and 10%	4	30.24%
Greater than 10%	0	0%
Total	2,408	100%

Shareholding without voting rights (if applicable)	Number of shareholders (at year end)	% held
Less than 1%		
Between 1% and 5%	1	2.66%
Between 5% and 10%		
Greater than 10%		
Total	1	2.66%

Investment shareholding (if applicable)	Number of shareholders (at year end)	% held
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
Greater than 10%		
Total		

Treasury shares as a percentage of the capital stock:

0

Question V.4

	Yes	No	Explanation:
Does the <i>Company</i> report agreements or pacts between shareholders?		x	There have been no agreements or pacts between shareholders.

a. Does the Company have any pacts between shareholders recorded?

Yes No

b. If any pact or agreement reached between shareholders was reported to the company during the year, indicate what each one was about.

Election of members of the Board of Directors	
Exercise of voting rights at shareholders' meetings	
Restriction on free transfer of shares	
Changes in the Company's internal regulations or bylaws	
Other /Specify	

Principle 31: Corporate Governance Report

Question V.5	Yes	No	Explanation:

<p><i>Does the Company disclose corporate governance standards adopted in an Annual Report, for whose content the Board of Directors is responsible, following reception of the report of the Audit Committee, Corporate Governance Committee, or an external consultant, as the case may be?</i></p>	x	<p>The Company discloses the corporate governance standards adopted in the Annual Report.</p>
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- a. The Company has mechanisms for disseminating corporate governance practices internally and externally.

Yes No

If the response to the previous question is yes, specify the mechanisms employed.

The Company disseminates corporate governance practices through its website, through the Intranet, in its regulations and procedures, in the Annual Report, during events and presentations to investors, and through participation in contests.

SECTION C:

Content of company documents

Indicate in which of the following Company documents the following matters are regulated:

		Principle	Bylaws	Internal Regulations (*)	Manual	Other	Not regulated	Not applicable	Title of the document (**)
1.	Policy on redemption of shares without voting rights	1						x	
2.	Method of recording shareholding ownership and the party responsible for recording them	2	x		x	x			
3.	Procedures for selecting the external advisor to issue an independent opinion on Board of Directors' proposals on corporate operations that may affect the shareholders' anti-dilution rights	3		X					
4.	Procedure for receiving and handling requests for information and shareholders' opinions	4	x	X					
5.	Dividend policy	5							
6.	Policies or agreements not to adopt anti-absorption mechanisms	6						X	
7.	Arbitration agreement	7							
8.	Policy on the selection of the Company's Directors	8	X	X					
9.	Policy for evaluating the compensation of the Company's Directors	8	X						
10.	Mechanisms for making information on points on the agenda for the GSM and proposed agreements available to the shareholders	10		X					
11.	Media, in addition to those established by law, used by the company to call Shareholders' Meetings	10		X					
12.	Additional mechanisms for allowing shareholders to propose agenda items for discussion at the GSM.	11		X					
13.	Procedures for accepting or rejecting shareholders' proposals on agenda items for discussion at the GSM	11	X	X					

14.	Mechanisms that allow shareholders' online participation	12		X					
15.	Procedures for shareholders to cast differentiated votes	12		X					
16.	Procedures to be followed in situations in which votes are delegated	13		X					
17.	Requirements and procedures in order for a shareholder to be represented at a General Shareholders' Meeting	13	X	X					
18.	Procedures for delegating voting to members of the Board of Directors or Senior Management	13		X					
19.	Procedure for conducting follow-up on agreements of the GSM	14		X					
20.	The minimum and maximum number of Directors on the Company's Board of Directors	15	X	X					
21.	Duties, rights and functions of Directors of the Company	17	X	X					
22.	Types of bonuses received by the Board of Directors for achieving the Company's goals	17							
23.	Policy on contracting advisory services for the Directors	17							
24.	Policy on orientation for new Directors	17	X	X					
25.	Special requirements for being an Independent Director of the Company	19		X					
26.	Criteria for Board of Directors and its members' performance evaluations	20							
27.	Policy on the determination, follow-up and monitoring of potential conflicts of interest	22							
28.	Policy that defines the procedure for the valuation, approval and disclosure of operations with related parties	23				X			
29.	Responsibilities and functions of the Chair of the Board of Directors, Executive President, CEO, and other functionaries with Senior Management positions	24	x	X					
30.	Criteria for Senior Management performance evaluations	24		X					
31.	Policy on setting and evaluating Senior Management compensation	24		X					
32.	Integral risk management policy	25			X				
33.	Responsibilities of the person in charge of internal auditing	26			X				

34.	Policy on the appointment of the External Auditor, term of the contract and renewal criteria	27				X			
35.	Policy on disclosing and communicating information to investors	28		X	X				

(*) Includes Regulations of the GSM, Regulations of the Board of Directors or others issued by the Company.

(**) Indicate the title of the document, unless it is the Company Bylaws.

SECTION D:

Other information of interest ⁵

Since 2006, Ferreycorp has participated in the meetings of the Latin American Corporate Governance Companies Circle, which is made up of 15 Latin American companies that are leaders in the implementation of good corporate governance practices in the region. In 2015, the corporation actively participated in the Circle's meetings through its corporate managers of Finance and Corporate Affairs, who were members of the working groups on "Ethics and Compliance." This space, fostered by the Organization for Economic Cooperation and Development (OECD) and the International Finance Corporation (IFC), is a discussion forum on challenges and achievements in the improvement of corporate governance of companies in the region. In addition, the CEO of the corporation was the Chair of the Circle's steering committee during the 2010-2013 period. It is worth mentioning that in 2015, the Companies Circle celebrated its tenth anniversary in the city of Washington DC. The Chair of the Board of Directors and the Finance Manager participated in an interesting event organized by the International Finance Corporation (IFC), where issues related to the role of corporate governance and ethics in combating corruption, the Company's preparation for managing risks related to integrity and compliance, and the working groups' discussions on ethics and compliance were covered.

⁵ Other information of interest not discussed in previous meetings, which gives investors and different stakeholder groups a better understanding of the good corporate governance practices implemented by the Company, as well as practices related to social responsibility, relations with institutional investors, etc.