

	MANUAL FOR GOOD CORPORATE GOVERNANCE PRACTICES	CÓDE	VERSIÓN
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PROCESSING MANAGEMENT	CORPORATE FINANCE MANAGEMENT		
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MANUAL FOR GOOD CORPORATE GOVERNANCE

CHAPTER 1: INTRODUCTION

This manual for good corporate governance practices develops the concepts and procedures for matters such as equitable treatment of shareholders, participation in shareholders' meetings, management of conflicts of interest, capital structure, management compensation and incentive schemes, disclosure of information, among other topics.

Good corporate governance practices benefit the market as a whole, since they encourage the professional management of companies based on clear and transparent principles.

Good corporate governance is a valuable instrument for achieving more reliable and efficient markets, reducing the asymmetry of information among participants and encouraging the flow of stable long-term investments. In this line, Ferreycorp recognizes the advantages of adopting good corporate governance practices, which promote a climate of respect for the rights of shareholders and investors in general; contribute to generate value, soundness and efficiency in companies; bring about a better management of the risks to which they are exposed; facilitate access to the capital market; lead to a reduction in the cost of capital, as well as a greater and better access to sources of financing and long-term investment.

CHAPTER 2: PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The corporation voluntarily adheres to the principles of the Code of Good Corporate Governance for Peruvian Companies, updated in 2013 and divided into five pillars, organized into thematic areas: i) Equitable treatment and shareholders' rights; ii) General Shareholders' Meeting; iii) The Board of Directors and Senior Management; iv) Risk and Compliance; and iv) Transparency of Information. v) Control Environment and Compliance.

CHAPTER 3: CORPORATE GOVERNANCE AT FERREYCORP

1. Shareholders' rights

The framework of a corporate governance system must protect the rights of shareholders by ensuring the production and distribution of effective, sufficient and timely information to enable them to fully exercise their political and economic rights.

The owner of a Ferreycorpshare has, among others, the right to:

- i. Stipulate the methods of registering ownership and keeping the share registry up to date. Transfer of shares.
- ii. Receive periodic and relevant information about the company.
- iii. To participate and vote in person or through a proxy at the GSM, and to be informed of the rules and regulations, including the voting process governing the meeting.
- iv. Appoint the members of the board of directors.
- v. Participate in the benefits of the company.

Fair treatment of shareholders

Ferreycorp ensures respect for the rights of its shareholders and as such provides for the equitable treatment of its majority and minority shareholders, as well as local and foreign shareholders. It also ensures that there is adequate and timely disclosure of all corporate matters considered relevant, following strict insider information guidelines.

Ferreycorp's capital stock is represented by a single class of shares: common shares, which grant shareholders the same rights, with no privileges, powers, special duties or limitations on the free transferability of shares (one share/one vote). The shares are registered and indivisible.

Ferreycorp's capital stock is represented by common shares with a par value of one nuevo sol (S/. 1.00) each. The capital is fully subscribed and paid and all shares have equal rights and prerogatives.

The company considers the owner of the share to be the person who appears as such in the Share Register, or by means of book entries, in accordance with the Securities Market Law. Transfers are made according to the date provided by CAVALI.

Ferreycorp has a section on its website dedicated exclusively to providing information to all its shareholders and investors on corporate governance, social responsibility, compliance and sustainability issues.

Within this electronic space you can find corporate rules and policies such as the bylaws, board and board of directors regulations, corporate insider trading rules, as well as other topics such as management reports, quarterly and audited financial statements, corporate presentations, annual reports, corporate governance and sustainability reports, among others.

Dividend policy

Ferreyros has had a dividend policy since 1997 and has complied with it during each fiscal year. In accordance with the Corporation's Bylaws and the Regulations of the Board of Directors and the Board of Directors, the General Shareholders' Meeting is responsible for approving the dividend policy and for the application of any profits, and may delegate to the Board of Directors the distribution of interim dividends on account of the results of each fiscal year.

Thus, at the Annual Mandatory General Shareholders' Meeting held on March 27, 2019, it was agreed to update the corporation's Dividend Policy, which states the following:

"The dividend to be distributed in cash shall be equivalent to 5% of the par value of the shares issued at the time the meeting is called, and the amount to be distributed may reach up to 60% of the freely distributable profits of the annual fiscal year.

In the event that 5% of the par value of the shares issued at the time the meeting is called is less than 60% of the unrestricted profits obtained at the end of the year, the meeting may distribute a higher cash dividend, the ceiling of which shall be equivalent to 60% of the profits for the year.

However, the board of directors may, at the proposal of the board of directors, approve a distribution of extraordinary dividends in excess of the maximum ceiling of the policy, when extraordinary income is generated or there is a relevant variation in market or business circumstances that produce excess liquidity.

Likewise, the Board of Directors may propose and agree to distribute interim dividends during the corresponding fiscal year, or after the end of the fiscal year until the dividend is determined. This decision shall be based on the information in the financial statements showing the existence of distributable profits in the current fiscal year.

The delivery of extraordinary dividends and the distribution of interim dividends will be made when no alternative uses are contemplated for the surpluses, such as the payment of debt, the increase of working capital or the realization of new investments, among others. Likewise, such distributions must not trigger a situation of non-compliance with the obligations and financial ratios agreed with third parties, nor affect the company's financial capacity to meet its corporate obligations, based on the report submitted by the general management."

2. General Shareholders' Meeting

The GSM is the supreme governing body of the Company and must be convened by the Board of Directors. The GSM has the exclusive and non-delegable functions of approving the remuneration policy of the Board of Directors, approving the financial statements and appointing the members of the Board of Directors, among others.

To this end, Ferreycorp has a "Regulation of the Shareholders' Meeting, Board of Directors and Board Committees" approved by the Board of Directors, published on the website and on the intranet, which regulates the procedures related to the participation and exercise of shareholders' rights, including the mechanism for calling the meeting, the proposed agenda items, the procedure for the exercise of voting rights, the delegation of voting rights and the follow-up of the meeting's resolutions.

In addition, the Bylaws contemplate the possibility of holding virtual, non face-to-face or remote shareholders' meetings. When the meeting is held in a non-face-to-face manner, any telematic, technological or communications means must be used for such purposes that allow adequate identification of the attendees, the participation of the shareholders in the meeting and the resolutions validly adopted. The Board of Directors shall be responsible for the implementation, follow-up of the established procedures and other necessary measures to carry out the non face-to-face meeting in a satisfactory manner.

The right to request information prior to the meeting is regulated by Article 130 of the General Corporations Law (GCL) and is available to shareholders from the date of publication of the notice of the meeting.

Together with the notice of the meeting, Ferreycorp publishes a Proxy Statement, a document through which the corporation discloses and develops each of the proposals that will be submitted for approval at the meeting and which helps shareholders to cast their vote with knowledge, and a proxy form, which allows the shareholder to vote independently for each item on the agenda. In the case of non-face-to-face meetings, additional documents are published, such as an informative document with the procedure for holding the non-face-to-face GSM and a guide for the use of the technological platform through which the meeting will be held. These documents, in Spanish and English, are communicated as a Significant Event and on the website.

Holders of shares registered in the Share Register are entitled to attend the meeting up to 10 days prior to the date of the meeting.

Shareholders who have the right to attend the meeting may be represented by another shareholder, by the custodian bank of their shares or by any other person. The proxy must be in writing and must be special for each meeting. Proxies must be sent no less than 24 hours prior to the time set for the meeting.

Shareholders should be provided with sufficient information in advance regarding the date, place and agenda of the meeting. The agenda should not include generic items or hold the meeting in a place where it is difficult for shareholders to participate.

Shareholders without a special percentage may request the Chairman of the Board of Directors, through any means of written communication, to include a relevant agenda item to be discussed at the meeting. The item must be of corporate interest and within the legal or statutory competence of the meeting. The Chairman of the Board of Directors must not deny this type of request without communicating a reasonable reason to the shareholder.

The meeting is called in accordance with Article 258 of the GCL and the bylaws, by means of a notice published in the official newspaper El Peruano and in one of the newspapers with the largest circulation in Lima. The notice must contain an indication of the day, time, place and agenda items. Since it is an open stock corporation, the notices must be published no less than 25 days in advance.

Voting and resolutions are adopted by an absolute majority of the subscribed shares with voting

rights in attendance. Voting shall be exercised by each shareholder in person at the meeting. When the meeting is not held in person, the vote will be exercised by electronic or postal means, and must have the necessary technological safeguards to ensure the reliability of the vote.

Ferreycorp informs the SMV of the resolutions of the meeting on the same day it is held, which are communicated as a "Significant Event" and published on its website, as well as on Ferreycorp's website. The corporation also publishes on its website the presentation made at the shareholders' meeting, as well as the minutes of the meeting.

Likewise, the General Management follows up on the resolutions adopted at the meetings, which are presented to the Nominating, Compensation, Corporate Governance and Sustainability Committee of the Board of Directors, to the full Board of Directors and informed through the website.

Quorum

Shareholders may be represented by any person they designate. Proxies must be registered at least 24 hours prior to the time set for the meeting. The shares of shareholders who enter the meeting after it has been convened are not counted to establish the quorum, but they may exercise their right to vote with respect to them.

When the meeting is not held in person, the quorum will be determined electronically or by mail, with the necessary technological safeguards to ensure the reliability of the record.

The quorum required to hold the GSM is 50% of the subscribed shares with voting rights on first call and any number of subscribed shares with voting rights on second notice.

3. Responsibilities of the Board of Directors

The Board of Directors plays a fundamental role in the creation of value for shareholders and the future of the organization, since, together with management, it formulates the strategic plan for the corporation and its subsidiaries. The plurality of its opinion is highly relevant: the Board brings together different points of view derived from the diversity of gender, experience, professional education and background of its members, through their active participation in meetings and committees.

The Board of Directors is elected by the Shareholders' Meeting on a specific and individual basis and, through the Proxy Statement, the professional background of the candidates is made known to the shareholders. The curriculum vitae, as well as the director's independent status, are published on Ferreycorp's website.

Ferreycorp's Board of Directors acts independently, in an informed and fair manner with all stakeholders and with loyalty to the company; it oversees the proper use of assets and the integrity of its accounting systems and financial statements. It also oversees the effectiveness of the governance practices under which it operates, making changes as necessary.

The policies and practices of the Board of Directors are defined in the Company's Bylaws and in its operating regulations, which contemplate its responsibilities and functions, its composition and selection criteria, the induction procedure, the rules for convening and conducting its meetings, the submission of information, its evaluation and the definition of its remuneration, among other aspects.

The functions of the Chairman of the Board and General Manager are clearly established and delimited in the Company's Bylaws and the Board of Directors Regulations.

In accordance with the Company's bylaws, the number of directors is eight, with the possibility of up to twelve. They are renewed every three years.

The remuneration structure of the directors is composed of a variable payment. The Company's bylaws include the maximum limit of remuneration in accordance with the General Corporations Law. The Board of Directors may, whenever it deems it necessary or convenient, reduce the remuneration based on the profit for the corresponding fiscal year and the responsibilities and functions entrusted to the directors. During the term of office, payments on account of this remuneration may be agreed, for which the Nominations and Remuneration Committee must give its authorization.

The management team receives a fixed remuneration and a variable remuneration at the end of the year. The variable part will depend on a performance evaluation based on specific indicators, as well as the fulfillment of objectives, and will be approved by the Nomination and Compensation Committee.

Type of directors

The directors of a company may be classified as dependent or independent.

In the case of independent directors, we seek to determine their dissociation with the company, shareholders and directors, through the following criteria published in Resolution SMV N°016-2019-SMV/01, also adopted by Ferreycorp.

- i. Being a shareholder in a percentage greater than 1% of Ferreycorp's capital stock, not having the capacity to exercise the right to vote in such percentage nor having agreements that allow him/her to exercise the right to acquire shares of Ferreycorp in such percentage.
- ii. Not be a director, member of senior management or employee of Ferreycorp, of a company of its economic group or of any company that is a shareholder of Ferreycorp with a stake equal to or greater than 5% of its capital stock.
This restriction does not apply in the case of an independent director who is re-elected in Ferreycorp or appointed as an independent director in any company of the group.
- iii. Not having been a director, member of senior management, employee of Ferreycorp, of a group company or in any shareholder company of Ferreycorp with a shareholding equal to or greater than 5% of its capital stock, unless 3 years have elapsed since the end of that relationship.
This restriction does not apply in the case of a director who has had independent status in the last 3 years.
- iv. Not having or having had in the last 3 years a significant direct or indirect commercial or contractual business relationship of a significant nature with Ferreycorp or any other company of the group.
- v. Not be a spouse, or maintain a common-law relationship, in accordance with article 326 of the Civil Code or any rule that replaces it, or maintain an analogous relationship of affection, or be related by consanguinity or affinity up to the second degree, with shareholders with an interest equal to or greater than 5% of its capital stock, members of the Board of Directors or senior management of Ferreycorp.
- vi. Not to be a director or member of the senior management of another company in which a director or member of the senior management of Ferreycorp is a member of the Board of Directors, unless the latter is an independent director of the company.
- vii. Not to be or have been during the last 3 years a partner or employee of the company that provides external audit services to Ferreycorp or any other company of the group.
- viii. The director must not participate simultaneously as an independent director in more than 5 companies that have at least one security registered in the RPMV. Exceptionally, the independent director may maintain such status in more than 5 companies with securities registered in the RPMV, in the event that all of them belong to the same economic group.
- ix. The director must not have more than 10 continuous or alternating years during the last 15 years as an independent director of Ferreycorp or of any company of its economic group.

In accordance with the bylaws and regulations, directors are vested with all general and special powers required for the administration, management and representation of Ferreyros and have the power to adopt all types of resolutions and enter into all types of acts and contracts, without limitation, except for those powers reserved to the GSM.

New directors must undergo an induction before starting their functions and there are mechanisms for their orientation and training, and they are also informed of the policies that correspond to their functions and adhere to the corporation's code of ethics.

Notice of meeting of the Board of Directors

In accordance with the Board of Directors Regulations, a Board meeting is called no less than five days in advance. Information must also arrive in advance.

Board meetings are held monthly and at the beginning of each year the schedule of meetings will be agreed upon. In addition, the Board of Directors may hold non face-to-face meetings using written, electronic or other means that allow communication and guarantee the authenticity of the agreement.

Ferreycorp's Board of Directors has implemented a self-evaluation system, both individually and

as a collegiate body, to determine its effectiveness. In addition, the board of directors is evaluated by an independent consultant on an interannual basis.

Board Committees

The Board of Directors has four committees:

- Investment Committee.
- Audit and Risk Committee.
- Nominating, Compensation, Corporate Governance and Sustainability Committee.
- Innovation and Systems Committee.

Each committee shall be comprised of at least three directors, with a high level of participation of independent directors and the chairmanship shall be held by an independent director, especially in the case of the Audit and Risk Committee and the Nominating, Compensation, Corporate Governance and Sustainability Committee. The Chairman of the Board, the Vice Chairman and the General Manager will participate in all committees.

Each committee will have a meeting frequency.

The Audit Committee will meet four times a year.

The Nominating, Compensation, Corporate Governance and Sustainability Committee will meet three times a year.

The other committees shall meet at least twice a year.

4. Risk and Compliance (Control Environment)

The internal control environment refers to the environment that influences the members of the organization and the control of its activities. This environment is the basis of the compliance system and corporate risk management, it provides discipline and structure, in addition, it must assign responsibilities that facilitate compliance with the objectives. It is the board of directors that approves the values on which the company's actions are based.

The board of directors approves the values on which the company's actions are based and ensures that they are complied with to the satisfaction of its shareholders. This set of measures that support the internal control environment must ensure that the values are binding for all employees and all related companies, seeking to promote socially responsible business and support the trust of stakeholders.

In the particular case of Ferreycorp, it is the Board of Directors whose function is to ensure the integrity of the accounting systems and financial reports, through a system of internal and external control, is the body that proposes to the shareholders' meeting the firm that will be responsible each year for auditing the individual financial statements of the corporation's companies and the consolidated financial statements. In accordance with the company's internal policy, these external auditors may audit the financial statements for five consecutive years, with the possibility of being appointed for an additional period.

The external auditing firm will present its proposal of the work plan, the methodology to be followed and the team responsible, as well as the economic proposal to Management and the Audit and Risk Committee.

It should also be taken into account that in order to guarantee a control environment, the Internal Auditor provides recommendations to improve those areas where opportunities or deficiencies are identified. The Board of Directors is responsible for internal controls, while the audit activity ensures that internal controls are effective and function as established.

To perform internal audits exclusively and autonomously, Ferreycorp has an Internal Auditor, who submits to the Audit and Risk Committee of the Board of Directors an annual work plan and periodic reports on the results of the audit and the actions taken in each company of the corporation.

During 2020, the Audit and Risk Committee of the Board of Directors held four sessions, in which it was informed about the plans for an external and internal audit, the mapping of the corporation's risks and the presentation of the report on compliance issues.

5. Communication and Transparency of Information

The corporate governance framework should ensure that the information presented by the company on material aspects of the company, including management results, financial position, ownership and corporate governance, is accurate, timely and regular.

Inside information is considered to be information that could influence the economic decisions of the users of the information and/or the value of the company's shares.

The information must be prepared, audited and presented in accordance with the highest accounting and auditing standards. The internal audit area has an annual audit plan and there is a rule for hiring and rotating external auditors to ensure the transparency and reliability of the information provided to the market.

The attention to particular requests for information must be done through a special instance, which, in the case of Ferreycorp, is the Investor Relations and Securities Area.

Information requests

The company has a formal policy, duly documented, regarding requests for information from shareholders. These requests are channeled and answered through the company's Deputy Manager of Investor Relations and Securities, whose responsibility is to follow up and respond to such requests.

The means available to shareholders and investors to submit their requests for information are varied:

- Dedicated free phone line (0-800-13372).

- Company website, Contact Us section.

- E-mail.

- Through meetings

- Other means.

Content of information disclosed by Ferreycorp

The company's accounting is kept in accordance with International Financial Reporting Standards (IFRS). Ferreycorp discloses quarterly, through the SMV portal (MVNET), its own website and press reports on the company's performance (Press Releases), the unaudited quarterly financial statements and their notes, as well as the annual audited financial statements.

These financial statements are made public to shareholders and the entire investment community, within the time limits required by law and on the same day of the approval granted by the company's board of directors.

On Ferreycorp's website you can find the company's bylaws, annual reports, financial statements, list of shareholders with the most significant shareholdings, financial statements, list of shareholders with more than 4% of the company's capital, list of minority shareholders, corporate presentations, information on social responsibility and sustainability, and other relevant aspects for the company's other stakeholders.

On a quarterly basis, a copy of the Press Release, both in English or Spanish, as appropriate, is sent via e-mail to the database of shareholders, investors, analysts, etc. Following the release of the quarterly results, a conference call accompanied by a webcast is convened to discuss and explain the results to investors.

An annual report, corporate governance and sustainability report is delivered annually in printed format to the company's stakeholders. This information is also published on the company's website in both Spanish and English.

Financial information, as well as communication on corporate measures or other relevant information, is made available to the market through the timely publication of Material Facts on the SMV portal, which are also published on Ferreycorp's website.

Handling of confidential information

Ferreycorp ensures appropriate, truthful, timely and reliable disclosure of information.

In line with these transparency practices through permanent interaction with shareholders and investors, Ferreycorp has been deploying strict procedures for the handling of confidential and privileged information. In this way, it ensures that accurate and regular information is presented on all relevant matters, including the financial situation, business performance, market situation, economic group information and the delivery of rights to shareholders, among other topics.

In particular, with respect to the treatment of privileged information, Ferreycorp has an official document published as a Material Fact, on the website and in the System of Standards and Procedures, which has been distributed to all company personnel and has been called "Corporate Standard for Safeguarding Confidentiality, Transparency and Disclosure of Information to the Capital Markets".

The Corporate Standard to Safeguard Confidentiality, Transparency and Dissemination of Information to the Capital Market regulates the Blackout Period, a period of fifteen days prior to the date on which the financial results are published, in which the persons covered by this standard cannot buy or sell Ferreycorp securities because they have access to Privileged Information.

Likewise, the personnel induction manual publishes the Code of Ethics, which includes a section on the communication of important facts, privileged and reserved information, which defines the processes for safeguarding information, both within the company and that which is transmitted to the market.

GLOSSARY OF TERMS

“A”

American Depositary Receipts (ADR). Receipt negotiable in the U.S. market that represents shares issued by a non-U.S. company. It is a document of participation in the capital of a foreign company that provides its holders with the rights and obligations inherent to the original security it represents. This certificate is issued by a U.S. bank, which is called the depositary. The ADR may be equivalent to a fraction or multiple of the share it represents.

Assets. A group of properties of a natural or legal person. Assets may include cash, inventories, securities, accounts receivable, land, buildings, machinery, etc.

Audited financial statements. Audited financial information corresponding to each annual fiscal year, required by the SMV from companies that make public offerings of securities or have securities registered in the Stock Exchange and those that request authorization for their registration in the Stock Exchange or wish to make public offerings, manage collective funds, as well as those organized under the GCL.

“B”

Balance Sheet. A financial statement that shows for accounting purposes at a given date the company's assets (what the company owns), its liabilities (what the company owes) and the difference, called net worth or equity.

Blackout Period. This is the period prior to the publication of the financial statements in which the persons covered by the Insider Trading Rule may not buy or sell securities of Ferreycorp and its subsidiary companies.

Bond. A transferable security that represents a payment obligation on the part of the issuer and yields a certain rate of return and whose term is generally greater than one year.

“C”

Call option. A contract whereby a specified purchaser of the option acquires the right but not the obligation to buy a lot of shares or futures contract.

Capital. Represents all the money, goods and services contributed and which constitutes the equity base of a company. This capital may be increased through new contributions, capitalization of reserves, appreciation of equity or conversion of debentures into shares. It may also be subject to reductions.

Capitalization. The process of determining the future value of a payment or series of payments, when compound interest is applied.

Closing price. Price reached by the securities traded at the end of each trading session.

Common stock. An aliquot part of the capital stock of a corporation which, incorporated in a representative title, grants its owner the status of partner and may be transferable or negotiable.

Compliance. It is a set of procedures and good practices adopted by organizations to identify and classify the operational and legal risks they face and establish internal mechanisms for prevention, management, control and reaction to them.

Corporate bond. An obligation issued by a company to raise funds to finance its operations and projects. Bonds are issued at a nominal value, which will be paid to the holder on a specific maturity date (redemption). The amount of the bond accrues interest, which may be paid in full at maturity or in periodic installments (coupons).

Current assets. Part of the balance sheet that incorporates the most liquid assets that any company may have.

“D”

Depositary bank. This refers to the U.S. bank that is responsible for issuing the ADRs. It has the function of maintaining the register of holders and registering transfers of ADRs, as well as distributing dividends.

Dividend. Part of the profits destined to be distributed among the shareholders, after taking care of the statutory and voluntary legal reserves. It may be in shares or in cash.

Dividend Yield. The dividend yield or dividend yield is a financial ratio that shows, as a percentage, the relationship between the dividends per share distributed by a company in the last year and the price of that stock.

Dematerialization. The elimination of physical certificates or documents of a security representing ownership of securities, so that the securities exist only in the form of a computerized record.

“E”

Effective monthly rate. The rate of return for the applicant and cost for the holder of funds, agreed for a period of 30 days.

Efficient market. A market in which stock prices reflect all publicly available information related to securities. In this sense, prices are correct signals for investors, thus allowing the capital market to fulfill its role of optimally distributing resources.

Equity. The difference between a company’s total assets and liabilities.

“F”

Fixed assets. All those assets that are permanent investments and also form part of the company: land, buildings, means of transportation, machinery and equipment, etc.

“G”

General Stock Market Index. The General Stock Market Index is a value indicator applied mainly to establish comparisons with respect to the returns achieved by the various sectors participating in the Stock Exchange over a given period of time. It is determined on the basis of a portfolio comprised of the most significant securities traded on the stock exchange, selected on the basis of their trading frequency, trading amount and number of transactions.

“I”

ICLV - Book entries. A clearing and settlement system that operates by crediting or debiting the resulting balances of the participants in the system.

ICLV - Securities Clearing and Settlement Institution. A corporation whose exclusive purpose is the registration, custody, clearing, settlement and transfer of securities.

Insider Information. Any information coming from an issuer referring to it, to its business or to one or several securities issued or guaranteed by it, not disclosed to the market and whose public knowledge is capable of influencing the liquidity, price or quotation of the securities issued. Articles 41 and 42 of the Securities Market Law establish the persons who, due to their functions or kinship, are presumed to have privileged information.

Investor. Also called trustee in the case of securitization trusts, are those persons who acquire or subscribe the securities issued against the exclusive purpose patrimony.

Issuance. The act of issuing securities by a company.

Issuer. In stock exchange matters, it is the government entity or company that makes a public offering of securities.

“L”

Leading stock. The shares of a company that has a good reputation and enjoys a high trading frequency and liquidity on the stock exchange. In addition, its products or services are usually widely accepted by the market.

Liquid stock. A stock that is well accepted in the market and easy to sell, without affecting its price. Its liquidity is evidenced by its trading frequency.

“M”

Maximum quotation of securities on the stock exchange. The maximum price reached by a given security during a stock exchange trading session.

Maximum price of securities on the stock exchange. The maximum price reached by a given security during the trading session.

“O”

Outstanding shares. The number of shares issued by a corporation that are held by those who have acquired them.

Open stock - Minority shareholder. A person who, directly or indirectly, holds a shareholding that does not allow him/her to have any influence on the political, economic and financial development

of the company.

Open stock corporations. Corporations that meet one or more of the following conditions: a) have made a primary public offering of shares or debentures convertible into shares, b) have more than 750 shareholders, c) more than 35% of its capital is owned by 165 or more shareholders, without considering within this number those shareholders whose individual shareholding does not reach two per thousand of the capital or exceeds 5% of the capital, d) is incorporated as such, or e) all the shareholders with voting rights unanimously approve the adaptation of such regime.

Over-the-counter transactions. These are operations that are carried out with securities registered in the Stock Exchange but that are done outside the stock exchange trading floor. These operations require the intervention of an agent company, which is in charge of certifying the transaction and timely settlement of the operations, indicating the amount, price and date on which the operation took place.

Option. A contract specified in a financial instrument whose acquisition gives the holder the right to buy or sell a lot of shares or a futures contract at an agreed price.

“P”

Put option. A contract whereby a purchaser acquires the right but not the obligation to sell a lot of stock or futures contract, at a predetermined price at the expiration date.

PER indicator. English expression that indicates the relationship between the share price and the profits generated by the issuing company in a given period. This relation establishes that it is theoretically equivalent to the number of years it would take for the investment to be recovered through the distribution and generation of profits by the issuing company.

Preferred subscription certificate. Securities issued by corporations whose shares are listed on the stock exchange, in which the GSM agrees to increase the capital with new contributions, in order to give shareholders the opportunity to exercise their preemptive rights.

Premium stock. Shares placed above par, that is, with a nominal value greater than that indicated on the security. Usually this type of issue is carried out in cases of capital increase, so that the new shares maintain symmetry with those already in circulation.

Presentation of financial information. Following the enactment of Law N° 27323, published on July 23, 2000, the National Institute of Statistics and Informatics (INEI) may require the submission of financial information to the following legal entities, according to the amounts of gross income and value of minimum assets that said institution is empowered to set: companies incorporated in the country, branches of foreign companies that are within the economic limits determined by the INEI, and cooperatives, except for savings and credit cooperatives. and cooperatives, with the exception of savings and credit cooperatives.

Primary market. Segment of the securities market, where the first issues offered at their nominal value or at a discount by the companies are traded in order to obtain financing for the execution of their projects.

Principal. A natural or legal person that carries out securities trading operations in the stock or over-the-counter market, through the intervention of a broker-dealer company (SAB).

Profit and Loss Statement. A financial statement that shows the results of a company for a specific period of time, usually one year. It shows, in accounting terms, all revenues, costs and expenses, taxes and profits.

Proxy Statement. Informative document containing the development of the proposals to be submitted for approval of the shareholders' meeting, so that the shareholder or his representative has sufficient information prior to the meeting to be able to cast his vote.

Public offering. A public offering of securities is the invitation, adequately publicized, that one or more natural or legal persons address to the general public, or to certain segments thereof, to carry out any legal act related to the placement, acquisition or disposition of securities.

Public Registry of the Securities Market. It is the one in which the securities, securities issuance programs, mutual funds, investment funds, and participants of the securities market as indicated in the Law and the respective regulations are registered, with the purpose of making available to the public the necessary information for the investors' decision making and to achieve transparency in the market. The legal entities registered in the registry and the issuer of registered securities are obliged to submit the information established by this law and other general provisions, being responsible for the veracity of such information.

“R”

Released shares. Shares that are issued and delivered in proportion to the holding of the companies' shareholders, when the GSM agrees to the capitalization of profits or reserves.

Reportable transaction. A sale of securities to be settled within the term established for spot transactions and a simultaneous purchase to be settled within the agreed term, for the same amount and type of securities and at a determined price. The selling company (owner of the securities) in the first operation is called the reporting party, while the other company (owner of the money) is called the reporting party. These transactions can be carried out only with a restricted number of shares or securities representing shares and with some securities representing debt. For more information on these transactions, it is best to contact your SAB.

Reserved information. It is that fact or negotiation in progress whose premature disclosure could be detrimental to the issuer. The agreement to classify information as reserved information must be adopted by at least three quarters of the members of the board of directors of the company in question or of the body exercising its functions. In the absence of the board of directors or the aforementioned body, the resolution of confidentiality must be adopted by all the directors. The reserved facts must be brought to the attention of the SMV within the day following the day on which the resolution was taken.

Revaluation. An increase in the value of a currency.

Revaluation of assets. Method by which companies revalue the book value of fixed assets, in order to correct their values and reflect the incidence of currency depreciation in periods of inflation, through the revaluation surplus.

Reported. The person who intervenes in a repo operation, assuming the obligation to sell his securities to the reporting party in cash, repurchasing them in a determined term, thus obtaining resources at a freely agreed interest rate, in a determined time.

Reporting party. The person who intervenes in a repurchase transaction, assuming the obligation to buy the securities of the reporting party in cash and resell them to him in a pre-determined term, lending resources at a freely agreed interest rate, in a determined period of time.

“S”

SAB Commissions: It is the payment made in Peru by the principal to the SAB or intermediary company for the services rendered when performed purchase or sale transactions of securities, in the different mechanisms and operation modalities offered by the stock exchange and over-the-counter market.

Secondary market. This is a segment of the securities market, where transactions of securities already issued in first placement are traded. It is characterized as a market that provides liquidity through the successive transfers of securities, for which the bidders and offerors of such securities in circulation concur and whose price is formed through the game of supply and demand.

Securities market. Segment of the capital market, in which there are bidders and demanders of securities, where negotiable securities are traded from their issuance, first placement, transfer, until the extinguishment of the security, involving deficit or surplus units, with banks, financial institutions and the stock exchange acting as intermediaries through their brokerage agents. It is comprised of the primary market and the secondary market.

Selective Stock Market Index. This weighted average indicator measures the variations in the quotations of the most representative shares of the Lima Stock Exchange (BVL), which shows the trend of the stock market in terms of the changes that occur in the prices of the shares, that is, the weighted average return of the portfolio considered on a given day, with respect to a base date.

Secondary public offering. The purpose of a secondary public offering is the transfer of securities previously issued and placed. Secondary public offerings include, among others, the tender offer, the public purchase offer, the public sale offer and the exchange offer.

Securities intermediary company. A duly authorized corporation engaged exclusively in the brokerage of unlisted securities.

Securities representing participation rights. The New Securities Law approved by Law N° 27287 and published on June 19, 2000 in the Official Gazette El Peruano, hereinafter NLTV, states in its ninth section (Securities), second title, as securities representing participation rights the following:

- The share. It is provided for in Article 257 of the NLTV and is defined as an aliquot part of the capital of the company authorized to issue it. As in the GCL, the mentioned norm emphasizes the indivisible and compulsorily nominative nature of the share.
- Preferred subscription certificate. The pertinent regulation of this security is set forth in articles 258 to 260 of the NLTV.
- The certificate of participation issued in Mutual Funds of Investment in Securities and in

- Investment Funds. These securities are subject to the provisions of article 261 of the NLTV.
- Securities issued in securitization processes. It includes the provisions of article 262 of the NLTV.

Single Text of Administrative Procedures (TUPA). This is the name given to the text whose purpose is to guide investors, businessmen and users in general on the services and procedures that correspond to this institution.

Spot transaction. It is the one that results from the automatic application of purchase or sale proposals of a number of securities at a determined price (the transactions are matched as soon as there is a coincidence with the proposals at the same price or better prices), to be settled within a term fixed by the BVL but which cannot be longer than three days. Currently, in the case of shares and debt securities, there are continuous trading segments for spot transactions. However, in the case of debt securities, there is the possibility of periodic trading (auction) for spot transactions.

Shareholder. An individual or legal entity that holds one or more shares, which gives it the status of partner in a corporation and ensures it at least the following rights: to vote at the GSM, to be entitled to payment of dividends, to supervise the management of corporate business, to be preferred for the subscription of shares in the event of an increase in capital stock, and to withdraw from the corporation in the cases provided for in the bylaws.

Significant events. These are those agreements or decisions adopted or events occurring, internally or externally, that influence the investors' decision to invest in certain securities.

Stock Exchange Hours. Time established daily for each Stock Exchange session, except Saturdays, Sundays and holidays.

Stock Exchange. The stock exchanges are civil associations of service to the public and of special characteristics conformed by agent companies, whose purpose is to facilitate the negotiation of registered securities, providing services, systems and adequate mechanisms for the intermediation of publicly offered securities in a fair, competitive, orderly, continuous and transparent manner.

Stock market capitalization. The value of a company whose shares are listed on the Stock Exchange, as a result of the sum of the capital stock and/or investment shares of the companies (expressed in shares), by their respective market prices on a given date.

Stock market round. It is the daily meeting of negotiation of securities previously registered in the Public Registry of Securities and Intermediaries. Negotiable securities are mainly comprised of capital shares and investment shares. Preferred subscription certificates and some bonds and debentures are also traded.

Subscription. The act of carrying out the administrative operations necessary for the shares to be subscribed. Subscription of securities. Agreement of a natural or legal person to purchase a certain amount of shares of a company.

“T”

Transparency. Term used to designate the capacity of a market to provide investors with truthful, complete, timely and economic information on the relevant aspects of the issuing companies and the securities issued by them, so that they can make investment decisions. The securities market law includes a title on market transparency which highlights the obligation of issuers to inform the market, the use of reserved and privileged information, as well as the important facts that must be informed.

Transfer. Transaction of purchase and sale of a security.

“U”

UIT - Unidad Impositiva Tributaria. Index on which the taxable income tax scale is established. It is also used for other purposes, among which is the determination of remunerative readjustments.

“V”

Volatile stock. A stock whose price varies more than others. It is possible to express that the market is volatile when the share price index shows accentuated variations.

THIS DOCUMENT HAS BEEN AUTHORIZED IN THE REGULATORY SYSTEM BY:

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Developer	Andrea Zolessi Nieto	SECURITIES ANALYST	Approved - 06/15/2021 18:17
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