

Company and Sector Performance

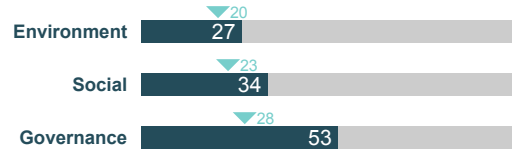
Company performance Sector average performance Sector performance

ESG OVERALL SCORE

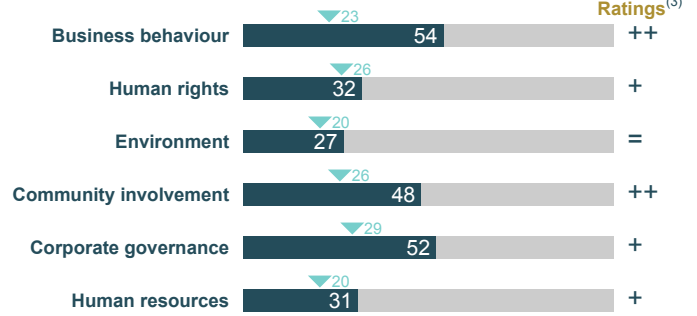


Information rate	66%
sector average	43%
Cooperation level ⁽²⁾	Not responsive
High severity controversies	No
Rank in Sector	1/20
Rank in Region	86/890
Rank in Universe	811/4453

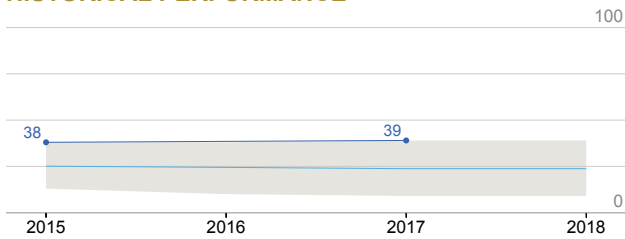
ESG PERFORMANCE (/100)



6 DOMAINS PERFORMANCE (/100)



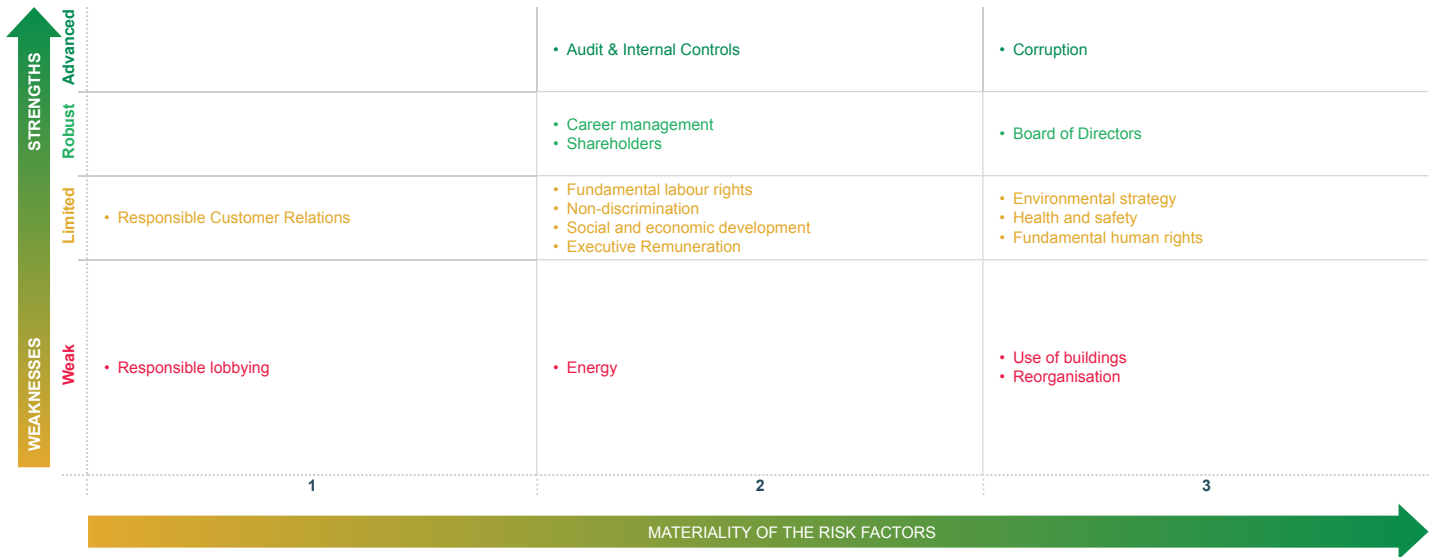
HISTORICAL PERFORMANCE



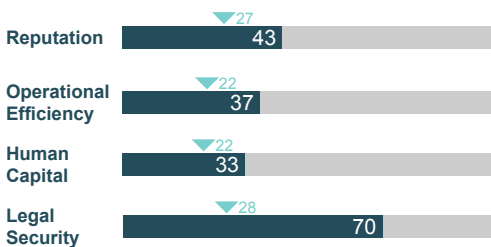
Company inclusion in Vigeo Eiris indices⁽⁴⁾: No

Management of risks and opportunities

MATERIALITY & PERFORMANCE MATRIX



RISK MITIGATION INDEX (/100)



ANALYST FOCUS

Analyst Focus is not available at this time

Carbon Footprint and Energy Transition*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

Goods and services contributing to sustainable development*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

Involvement in controversial activities*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

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(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "++", "+++" (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

			Overall score 39/100				
Weight			Trend	Score	Leadership	Implementation	Results
Environment			→	27	31	37	0
E	ENV1.1	3	→	32	48	15	N/A
E	ENV3.1	3	↗	23	15	55	0
E	ENV2.2	2	→	25	30	44	0
Human Resources			↘	31	30	30	33
S	HRS2.3	3	↘	12	0	0	35
S	HRS3.2	3	→	35	42	36	26
S	HRS2.4	2	↗	54	58	65	39
Human Rights			→	32	39	4	53
S	HRT1.1	3	↗	34	37	0	65
S	HRT2.1	2	↘	32	30	0	65
S	HRT2.4	2	→	30	51	15	24
Community Involvement			↗	48	37	56	52
S	CIN1.1	2	→	48	37	56	52
Business Behaviour (C&S)			↗	54	58	56	47
G	C&S3.1	3	↗	70	83	77	51
S	C&S1.3	1		46	41	48	49
G	C&S3.3	1		12	0	0	35
Corporate Governance			→	52	68	51	37
G	CGV1.1	3	↘	51	39	64	51
G	CGV2.1	2	↗	68	79	83	42
G	CGV3.1	2	↗	59	100	51	26
G	CGV4.1	2	↘	30	67	0	22

■ Weak (0-29/100)
 ■ Limited (30-49/100)
 ■ Robust (50-59/100)
 ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

Benchmark
Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
PEP736581005	Grana Y Montero	=	+	+	++	++	+	39
KR7028260008	Samsung C & T	+	+	++	+	+	+	36
KR7047040001	Daewoo Engineering & Construction	+	+	+	+	+	=	34
KR7000720003	Hyundai Engineering & Construction	+	++	++	+	-	=	34
INE018A01030	Larsen & Toubro	+	=	+	=	=	+	31
KR7028050003	Samsung Engineering	+	=	+	+	+	=	31
MYL5398OO002	Gamuda	=	+	=	=	=	+	28
KR7006360002	GS Engineering & Construction	+	=	+	-	=	=	28
MYL3336OO004	IJM	=	=	-	=	+	+	27
CNE1000002F5	China Communications Construction	=	=	-	+	=	+	25
KYG216771363	China State Construction	=	+	-	+	=	+	25
CNE100000981	China Railway Construction	=	=	-	=	-	+	22
KR7000210005	Daelim Industrial	+	-	-	-	=	-	20
KR7052690005	Kepeco Engineering & Construction Company	-	=	+	=	=	--	20
CNE100001NV2	SINOPEC ENGINEERING GROUP	-	=	=	-	-	=	20
MX01PI000013	PROMOTORA Y OPER DE INFR	--	--	-	-	-	=	13
CNE1000007Z2	China Railway Group	-	-	-	-	-	-	12
KR7012630000	Hyundai Development	-	-	-	-	-	--	11
MA0000011850	Delta Holding	-	-	-	-	-	-	10
XS1134020830	Beijing Infrastructure Investment	-	--	-	--	-	--	9

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General information

Graña y Montero is a group consisting of 26 engineering and infrastructure service companies operating in several countries in Latin America. The Company is headquartered and incorporated in Peru, which is its main

market along with Chile and Colombia. The Company is facing an allegation related to a corruption scandal on which it communicates transparently.

Selected financial data

Key data	Revenues	EBIT	Employees
2016	PEN 6.1bn	PEN 0.64bn	28,079
2015	PEN 7.8bn	PEN 0.70bn	29,049
2014	PEN 7bn	PEN 0.54bn	46,762
2013	PEN 6bn	PEN 0.67bn	33,169
2012	PEN 5.2bn	PEN 0.53bn	28,654

Main shareholders	2016
GH Holding Group Corp.	17.8%
AFP Integra SA (Investment Management)	5.89%
Profuturo AFP SA	5.68%
Bethel Enterprises SA	5.12%

Geographical Breakdown	Turnover 2016	Employees
Peru	N/A	60%
Colombia	N/A	21%
Chile	N/A	14%
Panama	N/A	5%

Main economic segment	Turnover 2016
Engineering and construction	74.58%
Technical services	14.71%
Infrastructure: Toll roads	5.03%

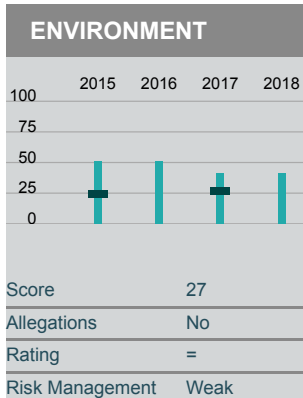
Main economic segment	Turnover 2016
Infrastructure: Energy	4.97%
Real estate	2.75%
Infrastructure: Mass transit	2.69%
Parent company operations	0.9%
Infrastructure: Water treatment	0.35%

Selected ESG Indicators

	2016	2014
Non-executive Board member(s) responsible for CSR issues	Yes	Yes
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	N/A	N/A
Ratio of payments to employees vs. Shareholders	↗	N/A
Percentage of independent Board members	55	44
Percentage of women on Board	0	0
Percentage of women in Executive team	22	15
Percentage of women in workforce	18	18
Transparency on lobbying budget	No	N/A
Percentage of employees covered by collective agreements on working conditions	100	N/A
3 year trend for safety at work	↗	↗
Involvement in armament	No	No
Transparency on payment of tax	Insufficient	N/A

CSR performance per domain

■ Sector performance
■ Company performance
Rating : min- / max ++

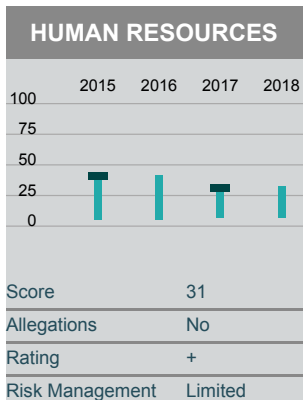


Key issues

According to the Global Alliance for Buildings and Construction, the building and construction industry accounts for 30% of global CO2 emissions, making it one of the most CO2-emitting industrial sectors. In this sense, construction companies must define an exhaustive environmental strategy that addresses both the environmental impacts of their activities and those of the buildings delivered. In particular, companies should strive to include energy-saving features in their buildings. As a result, the Environmental strategy and the Reduction of impacts from the use of buildings are key issues for the sector.

Company performance

- The Company's performance in the Environmental domain is weak in absolute terms, which is consistent with the previous review.
- The Company has seen a significant improvement in its performance in the Management of environmental impacts from the use of buildings and installations domain, as the Company has implemented eco-efficient water management system in its construction projects, furthermore, the Company has implemented technologies reduce energy consumption and to raise awareness on energy efficiency among the final users.

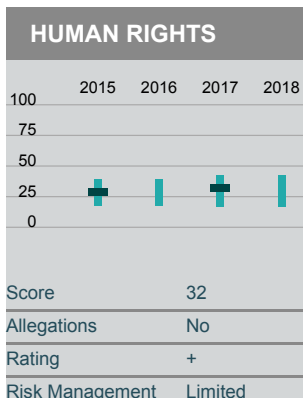


Key issues

The promotion of employees' and subcontracted workers' health and safety is a key issue for construction companies given the nature of their activities. It is the companies' responsibility to prevent the occurrence of accidents, and to mitigate exposure to hazardous substances, noise, vibrations and repetitive movements. In addition, given the economic slowdown that has affected the Heavy Construction sector in the recent years, companies must work to mitigate the impacts of reorganisations on affected employees.

Company performance

- The Company's performance in the Human Resources domain is limited in absolute terms, which is consistent with the previous review.
- The Company has seen a significant decrease in its performance on responsible management of reorganisation driver since earlier information no longer is accessible. The Company has set up a comprehensive health and safety management system including OHSAS 18001 certification but lacks to address stress at work. Indicators on accidents has seen improvements.



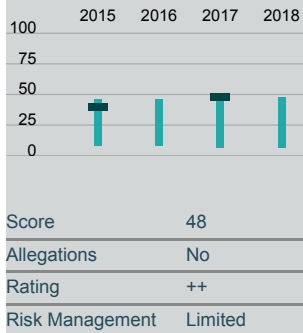
Key issues

Companies in the Heavy Construction sector are sometimes brought to participate in construction projects in countries where violations of human and labour rights are frequently observed. One of the main challenges for the sector is the respect of migrant workers rights. For companies involved in large infrastructure projects, indigenous peoples' rights, especially property rights, are also a key issue. In companies' home countries, the use of illegal workers, hired by subcontractors under poor working conditions is also common in the sector. Companies have therefore the responsibility to ensure the respect of subcontracted workers' rights in their home markets.

Company performance

- The Company's performance in the Human Rights domain is limited in absolute terms, which is an improvement in relation to the previous review.
- The Company has seen a significant improvement in its performance in the Respect for human rights driver, as the Company has issued a formalised commitment to promote human rights and communicates that it is a signatory of the Global Compact. However, the Company has not implemented means to support the commitment.

COMMUNITY INVOLVEMENT



Key issues

Companies in the Heavy Construction sector have great opportunities to contribute to economic and social development in the areas where they operate. The use of local suppliers and the employment of local workers implies new business opportunities in areas where projects are conducted. In developing countries, construction companies have a particular responsibility to let the local community benefit from such opportunities and to transfer technological skills to the local population. Since tax revenues are key factors of local economic development, companies' transparency and responsible behaviour in this respect are also assessed.

Company performance

- The Company's performance in the Community Involvement domain is limited in absolute terms, which is consistent with the previous review.
- The Company's CSR policy addresses in general terms the promotion of local social and economic development. Only some initiatives in terms of local hiring and transfer of skills seem to back this commitment, and Graña y Montero reports indicators on the outcomes of these projects. Financial support and employee volunteering are dedicated to support general interest causes in Peru, Colombia and Chile, but the amount of related investments over time is not disclosed.

BUSINESS BEHAVIOUR (C&S)



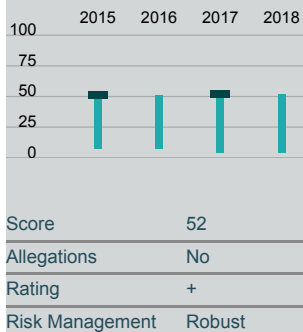
Key issues

Business integrity issues are key in the Heavy Construction sector. Companies' participation in public bids and the development of public-private-partnerships (PPP) increase risks of corruption practices and raises the importance of the respect of contract clauses. Furthermore, the increased concentration of large international players, hence an increased risk of anti-competitive practices. Finally, in a context of intense legislative activity, companies should report transparently on their lobbying practices.

Company performance

- The Company's performance in the Business Behaviour domain is robust in absolute term, which is an improvement in relation to the previous review.
- The Company has seen a significant increase in the Prevention of corruption driver, as the Company has issued a strong commitment to prevent corruption. Furthermore, the Company provides training on anti-corruption, has set up a reporting system, included corruption in the internal controls, and allowed external investigation of allegations. The Company also discloses the number of reported cases.
- The Company is under allegations of being implemented in the Odebrecht case, but has voluntarily taken corrective actions.

CORPORATE GOVERNANCE



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).


Company performance

- The Company's performance in the Corporate Governance domain is robust in absolute terms, which is consistent with the previous review.
- The Company has set up a Risk, Compliance and Sustainability Committee and CSR issues are reviewed, but information indicates that the focus is on business ethics and not other relevant CSR issues. The same is evident in regards to internal controls and the management of CSR risks. The general internal controls system is comprehensive.

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CSR performance per criterion

Detailed Analysis

Environment	10
ENV1.1 Environmental strategy and eco-construction	10
ENV1.4 Protection of biodiversity	12
ENV2.2 Minimising environmental impacts from energy use	13
ENV2.5 Waste management	14
ENV3.1 Management of environmental impacts from the use of buildings and installations	15
Human resources	16
HRS1.1 Promotion of labour relations	16
HRS2.3 Responsible management of reorganisations	17
HRS2.4 Career management and promotion of employability	18
HRS3.2 Improvement of health and safety conditions	20
Human rights	22
HRT1.1 Respect for human rights standards and prevention of violations	22
HRT2.1 Respect for freedom of association and the right to collective bargaining	23
HRT2.4 Non-discrimination	24
Community involvement	26
CIN1.1 Promotion of the social and economic development	26
Business behaviour (C&S)	28
C&S1.3 Responsible Customer Relations	28
C&S2.3 Integration of environmental factors in the supply chain	29
 C&S3.1 Prevention of corruption	30
C&S3.2 Prevention of anti-competitive practices	32
C&S3.3 Transparency and integrity of influence strategies and practices	33
Corporate governance	34
CGV1.1 Board of Directors	34
CGV2.1 Audit & Internal Controls	36
CGV3.1 Shareholders	38

CGV4.1

Executive Remuneration

-  Involvement in allegations
-  Involvement in allegations with evidence of corrective measures

Environment

Score: 27

ENV1.1 Environmental strategy and eco-construction

(score: 32, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Environmental Policy. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to the majority of its responsibilities in terms of environmental protection:

- Protection of biodiversity;
- Reduction of waste generated by production processes;
- Reduction of the energy use of production processes;
- Management of environmental impacts related to the use of installations.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.
The policy is signed by senior management.

Means allocated to environmental management

The company states that it has an EMS in place but does not disclose its content.

Coverage of certified environmental management systems

Information obtained from company and public sources regarding the share of the sites that have a certified environmental management system is insufficient.

Relevance of commitment to eco-designed construction

The company's commitment to eco-construction is general.

Resources (tools) allocated to eco-construction and eco-renovation

The company refers to recognised assessment labels.
The company states that it developed buildings in accordance with the LEED17 standard and one project earned LEED Gold-certification and another LEED Silver-certification.

Coverage of means allocated to eco-construction and eco-renovation

Measures regarding eco-construction and eco-renovation cover only a minority of buildings.
The measures only covers office buildings and only 2 of the constructed buildings obtained certification.

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Leadership	48	Implementation	15
Visibility	65	Means & resources	15
Relevance	48	Coverage	15
Ownership	30		

ENV1.4 Protection of biodiversity

(deactivated)

This Sustainability Driver is only analysed for large Companies in the Heavy Construction - Emerging Market cluster. Thus, it is not assessed for this company.

ENV2.2 Minimising environmental impacts from energy use

(score: 25, weight: 2)



Relevance of the company's commitment in terms of reducing the amount of energy used in its production processes.

The company's commitment to reduce the energy consumption of its production processes is general.

Relevance of the company's commitment in terms of reducing its energy-related GHG emissions

The company's commitment to reduce its energy-related emissions is general.

Means allocated to the reduction of energy consumption and related emissions from the process.

The company has set up monitoring systems for its energy consumption and its related GHG emissions.

Coverage of the means allocated to the reduction of energy consumption and related emissions from the production process.

The company has taken such measures at a majority of the company's sites, including the headquarters, CAM GyM and STRACON GyM.

Energy consumption from the production processes.

Information obtained from company and public sources regarding energy consumption is insufficient. The company discloses consumption data for 2016 and 2015, but in the data for 2016 the consumption in the Real Estate part of the company is missing and in data for 2015 consumption in the Infrastructure part of the company is missing. Therefore, the data is not comparable.

CO2 emissions linked to energy consumption from the production process.

Information obtained from company and public sources regarding CO2 emissions (direct and indirect) linked to energy consumption is insufficient. The company only discloses comprehensive and comparable data for 2016.

Leadership	30	Implementation	44	Results	0
Relevance	30	Means & resources	30	Performance	0
		Coverage	65		

ENV2.5 Waste management

(deactivated)

This Sustainability Driver is only analysed for large Companies in the Heavy Construction - Emerging Market cluster. Thus, it is not assessed for this company.

ENV3.1

Management of environmental impacts from the use of buildings and installations

(score: 23, weight: 3)



Relevance of commitments related to the use of buildings.

The company's commitment to limiting impacts related to the use of its buildings is general.

Means allocated to reduce the impacts linked to the use of buildings.

The company has implemented some measures that reduce the impacts of buildings during use:
- Eco-efficient water management systems: The company has introduced a system to use greywater from showers to irrigate green areas. The company installed water-saving flush valves in the sanitary facilities of its administrative sites and conducted leakage inspection.

Coverage of means allocated to reduce the impacts linked to the use of buildings.

The company has taken measures for a part of its construction and renovation projects.

Relevance of the company's commitment in terms of reducing the energy consumption and related emissions from its constructed/renovated buildings.

The company does not disclose any commitment with regard to the reduction of the energy consumption and related emissions from its constructed buildings.

Means allocated to reduce the energy consumption and related emissions from the constructed and renovated buildings.

The company integrates technologies that reduce the energy consumption and related emissions in its construction projects. The company has implemented solar water heaters, software to measure and optimise fuel consumption, installed sensors for lightning and LED lightning amongst other measure. In addition, the company has implemented some means enabling behaviour change. The company has done workshops for children about environmental care.

Coverage of the means related to the energy consumption of constructed buildings.

The company has taken measures for part of its construction and renovation projects.

Share of construction projects which are designed with a reduced environmental impact

The company does not disclose quantitative data illustrating the environmental performance during use phase of the delivered buildings.

Leadership	15	Implementation	55	Results	0
Relevance	15	Means & resources	48	Trends	0
		Coverage	65		

Human resources

Score: 31

HRS1.1 Promotion of labour relations

(deactivated)

This Sustainability Driver is only analysed for large Companies in the Heavy Construction - Emerging Market cluster. Thus, it is not assessed for this company.

HRS2.3 Responsible management of reorganisations

(score: 12, weight: 3)



Relevance of commitment to a responsible management of restructurings.

The company does not disclose any commitment to manage reorganisations responsibly.

Involvement with employee representatives

The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

Means allocated to prevent and manage restructurings

Information obtained from company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

Coverage of means allocated to prevent and manage restructurings.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Result of the company's commitment to manage reorganisations responsibly

The company has not limited the impacts of reorganisations.

Leadership	0	Implementation	0	Results	35
Relevance	0	Means & resources	0	Performance	35
Ownership	0	Coverage	0		

HRS2.4 Career management and promotion of employability

(score: 54, weight: 2)



Visibility of commitment on career management and training.

The company has issued a formal commitment to promote career management and training, in its Sustainability Report, Code of Conduct and Ethics Letter.

Relevance of commitment on career management and training.

*The company's commitment to promoting career management and training addresses only part of its main responsibilities:
- Ensure training, life-long learning and employability;
- Promote career development.*

Ownership of commitment

The Head of HR is part of the company's Executive Committee and line managers are evaluated on their performance in terms of human resources management, through 360 assessments.

Career management systems

The company has set up an internal job opportunity marketplace and has formalised the skill requirements for the various job positions. Moreover employees have regular performance assessment interviews.

Coverage of career management systems

These career management systems cover a majority of the company's employees.

Types of training provided to non-managers

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills.

The centre of technical and development training for employees is part of Graña y Montero's university and is specially dedicated to provide operational employees with additional skills that are not required for their current position.

Means allocated to training for all employees

The number of training hours per employee has increased by 36% from 9.96 hours per employee in 2014 to 13.56 hours per employee in 2016.

Employee turnover rate

The company does not disclose the employee turnover rate.

Training delivered during the year under review

The majority of the company's employees received training during the year under review.

73% of the company's employees received training in 2016.

Leadership	58	Implementation	65	Results	39
Visibility	65	Means & resources	65	Performance	39
Relevance	30	Scope	65		
Ownership	100	Coverage	65		

HRS3.2 Improvement of health and safety conditions

(score: 35, weight: 3)



Visibility of health & safety commitments

The company has made a formalised commitment to health and safety issues, which covers both its employees and sub-contracted workforce, in its Corporate Sustainability Policy.

Relevance of health & safety commitments

The company's commitment is general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to health and safety

The company has allocated significant means to address these issues, including a certified health and safety system:

- Awareness raising programmes: The company conducts training on health and safety issues for its employees.
- Internal monitoring: The accident frequency rate of the company is disclosed and comparisons are made with previous years.
- H&S risk assessments: The company identifies the main risk linked with safety.
- OHSAS 18001 certifications: 9 of the 10 group's companies were certified under the OHSAS 18001 standard.
- Internal H&S audit: The company's certified health and safety management system entails regular internal audits.

Coverage of health and safety system

The health and safety measures cover a majority of the company's employees but the coverage of sub-contracted workforce is not mentioned or unclear.

Means allocated to reduce stress at work

Information obtained from company and public sources regarding means allocated to reduce stress is insufficient.

Coverage of means allocated to reduce stress at work

Scope of means allocated to health and safety

The company addresses some issues identified in the sector.

- Safety: The means relates to the safety of the company's employees.
- Road risks: Specific guidelines on road safety are provided and exposed employees are trained on it, in addition to specific procedures in place for road safety in most exposed areas.

Injury frequency rate for company employees

The company's injury frequency rate has decreased but not continuously by 9% over the last five years, falling from 0.44 accidents per 200,000 hours worked in 2012 to 0.40 in 2016.

Injury severity rate for the company employees

The amount of non-worked days for every 200,000 hours worked due to accidents decreased from 124 non-worked days for every 200,000 hours worked in 2015 to 67 in 2016.

Other health and safety indicators for the company's employees

The company does not disclose the absenteeism rate and/or the rate of occupational disease of its employees.

Injury frequency rate for subcontracted workforce

The company does not disclose the injury frequency rate of its subcontracted workforce.

Injury severity rate for subcontracted labour.

The company does not disclose the injury severity rate of its subcontracted workforce.

Stakeholders' feedback

As of 06/2017, Graña Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Leadership	42
Visibility	65
Relevance	30
Ownership	30

Implementation	36
Means & resources	49
Scope	30
Coverage	24

Results	26
Performance	26

Human rights

Score: 32

HRT1.1 Respect for human rights standards and prevention of violations

(score: 34, weight: 3)



Visibility of commitment to respect human rights standards and prevent violations

The company has issued a formalised commitment to respect and promote human rights in society in its Corporate Sustainability Policy. The company is a signatory of the Global Compact but does not communicate on this principle.

Relevance of commitment to respect human rights standards and prevent violations

The company's commitment to respect and promote human rights in society is general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

The Corporate Sustainability Policy is signed by senior management.

Means allocated to ensure the respect of human rights standards and prevent violations

Information obtained from company and public sources regarding systems to ensure that basic human rights are respected is insufficient.

Scope of means allocated to ensure the respect of human rights standards and prevent violations

Coverage of means allocated to ensure the respect of human rights standards and prevent violations

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Leadership		Implementation		Results	
Visibility	65	Means & resources	0	Performance	65
Relevance	30	Scope	0		
Ownership	30	Coverage	0		

HRT2.1 Respect for freedom of association and the right to collective bargaining

(score: 32, weight: 2)



Visibility of commitment to respect and promote freedom of association and collective bargaining

The company has made references to freedom of association and the right to collective bargaining in its answers to Vigeo. In addition, the company is a signatory of the Global Compact but does not communicate on this principle.

Relevance of commitment to respect and promote freedom of association and collective bargaining

The company's commitment generally addresses freedom of association and the right to collective bargaining.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

The company's Social Integration Manager (Gerencia de integracion Social) and Human Resources are responsible for the commitment linked to respect for freedom of association and the right to collective bargaining.

Monitoring of the respect of freedom of association throughout the company's operations

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations

Promotion of collective bargaining

Information obtained from company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

Coverage of means allocated to promote freedom of association and/or collective bargaining

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Leadership	30	Implementation	0	Results	65
Visibility	30	Means & resources	0	Performance	65
Relevance	30	Coverage	0		
Ownership	30				

HRT2.4 Non-discrimination

(score: 30, weight: 2)



Visibility of commitment to prevent discrimination and promote diversity

The company has issued a formalised commitment to non-discrimination in its Code of Conduct. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment to prevent discrimination and promote diversity

The company's commitment to non-discrimination explicitly defines most of the categories covered:

- Gender;
- Race;
- Nationality;
- Social background;
- Religion;
- Sexual orientation;
- Sensitive medical conditions.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. The Code of Conduct is signed by senior management.

Means allocated to prevent discrimination and/or promote diversity

The company has set up basic measures to prevent discrimination and promote diversity:

- Monitoring: The company monitors the percentage of women in the workforce and in management.
- Confidential reporting system: The company has set up the Ethical Channel, where violations of the Code of Conduct, including discrimination, can be reported.
- Disciplinary procedures / corrective measures: If violations of the Code of Conduct is proved, the company will take relevant measures such as sanctions, fines or penalties.

Coverage of means allocated to prevent discrimination and/or promote diversity

Although the company has set up monitoring and whistleblowing systems, the company has not gone beyond that to implement programmes to promote diversity in its operations.

Results in terms of gender distribution

The company only publishes indicators over the past two years, and the share of women in management positions has decreased by 16 percentage points from 33% in 2015 to 17% in 2016.

Results in terms of employment of persons with disabilities

The company does not disclose quantitative data on performance indicators such as the share of disabled persons in the total workforce.

Results in terms of gender distribution in the blue collar workforce

The share of women employees has remained stable over the past three years at 18%.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Leadership	51	Implementation	15	Results	24
Visibility	65	Means & resources	30	Performance	65
Relevance	65	Coverage	0	Trends	10
Ownership	30				

Community involvement

Score: 48

CIN1.1 Promotion of the social and economic development

(score: 48, weight: 2)



The company publishes a 3-year or more history of relevant indicators illustrating social and economic development in the areas where it operates.

Performance trend

Figures like hours of building skills training provided to communities and the percentage of participants hired, as well as the percentage of non-skilled labour hired are disclosed in Grana y Montero's literature. The amount of man-hours of training has decreased from 118,560 man-hours in 2014 to 77,568 in 2016, and so has the percentage of participants hired from 60% in 2014 to 45% in 2016. For all years 100% of unskilled labour came from local communities.

Transparency of tax reporting

The company reports only on gross taxes paid. There is no breakdown on a regional or country basis.

Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

The Company operates in IMF 'offshore financial centres' or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, and it justifies its presence in most of them. The company operates in the Dominican Republic and Panama. The company states that this is due to the undertaking of projects in the countries.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Visibility of the policy

The company has issued a formalized and accessible commitment to promote local social and economic development in its Corporate Social Responsibility (CSR) Policy.

Relevance of commitment

The company's commitment to promote local social and economic development is general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

The policy is signed by senior management.

Means allocated

The company has allocated significant means to address social and economic development, including:

- *Initiatives to support transfer of skills: Through its recruitment program, Graña y Montero shares its construction knowledge and trains community members in construction techniques, risk prevention and leadership.*
- *Hiring of local personnel: Graña y Montero increases employability of the local population.*
- *Hiring of local suppliers: The company hires local suppliers when possible.*

Geographical coverage of means allocated to support local social and economic development

Means are allocated at least in Peru, Colombia and Chile.

Measures related to community engagement and social impact assessments

The company engages with local stakeholders and has set up a system to assess the impact of its operations on local development that includes:

- *Training and awareness raising: The company has conducted building skills training programmes to enhance employability of local communities.*
- *Grievance mechanisms: The company has set up queries and complaints systems.*
- *Community consultation: The company has set up community liaison with persons or focal points.*

Geographical coverage of measures related to community engagement and social impact assessments

There is no evidence that the company has implemented these measures in a majority of projects for which community engagement and social impact assessments are relevant.

Leadership	37	Implementation	56	Results	52
Visibility	65	Means & resources	53	Performance	47
Relevance	30	Coverage	65	Trends	65
Ownership	30				

Business behaviour (C&S)

Score: 54

C&S1.3 Responsible Customer Relations

(score: 46, weight: 1)



Visibility of commitment

The company has issued a formalised commitment on responsible contractual agreements in its Ethics Charter and Code of Conduct.

Relevance of commitment

The company's commitment is very general and only refers to having fair relations with its clients.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

The Ethics Charter is signed by senior management.

Means allocated

The company has set up limited measures to ensure the respect of contracts.

The company states that it has implemented different mechanisms of dialogue with clients such as customer satisfaction surveys and complaint management systems.

Coverage

The company has set up such systems for a majority of projects.

The company reports on the measures for 10 of the 18 listed subsidiaries.

Results

The company publishes a 3-year or more history of relevant indicators.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Leadership	41	Implementation	48	Results	49
Visibility	65	Means & resources	30	Performance	49
Relevance	30	Coverage	65		
Ownership	30				

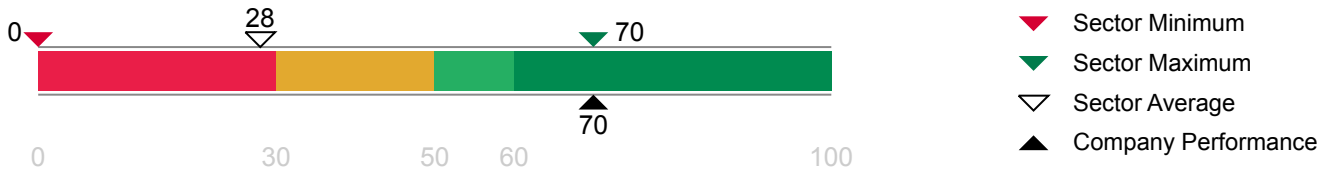
C&S2.3 Integration of environmental factors in the supply chain

(deactivated)

This Sustainability Driver is only analysed for large Companies in the Heavy Construction - Emerging Market cluster. Thus, it is not assessed for this company.

C&S3.1 Prevention of corruption

(score: 70, weight: 3)



Visibility of commitment to corruption prevention

The company has issued a formalised commitment to preventing corruption in its Anti-corruption Policy and its Ethics Charter. The company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment to corruption prevention

The company's commitment to preventing corruption addresses its main responsibilities, referring to recognised standards:

- Giving and receiving bribes;
- Gifts and invitations;
- Fraud;
- Conflicts of interest;
- Illegal financing of political parties;
- Prohibition of facilitation payments.

The company refers to the FCPA and the Peruvian laws and legal provisions for Asset Laundering and Financing of Terrorism Prevention.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved. The company has a Risk and Compliance department, which reports directly to the CEO and Board of Directors.

Involvement of employees in the prevention of corruption

The company has instituted specific training programmes for relevant employees on corruption prevention.

97% of executives, 85% of employees, and 63% of Directors received training on anti-corruption guidelines. The company provided 74.9% of Graña y Montero and 100% of Viva Graña y Montero employees with training.

Means allocated to corruption prevention

The company has set up reporting systems and internal and external controls to prevent corruption, that include:

- Internal audits (internal verification of compliance with the company's code of conduct etc.): The company has an internal control system allocated specially to corruption
- A dedicated confidential hotline or email address: The company has set up an Ethical Channel to which complaints about corruption can be reported.
- Due diligence on joint ventures: The company performs due diligence on partners in form of the Know Your Partner-measure. The questionnaire requires information on relevant aspects of partners.
- External investigations of allegations: The company has engaged independent external investigations of the Odebrecht-case.

Coverage of means allocated to corruption prevention

The measures implemented cover all significant parts of the company as well as sub-contractors.

Monitoring of the number or nature of corruption incidents reported internally

The company discloses quantitative data on the corruption incidents reported internally and on how they were handled.

The number of corruption cases reported through the Ethics Channel is disclosed. The company disclose that of the 34 cases reported 26% were solved, 59% are still under investigation, and 15% were declared inadmissible.

Stakeholders' feedback

As of 03/2017, Grana Y Montero was involved in 1 controversy of significant severity.

- Case 1 (24/02/2017): Graña y Montero allegedly involved in Brazil corruption scandal after testimony from Odebrecht ex-executive

A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.

Company's responsiveness

For each of the above mentioned cases, Grana Y Montero's response is considered:

- case 1: The company is remediative: the company has voluntarily taken specific corrective actions.

The analysis of Grana Y Montero management of each case is available in Vigeo's controversy profile.

Leadership	83	Implementation	77	Results	51
Visibility	65	Means & resources	82	Performance	51
Relevance	100	Coverage	65		
Ownership	65				

C&S3.2 Prevention of anti-competitive practices

(deactivated)

This Sustainability Driver is only analysed for large Companies in the Heavy Construction - Emerging Market cluster. Thus, it is not assessed for this company.

C&S3.3 Transparency and integrity of influence strategies and practices

(score: 12, weight: 1)



Visibility towards stakeholders

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

Comprehensiveness of the commitment

Ownership of commitment

Involvement of employees

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

Measures allocated

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

Coverage

Reporting

The company does not disclose the budget directly and directly dedicated to lobbying practices.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Leadership	0	Implementation	0	Results	35
Visibility	0	Means & resources	0	Performance	35
Relevance	0	Coverage	0		
Ownership	0				

Corporate governance

Score: 52

CGV1.1 Board of Directors

(score: 51, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No specific committee is in charge of director nomination, which might raise concerns.

The Board is in charge of director nomination.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

There is a CSR committee that is part of the Board.

The Risk, Compliance and Sustainability Committee is composed of the Chairman of the Board of Directors and four independent directors.

Share of independent shareholder-elected Board members

In accordance with standards advocated by Vigeo, the Board is more than 50% independent. 5 members of the 9-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

*The Board of Directors diversity appears to be partial:
- Board members with demonstrated professional experience in the company's sector of activities: Carlos Montero has been engaged in the sector and has been an executive in the company.*

Training and expertise provided to board members

Information obtained from company and public sources regarding training provided to board members is insufficient.

Regular election of Board members

Board members are elected at least every three years and these elections are not staggered. Board members are eligible for re-election following 3-year terms.

Evaluation of Board's functioning and performance

Performance is evaluated regularly, but with no disclosure on the results.

The Board of Directors undertakes an annual self-evaluation.

Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO, but there is no evidence that relevant CSR issues are reviewed at Board meetings. Furthermore, only few of the

relevant CSR issues appear to be discussed at Board level:
- Business ethics: The Risk, Compliance and Sustainability Committee is part of the Board, but information indicates that the committee has a focus on business ethics.

Regularity of and attendance at Board meetings

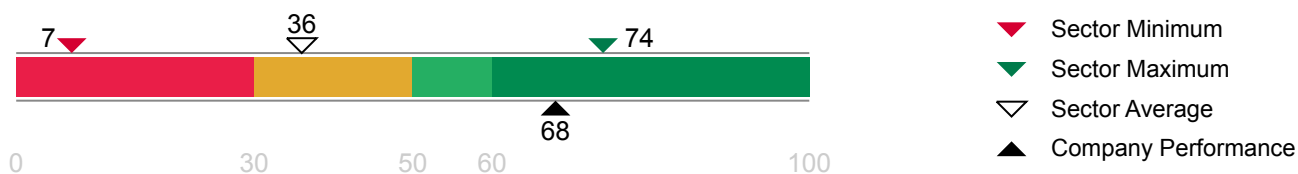
Regular meetings are held, and attendance rates are above 90%

8 Board meetings were held during the fiscal year 2015 and the attendance rate was 98%.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Augusto B. Montori	Chairman of the Board		X										Considered non independent by the company.	
Roberto A. Salah			X										Considered non independent by the company.	
Alfonso G. Peschiera			X										Considered non independent by the company.	
Carlos Montero G.			X					X	X				Considered non independent by the company.	
Pedro Errazuriz			X				X							X
Alfonso de Orbegoso			X			X	X							X
Manuel Jimenez			X			X								X
Jose A. R. Dulanto			X			X								X
Rafael Vidaurre	Vice Chairman of the Board		X			X	X							X

CGV2.1 **Audit & Internal Controls**

(score: 68, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

All members are independent non-executive directors.

4 members of the 4-member Audit and Processes Committee are considered independent.

Skills and backgrounds of Audit Committee members

Information disclosed on this subject is insufficient or not relevant.

Operational and CSR risks covered by the company's internal controls system

The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations:
 - Business ethics: The Risk, Compliance and Sustainability Board Committee has a specific focus on business ethics and anti-corruption.

Role of the Audit Committee in overseeing internal and external controls

There is a confidential reporting system in place for accounting issues. The company has set up the Ethical Channel, where employees can report breaches of legislation, regulations, policies, protocols and corporate procedures and the Ethics Charter and Code of Conduct.
 In addition, the Audit Committee has a comprehensive role that includes:
 - Oversee internal audit and internal controls;
 - Review accounting policies and be responsible for updates;
 - Nominate the statutory auditor;
 - Oversee the work of the external auditor;
 - Approve the type of audit and non-audit services provided and fees paid to the external auditor.

Management of the CSR risks

Relevant processes dedicated to management of CSR risks are in place:
 - Risk mapping/materiality assessment: The company has performed risk mapping and materiality assessments.
 - A Board Risk Committee with no executive part of it: The company has implemented the Risk, Compliance and Sustainability Committee.

Independence of the firm's external auditors

The audit firm receives non-audit fees, but these represent 50% or less of total fees (although more than 25%).

Non-audit fees represented 34.6% of total fees paid to PriceWaterhouseCoopers in 2014.

Inclusion of CSR issues in the company's reporting

The company publishes significant CSR reporting on key material issues.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 59, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Nonexistence of anti-takeover devices

There is no reference to anti-takeover devices in the company's reporting.

Safeguards on transactions with major shareholder(s)

More than half of the board is independent, and in addition, there are additional safeguards in place to monitor transactions between the company and its major shareholder(s).

The Human Resources Committee has to be informed about and authorise transactions between the company and major shareholders.

Ability to add items to the agenda of the AGM and to convene an EGM

No major restrictions have been identified.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM

All major items are put to a shareholder vote, but shareholders are not given an opportunity to express their opinion on all elements of executive remuneration.

Presentation of CSR strategy to shareholders and investors

Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 30, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

All members are independent non-executive directors.

Three members of the three-member Human Resources Committee are considered independent.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed, but on a collective rather than on an individual basis.

Link between Short Term Incentive Plans and the performance of the company

Bonuses are said to be linked to predetermined economic or operational performance indicators, but these are not disclosed.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

Severance pay for senior executives

Severance pay may exceed 2 years' base salary, contrary to standards advocated by Vigeo.

The company has not entered into agreements to provide severance pay, but under Peruvian law the company has to pay dismissed employees 1.5 times annual salary for every year the employee has been with the company but not to exceed 12 years.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

Stakeholders' feedback

As of 06/2017, Grana Y Montero did not appear to be involved in any controversy related to this sustainability driver.

Detailed Scores and Ratings

CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2017/06	=	+	+	++	++	+
2017/03	=	++	=	+	++	+
2015/10	=	++	=	+	++	+

SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	27	31	37	0
Human resources	31	30	30	33
Human rights	32	39	4	53
Community involvement	48	37	56	52
Business behaviour (C&S)	54	58	56	47
Corporate governance	52	68	51	37

SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	32
	4	N/A
Environment 2	2	25
	5	N/A
Environment 3	1	23

Sub-domain	Criterion	Score
Human resources 1	1	N/A
Human resources 2	3	12
	4	54
Human resources 3	2	35

Sub-domain	Criterion	Score
Human rights 1	1	34
Human rights 2	1	32
	4	30

Sub-domain	Criterion	Score
Community involvement 1	1	48

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	3	46
Business behaviour (C&S) 2	3	N/A
Business behaviour (C&S) 3	1	70
	2	N/A
	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	51
Corporate governance 2	1	68
Corporate governance 3	1	59
Corporate governance 4	1	30

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Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2018/02	Sustainable Goods & Services
2017/06	Full ESG profile