

**WE OVERCOME
CHALLENGES**



**YOU CAN COUNT
ON US**



**INTEGRATED
REPORT
2020**





**AT ENGIE WE WORK TO ENSURE THAT THE ENERGY IN PERU
DOES NOT STOP.**

**EVER SINCE THE PANDEMIC STARTED, WE HAVE NOT STOPPED
OUR OPERATIONS THANKS TO THE ENGAGEMENT OF OUR HUMAN
TEAM AND THE SUPPORT FROM OUR DIFFERENT STAKEHOLDERS.
WE ARE PROUD OF THIS AND SEE THE FUTURE WITH OPTIMISM.**

**AS A COMPANY WE ACT TO ACCELERATE THE TRANSITION
TOWARDS A CARBON-NEUTRAL ECONOMY. WE AIM AT
PROVIDING OUR CLIENTS WITH LOW CO2 ENERGY AND EFFICIENT
AND ECO-FRIENDLY CONSUMPTION SOLUTIONS.
THIS IS THE PURPOSE THAT DRIVES US AS A TEAM AND THROUGH
WHICH WE CONTRIBUTE WITH THE SOCIETY, THE PEOPLE AND THE
PLANET.**



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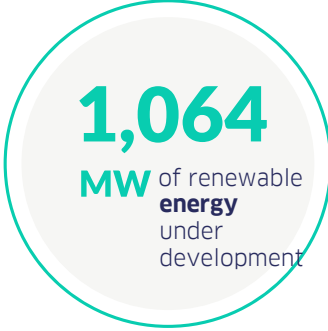
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ENGIE Energía Perú

2020 IN FIGURES



Operations

8 plants
in operation

2,496 MW
of installed
capacity

1,360 GWh
Production of
renewable energy



Financial results

Utilidad neta:
US\$ 87.9
million

EBITDA:
US\$227
million



Our team

513
employees

97%
of our employees
have been trained



Commercial



111
clients



53
new contracts
for **489.26 MW**

Social



150,000
aid beneficiaries
due to COVID-19

46,000
beneficiaries with
social actions

Environment



2-star level
In Peru's Carbon
Footprint platform
of MINAM



**Approval of Environmental
Impact Assessments for Punta
Lomas Wind Farm and
interconnection with SEIN**



**Corporate building
carbon neutralized
in 2019 and 2020**

Acknowledgements 2020

Good Corporate Governance Index

- Lima Stock
Exchange



MERCO Ranking

- Ranked 47 in the Top 100 of Companies with Best Corporate Governance and Responsibility.
Ranked 1 in the Energy Sector.
- Ranked 65 in the Top 100 of Companies with Best Corporate Reputation.
Ranked 1 in the Energy Sector for the third consecutive year..
- Best company in the Energy Sector attracting and retaining talent.





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LIABILITY STATEMENT



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This document contains true and sufficient information the business performance of ENGIE Energía Perú S.A. during year 2020. Without prejudice to the liability of the issuer, the undersigned bear responsibility for the contents hereof pursuant to the applicable legal provisions.

Lima, March 2, 2020

Hendrik De Buyserie
CEO

Marcelo Fernandes Soares
Vice-President of Finance

Company Name
ENGIE Energía Perú S. A.

Company information
ENGIE Energía Perú S. A.
Company information
Av. República de Panamá 3490, San Isidro, Lima
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Fax (511) 616-7878
<engie-energia.pe>

Responsible for preparing and reviewing the financial information
Since October 2012, Mr. Jaime Dioses has been serving as the main accounting officer of ENGIE Energía Peru S.A. Since 2018, the external audit of the company's financial statements has been conducted by Paredes, Burga & Asociados Sociedad Civil de Responsabilidad Limitada, a firm member of EY. The external auditors have not issued any negative opinion nor have they refrained from issuing opinions on the individual financial statements of ENGIE Energía Perú S.A.



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LETTER FROM THE CHAIRMAN OF THE BOARD

“As an essential business, our biggest challenge was, and still is, to keep the normal power supply that is required by the country and our clients, while safeguarding the health and safety of our personnel and, by extension, of their relatives.”

FRANK DEMAILLE

CHAIRMAN OF THE BOARD
Dear shareholders,

I am pleased to present our first “Integrated Report” corresponding to year 2020, which integrates the Annual Report and the Sustainability Report of ENGIE Energía Perú; and reflects our commitment to disclose information with openness and transparency, our economic, social and environmental performance to our stakeholders.

Year 2020 was a year that tested the world and, of course, Peru, due to the outbreak of an unprecedented pandemic, the effects of which are still wreaking havoc.

As an essential business, our biggest challenge was, and still is, to keep the normal power supply that is required by the country and our clients, while safeguarding the health and safety of our personnel and, by extension, of their relatives.

In this sense, since the arrival of Covid-19 in the country, we kept the minimum key personnel in the operations, and then increased it up to 30%, except in cases where we had to perform maintenance that could not be postponed and was required to maintain the availability of our plants. The rest of our personnel worked from home. We will maintain these conditions until we, as a country, managed to contain the health risks of the pandemic.

Thanks to our foresight and dedication to implement the health protocols and measures, we closed the year with a controlled number of positive cases, none of which were in critical conditions, and with zero disabling accidents; we also satisfied power demand with all our plants in operation across the country.

In this period, the net power sales recorded by our company amounted to USD 484.1 million, 9.7% less compared to 2019 (USD 536.4 million). Our gross profit amounted to USD 180.4 million, 12.0% less compared to 2019, basically due to less energy and capacity demand from clients due to the restrictions enacted by the Government due to the Covid-19 outbreak.

Our commercial endeavors should be given credit for obtaining record figures compared to previous years within a context of power oversupply and pandemic in the country.

In 2020, we entered into 53 new agreements for 489 MW; and 45 addenda to existing agreements for 359 MW (peak hours). As a result, the contracted capacity of our portfolio of free clients and distribution companies added up to 1,874.47 MW (peak hours).

Worth noting is also the social contribution made by ENGIE in the amount of 2 million dollars in Latin America to counter the Covid-19 pandemic. One-fourth of such amount was spent in Peru to aid approximately 150,000 people.

We thus contributed with tons of food commodities and protective items for first-line institutions responding to the emergency and our neighboring communities; as well as with medical equipment, mechanical respirators, medicinal oxygen and mobile clinics for the hospitals in the country.

Our personnel also made voluntary contributions through a solidarity fund for handing out food supplies to the neediest families due to the pandemic.

I would like to extend my appreciation to all our personnel for their engagement and dedication during 2020, a challenging time that is bringing out the best from us as professionals and as human beings; to our clients, shareholders and directors for their trust and support, which permitted us to tackle the challenges during this year. We renew our commitment, responsibility and dedication as a company, and call for optimism and hope looking forward.

FRANK DEMAILLE

CHAIRMAN OF THE BOARD



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LETTER FROM THE CEO



Dear readers,

Through this letter I wish that you and your relatives stay in good health. Our actions and commitments with the country to counter Covid-19 will continue until we know that the pandemic is completely controlled.

I am proud to inform you that in 2020 we ranked among the top 100 companies in Peru with the best corporate reputation, corporate responsibility and governance, according to the MERCO ranking.

For the third consecutive year we were ratified as part of the Good Corporate Governance Index of the Lima Stock Exchange, an indicator permitting

investors to identify companies with the best governance practices.

Along the same lines, to reaffirm our commitment with the communication and transparency of our activities to our target audience, we decided to publish this “2020 Integrated Report” to show our financial performance, our strategy towards a carbon-neutral economy, and our sustainability activities and commitment in Peru.

Honoring our commitment to expand our renewable energy portfolio, major progress was achieved at the future Punta Lomitas wind farm in the Ica Region (260 MW).



Covid-19 has been, and still is, an ongoing challenge for the company. It is with pride that I can say that in 2020 we managed to adapt our protocols and incorporate new ways of in-person and remote work, which has permitted us to avoid service downtime.



In 2020, we obtained the Environmental Impact Assessment for the project, as well as the pre-operational study approved by the Committee for Economic Operation of the National Interconnected System (COES), and the definitive concession permit is under way.

Other wind and solar generation projects that are in the initial stage of development are added to this initiative, which reflects our willingness to invest in these renewable resources.

Covid-19 has been, and still is, an ongoing challenge for the company. It is with pride that I can say that in 2020 we managed to adapt our protocols and incorporate new ways of in-person and remote work, which has permitted us to avoid service downtime. Our generation units were always available to operate as per COES requirements.

Due to the pandemic, the domestic demand decreased by 7% compared to 2019, decreasing the demand of our free clients by 44% compared to the month before the arrival of

Covid-19, and the demand of regulated clients by 29% in the same period.

This resulted in delays in the payment chain and, in coordination with our clients, we implemented actions to minimize the impact on our results.

In addition to our actions and social contribution in view of the pandemic, the regular activities in the company were not stopped. By the end of 2020, we delivered training of 97% of our personnel on different technical and professional development issues. We have been making efforts to promote gender equality in the company through awareness activities and the review of our processes. We train our personnel and suppliers on the scope of our ethical principals and zero tolerance on fraud, corruption and respect of human rights.

On Occupational Health and Safety, we delivered 12 thousand hours of training between own and contractors' personnel, which permitted us to finish the year with zero disabling accidents and zero occupational diseases, reducing hazardous incidents by 50% compared to 2019.

Regarding our communities, we directly benefited 46,000 people with different social programs in our operation areas, incorporating digital platforms to keep our engagement and joint work with our neighbors.

Our achievements in 2020 is the result of our engagement and professionalism of our great family at ENGIE Energía Perú; I foresee 2021 with optimism, when we will continue to contribute to the reactivation of the country and strengthening the Peruvian electrical sector.

RIK DE BUYSERIE



CEO



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ABOUT US

We are ENGIE Energía Perú, one of the largest power generation, transmission and trading companies with more than 23 years of operations in Peru.

We are part of the ENGIE Group, a French capital company with presence in 70 countries and 171,100 employees around the world. Its shares are listed on the Brussels, Luxembourg and Paris stock exchanges.

Since the start of our operations, in 1997, we have invested around USD 2,300 million to develop eight power generation plants across different regions in the country, with an installed capacity of 2,496 MW, which accounts for approximately 20% of the capacity in the country.

We are working to lead the energy transition to a future with less carbon emissions. In 2020, we

produced 1,359.9 GWh of renewable energy, accounting for 21% of our total power production.

At present, we have an ambitious portfolio of wind and solar projects under development. And in line with this objective, in December 2019, the closing of our coal-fired plant, the Ilo21 Thermal Power Plant, was announced for 2022.

BUSINESS PURPOSE

ENGIE Energía Perú engages in power generation, transmission and trading activities pursuant to the applicable laws. In order to meet its business purpose, the Company can take part in consortiums, joint ventures or any other form of business association, as permitted by the Peruvian law, and carry out other activities that are ancillary or supplementary to their business purpose and perform all acts and enter into all agreements as permitted to corporations by the Peruvian law.

OUR ECONOMIC GROUP

ENGIE Energía Perú is part of the ENGIE Group, controlled indirectly by ENGIE S.A., a corporation incorporated and existing under the laws of France, with the French State as the main individual shareholder, with approximately 23.64% of the shares. Within the Group structure, the main shareholder of ENGIE Energía Perú is International Power S.A., holder of 61.77% of the shares, and the remaining 38.23% of shares are owned by Peruvian Pension Fund Managers (AFP), as well as other individuals and legal entities. In turn, ENGIE Energía Perú functionally belongs to the business unit of ENGIE S.A., referred to as ENGIE Latin America.

The composition of the economic group and position of ENGIE Energía Perú is shown below:

Composition of the economic group	
ENGIE S.A. France	
↓ 99.13%	
ELECTRABEL S.A. Belgium	
↓ 99.99%	
INTERNATIONAL POWER LTD. United Kingdom	
↓ 100%	
INTERNATIONAL POWER (ZEBRA) LIMITED United Kingdom	
↓ 100%	
GDF SUEZ IP LUXEMBOURG S.A.R.L. Luxembourg	
↓ 100%	
INTERNATIONAL POWER LTD. Belgium	
↓ 61.77%	
ENGIE ENERGÍA PERÚ S.A. Peru	





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ABOUT US

OUR HISTORY

ENGIE Energía Perú was incorporated in September 1996, under the name of Powerfin Perú S.A., in order to procure the power generation assets owned by Southern Peru Copper Corporation (SPCC) and, ultimately, enter into the Power Purchase Agreement with such company.

International Power S.A. (formerly Suez-Tractebel S.A.) had the control of ENGIE Energía Perú until February 2004, when the Pension Fund Managers subscribed and paid a capital increase approved by the shareholders of the company and became the holders (jointly) of 21.1% of the share capital of ENGIE Energía Perú.

In 2005, it publicly offered its shares in the Lima Stock Exchange and succeeded in placing 17.2% of shares in the share capital of ENGIE Energía Perú.

On the other hand, the business name has been modified over time, and is currently named “ENGIE Energía Perú S.A.”

Company Term: Indefinite

International Standard Industrial Classification (ISIC): 3510

RELATED COMPANIES

In addition to ENGIE Energía Perú, the ENGIE Group is present in Peru, through: (i) ENGIE Services Perú S.A., a company engaged in providing multitechnical and energy efficiency solutions; (ii) CAM Servicios del Perú S.A., a company providing electrical and telecommunications services; and (iii) ENGIE Perú S.A., a company engaged in project development and representing the parent company.

It should be noted that ENGIE Energía Perú does not hold any shares in such companies.

The modifications of the business name are summarized below:

INCORPORATION AND MODIFICATION OF THE BUSINESS NAME			
DATE	BUSINESS NAME	NOTARY	MILESTONE
September 20, 1996	Powerfin Perú S.A.	Jorge Orihuela Iberio	Incorporation of the company under registry entry No. 11027095
February 27, 1997	Energía del Sur S.A.	Manuel Noya de la Piedra	Modification of business name.
August 28, 2007	EnerSur SA.	Ricardo Fernandini Barreda	Modification of business name.
March 14, 2016	ENGIE Energía Perú S.A.	Ricardo Fernandini Barreda	Modification of business name.





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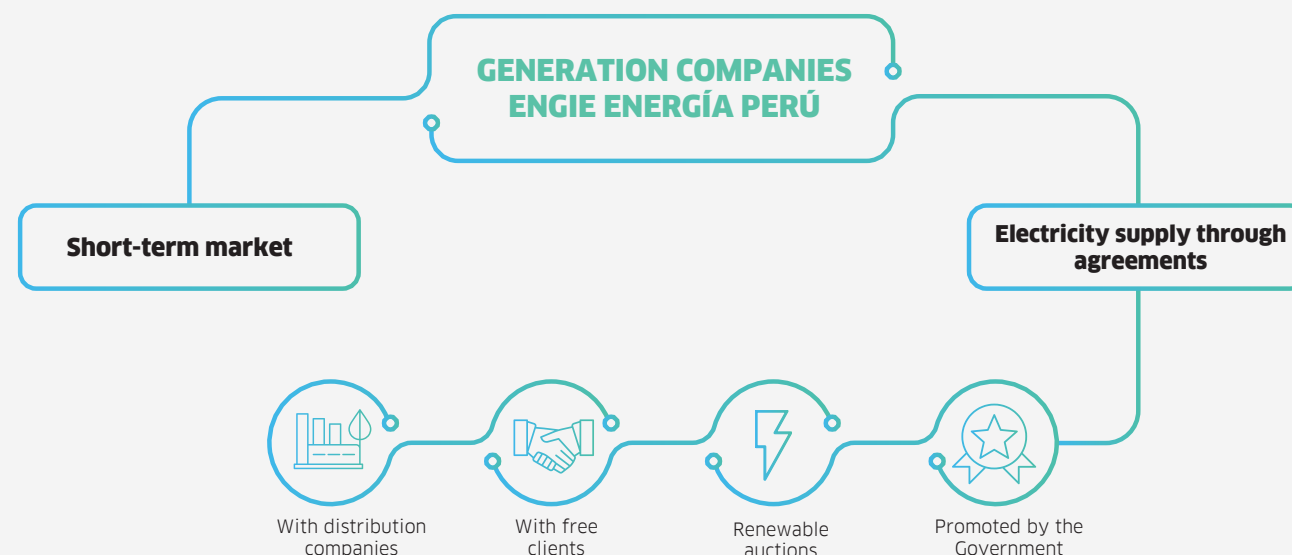


OUR SECTOR

The electrical market is mainly governed by the **Electrical Concession Law, published in 1992; the Efficient Generation Law, published in 2006; Legislative Decrees No. 1002 and 1041, both passed in 2008; and Law No. 29970 dated 2012. (See annex Main Regulations of the Electricity Sector)**

OPERATION

Pursuant to the regulatory framework applicable to the electrical sector, ENGIE Energía Perú operates in the following markets:



SHORT-TERM MARKET

The Short-Term Market (also referred to as the Spot Market) is a pool-type market¹, where generation companies sell their electricity production from their power generation plants and purchase the electricity that their clients withdraw physically (up to the limit set forth in their respective power purchase agreements) from SEIN. These transactions are valued with the short-term term marginal costs².

The Committee for Economic Operation of the National Interconnected System (COES) is the coordinator that optimizes power generation from the SEIN, aiming in general at securing the minimum operating cost of the system. To this end, COES arranges the production of plants with the lowest variable cost and so on until the full demand of SEIN is met.

Within the short-term market framework, Large Users (free users³ requiring 10 MW or more) may purchase in this market up to 10% of their maximum demand, and the distribution companies may take part in this market to purchase up to 10% of the maximum demand of their free users.

Moreover, everyone withdrawing electricity from this market are required to pay the respective regulated charges, including the capacity charge that is applicable in peak hours for the remuneration of the firm capacity of plants arranged according to their variable cost, plus a reserve margin⁴ set by the Ministry of Energy and Mines (MINEM).

ELECTRICITY SUPPLY THROUGH AGREEMENTS

Agreements with distribution companies.

Generation companies compete among themselves to enter into power purchase agreement with distribution companies in order to meet the demand of their clients in their respective areas of concession. These agreements may derive from: i) auctions, supervised by Osinergmin, and conducted by distribution companies, with electricity prices resulting from the award; ii) bilateral negotiations, with electricity prices resulting from the negotiations between the generation company and the distribution company, which are not to exceed the price regulated by Osinergmin (busbar price).

According to the legal framework, generation companies are not permitted to contract with free users and distribution companies for more than the capacity and firm energy they produce and are contracted with third parties. In other words, these agreements can be entered up to the maximum production of the power generations plants of each generation company.

On the other hand, the supply commitments under these agreements are financial rather than physical, that is, generation companies, despite having sufficient firm energy and capacity to supply their clients, have no obligation to produce electricity at the same time it is consumed by their clients.

1. Market where all generation companies supply the electricity to the system and the clients withdraw electricity from it without the need of an agreement between the parties supplying and withdrawing the electricity.
2. Cost of producing an additional electricity unit at any busbar (point of the system where electricity is supplied or withdrawn) of the system. It varies per busbar or node.
3. Users not subject to price regulation for their energy or capacity consumed. Users with a maximum annual demand above 200 kW may decide to be free or regulated. Users whose maximum annual demand at each point of supply is between 200 kW and 2500 kW are free to choose their condition as a Regulated User or Free User. Users whose maximum demand at each point of supply exceeds 2500 kW are Free Users.
4. Supply capacity in addition to the maximum demand of the system that is required for a safe operation of the SEIN.



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How is the client demand met then? It is COES who arranges on a daily basis which units should generate to meet the demand⁵ of SEIN.

Along these lines, the physical consumptions (withdrawals) of electricity by the clients of a generation company may be different (greater or lower) from the physical electricity production of such generation company.

Agreements with free users.
Generation and distribution companies compete to enter into agreements with free users, as per the foregoing definition. In this case, the electricity generation prices are agreed between the generation company and the free user. The supply commitments in these agreements, like in the previous case, are not physical but rather financial.

Renewable generation.
Pursuant to Legislative Decree No. 1002, every five years the MINEM sets the target percentage of domestic consumption that is to be met with energy produced with non-conventional renewable generation, (RER: Renewable Energy Resources)⁶, which currently is 5%.

Within the framework of Legislative Decree No. 1002, four auctions have been held for new renewable plant developments, and the awarded agents have entered into the corresponding agreements with the awarded generation companies. The last auction was held in 2016.

In this case, the supply commitments are physical, the generation companies awarded in the auctions commit to physically supply to the system a given annual volume of energy.

Agreements promoted by the Government⁷.
The Government called for tenders for the construction of power plants of a given technology and, in some cases, for the purchase of electricity generated by these power plants.

MAIN PLAYERS

The generation supply in SEIN, in addition to ENGIE Energía Perú, is mainly covered by the Government and the following business groups: Enel, Inkia Energy, Colbún and Statkraft. The production in SEIN is characterized by being composed mainly⁸ of hydropower (59.6%) and thermal generation (35.4%). The remaining generation comes from solar and wind sources (5.2%). Moreover, energy sales in SEIN were 57% to free clients and 43% to distribution companies⁹. Free large clients are mining and industrial companies for the most part.

CURRENT MARKET SITUATION

The Peruvian electrical market has been facing an electricity generation oversupply with competitive

prices for the past several years due to the high production capacity of hydropower and thermal power plants (natural gas). For instance, in December 2020, the maximum total demand of SEIN added up to 6,960 MW¹⁰ and the available power generation supply was 12,740 MW¹¹, that is, there was an oversupply in December 2020 of 5,780 MW. Additionally, of the total available supply of natural gas units of 4,112 MW, only 2,668 MW were used, leaving 1,444 MW out of the dispatch (44% of the available natural gas supply). This oversupply explains why electricity prices in the short-term market and the agreements with free users are at the current levels.

Regarding the Natural Gas Price Declaration Mechanism for power generation, since early 2020, MINEM conducted the evaluation of the report issued by the Multi-sector Commission for the Electricity Sub-sector Reform (CRSE)¹². This report proposed a method to set the variable costs of natural gas from thermal plant as the shadow price of an optimal mid-term dispatch, which uses the information from gas agreements for gas plants, such as prices and volume restrictions or fixed capacity; which are deemed as gas fixed costs and not part of gas variable cost. Subsequently, the Supreme Court of Justice passed a Ruling¹³ that rendered null and void the regulation that established the natural gas price declaration mechanism and ordered the Government to issue a new regulation.

On December 19, 2020, MINEM published a Supreme Decree, which delegated COES the preparation and OSINERGMIN the approval of the procedure for generators to submit their gas cost information and for determining the gas variable costs for power generation.

COES submitted its proposal on February 4, 2021 and the deadline for approval of the regulation by OSINERGMIN expired on May 3, 2021.

- 5. This is performed in the Short-Term Market.
- 6. As per Legislative Decree No. 1002.
- 7. With commercial designs different than those set forth in the Electrical Concession Law and General Electricity Law. In some cases, based on the “Law that generates energy security and promotes the development of the petrochemical pole in the south of the country”, Law No. 29970.
- 8. COES Monthly Bulletin, September 2020.
- 9. Electrical statistics as of the second quarter of 2020 published by Osinergmin.
- 10. COES Monthly Maximum Demand Report, December 2020.
- 11. SEIN Effective Capacity, source COES.
- 12. Commission composed of 2 representatives from MINEM, 1 representative from the Ministry of Economy and Finance and 2 representatives from OSINERGMIN. One representative from MINEM is the Vice-Minister of Electricity, who presides the CRSE.
- 13. Ruling 28315-2019 corresponding to the action filed by Luz del Sur against MINEM. The ruling rendered null and void Supreme Decree No. 043-2017-EM that amended article 5 of Supreme Decree No. 016-200-EM, and ordered the Government to regulate pursuant to Supreme Decree No. 039-2017-EM.



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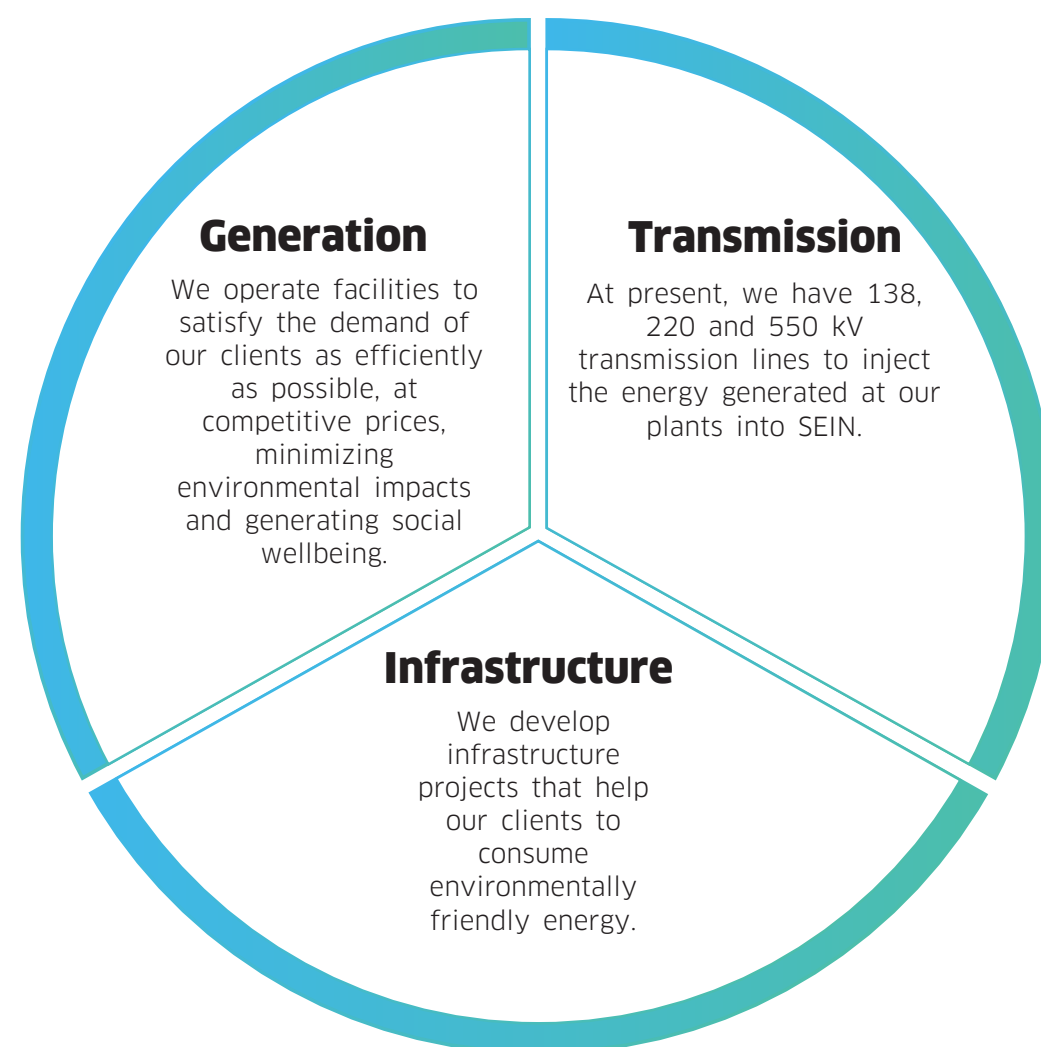
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OUR BUSINESS MODEL

At the ENGIE Group and ENGIE Energía Perú, we strive to expedite a carbon-neutral economy. To such end, in Peru we are focused on three key activities: low-carbon power generation, energy infrastructure and power transmission.



FINANCIAL IMPACT

- > USD 2,181 million assets.
- > USD 99.9 million of cash.
- > US\$ 1,167 million in net equity
- > US\$ 484.4 million of financial debt



NATURAL IMPACT

- > Water footprint: 141.059 m3 (not used for generation)
- > Carbon footprint: 1,992,021tons of CO2
- > 266 tons of waste



HUMAN AND INTELLECTUAL IMPACT

- > 513 employees
- > 2,175 suppliers
- > 68 employees taking part in internal improvement and innovation projects
- > 148 innovative ideas put forward by employees
- > 0 fatal or disabling accidents



SECTOR IMPACT

- > 8 generation plants
- > 2,496 MW of installed capacity
- > 1,360 GWh of renewable energy production
- > 1,064 MW of renewable energy under development



SOCIAL AND RELATIONS IMPACT

- > 99 free clients
- > 12 non-profit organizations or associations
- > 150,000 beneficiaries due to the Covid-19
- > 46,000 beneficiaries with social actions



PARTNERS

We have 2,175 suppliers, of which:

- > 302 (14%) are foreign suppliers and 1,873 (86%) are national suppliers.
- > 29 are critical suppliers who account for approximately 39% of the purchase expenditure, not including fuels, and are evaluated on an annual basis

We have 111 clients, of which:

- > 56% are in the energy sector
- > 26% are in the mining sector
- > 13% are in the manufacturing sector
- > 6% are in other sectors



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OUR BUSINESS
MODEL

ADDED VALUE

Value Clients	Value Shareholders	Value Social			Value Environment
 CLIENTS (Distributors and industries) Prioritize clean and renewable energy Long-term allies	 INVESTORS Profitability and value creation	 EMPLOYEES Identify, develop and foster internal talent	 CONTRACTORS AND SUPPLIERS Engagement of local suppliers and contractors Performance assessment	 COMMUNITIES Local development and continuous dialog We build shared value	 STAKEHOLDERS Sound environmental governance

RESULTS 2020

8 TWh of energy sold	227 USD million of generated EBITDA	97% of trained employees	0 accidents	46,000 beneficiaries with social actions not related to COVID-19 USD 1,447,000 in social investment	44,814 m³ of recycled water to irrigate green areas 100% Compliance with Environmental Program and Permissible Limits in Environmental Monitoring (plants)
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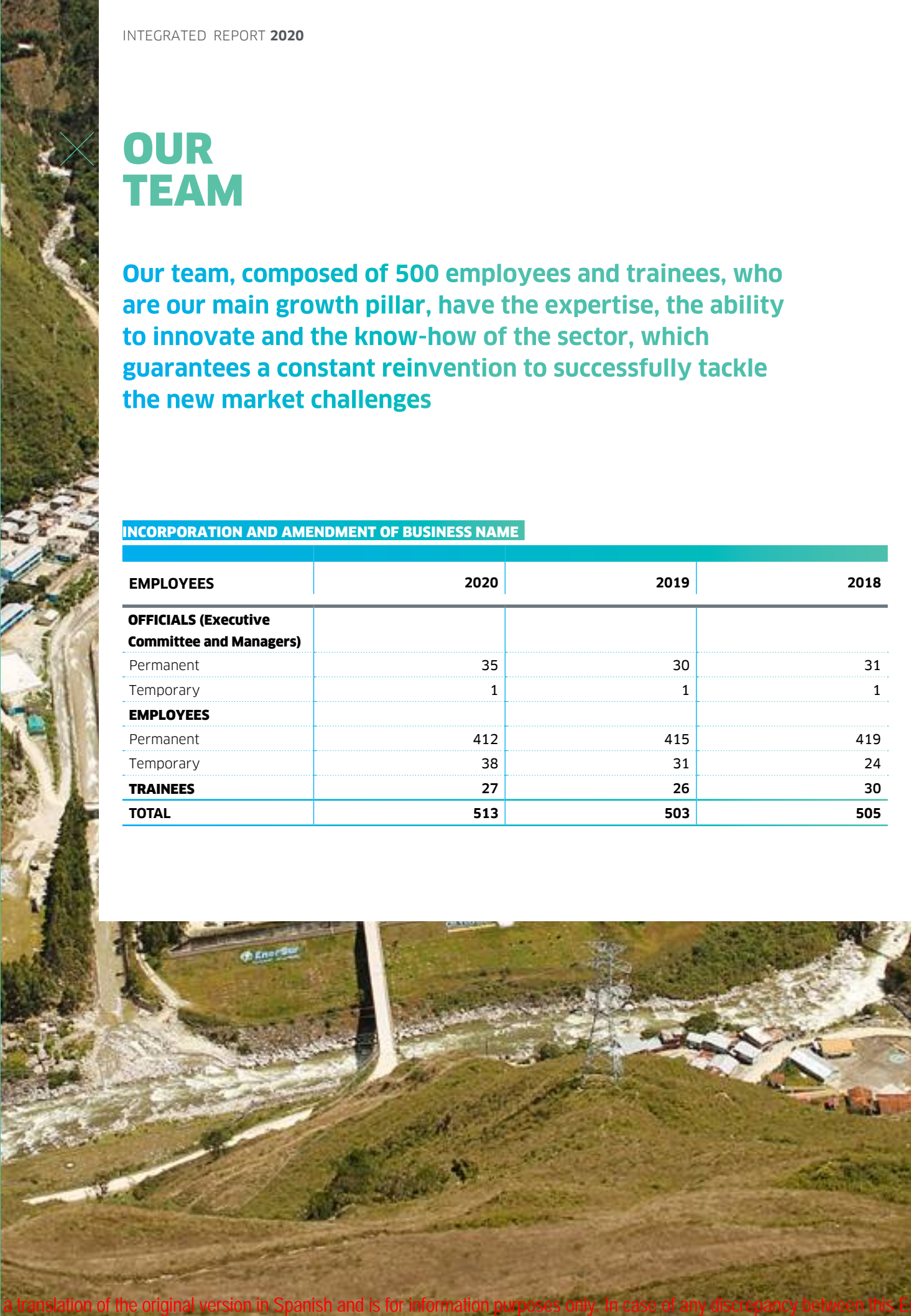
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OUR TEAM

Our team, composed of 500 employees and trainees, who are our main growth pillar, have the expertise, the ability to innovate and the know-how of the sector, which guarantees a constant reinvention to successfully tackle the new market challenges

INCORPORATION AND AMENDMENT OF BUSINESS NAME			
EMPLOYEES	2020	2019	2018
OFFICIALS (Executive Committee and Managers)			
Permanent	35	30	31
Temporary	1	1	1
EMPLOYEES			
Permanent	412	415	419
Temporary	38	31	24
TRAINEES			
	27	26	30
TOTAL	513	503	505





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OUR OPERATIONS

ENGIE Energía Perú operates power generation and transmission facilities across the country. At present, we have five (5) thermal power plants, two (2) hydropower plants, one (1) solar power plant, one (1) power substation and fourteen (14) transmission lines, with which we supply electricity, through the SEIN, to our clients nationwide and also export it to our neighboring country, Ecuador.



5
thermal
plants



2
hydropower
plants



1
solar
plant



1
power
substation



14
transmission
lines

MAIN MILESTONES OF OUR OPERATIONS

1997 - 1999



July 1997

The generation turbine 1 of Ilo1 TPP entered into commercial operation

September 1998

The generation turbine 2 of the Ilo1 TPP entered into commercial operation.

2000 - 2005



October 2000

The Ilo21 TPP starts operation with a rated capacity of 135 MW.

September 2005

We are awarded the Yuncan HPP under a 30-year usufruct agreement.

2006 - 2010



December 2006

The first unit of the ChilcaUno TPP entered into commercial operation. It is the first generation plant built exclusively to use the Camisea natural gas.

July 2007

The second unit of the ChilcaUno TPP entered into commercial operation, increasing the plant capacity to 360 MW.

August 2009

The third unit of the ChilcaUno TPP entered into commercial operation, increasing the plant capacity to 560 MW.

2011 - 2015



November 2012

The combined-cycle steam turbine of the ChilcaUno TPP entered into commercial operation, increasing the plant rated capacity to 852 MW.

June 2013

The Ilo31 Cold Reserve TPP entered into commercial operation with a rated capacity of 500 MW.

October 2015

The Quitaracsa HPP entered into commercial operation with a rated capacity of 114 MW.

2015 - 2020



May 2016

The single-cycle gas turbine of the ChilcaDos TPP entered into commercial operation with a rated capacity of 75.5 MW.

October 2016

The Ilo41 Nodo Energético TPP entered into commercial operation with a rated capacity of 610 MW.

December 2016

The combined-cycle steam turbine of the ChilcaDos TPP entered into commercial operation, increasing the total plant capacity to a rated capacity of 111 MW.

October 2017

The Ilo1 TPP was withdrawn from commercial operation.

March 2018

The Intipampa SPP entered into commercial operation, with a generation capacity of 40 MW.



JULY 2020.
The Environmental Impact Assessment for the Punta Lomitas Wind Project, located in Ica, was obtained.



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OPERATIONS DURING THE COVID-19 PANDEMIC

Notwithstanding the pandemic caused by the SARS-CoV-2 coronavirus and the mandatory social distancing and protection measures enacted by the government, in addition to our own restrictions to protect the health of our employees (minimum staffing at first and then only 30% at the plant and except for special works and/or annual maintenance where additional measures were in place), there were no downtime in our operations.

Our generation units were always available to operate according to COES requirements.

Regarding the maintenance schedule, only major maintenance requiring foreign personnel were re-scheduled due to the closing of borders. The re-scheduling was coordinated with the manufacturers of the maintenance equipment. Finally, operation and maintenance activities were performed following strict occupational health and safety protocols, which permitted to complete them with no pandemic-related delays or incidents.





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OUR OPERATIONS

Our main generation and transmission facilities are detailed below:

INTIPAMPA SOLAR POWER PLANT (INTIPAMPA SPP)
Pampa Lagunas - Moquegua

The first photovoltaic power plant of ENGIE Energía Perú and part of our strategy to work to speed up the transition into a carbon-neutral economy. It has an installed capacity of 40 MW and is composed of 138,120 panels, supplying 18 inverters, which are grouped in 9 ITS (two inverters in an ITS)¹⁴.

Since its start-up in March 2018, the Intipampa SPP supplies renewable energy to the system.

In order to make the plant management more sustainable, the supervision works are performed with electrical vehicles.

In 2020, a new motor system was installed to clean the solar panels, which resulted in increased efficiency, savings in water consumption and reduced cleaning times. The Intipampa SPP is connected to the transmission line located between the Moquegua Substation and the MillSite Substation.

14. ITS Inverter Transformer Station - Station that converts direct and alternating current and increases it from 600 volts to 22 KV

QUITARACSA HYDROPOWER PLANT (QUITARACSA HPP)
Yuracmarca - Áncash

It entered commercial operation in October 2015 and has a rated capacity of 114 MW. The Quitaracsa HPP makes use of the basin of the Quitaracsa river, a tributary of the Santa river, to generate clean and renewable energy.

It has a daily regulation reservoir referred to as Shapiringo, with a capacity of 270,000 m3 adjacent to the Quitaracsa river, a 6-km-long headrace tunnel and a gross head of 874 m. It is also fitted with two Pelton turbines with a rated capacity of 57 MW each, and supplies energy to the Kiman Ayllu Substation through a 5.4-km-long 220 kV line.

In 2020, a coated Pelton runner was procured to reduce wear repair costs and downtime.

YUNCAN HYDROPOWER PLANT (YUNCAN HPP)
Paucartambo - Pasco

Through an international public bidding, on February 6, 2004, we were awarded the concession of the Yuncan HPP, under a 30-year usufruct agreement, starting September 07, 2005, when the handover certificate was signed.

The Yuncan HPP has a rated capacity of 134.2 MW and is located in the basins of the Paucartambo and Huachón rivers, which are used by the plant for power generation.

It is fitted with three Pelton turbines with a rated capacity of 44.7 MW each, which annually generate, based on the availability of water resources, an expected average of 900 GWh of energy.

To take the water from the Paucartambo river, a dam and a daily control regulation reservoir, referred to as Huallamayo, was built with a capacity of 1.6 million m3 and a useful volume of 458,000 m3.

Statkraft's seasonal reservoirs are also located on the Huachón river, which are also used by the Yuncan HPP.

In 2020, due to the closing of our borders due to the Covid-19 pandemic, major maintenance of generation units 1 and 2 were postponed and will be executed -alternately- with unit 3 in 2021. However, to guarantee the good condition of generation units, all annual preventive maintenance activities were performed on the 3 units.





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CHILCAUNO THERMAL POWER PLANT (CHILCAUNO TPP)
Chilca - Lima

It has a rated capacity of 852 MW and is fitted with three gas turbines, of which: (i) two gas turbines have a rated capacity of 180 MW and entered into commercial operation in 2006 and 2007, respectively; and (ii) a gas turbine with a rated capacity of 199.8 MW, which entered into commercial operation in 2009. The ChilcaUno TPP also has a steam turbine with a rated capacity of 292 MW, which entered into commercial operation in 2012.

It should be noted that, to ensure a responsible consumption of water at the ChilcaUno TPP, we have a reverse osmosis desalination plant that produces industrial water for the operations.

The ChilcaUno TPP connects to the Chilca Substation through a 220 kV double circuit transmission line.

In 2020, the maintenance requiring the presence of foreign personnel were re-scheduled as such personnel were not allowed to enter the country due to the restrictions enacted by the government due to the Covid-19 pandemic.

However, maintenance requiring only local personnel were performed, such as: Hot gas inspection of TG21 and the inspection of 8333 hours in TG11. Both maintenance activities were performed as scheduled and with no pandemic-related incidents.

CHILCADOS THERMAL POWER PLANT (CHILCADOS TPP)
Chilca - Lima

It is a combined-cycle plant, composed of a gas turbine and a steam turbine, which have a combined rated capacity of 111 MW. They entered into commercial operation in May 2016 and December 2016, respectively.

The ChilcaDos TPP operates with natural gas, which is supplied through a pipe system from the existing gas station at the ChilcaUno TPP.

Additionally, for water supply, a desalinated water and demineralized water pipe system runs from the existing tanks at the ChilcaUno TPP.

The plant connects to the power substation of the ChilcaUno TPP through a 220 kV double-circuit transmission line.

NODO ENERGÉTICO ILO41 THERMAL POWER PLANT (ILO41 TPP)
Ilo - Moquegua

It entered into commercial operation in October 2016, after our company invested and acted in response to the need of the Peruvian Government of developing power plants in the south of the country to ensure future energy supply and take advantage of the arrival of gas to the south. As return on investment, we entered into an agreement with the Peruvian Government to guarantee fixed revenues for 20 years. The contract also stipulates certain provisions regarding the use of the natural gas.

It is fitted with three (3) dual gas (diesel/gas) turbines, in open cycle that currently operates with B5-S50 diesel fuel, with a rated capacity of 610 MW.

It has diesel storage tanks, with a capacity for 375,000 barrels, which ensure operation at maximum load for 15 days.

The Ilo41 TPP has a Black Start system, as established in the agreement with the Government, to start up the plant in case of a full outage and restore power supply to the system.

On the other hand, this plant supplies energy to the Montalvo Substation through a 500 kV single-circuit transmission line, with the capacity to transmit up to 1,400 MVA and 75 km in length.

ILO31 COLD RESERVE THERMAL POWER PLANT (ILO31 TPP)
Ilo - Moquegua

It is a plant operating under the cold reserve regime according to the concession agreement “Generation Cold Reserve - Ilo Plant” entered into with the Peruvian Government, i.e. it is ready to operate and quickly respond in case of an energy emergency.

It started commercial operations in June 2013 and is fitted with three dual (diesel/gas) turbines that currently use B5-S50 biodiesel to generate a rated capacity of 500 MW. It has diesel storage tanks, with a capacity of 195,000 barrels, to ensure operation at maximum load for 10 days. Like the Ilo41 TPP, it is fitted with a Black Start system.

It is connected to the Ilo21 Substation to convey the energy through the transmission lines running from this substation to the 220 kV Moquegua Substation.



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ILO21 THERMAL POWER PLANT (ILO21 TPP)
Ilo - Moquegua

It is a coal-fired power plant that entered into commercial operation in October 2000. In 2020, the Ilo21 TPP operated only for 5 days, of which 3.5 days were due to the maintenance of the natural gas pipeline of Transportadora de Gas del Perú (TGP). The remaining hours operated under dispatch due to the low hydrology in the system.

In line with the decarbonization strategy, in 2019 ENGIE announced the total closing of the Ilo21 TPP. With letter dated February 6, 2020, the Committee for Economic Operation of the National Interconnected System (COES) approved the “termination of commercial operations” of the Ilo21 TPP from December 31, 2022. The Ilo21 TPP has a 1,250-m-long port designed for 70,000-ton vessels.

On March 6, 2018, ENGIE Energía Perú and company Anglo American Quellaveco S.A. (AAQSA) entered into an agreement to develop the Ore Storage and Port Access Project, for an effective period of thirty-seven (37) years.

By virtue of such agreement, AAQSA has the right to use ENGIE’s port facilities and has rights over some portion of the lands owned by ENGIE Energía Perú for the construction of facilities.

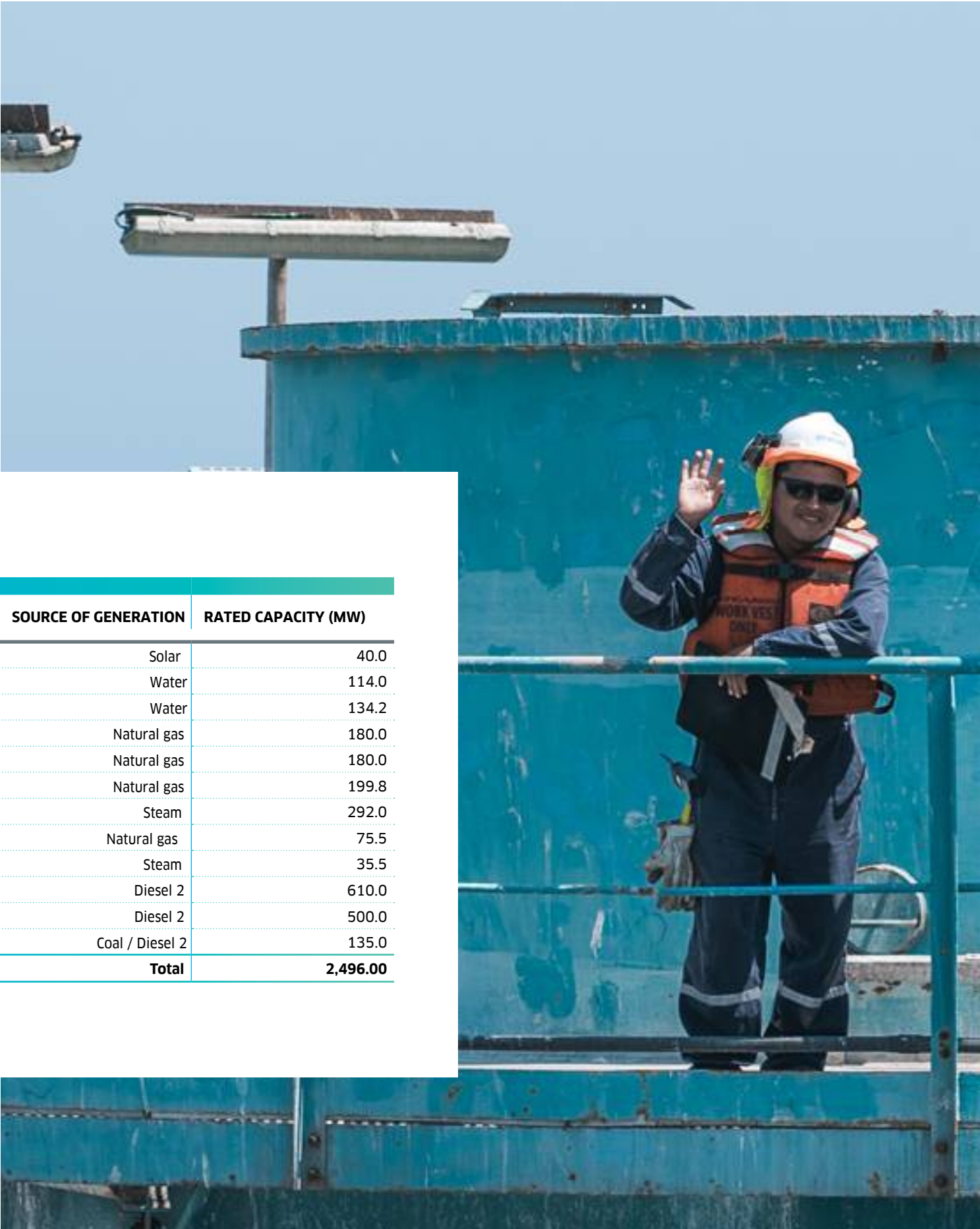
MOQUEGUA SUBSTATION
Mariscal Nieto (Moquegua)

It is an important power reception, transformation and distribution center in the southern part of the country, which serves as a connection point of the Intipampa SPP, Ilo21 TPP and Ilo31 Cold Reserve TPP to SEIN.

The substation has a control room, two 300 MVA 138/220 kV auto-transformers each and two 220 and 138 kV busbars.

PLANT CHARACTERISTICS

PLANTS (1)	UNIT	SOURCE OF GENERATION	RATED CAPACITY (MW)
Intipampa SPP		Solar	40.0
Quitaracsa HPP	G1, G2	Water	114.0
Yuncán HPP	G1, G2, G3	Water	134.2
ChilcaUno TPP	TG11	Natural gas	180.0
	TG12	Natural gas	180.0
	TG21	Natural gas	199.8
	TV	Steam	292.0
ChilcaDos TPP	TG41	Natural gas	75.5
	TV42	Steam	35.5
Ilo41 TPP	TG41, TG42, TG43	Diesel 2	610.0
Ilo31 TPP	TG1, TG2, TG3	Diesel 2	500.0
Ilo21 TPP	TV21	Coal / Diesel 2	135.0
		Total	2,496.00





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OUR OPERATIONS

TRANSMISSION LINES

We have 138, 220 and 500 kV transmission lines to supply the energy generated by our plants to the SEIN. These are distributed as follows:

We have 138, 220 and 500 kV transmission lines to supply the energy generated by our plants to the SEIN.

OTHER FACILITIES

Ilo - Moquegua

At present, the Ilo1 Thermal Power Plant (Ilo1 TPP) has an installed capacity pf 3.3 MW. By virtue of Ministry Resolution No. 265-2019-MINEM-DM, the removal of 5 generation units was approved.

Additionally, by virtue of Directorial Resolution No. 0179-2019-MINEM/DGAAE dated December 17, 2019, the Partial Abandonment Plan of the Ilo1 TPP was approved. To such effect, ENGIE Energía Perú is performing activities to decommission the power generating assets of the plant.



TRANSMISSION LINE	CODE	LENGTH (KM)	VOLTAGE (kV)	CAPACITY (MVA)	START-UP DATE
Ilo4-Montalvo	L-5039	75.0	500	1,400	2016
Ilo2-Moquegua	L-2027	72.5	220	400	2000
Ilo2-Moquegua	L-2028	72.5	220	400	2000
Santa Isabel- Carhuamayo Nueva	L-2266	50.1	220	260	2006
Moquegua-Botifla a1	L-1381	30.8	138	196	2000
Intipampa-MillSite	L-1394	28.0	138	100	2000
Moquegua - Intipampa	L-1384	10.7	138	100	2000
Moquegua-Botifla a2 (*)	L-1382	5.8	138	160	2000
Quitaracsa-Kiman Ayllu	L-2277	5.5	220	150	2015
Ilo1-Moquegua (**)	L-1383	2.3	138	130	2000
SE Chilca1- SE Chilca 220 kV	L-2101	1.0	220	800	2007
SE Chilca1- SE Chilca 220 kV	L-2102	1.0	220	800	2007
ChilcaDos TV - ChilcaUno	L-2122	0.5	220	150	2016
ChilcaDos TG - ChilcaUno	L-2121	0.5	220	150	2016
Total		356.1			

(*) Segment Moquegua SS – Structure E19

(**) Segment Structure E170 – Moquegua SS.



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PROJECTS FOR THE FUTURE

For the last few years, including 2020, we have been focused on developing a project portfolio in response to our business strategy: act to accelerate the transition towards a carbon-neutral economy.

In ENGIE Energía Perú we are working in a scheme to help our clients to consume energy in an efficient and sustainable manner.

RENEWABLE ENERGY

In line with this, our energy projects under development seek to increase generation and injection of clean energy into the system, through different renewable sources, including:

Wind. We are working on the feasibility of the Punta Lomitas Wind Farm Project (260 MW), located in the Ica region, which has been awarded an environmental permit as well as the pre-operating study approved by COES. The application for final concession is ongoing.

We also have other wind generation projects in the initial development stage.

Solar. In our portfolio, we have the Hanaqpampa (300 MW) and San José (144 MW) solar projects, both in the initial development stage.

POWER TRANSMISSION

Since our strategy also includes the development of transmission projects, we are prepared to take part in future bidding processes.

As part of our strategy, we are focused on two aspects: providing services relating to charging networks and facilitating available technology tests through pilot projects.





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OUR COMMERCIAL MANAGEMENT

Year 2020 was a challenging year in several aspects and for our commercial management it certainly was.

In this context, we set ourselves to be closer than ever to our clients, offering them a better service and ensuring a reliable energy supply for their operations. We were focused on better understanding their businesses in order to develop and offer customized solutions, permitting a more efficient and sustainable energy consumption; and becoming a reliable ally to help them achieve future growth.

As a result of these efforts, we managed to close 53 new agreements and enter into 45 addenda with major business groups and clients from different key sectors in the country.

Our activities in 2020 on commercial management and client loyalty included:

CLIENT ENGAGEMENT

One of the main pillars of our management is the permanent engagement at every level with our clients. For the past few years, we have created spaces to share information, to get to know the client better and keep in contact. Due to Covid-19, we had to adapt our activities to this context and performed several activities that were assessed positively by 91.6% of our clients.

TRAINING

We recognize that the operation of the energy sector is complex and that our clients need to understand it. We make sure to deliver courses on the electrical sector to help them make the best business decisions. During the year, we also conduct webinars on different solutions to provide information of interest to optimize their businesses.

SHARED INNOVATION

In 2020, we developed the first Customer Innovation Lab, an innovation space we shared with our clients from the mining sector. During a Design Thinking process, we identify their main needs and issues, we work together in a solution prototype and assess the opportunities for improvement as the next steps.

PERMANENT CLIENT SERVICE

We have different channels to maintain permanent and timely communication with our clients.

SINGLE POINT OF CONTACT

In charge of our specialists to respond requests relating to our power purchase agreements.

ENGINET PORTAL

Online platform through which our clients can safely and reliably access current and historical information on their consumption, invoices and prices; as well as virtual courses on the electricity market.

ENGIE CONTROL CENTER

Specialized division in charge of managing and/or coordinating events relating to electricity production and supply in real time. Personnel are available 24 hours a day, 365 days a year.

ANGIE

Chatbot that quickly replies to queries of clients when and where needed.

CLIENT SATISFACTION

Our management result, as in previous years, is confirmed in our satisfaction surveys, where in 2020 we obtained 91.4% of general satisfaction among surveyed clients.





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✕ OUR COMMERCIAL MANAGEMENT

NEW AGREEMENTS

In 2020, ENGIE Energía Perú entered into 53 new agreements for a total of 489.26 MW in peak hours and 45 addenda to the existing agreements for a total of 359.40 MW in peak hours.

Free clients

For the free market, a total of 52 agreements were entered into, representing 484.26 MW, and 33 addenda for a total of 229.40 MW. The main addenda included those entered into with companies from the Gloria Group for 126 MW and Minera Yanacocha S.R.L. for 60 MW.

Distribution companies

One bilateral agreement was entered into with COELVISAC (to supply its free market) for a total of 5 MW. We also entered into 12 addenda containing amendments to existing agreements and an increase of 130 MW in contracted capacities; the most relevant were those entered into with ENEL Distribución y the Distriluz Group.

EXISTING CLIENTS

ENGIE Energía Perú has a portfolio of clients across the country. as of December 2020, the contracted capacity of the portfolio of free clients and distribution companies added up -in peak hours- to 1,874.47 MW, of which 827.09 MW correspond to free clients and 939.37 MW to distribution companies. Additionally, 2 power purchase agreements were entered into with generation companies for 108 MW in total. The contracted capacity in off-peak hours added up to 1,898.45 MW.



53 new agreements for
a total of
489.26 MW in
peak hours

MAIN AGREEMENTS

CLIENT	CONTRACTED CAPACITY	START AND END DATE ⁴
SOCIEDAD MINERA CERRO VERDE S.A.A.	170 MW	01/01/2021 - 31/12/2025
NEXA RESOURCES CAJAMARQUILLA S.A.	110 MW only in peak hours	01/01/2020 - 30/06/2020
Companies from the InterCorp Group ¹	74 MW	01/01/2025 - 31/12/2028
Companies from the Breca Group ²	49 MW	01/01/2020 - 31/12/2025
Companies from the Romero Group ³	26 MW	01/10/2020 - 31/12/2025

- 1 . Cineplex S.A., Farmacias Peruanas S.A., Homecenters Peruanos Oriente S.A., Homecenters Peruanos S.A., Plaza Ve a Oriente S.A.C., Química Suiza S.A.C., Real Plaza S.R.L., Supermercados Peruanos S.A. and Tiendas Peruanas S.A.
2. Inmuebles Limatambo S.A., Inversiones San Borja S.A., Trust State - Edificio Pardo y Aliaga - Legislative Decree no. 861, Title XI and Urbanizadora Jardín S.A., Inversiones Nacionales de Turismo S.A., Inversiones La Rioja S.A. and Tecnología de Alimentos S.A.
3. Alicorp S.A.A., Intradevco Industrial S.A. and Industrias Teal S.A. 4 It corresponds to the Start and End Dates of the PPA of extended validity in the Economic Group.

FREE CLIENTS AS OF DECEMBER 2020

CLIENT	CONTRACTED CAPACITY IN PEAK HOURS (MW)	CONTRACTED CAPACITY IN OFF-PEAK HOURS (MW)
Compañía Minera Antamina S.A.	170.00	170.00
Marcobre S.A.C.	84.00	84.00
Yura S.A.	60.00	66.00
Minera Yanacocha S.R.L	60.00	60.00
Volcán compañía Minera S.A.A	49.00	49.00
Corporación Eléctrica Del Ecuador Celec Ep	40.00	40.00
Sociedad Minera Cerro Verde S.A.A.	38.00	38.00
Gloria S.A	24.00	24.00
Minsur S.A	19.50	19.50
Administradora Jockey Plaza Shopping Center S.A.	17.00	17.00
Compañía Minera Chungar S.A.C	15.40	15.40
Empresa Administradora Cerro S.A.C	15.00	15.00
Trupal S.A.	13.00	13.00
Alicorp S.A.A.	12.50	12.50
Owens-Illinois Peru S.A.	12.00	12.00
Trupal S.A.	12.00	12.00
Austral Group S.A.A.	10.00	10.00
San Fernando S.A.	7.17	7.17
Esmeralda Corp S.A.C.	7.00	7.00
Casa Grande S.A.A.	6.00	6.00
Tecnofil .A.	6.00	6.00
Oxidos De Pasco S.A.C	5.40	5.40
Minera Bateas S.A.C	5.20	5.20
Inversiones Nacionales De Turismo S.A	5.13	5.13
Cartavio S.A.A	5.00	5.00
Other small clients of less than 5 MW	128.79	146.77
Total	827.09	851.07



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NUESTRA GESTIÓN COMERCIAL

DISTRIBUTION COMPANIES AS OF DECEMBER 2020

CLIENT	CONTRACTED CAPACITY (MW)
AGREEMENTS FROM LONG-TERM TENDERS	
Enel Distribución Perú S.A.A. (Tenders ED-01, ED-02 y ED-03)	268.42
Luz del Sur S.A.A. (Tenders ED-01, ED-02 y ED-03)	223.34
Luz del Sur S.A.A. (Tenders LDS-01-2011-LP y LDS-01-2011-LP-I)	76.25
Sociedad Eléctrica del Sur Oeste S.A. (Tenders ED-01, ED-02 y ED-03)	42.80
Electronoroeste S.A. (Tenders ED-01 y ED-02)	31.15
Electro Sur Este S.A.A. (Tenders ED-01, ED-02 y ED-03)	29.80
Hidrandina S.A. (Tenders HDNA)	18.12
Enel Distribución Perú S.A.A. (Tenders LDS-01-2011-LP y LDS-01-2011-LP-I)	15.75
Electronorte S.A. (Tenders HDNA)	12.86
Electrosur S.A. (Tenders ED-02 y ED-03)	12.50
Electrocentro S.A. (Tenders HDNA)	10.74
Electronoroeste S.A. (Tenders HDNA)	9.01
Electropuno S.A.A. (Tenders ED-03)	2.69
Consorcio Eléctrico de Villacuri S.A.C. (Tenders HDNA)	0.38
BILATERAL AGREEMENTS TO SUPPLY THE FREE MARKET	
Grupo Distriluz (Bilateral 2018)	80.00
Grupo Distriluz (Bilateral 2017)	30.00
Sociedad Eléctrica del Sur Oeste S.A. (Bilateral 2019)	24.17
Electro Ucayali S.A. (Bilateral 2012)	20.00
Electrosur S.A. (Bilateral 2017)	15.00
Consorcio Eléctrico de Villacuri S.A.C. (Bilateral 2018)	9.00
Consorcio Eléctrico de Villacuri S.A.C. (Bilateral 2020)	2.35
Electro Ucayali S.A. (Bilateral 2018)	1.70
Electro Sur Este S.A.A. (Bilateral 2019)	1.55
Electro Sur Este S.A.A. (Bilateral 2019, respaldo cliente Anabi)	1.00
Electronoroeste S.A. (Bilateral 2016)	0.80
Total	939.37



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OUR COMMERCIAL MANAGEMENT

CAPACITY AND ENERGY SALES

The capacity and energy sales to free clients decreased by 22.3% compared to 2019. In case of distribution companies, the sales increased by 1.9% compared to 2019, mainly due to the bilateral agreements with the Distriluz Group and Soecidad Eléctrica del Sur Oeste, all to supply the free markets.

On the other hand, the capacity and energy sales in COES decreased compared to 2019 mainly due to the lower demand in the country caused by the Covid-19 effect. Such decreased was 88%.

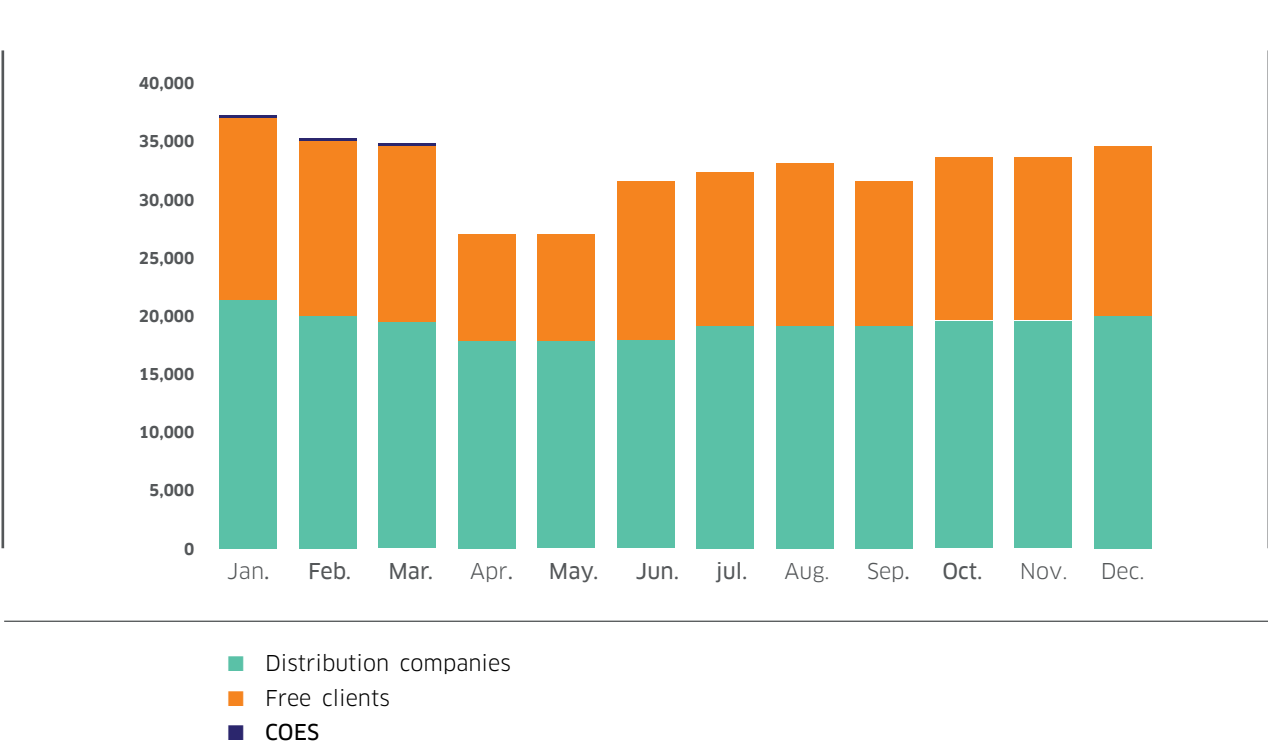
“The Covid-19 pandemic affected the national demand by reducing it by 7% compared to 2019; and also affected the demand of our clients, both free clients and distribution companies.”



SALES OF ENERGY, CAPACITY AND OTHERS (IN THOUSANDS OF

CLIENT	2020	VARIATION %	2019	VARIATION %	2018	VARIATION %
Free clients	161,260.75	-22.32	207,585.46	1.10	205,327.36	-20.01
Distribution companies	224,694.14	1.85	220,604.27	5.64	208,832.02	1.76
COES	648.61	-88.21	5,499.11	726.61	665.26	-88.60
TOTAL	386,603.50	-10.86	433,688.84	4.55	414,824.65	-11.32

ENERGY SALES PER MONTH (IN THOUSANDS OF DOLLARS), 2020



As for our free clients, the demand decreased by 44% compared to the month prior to the pandemic, and in regulated clients the demand decreased by 29% compared to the month prior to the pandemic.

In 2020, there were events that affected normal natural gas supply. In October 2020, maintenance was performed on the natural gas pipeline of Transportadora de Gas del Perú (TgP), which took three (3) days. This maintenance was performed on days with low demand, when the operation of Ilo21 TPP and Ilo41 TPP was not required, and therefore the marginal costs did not increase significantly.

EXTERNAL VARIABLES AFFECTING THE BUSINESS

The external factors -not related to the management- that may significantly affect the energy production are: climate phenomena, international fuel prices, the capacity of the natural gas transport system, the congestion of transmission lines and epidemics and/or pandemics.

The Covid-19 pandemic affected the national demand by reducing it by 7% compared to 2019; and also affected the demand of our clients, both free clients and distribution companies.



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we are engaged

YOU CAN COUNT ON US

We strive to expedite the carbon-neutral transition





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OUR SUSTAINABILITY VISION

We strive to build together a new carbon-neutral and inclusive energy world.

For this dream to come true, we start with the common goal of ENGIE around the world and we rely upon the 3 pillars that support our decisions and guarantee the sustainability in our company: safety and excellence; ethics and responsibility; and focus on clients. We have also defined 3 priorities adding value for our stakeholders at the society, environment and community level.

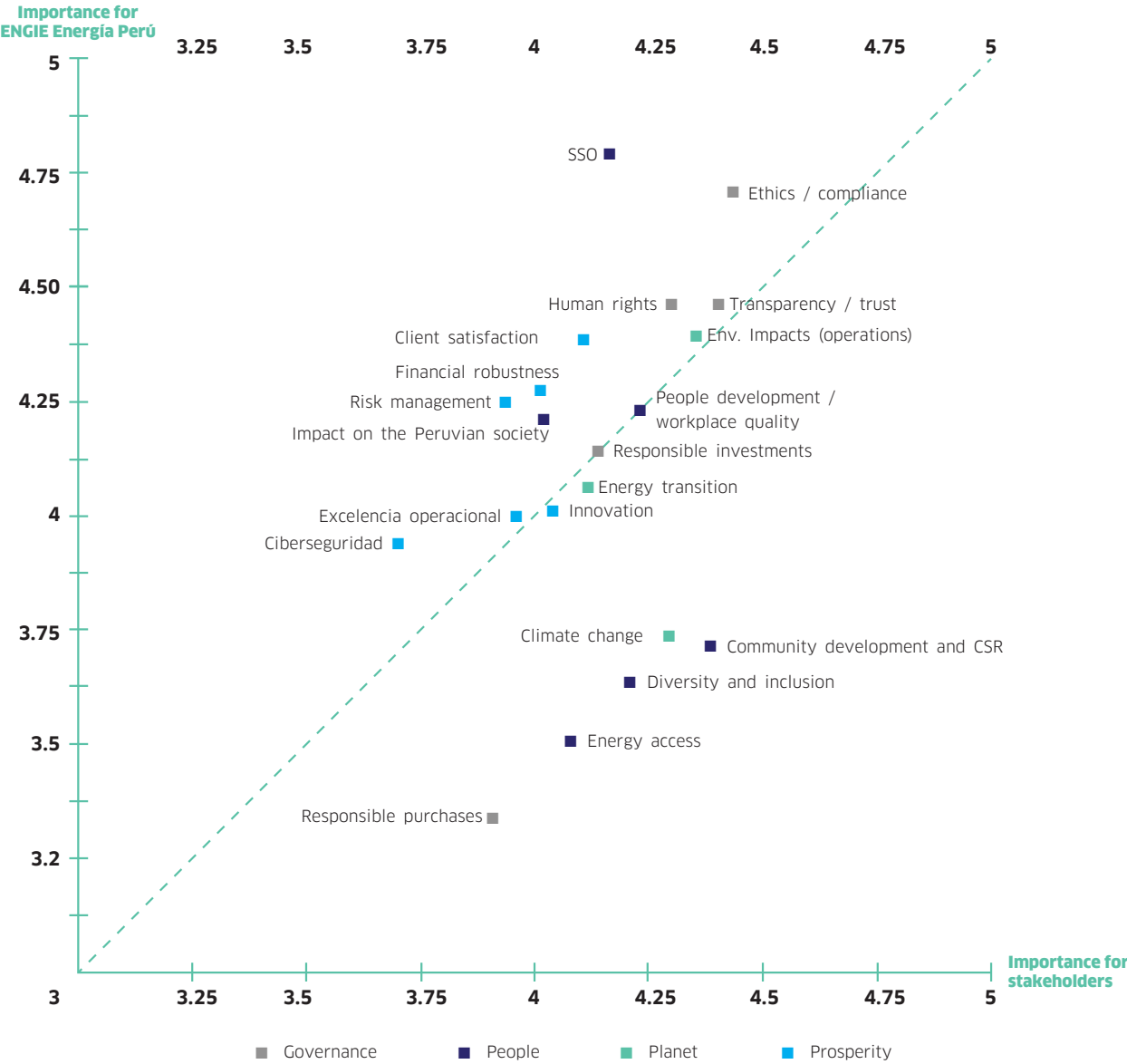
This vision has been prepared by the Sustainability Committee composed of leaders from different areas of the company, under the leadership of the Institutional Relations and Sustainability Management and the support by the Executive Committee of the company, based on the analysis of material subjects of ENGIE Energía Perú.



Our ambition for a sustainable Peru:

Building a new carbon-neutral energy and inclusive world.

MATERIALITY MATRIX





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OUR SUSTAINABILITY VISION

To assess our progress regarding these materiality issues, we have defined 13 objectives and commitments that we aim to achieve by 2030.

		Objectives and commitments
Planet	Emissions	Reduce by 20% the emissions generated due to our way of working by 2030.
	Decarbonization of our activities	Prioritize 100% Renewable projects.
	Decarbonization clients	100% of our proposals to clients contribute to decarbonization by 2030.
	Decarbonization suppliers	100% of our critical suppliers measure their carbon and/or water footprint by 2030.
	Digital transformation	Increase the digital component in the commercial proposals. 100% of internal “paperless” processes by 2025.
People	Client satisfaction	Exceed 80% of client satisfaction every year in client surveys.
	Safety	Maintain the frequency index <1 for own and contractors’ personnel. Maintain the prevention index <0.75 for own and contractors’ personnel.
	Gender	Ensure involvement of women in every selection process.
	People development	Annual assessment of 100% of the personnel.
	Training	Reach 95% of participation in the climate survey. 100% of employees exposed to high risk of fraud and corruption trained annually.



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OUR SUSTAINABILITY VISION

DIALOGUE WITH OUR STAKEHOLDERS

ENGIE Energía Perú constantly works to strengthen the incorporation of environmental, social, society and governance factors into the way it manages its businesses. This within the















framework of the efforts being made to lead the transition into a carbon-neutral economy. Out stakeholders are at the heart of these efforts and the understanding of their needs and expectations help us to identify how we can create value at the society, social and environmental level, making improvements year after year.

IDENTIFICATION OF OUR STAKEHOLDERS

In 2020, we updated the identification of our stakeholders and our communication channels.

- They are divided in 5 main blocks:
- > Internal (employees, unions, directors)
 - > Society (communities, NGO/OI, associations, media)
 - > Business (clients, contractors and suppliers, industrial partners)
 - > Authority (local, national)
 - > Financial (shareholders, analysts, bond holders, financial entities)

STAKEHOLDERS AND COMMUNICATION CHANNELS

Stakeholders	Internal stakeholders			Society stakeholders				Business stakeholders			Authority stakeholders		Financial stakeholders			
	Employees 	Unions 	Directors 	Communities 	NGO/OI 	Associations 	Media and leaders of opinion 	Clients 	Contractors and suppliers 	Industrial partners 	Local 	National 	Shareholders 	Analysts 	Bond holders 	Financial entities
Communication channels	<ul style="list-style-type: none">Internal platforms: Intranet Smile / Horizon, newsletter “Human Resources informs you”, emailing, Yammer, “Talk to Maga” (wellbeing space, Engie Channel (whatsapp)).ENGIE&Me SurveyPerformance ManagementTraining and leadership program – Learning CommunityInternal campaignsLeader session – Management Team MeetingsDirect contact meetingsMedia / Social Networks	<ul style="list-style-type: none">Collective bargaining processBi-monthly meetingsMedia / Social Networks	<ul style="list-style-type: none">Quarterly meetingsIntegrated ReportMedia / Social Networks	<ul style="list-style-type: none">Roundtable/ dialogue/ negotiationParticipatory workshops and public hearingsIntegrated ReportMedia / Social NetworksDirect contact with AASS coordinators (Emailing / Whatsapp / calls / letters)PQR Mailbox (Concerns, Grievances and Claims) – Digital and hard copies.Visits to plantsBTL Events and campaignsProject Landing Page	<ul style="list-style-type: none">Direct contact with RIS / AASSIntegrated ReportInstitutional websiteMedia / Social NetworksEvents / webinars	<ul style="list-style-type: none">Attendance in Committees and roundtablesDirect contact with RISIntegrated ReportInstitutional websiteEvents / webinarsMedia / Social Networks	<ul style="list-style-type: none">Press releasesInterviewsPosts in Social NetworksMedia / Social NetworksInstitutional websiteEvents / webinars	<ul style="list-style-type: none">Annual, quarterly and transactional surveysDirect contact AM / KAMCilent events / annual meeting with clientCommercial websiteClient extranetIntegrated ReportMedia / Social NetworksNewsletterUser guidesSector coursesAngie	<ul style="list-style-type: none">Supplier Portal (under implementation, estimated date 2021)Logistics Management and Supplier ManagerAnnual Group MeetingPeriodic individual meetingEEP WebIntegrated ReportMedia / Social NetworksMedia / Social NetworksNotices sent by email	<ul style="list-style-type: none">AgreementsAlliancesCommercial websiteIntegrated ReportMedia / Social Networks	<ul style="list-style-type: none">RoundtablesAttendance in local committeesIntegrated ReportAASS CoordinatorsMedia / Social Networks	<ul style="list-style-type: none">Formal channelsRegulation, Development, AASS, RI ManagementsIntegrated ReportMedia / Social Networks	<ul style="list-style-type: none">In-person presentation of quarterly resultsShareholders’ meetingInstitutional websiteIntegrated ReportDirect contact Finance ManagerMedia / Social Networks			



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OUR SUSTAINABILITY VISION

SURVEY OF STAKEHOLDERS

In 2020, we conducted for the first time a survey of all of our stakeholders, which permitted us to know their perception of our social and environmental commitments and our commitments to the society; their expectations and priorities.

The survey was replied by 57% of employees and 43% of external public. Commitment, responsibility, ethics and innovation are among the main values attributed to the company.

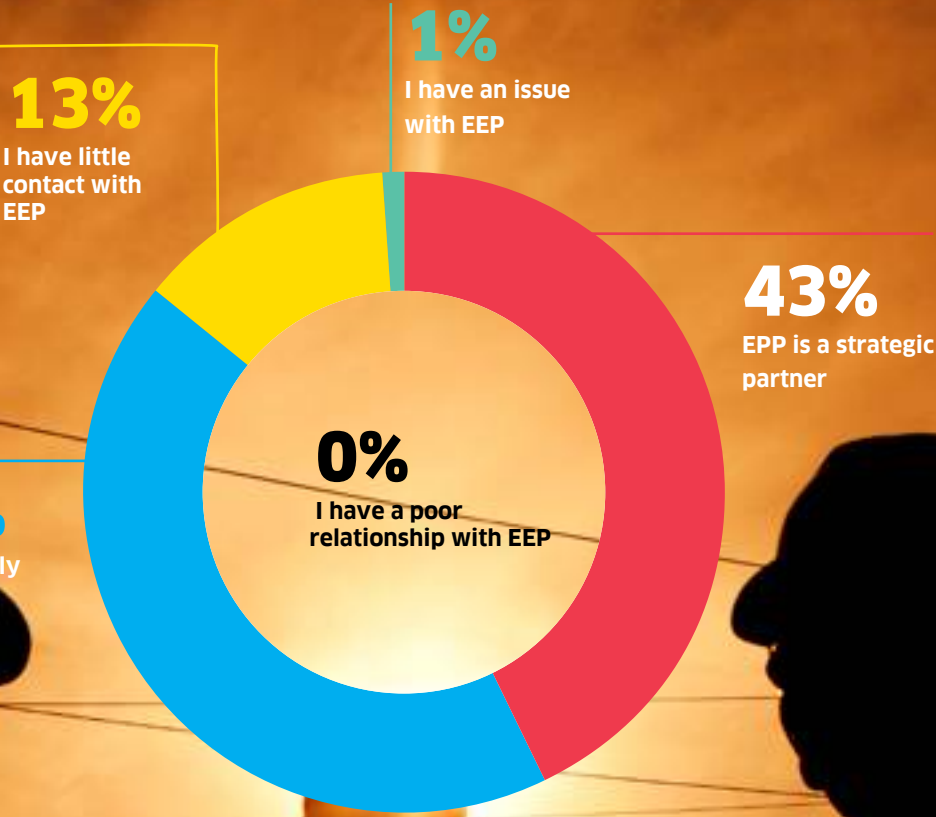
Employees mainly prioritize were occupational health and safety; ethics and compliance; transparency and trust; and client satisfaction and quality; whereas our external stakeholders prioritize ethics and compliance issues; transparency and trust; environmental impacts; and community development.

Our commitment is to have this survey applied every two years to assess and strengthen our relations.

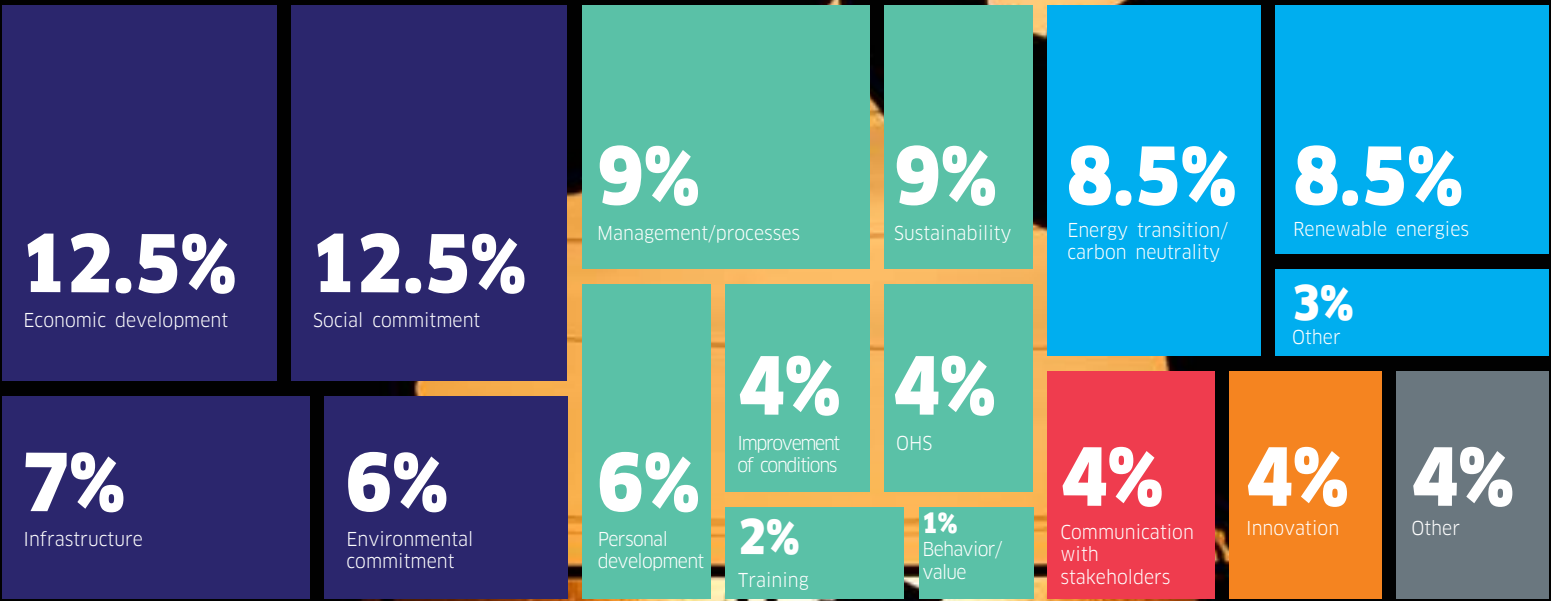
“Commitment, responsibility, ethics and innovation are among the main values attributed to the company.”



PERCEPTION OF OUR STAKEHOLDERS



EXPECTATIONS FROM STAKEHOLDERS





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OUR SUSTAINABILITY
VISION

CONTRIBUTION TO THE 17
SUSTAINABLE DEVELOPMENT GOALS

ENGIE Energía Perú joins the effort put forward by the United Nations to transform the world. Our business model contributes and has a positive impact on 11 of the 17 Sustainable Development Goals.

<p>The health, safety and professional development of our employees and contractors, and the quality of the workplace and equality are priorities for ENGIE as people are at the core of the company’s success.</p>		<p>Since our stakeholders are the allies and strategic partners of our shared value proposal, we seek to work with all of them to foster and contribute to the social and economic development at the local and national level.</p>		<p>ENGIE aims at the transition into a carbon-neutral economy, which is essential to mitigate the effects of climate change. Our sustainable business model fully contributes to this transition by providing clean energy solutions to our clients and promoting development and progress without endangering natural resources thanks to our Environmental management.</p>		<p>ENGIE creates all necessary conditions for sustainable growth, favoring innovation to fulfil its decarbonization commitments, cost optimization and improvement of energy performance, within a framework of transparency and ethics following the highest international standards.</p>	
<div>3 GOOD HEALTH AND WELL BEING</div> <div>5 GENDER EQUALITY</div>		<div>4 QUALITY EDUCATION</div> <div>10 REDUCED INEQUALITIES</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>		<div>6 CLEAN WATER AND SANITATION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div>		<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>	



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RISK MANAGEMENT

ENGIE Energía Perú is exposed to several changing economic, political, social and competitive conditions that may have a significant impact on its revenues, image and listing. For limiting their occurrence, the company adapts to the global risk management policy of the ENGIE Group.

Managers are responsible for managing the risks in their areas of activity. The different materiality issues are included in these risks. They also put forward the global target exposure level for a specific period of time and, if required, a target exposure limit and the steps for improvement.

To such effect, they implement a risk management process, i.e., they are responsible for identifying, classifying and proposing action plans, and then for monitoring their effective and efficient implementation.

ENGIE Energía Perú has a risk culture promoting constant risk assessment by the teams. It also performs an in-depth analysis process twice a year, including a risk review by each Management and Vice-President of the area. In this review, the risk matrix is prepared with input from all areas in the company. This review includes the description, scope of the scenario, estimated annual impact, probability and action plans to minimize the risks.

Lastly, this assessment is presented to the Finance and Risk Committee, the Audit Committee and the Board; for the respective follow-up.

THE RISK MANAGEMENT METHODOLOGY IS ASSOCIATED WITH FOUR CLEARLY IDENTIFIED STAGES:





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RISK MANAGEMENT

We have a risk matrix with more than 200 risks as of 2020. Those with higher exposure have been grouped in the following types of risk:



1 Strategic risks



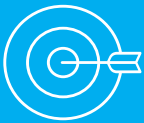
2 Financial risks



3 Operating risks



4 Emerging risks



STRATEGIC RISKS

They are risks related to the business activity. As such, they cannot be reduced or transferred like operating risks can. These risks are managed by innovating, adapting business models, compiling business intelligence, developing competences. The following categories are grouped here: business environment; regulatory environment; marketing and reputation; information and strategic decision; and organization conception.

The company has identified the following risks in this group:

Regulatory risk of the energy market.

Regulatory changes bringing about unfavorable situations or affecting proper and adequate operation of the energy market.

Mitigation: monitoring the projects published by governmental entities on possible changes or new regulations.

Commercial risk.

Not renewing power purchase agreements or early termination thereof.

Mitigation: anticipating the situation through the follow-up and support to clients to get to know and address their power supply needs.

Regulatory natural gas price risk.

The company permanently monitors the application and changes to the regulations regarding the natural gas cost information to be presented by generation companies making use of such fuel. To such effect, and pursuant to Supreme Decree 043-2017, in June of every year, generation companies using natural gas declared their prices for the next 12 months. However, such regulation is no longer effective, and the draft procedure for presenting the gas cost information and determining the variable gas costs for power generation is under review.

Mitigation: In the specific case of the draft procedure review process, permanent follow-up has been considered until the final approval of the draft procedure and subsequently, if applicable, to attend the meetings related to the application of such procedure in order to foresee negative impacts. Additionally, and as a permanent action regarding the follow-up on this risk, an assessment model has been implemented to identify eventual risks and foresee negative impacts.

Price risks.

In an oversupply context due to low demand growth, the available efficient capacity may be contracted at lower prices.

Mitigation: identifying and approaching potential new clients.



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RISK MANAGEMENT



FINANCIAL RISKS

Risks related to the financial activities of the company. This group includes prices and rates; cash flows and counterparty risks. In this sense, the following financial risk has been identified:

PPA prices lower than expected due to indexation.

Decrease of indicators such as WTI, PPI and CPI due to external events.

Mitigation: monitoring external events to know and report the impacts from indexes.



EMERGING RISKS

Risks deriving from a new market trend in recently identified areas with potential risk in the medium and long term; i.e., within a time horizon from three to five years. They are often characterized by being distant threats that may cause damages in the future. We seek to identify these new scenarios at an early stage and be prepared in an optimal manner.

Some of these emerging risks include:

Changes in the regulatory framework affecting our activities.

Risk of increased costs or decreased revenues due to new regulatory requirements or restrictions.

Impact on lower energy sales due to lower dispatch and higher costs for the plants.

Mitigation: managing emerging regulatory changes in a participatory and decidedly manner, backed by a technical and economic analysis and stability principles and regulatory foreseeability. Participation in open roundtables with the government and industry to analyze new regulation and present our analysis to promote an open and transparent debate.

Changes in electricity consumption patterns.

The energy sector is changing and our clients require energy efficient and environmentally friendly products. There are also clients who produce part of the energy that they need and consume the remaining energy from SEIN (decentralized generation). The impact is the decrease of centralized power generation revenues due to low demand from clients. There would also be a possible oversupply, which may bring about a decrease of market prices.

Mitigation: to mitigate the risk, the company is developing and adapting its business supply of energy efficiency for its clients, promoting the efficiency of its operations, for instance, through co-generation projects. More renewable energy projects would be incorporated to improve the supply.

Development of new technologies.

Energy storage through batteries is becoming a fundamental help for photovoltaic and wind plants. The impact is decreased revenues due to a lower demand by clients who produce part of the energy with photovoltaic plants as they may be able to store the energy they do not consume. On the other hand, thermal plants running on has may be replaced by batteries by using 100% of renewable energy plants.

Mitigation: to mitigate the risk, the company is focusing on renewable energies and evaluate energy storage projects.



OPERATING RISKS

These are risks associated with the implementation of internal processes, hazards affecting the execution, the social climate and involved stakeholders. This group includes: operations; human resources; data handling and processing; natural risks; and corporate governance and ethics.

Some of these operating risks are:

High energy spot price risk.

More expensive purchases in the spot market due to high prices caused by lower hydropower generation.

Mitigation: hydrology follow-up and SEIN maintenance.

NG price risk.

More expensive purchases in the spot market due to high prices caused by natural gas unavailability.

Mitigation: efficient energy purchases.

Forced plant outage.

This risk includes any natural risk event forcing power plant unavailability.

Mitigation: insurance policy follow-up.

Project installation risk.

Events occurring during the execution of the project, which may lead to delays in the work schedule, additional installation costs or inefficiencies during the project.

Mitigation: adequate allocation of risks in EPC and similar agreements.

Ethical and corruption risk:

Risks deriving from any action contrary to our ethical policies or legal legislation on corruption matters.

Mitigation: compliance with our ethical policies and compliance with our Crime Prevention Model.



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INNOVATION

For ENGIE Energía Perú,
innovation is a line of
action across to all its
activities.



We seek to improve and question the way we do things, promoting a culture focused on innovation and digitalization, through the generation of ideas focused on creating value for our internal and external clients, as well as the fulfilment of our business purpose to speed up the transition into a carbon-neutral economy. To promote all innovation initiatives in the established lines of action, we have based our model on 4 pillars: innovation culture, intra-entrepreneurship; open innovation; and innovation ecosystems.

RESULTS OBTAINED

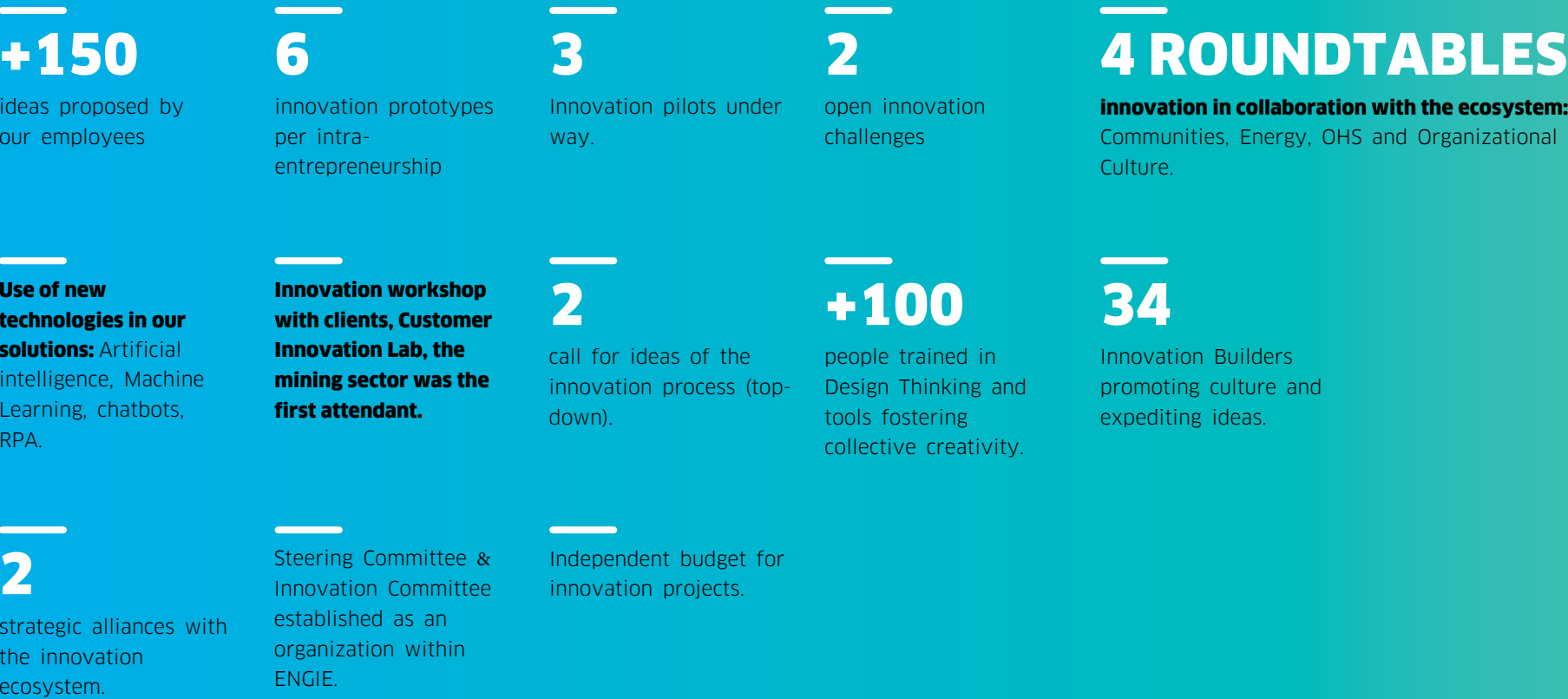
In 2020, we have promoted several initiatives in line with our strategic lines of action:

- > Development of the innovative business model “Energy as a Service” to have less investments from our clients and paid as another utility (water, phone).
- > Digitalization of processes, for instance: plant inspections, vacation requested, digital signatures, permits to work, work and maintenance orders,

authorization for admission of contractors, etc. Pilots using RPA technology, which automates manual tasks through the use of robot-type software.

- > Adoption of new technological platforms of the ENGIE Group: Darwin (predictability technology for an efficient operating management of renewable generation plants, interconnected globally) and Mobile Operator (digitalization platform for day-to-day monitoring and operation of thermal generation plant, being almost 100% paperless in this process).

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INNOVATION

INNOVATION CULTURE

In 2020 we have worked to create a systematic innovation culture to enable any person within the company to put forward an idea to be analyzed and even to take part in its implementation or development provided that the idea is aligned with the lines of actions established in our innovation strategy.

Some of the programs conducted in 2020 were:

Innovation Builders.

In 2020, we had 34 internal ambassadors to promote innovation.

Skilling or training.

We have delivered training on the new innovation tools, collaborative creativity, conducting more than 15 Design Thinking, Lean Model Canvas, Agile and Ideation, reaching more than 84 employees.

Governance:

This year we have strengthened innovation governance by creating an Innovation Committee within the company, with different roles and responsibilities within the process.

Innovation Day:

Every year we conduct our innovation event aimed at promoting the internal culture, informing about our projects and those of our clients, and fostering the innovation ecosystem in the country. This year we conducted the event virtually, involving more than 600 participants and more than 30 top companies in the country, whose leaders attended our webinars and discussions.

Innovation Trophies:

Every year, we take part in the innovation awards organized and promoted by the ENGIE Group. In 2020, we contributed with 10 proposals to the event.

INTRA-ENTREPRENEURSHIP

To promote intra-entrepreneurship within ENGIE Energía Perú we use two mechanisms; the first, a top-down mechanism, which are challenges posed by the business, and this year, we had to face the Covid-19 challenges, which is the new normal, Call for Ideas, Innovation Trophies, etc.; and the second, a bottom-up mechanism, which are ideas put forward at any time during the year, here we use a tool from the ENGIE Group to centralize and follow-up on the initiatives, where we have access to more than 2,000 from people from all countries where ENGIE is present.

Our innovation pilots that originated from the ideas of employees of ENGIE Energía Perú were:

- > AT Drones for inspection of AT/MT networks. A pilot that consists in using drone technology to conduct automatic (non-piloted) inspections of power transmission lines of the company and integrate an imaging recognition system to detect anomalies on the lines that we have in the southern part of the country. The main purpose of this pilot is to reach man-hour efficiency in this activity.
- > Green Mobility in our DNA is a pilot that promotes the use of electric cars among ENGIE employees through innovative direct financing mechanisms to permit employees to purchase their first electric car and promote electrical mobility in the country.



OPEN INNOVATION

Customer Innovation Lab. This year we conducted our first workshop-laboratory with clients from the mining sector, which was aimed at exploring in detail the needs of our clients and foresee their future energy needs from their perspective, placing clients at the heart of the process.

Using the Design Thinking methodology, we completed the stages for Research and Definition of challenges to reach the ideation bootcamp, where we took part of a 2-day co-creation process in a 100% virtual format, where attendees (clients, guests and ENGIE personnel) live an ideation experience, prototyping of solutions and pitch presentations where we gave solutions to the main mining challenges in 2020.

Open innovation challenges. This year we took part in 2 open innovation processes with proposed solutions to the challenges in the sector of our clients. In both programs we co-created innovative solutions that reached the final stage. With this, we positioned ourselves in the innovative ecosystem in the country and became aware of our strengths and weaknesses by taking part in the open innovation proposals.

INNOVATION ECOSYSTEM

At ENGIE Energía Perú we believe that innovation can be promoted in collaboration with other companies and industries by connecting and sharing ideas, initiatives and common challenges. We therefore strived to be part of the innovation ecosystem in the country through alliances with the following associations:

Mining Innovation HUB in Peru:

Main ecosystem of the mining sector in the country, where ENGIE Energía Peru participates as a strategic partner and supplier in the sector and works to identify challenges, foster innovation initiatives and co-build the mining future in the country.

SHIFT:

Collaboration and innovation community with more than 12 Peruvian partner companies from different sectors aiming at driving and fostering an innovation culture among the members of the ecosystem. ENGIE Energía Perú is a member of this community and we are attending innovation roundtables, where we network and share with attendees and create innovative initiatives.



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we are empathetic

YOU CAN COUNT ON US

Our guarantee of a clear vision and transparency

3rd year

in the Good Corporate Governance Index of the Lima Stock Exchange

TOP 100

of companies with best corporate governance in Peru as per the MERCO 2020 ranking

Zero tolerance

against corruption



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ETHICS AND INTEGRITY

CORPORATE VALUES

We work under sound principles established in our Ethics Charter and Practical Guide to Ethics, which require us zero tolerance against unethical behaviors.

- > We act according to the legal and regulatory provisions as well as under our Ethics Charter and Practical Guide to Ethics.
- > We are loyal at all times.
- > We respect our environment.
- > We behave with honesty promote a culture of integrity.

To ensure a performance consistent with the company's vision and vis-à-vis our stakeholders, we have a sound system of compliance with corporate ethical standards, including but not limited to anti-corruption issues, conflict of interests, human rights.

We also have an Ethics Officer responsible for overseeing compliance with our internal policies and procedures regarding ethics and compliance. Additionally, we have an Ethics Committee responsible for investigating and analyzing ethical complaints.

OUR ETHICS CHARTER

The Ethics Charter, together with the Practical Guide to Ethics, is the reference framework of the internal policies and code of conduct adopted by the company and, consequently, by its employees. No development or performance objective implies waiver of these principles.

In view of the foregoing, ethics is at the forefront of our management of day-to-day activities to build trust from our stakeholders, such as our clients, partners, suppliers and communities.

Both documents are posted in our website in order to communicate our standpoint on ethics.

HUMAN RIGHTS POLICY: COMMITMENTS

The “Human Rights” policy is the basis for our company's surveillance approach in Human Rights area, which formalizes ENGIE's commitments and identifies and manages non-compliance risks in this area for all our activities. At ENGIE Energía Perú, we respect the commitments undertaken in connection with Human Rights, and seek that these are observed by our counterparties. The respect of the Human Rights of rural populations and communities in the vicinity of our operating premises is paramount for peaceful and long-lasting coexistence and neighborliness.

Our commitment to ethics and compliance with applicable laws is consistent with the good corporate governance and is structured on our ethical principles, achieving compliance with assistance, training and control mechanisms. We also incorporate the obligation of compliance with the ethical and anti-corruption principles, as well as the respect of Human Rights in the agreements with our suppliers through an ethics, environment and social clause. 100% of our agreements with suppliers included the Ethics, Environmental and Social Responsibility Clause.

Every year, we assess the compliance with our Human Rights policy in our operations, analyzing the impact on people and the environment in the vicinity. Moreover, during the execution of our projects, our policy is applied evaluating the projects from a Human Rights perspective.

ANTI-CORRUPTION: REGULATORY COMPLIANCE

Our policy on ethical matters is to act everywhere and under all circumstances in accordance with our fundamental ethical principles. Compliance with this commitment, as well as the “zero tolerance” principles in connection with fraud and corruption, is strictly followed up by the Board and the Executive Committee of ENGIE Energía Perú and the Ethics Officer.

REFERENCE FRAMEWORK

Our system is based on the policies, procedures and a strict application and control process:

- > Ethics Charter that describes our ethical principles.
- > Practical guide to ethics that details and illustrates the practical application of our commitments.
- > Crime Prevention Model Manual.
- > Alert and notification mechanism.
- > **Report on ethical incidents, whether complaints or proven incidents, through our Ethics Officer and Ethics Committee.**
- > Training and awareness sessions for all employees. Training sessions are structured considered the sensitive and specific roles and responsibilities of employees.

TRAINING

In 2020, ENGIE Energía Perú trained its personnel on the scope and content of its ethical principles, zero tolerance on fraud and corruption issues, prevention of conflict of interests, due diligences of counterparties, and the commitment to respect Human Rights. An ethics campaign within the company was conducted through the dissemination of videos on prevention of conflicts of interest, gifts and hospitalities, respect of Human Rights, channel of anonymous reports and zero tolerance against corruption.

Additionally, ENGIE Energía Perú held the annual meeting with suppliers and contractors of its premises (Lima, Chilca, Ilo, Yuncán and Quitaraca), virtually due to the health restrictions enacted by the Government in view of Covid-19. More than 100 employees from 55 contractors attended the meeting, where we reaffirmed our ethical principles and reinforced concepts relating to prevention of conflicts of interest, whistleblowing channel and our Crime Prevention Model. Like in previous years, these meetings were aimed at underscoring the obligation of suppliers to comply with the ethical principles and rejection by ENGIE Energía Perú of any practice contravening such principles and applicable laws. It should be noted that suppliers have the obligation to comply with the ethical principles and applicable laws, and respect Human Rights according to the obligations as stipulated in our Ethics Charter, Environmental and Social Responsibility. All of our agreements with our suppliers included the Ethics, Environmental and Social Responsibility Clause.



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COMMUNICATION CHANNELS

ENGIE Energía Perú has an anonymous whistleblowing channel, RESGUARDA, which is managed by an external supplier. This system, available to all employees and external stakeholders, covers all types of corruption and fraud, including ethical incidents. The alert may be started by electronic mail, a free-of-charge phone call or a virtual questionnaire on the website. This alert is received by the service supplier that conveys the report anonymously to the company. In 2020, at ENGIE Energía Perú, the whistleblowing channel was disseminated within the company, as part of the ethics campaign, and to the different stakeholders.

Moreover, the Grievance and Claims Procedure (PQR), the concerns of communities and villages at each of the operating sites were addressed.

ACKNOWLEDGEMENTS

For the third consecutive year, we were included in the Good Corporate Governance Index (IBGC) of the Lima Stock Exchange, an indicator of companies with the best governance and transparency practices. We are the only company from the electrical sector in this index.

We are among the top 100 companies in Peru with the best Corporate Governance Responsibility practices, according to the MERCO 2020 ranking, where we rank first in the energy sector.



We are among the top

100

companies in Peru with
the best Corporate
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rank first in the energy
sector.





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OUR GOVERNING BODIES



BOARD OF DIRECTORS

FRANK JEAN ALAIN DEMAILLE

(June 2019 – to date)
Principal Director. Male. Year of birth: 1976.

Current CEO of ENGIE Latin America. He was Chairman and CEO of ENGIE North America Inc., which manages a broad range of energy businesses in the United States and Canada, including the generation of clean energy and co-generation, retail energy sales and integral services to help clients to manage their facilities in a more efficient and effective manner, optimize energy and other use and expense resources. Almost 100 per cent of the company’s power generation portfolio is low on carbon or renewable. Globally, ENGIE is the biggest independent power generation company and energy efficiency service supplier in the world, with operations in 70 countries and 150,000 employees, including 1,000 researchers in 11 research and development centers. Prior to this position, he served as Executive Vice President of the international Business and Energy Services Division (BES) of ENGIE, in charge of the commercial development of the BES and its activities in the Pacific, Asia and Americas.

He served as CEO at CPCU, the district heating system of Paris (4,200 MWth, 600 km of network), and worked in Dubai and Santiago, Chile, for ENGIE’s Energy International business.

Before joining ENGIE in 2009, he filled several positions in the Ministry of Finance of France and served as advisor to the French Prime Minister. He graduated from the Ecole Polytechnique and “Corps des Mines” in France. He holds a master’s degree in Finance.

At present, Frank Demaille is Director of ENGIE Perú S.A.

FERNANDO MARTÍN DE LA FLOR

BELAUNDE (March 2016 – to date)
Principal Director (independent). Male. Year of birth: 1962.

Principal director of ENERGIE Energía Perú since 2016. Founding director of the Caral Group, a company engaged in social housing development. He was partner and executive director of MacDonald’s Corporation in Peru. He worked for 15 years in the automotive industry, where he started out as design engineer at General Motors Corporation (United States), and then was promoted to CEO of Kia, Subaru, Mazda and Peugeot in Peru. He is director of Amrop, GN Brands Chile, Corporación Media Chakana, ParkOffice, SomosMoto, the Cancer Fight League. He served as Chairman of the American Chamber of Commere (AMCHAM), and was the founder of the Peruvian Automotive Representatives Association, and director of the American Society of Automotive Engineers (SAE). He holds a master’s degree in design from the Stanford University and a bachelor’s degree in mechanical engineering from the Purdue University.

Ferando de la Flor is also Direct of the Caral Group, Corporación Media Chakana, GN Brands and AMROP Perú.

JOSÉ LUIS CASABONNE RICKETTS

(March 2016 – to date)
Principal Director (independent). Male. Year of birth: 1952.

He serves as principal director of ENGIE Energía Perú since 2016. He is director of Inca Tops S.A., Incalpalca TPX S.A. and CRAC Incasur. He was CEO of Horizonte Pension Fund Manager (AFP) and deputy general manager of BBVA Continental. With more 30 years of experience in the financial sector, he also served as CEO of Banco Ripley and in the management of the Personal Banking in Banco de Crédito del Perú and Interbank. He was chairman of the Board at BBVA Continental Sociedad Administradora de Fondos Mutuos, and vice chairman of the Board at Amerika Financiera. He was also a board member at Grupo RPP S.A.C., Refinería La Pampilla S.A.A. (Repsol Group), CARDIF Compañía de Seguros y Reaseguros (BNP Paribas Group), BBVA Banco Provincial de Venezuela, Banco de Crédito del Perú, and others. He graduated in economics at the Pacific University, and holds a master’s degree from the Instituto Superiores en Administración (IESA), Venezuela. He attended the Top Management Program at the University of Piura.

José Luis Casabonne is also the Director of Inca Tops S.A., Incalpaca TPX S.A, and CRAC Incasur.

PIERRE VICTOR M. DEVILLERS

(March 2019 – to date)
Principal Director. Male. Year of birth: 1971.

He has 20 years of experience in the energy sector. He was born in Belgium and holds a master’s degree in Law, a bachelor’s degree in Business Administration and a master’s degree in Finance. He started his career in the ENGIE Group in 1996, where he filled several positions in Electrabel (power generation and distribution, as well as at the headquarters). In 2001 he joined the Operations and Portfolio Management division, where he coordinated the different supporting activities (Finance, Legal, TIC, Com and Human Resources), and founded and led the general management of Electrabel European Portfolio management. In 2007, after leading an in-depth organization transformation program and human resources processes in Europe, he became Director of Human Resources for the business area of Energy BeNeLux and Germany. In 2010, he became a member of the main team of the Integration Office of International Power – GDF Suez, where he prepared the merger between the two energy behemoths.

Pierre Devillers is Director of ENGIE Energía Perú S.A. and was Director of ENGIE Services Perú S.A.¹⁵

15. He served in this position until December 2020.



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✕ BOARD OF DIRECTORS

AXEL NICOLAS L. LEVEQUE

(May 2018 – to date)

Principal Director. Male. Year of birth:
1971.

Current CEO in ENGIE Energía Chile, Axel has more than 15 years of experience in the power generation business. He started his career at GDF SUEZ in 1996 as project engineer for Tractebel Energy Engineering (Belgium), where he was promoted to Feasibility Project Manager. In 1999, he was transferred to Chile as Site Deputy Director for the construction of a 400 MW combined cycle plant.

He was then transferred to Spain as Project Manager for a 25 MW cogeneration plant in Barcelona. In 2002, he returned to Chile as Project Director and in 2004 he was transferred to Peru as COO at ENGIE Energía Perú. In 2008, Axel was promoted to SVP Business Development for Peru. In 2011, he served as COO for Latin America with headquarters in Brazil, with special attention to the Jirau hydropower plant.

MARC JACQUES Z. VERSTRAETE

(November 2018 – to date)

Principal Director. Male. Year of birth:
1969.

After graduating as Commercial Engineer from the Lovaine Catholic University in 1991 and completing an MBA from the International American University in 1994, Marc joined the corporate banking division at the ING bank. In 1997, he joined ENGIE as financial advisor in Belgium, and soon after he moved to Florianopolis in Brazil upon the award of ENGIE's bid for the Gerasul power generation company.

He then served as CFO in this company. After 10 years in Brazil, Marc returned to Belgium to join Tractebel as CFO. In 2013, he served as CFO for the BU Asia-Pacific with headquarters in Bangkok, a position that he fills to date.

Marc Verstraete is also Director of ENGIE Perú S.A.

ALTERNATE DIRECTORS	PERIOD
Hendrik De Buyserie	March 2019 – March 2022
Marcelo Fernandes Soares	March 2019 – March 2022
Daniel Cámac Gutiérrez	March 2019 – March 2022
Felisa del Carmen Ros	March 2019 – March 2022
Gilda Spallarossa Lecca	March 2019 – March 2022



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OUR GOVERNING BODIES

EXECUTIVE COMMITTEE

Our Executive Committee reflects the company’s commitment to working for gender equality in the energy sector. In 2020, 50% of our vice presidents were male and 50% were female.

It should also be noted that there is no relationship of consanguinity or affinity among the directors and executive officers in ENGIE Energía Perú.



HENDRIK De Buyserie
CEO

(February 2018 - to date).



He serves as CEO of ENGIE Energía Perú since February 2018. He has more than 20 years of experience in the energy sector and has filled several executive positions for ENGIE in Europe, North America and Latin America. He was director of Human Resources for the ENGIE Group in Paris, and previously, he served as executive vice president of Human Resources for the previous energy business unit of ENGIE in London. He also served as vice president and director of Human Resources in ENGIE Latin America and ENGIE North America, respectively, between 2006 and 2011. In 2014, he was director of ENGIE Energía Chile. He graduated in Human Resources Management from the Sociale Hogeschool KVMW Gent in Belgium. He holds a master’s degree in Industrial and Organizational Psychology from the Ghent University (Belgium) and has attended the General Management program in CEDEP (European Center for Permanent Education, for its acronym in French) in the INSEAD school of business, in France.

Hendrik De Buyserie is also the Country Manager of the ENGIE Group in Peru and Director of ENGIE Perú S.A., ENGIE Services Perú S.A. and CAM Servicios del Perú S.A.



FELISA Ros
Operations Vice President

(August 2016 - January 2021).



She served as Operations Vice President at ENGIE Energía Perú from August 2016 to January 4, 2021 and previously as Operations Manager. She served as Vice President Ercot Region in GDF SUEZ Energy North America (now ENGIE North America) and, previously, Vice President of Mexico & Canada in the Generation area. In both positions, she was in charge of the operation of a total installed capacity of 5,800 MW. She has filled several positions in the ENGIE Group since she joined in 1998, in Argentina (Head of Construction), Peru (Technical Manager) and Mexico (Regional Director and Operations Support Director). She is a civil engineer from the National University of Rosario, Argentina, with an MBA from the University of Phoenix, United States.



DANIEL Cámac
Commercial Vice President

(August 2016 - to date).



He served as Commercial and Regulation Manager in ENGIE Energía Perú from May 2012, and later, since August 2016 as Commercial Vice President. He previously served as Vice Minister of Energy in the Peruvian Ministry of Energy and Mines. He worked in the Peruvian Regulatory Organization as manager of the Power Generation and Transmission Regulation Division. He is a graduate of electrical engineering from the Nation University of Central Peru.

He is a master of science in Engineering from the Pontifical Catholic University of Chile, and holds a master’s degree in Business Administration from the ESAN University of Peru. He is a Doctor of Science from the Pontifical Catholic University of Rio de Janeiro (Brazil), and has attended other specialization studies in Argentina, Brazil and United States.

Daniel Cámac is also the Deputy Country Manager of the ENGIE Group in Peru, Director of ENGIE Services Perú S.A. and CAM Servicios del Perú S.A., as well as Alternate Director of ENGIE Perú S.A.



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EXECUTIVE COMMITTEE



VINCENT Vanderstockt
Development Vice President¹⁶
(August 2016 – to date).



From May 2012, he served as Project and Implementation Manager in ENGIE Energía Perú, and from August 2016 as Development Vice President. Subsequently, since January 2016, he has been serving as Operations and Projects Vice President. He has extensive experience in the development and implementation of projects in Italy, Hungary, Belgium, Perú and Burundi, and the operation and maintenance of power plants, mainly in the ENGIE Group. He is a graduate in electromechanical engineer from the University of Brussels (Belgium).

Vincent Vanderstockt is also an Alternate Director at ENGIE Perú S.A.



MARCELO Fernandes Soares
Finance Vice President
(August 2017 – to date).



He is an industrial engineer from the Federal University of Rio de Janeiro, with an MBA from the University of Pittsburgh (United States) and a master's degree in Finance and Economics from Fundação Getúlio Vargas (Brazil). He is the Finance Vice President (CFO) at ENGIE Energía Perú since August 2017. He joined the ENGIE Group in 2006 in Rio de Janeiro as part of the Acquisitions, Investments and Financial Advisory team (AIFA), corporate finance and project financing, including a two-year period in Panama, where he led the team in charge of Central America. Before his arrival in Peru, Marcelo led the AIFA team in Brazil from 2011. Before joining the group, Marcelo worked for 8 years in an investment bank in Brazil controlled by Brookfield and Mellon Bank, which is in charge of mergers and acquisitions, privatizations, risk capital funds and capital market.

Marcelo Fernandes Soares is also an Alternate Director at ENGIE Perú S.A.



GILDA Spallarossa
Legal Vice President
(August 2016 – to date).



She joined ENGIE Energía Perú in August 2012 as Acting Legal Manager, and took over the Legal Management in April 2015, and since August 2016, she serves as the Legal Vice President. She graduated in Law from the Pontifical Catholic University of Peru and holds a master's degree in Public Law IDEC from the Pompeu Fabra University in Barcelona (Spain). She was partner in law firm Miranda & Amado Abogados, in the lines of business of Gas & Electricity, infrastructure projects, administrative law, civil law and litigation.

Gilda Spallarossa is also an Alternate Director at ENGIE Perú S.A.



MARÍA ELENA Córdova
Human Resources and Communications Vice President
(November 2018 – to date).



She is the Vice President of Human Resources in ENGIE Energía Perú, after serving as Human Resources Manager in the company from 2004. She has more than 20 years of experience in managing human talent and compensations in renown companies and consulting firms in Peru.

16. Since January 2021, he has been servicing as Operations and Projects Vice President.



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OUR GOVERNING BODIES

ORGANIZATION CHART
AS OF DECEMBER 2020

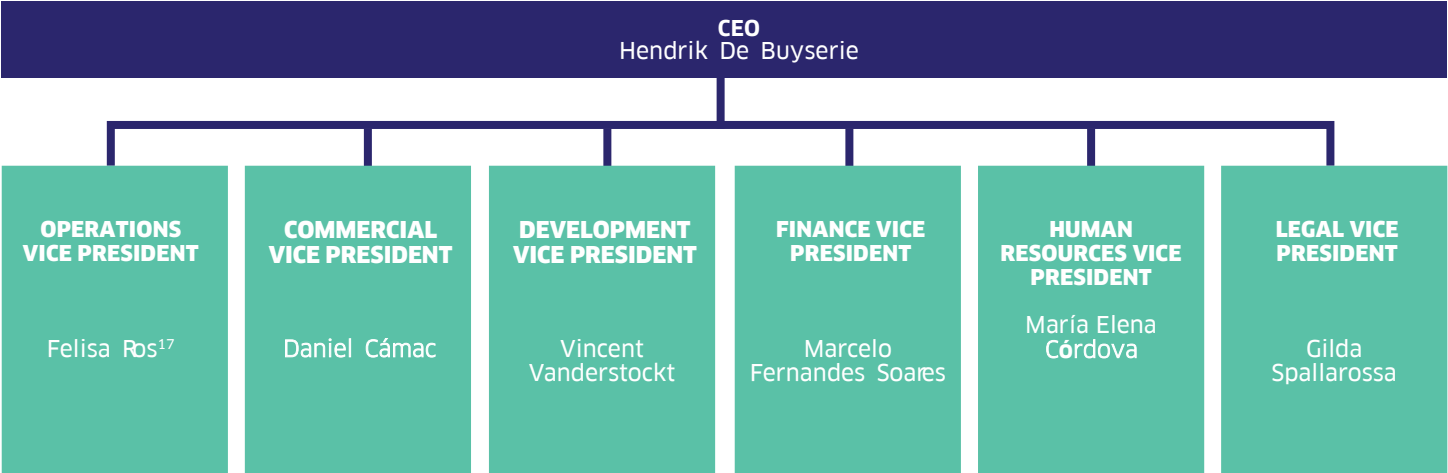


50%

of our vice
presidents are
male

50%

of our vice
presidents are
female



*The organization chart shows first-line executives reporting to the company's General Management.

17. Felisa Ros served as Operations Vice President until January 2021, and from such date Vincent Vanderstockt is serving as the Operations and Projects Vice President.

COMMITTEES

AUDIT COMMITTEE

It assists the Board with the supervision of financial reports, internal control, risk managements and assessment, compliance with applicable laws and regulations, as well as verification of transparency and integrity of the financial information disclosed by the company.

Members

- > José Luis Casabonne Ricketts
(Chairman and Independent Director)
- > Marc Verstraete
- > Pierre Devillers

COMMITTEE FOR REVIEW OF TRANSACTIONS
BETWEEN RELATED COMPANIES

It reviews and evaluates the transactions to be made between ENGIE Energía Perú and companies related to it and/or the ENGIE Group, analyzing the terms of such transactions and putting forward recommendations to the Board.

Members

- > Fernando de la Flor Belaunde
(Chairman and Independent Director)
- > Hendrik De Buyserie
- > Marc Verstraete

The total amount of remunerations of the Board members and management staff accounts for approximately 0.4345% of the gross income in the year.



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OUR GOVERNING BODIES

SHARE CAPITAL

As of December 31, 2020, the share capital of ENGIE Energía Perú adds up to PEN 601’370,011.00, of subscribed and fully paid-in capital. This is the result of a capital increase approved by the General Shareholders’ Meeting held on March 18, 2014.

SHAREHOLDING STRUCTURE AND COMPOSITION

The following tables show the share of the shareholders of ENGIE Energía Perú and the shareholding composition as of December 31, 2020, respectively.

LEGAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS

ENGIE Energía Perú is not a party in any legal, administrative or arbitration proceeding that may entail an economic contingency, which may affect in a significant and adverse manner the financial results and position of the Company.

“
As of December 31,
2020, the share capital
of ENGIE Energía Perú
adds up to PEN
601’370,011.00, of
subscribed and fully
paid-in capital.”

RELATIONS WITH THE GOVERNMENT

As a company from the electrical sector, the activities of ENGIE Energía Perú are mainly regulated by the following entities: (i) the Ministry of Energy and Mines (MINEM), the governing entity of the energy policy; (ii) the Supervisory Agency of Investment in Energy and Mining (Osinerghmin), the entity that regulates, supervises and oversees the sector; (iii) the Agency for Environmental Assessment and Enforcement (OEFA), the governing entity of the Environmental Assessment and Enforcement National System; and (iv) the Committee for Economic Operation of the National Interconnected System (COES), the entity responsible for coordinating the short-, medium- and long-term operation of the National Interconnected Electrical System (SEIN); (v) the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (Indecopi), responsible for resolving the proceedings for infringements to the free competition and unfair competition, as well as passing decisions on the requests for authorization of concentration operations in the electrical sector, and (vi) the National Superintendency of Labor Inspection (Sunafil), specialized technical entity that supervises and oversees the social labor and occupational health and safety regulations.

ENGIE Energía Perú complies with the payment of mandatory contributions to the entities in the sector, such as MINEM, OSINERGMIN and OEFA, through the payment of the contribution, which according to the Electrical Concession Law (LCE) and Regulation thereof (RLCE), cannot exceed 1% of its annual sales. Similarly, ENGIE Energía Perú provides MINEM and OSINERGMIN regular statistical information on the production and prices, as well as economic and financial information.

Moreover, considering that ENGIE Energía Perú has securities registered in the Stock Market Public Registry, the Company submits information to the Stock Market Superintendency (SMV) pursuant to applicable regulations.

SHAREHOLDING STRUCTURE

SHAREHOLDERS	NUMBER OF SHARES	SHARE (%)	NATIONALITY	ECONOMIC GROUP
International Power S.A.	371,478,629	61.77	Belgian	ENGIE
AFP Prima - FONDO 2	44,968,110	7.48	Peruvian	Grupo Romero
AFP Integra - FONDO 2	44,798,772	7.45	Peruvian	SURA
AFP Profuturo - PR FONDO 2	34,249,469	5.70	Peruvian	Scotiabank
Other	105,875,031	17.6	Other	
Total	601,370,011	100.00		

SHAREHOLDING COMPOSITION: VOTING SHARES

SHAREHOLDING	NUMBER OF SHAREHOLDERS	SHARE (%)
Less than 1%	513	5.21
Between 1% and 5%	4	12.39
Between 5% and 10%	3	20.63
More than 10%	1	61.77
Total	521	100.00



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we are by your side

YOU CAN COUNT
ON US

We believe in shared value
with our stakeholders

We were
recognized in
the
Merco
as the company
with the best
reputation to
attract and retain
talent in the energy
sector

97%
of trained
employees

0
accidents



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OUR TALENT: ENGIE DOES NOT STOP

Despite the pandemic, ENGIE Energía Perú continued supplying energy to the country thanks to the commitment of all our employees, who made efforts to successfully adapt to the new normal during the times of Covid-19, whether at our operations where new health protocols have been implemented, or at the offices, where everyone learned to work remotely.

ACTIONS FOR OUR PERSONNEL TO COUNTER COVID-19

The success of our human capital relies upon facing complex situations, regarding them an opportunity. To such effect, we seek for their competences, abilities, leadership practices and talent management to be positive catalysts for our growth in line with our business strategy.

Covid-19 was and still is a challenge that we had to tackle. Our ability to adjust and be resilient with our employees permitted us to continue working in the electricity market in observance with strict safety and health protocols enacted by governmental agencies.

ENGIE Energía Perú adapted, since the pandemic was declared, its protocols, policies, work plans and good practices, which permitted us to continue operating our plants and safeguard the health of our employees and their relatives.



In response to the pandemic, we implemented the “ENGIE WITH YOU” program, which focused on three lines of action:

Occupational safety and health: based on the implementation of regulations, prevention plans and handout of safety gear, as well as permanent and constant training

Time at home: based on social and cultural activities to provide our employees and relatives with entertainment and distraction at home or outside working hours.

Mental health: plan of activities to strengthen the emotional resources of our employees.

> In safety and health, we provided facilities, flexibility and support to employees affected by Covid-19. We also provided biosafety gear, masks and adequate monitoring to care for their health.

> Aware that the country's economy was affected, in May we paid benefits to employees -such as Severance Pay (CTS)- even when Emergency Decree 038-202018 authorized employers to postpone such deposit until November.

> In training, we deliver courses to raise awareness on social distancing and measures to counter Covid-19.

> Courses to break the stigma towards the people affected by Covid-19.

> Remote Work was implemented for administrative employees at all our premises. Monitors, chairs and other items were sent to their homes to ensure ergonomic conditions for home office.



18. The Emergence Decree provided supplementary measures to mitigate the economic effects caused to employees and employers due to Covid-19 and other measures.



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OUR TALENT: ENGIE DOES NOT STOP

“ENGIE WITH YOU” AND “ENGIE TAKES CARE OF YOU”

We implemented online entertainment and cultural activities for our human resource to better cope with staying at home. We maintained all our wellbeing activities scheduled for 2020 through technological means. The purpose was for our employees to feel the permanent presence and support of the company.

MENTAL HEALTH

We implemented the Mental Health Plan, whose main purpose was: to reduce the impact of Covid-19 on the mental health of our employees, strengthening the individual and collective emotional resources, within the framework of Law No. 30947, Mental Health Law, and Supreme Decree No. 007-2020-SA.

We therefore promoted talks on how to control emotions and anxiety and manage complex scenarios, as well as sessions on psycho-social risks, balance between work and family, etc. We implemented the Peace Plan, an online psychological help support for all our employees and next-of-kin.

This assistance is provided by an external supplier with extensive experience on this issue.

“We implemented online entertainment and cultural activities for our human resource to better cope with staying at home. We maintained all our wellbeing activities scheduled for 2020 through technological means. The purpose was for our employees to feel the permanent presence and support of the company.”



OUR VALUE PROPOSAL WAS NOT STOPPED

ENGIE promotes an open and transparent communication culture, fostering collective talent by being demanding, caring and open.

We work under 4 cultural behaviors::



Bold:
Willing to take controlled risks. Being self-confident and courageous.



Open:
Defined as the ability to work as a team, using collective intelligence from all stakeholders to obtain better results for the company.



Demanding:
Being willing to go the extra mile. Make our best effort to satisfy the needs of our clients and obtain the established results for the company.



Caring:
Built an environment based on trust and respect.

ENCUESTAS DE MEDICIÓN

PULSE Survey. It is conducted 3 times a year to measure the evolution of our employees’ perception versus the actions undertaken by the company. This permitted us to adjust the plan and adapt it as required. The results were favorable regarding the support provided by the company, the knowledge of protocols, the assistance from leaders, the life/work balance and internal communication.

Internal Means of Communication Survey. We seek to measure which internal means of communication are preferred by the personnel and which campaigns conducted in the year are best remembered. The final outcome indicates that despite the geographical distance and remote work, our people have felt the presence of the company through their leaders and internal means of communication.



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OUR TALENT: ENGIE
DOES NOT STOP

ENGIE Energía Perú provides benefits that are aimed at improving the quality of life of employees, giving priority to the balance between work and their personal and family life. These benefits are provided as required by law, in addition to benefits at the company’s own initiative.



HEALTH AND INSURANCE

- > **Medical Insurance:** Employees have EPS (Health Providers) medical insurance. This insurance is covered 100% by the company and applies to employees and next-of-kin (spouse and children).
- > **Compulsory Life Insurance:** Covered 100% from the start of employment at ENGIE Energía Perú.
- > **Paramedic assistance:** All our operation plants have nursing assistance to address any emergency or urgency free of charge.
- > **Oncological Insurance:** Covered 100% by the clinic network where our employees are affiliated.
- > **Supplementary occupational risk insurance (SCTR):** This insurance is covered in full by ENGIE Energía Perú and applies to all personnel (operating and administrative) in case of occupational accidents.
- > **Private medical service** for our employees and next-of-kin at the Ilo plants, covered 100% by our company to safeguard their health and integrity.



EDUCATION AND FAMILY

- > **Special pregnancy and maternity protection** through working hour flexibility, home office and special permits in case of pregnant women and mothers with toddlers.
- > **Special leave :** in case of marriage, childbirth, disease and death of a relative
- > **Economic allowance** the passing of an employee or next-of-kin
- > **Involvement with children activities.** We provide special leave for parents to attend activities relating to their children in school age.
- > **Schooling allowance:** we provide an annual allowance per every child to assist with the expenses incurred regarding school and higher education.
- > **Vacation allowance:** the company makes an annual payment to employees in the month of their anniversary when they joined the company.



WORK ACKNOWLEDGEMENTS

- > **Severance Pay:** Every month we acknowledge the time of employment at ENGIE Energía Perú through mass internal notices. We also provide a one-off bonus every 5 years to employees, as acknowledgement to their service in the company.
- > **Assignment bonus:** At ENGIE Energía Perú we provide assignment bonuses to employees working at our operating plants, at the camps, located outside their areas of residence.
- > **Performance bonus:** Incentives paid to employees according to the results obtained in the Annual Performance Assessments according to their objectives.



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OUR TALENT: ENGIE DOES NOT STOP

PERCENTAGE OF MEN AND WOMEN 2020

	TOTAL	MEN	%	WOMEN	%
OFFICERS (Executive Committee and Managers)					
Permanent	35	28	80%	7	20%
Temporary	1	1	100%	-	-
EMPLOYEES					
Permanent	412	358	87%	54	13%
Temporary	38	33	87%	5	13%
Trainees	27	11	40%	16	60%

TURNOVER 2020 PER PREMISE

ILO	LIMA	CHILCA	QUITARACSA / YUNCÁN
22%	44%	22%	11%

TURNOVER RATE

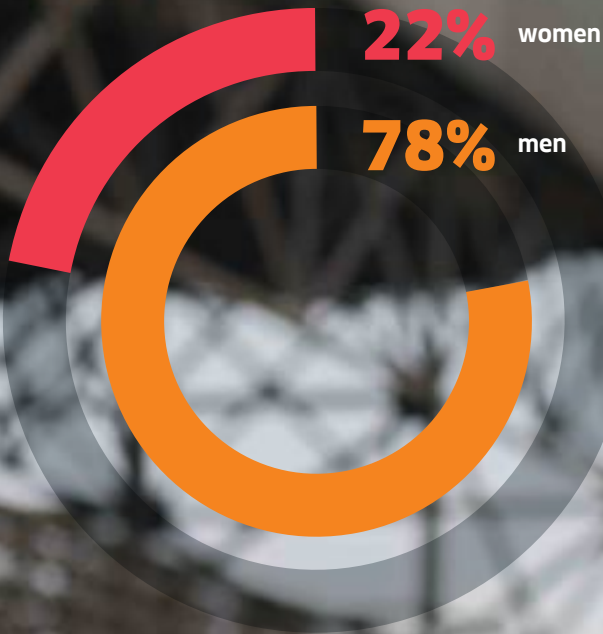
In 2020, 9 people turned over, which represents 1.85% compared to the total number of personnel.

486
EMPLOYEES

distributed as follows:



TURNOVER PER GENDER





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OUR TALENT: ENGIE
DOES NOT STOP

TRAINING

This year, the objective to train 97% of
employees was achieved.

TRAINING HOURS PER EMPLOYEE
(AVERAGE)

GENDER	ESTIMATED HOURS
Men	7.2 hours
Women	8.5 hours
Total	7.85 hours

In 2020, all our employees at ENGIE Energía Perú took
part in our performance assessment process (EDD).
The assessment and feedback we provided are aligned
with our objectives and associated with our
“Leadership Way” program.



Our employees took part of the performance
assessment through our virtual platform to
conduct self-assessments and assessments of their
work teams.

We developed an e-learning system for
employees to gain and supplement their
knowledge and discuss how to contribute to
their day-to-day roles.
The training topics were aimed at the following
aspects:

TOPICS	MAN HOURS
Health & Safety	1,332 hours
Compliance and Ethics	808.5 hours
Environmental Management	57 hours
Total	2,197.5 hours

EMPLOYEES PER NATIONALITY

COUNTRY	
Argentina	1
Belgium	2
Brazil	2
Chile	1
France	2
Guatemala	1
Peru	477



EMPLOYMENT TIME

EMPLOYMENT TIME	TOTAL PERCENTAGE OF EMPLOYEES
Less than 3 years	13%
Between 3 and 6 years	16%
More than 6 years and less than 9 years	18%
Between 9 and 12 years	8%
More than 12 years	45%

PERSONNEL BY GENERATION

GENERATIONS	TOTAL PERCENTAGE OF EMPLOYEES
Baby Boomers	18%
Generation X	45%
Generation Y	36%
Generation Z	1%



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GENDER EQUALITY

Part of ENGINE Energía Perú’s
commitment on diversity is to
promote gender equality
inside and outside the
company.

In 2020, we complied with Peruvian laws on equal pay, aiming at ensuring objectivity and transparency for managing remunerations in the company.

At ENGIE Energía Perú, the average remuneration difference of women is 4.64% higher compared to the remuneration of men. This is explained by the fact that women fill positions of more responsibility and complexity, even though the number is less compared to the number of men in the company.

To raise awareness among our employees on the importance of equal development at work between men and women, we have conducted the “We are different, we are worth the same” campaign.

This program is aimed at demonstrating that at ENGIE Energía Perú men and women are cable to develop their abilities and knowledge in equal terms. In this manner, the actions of women are acknowledged and empowered and the work-related gaps in the companies are bridged.

In 2020, ENGIE Energía Perú hired 7 women, which accounts for 33% of all new employees. Additionally, 12 women fill executive positions (managers, deputy managers, heads), which corresponds to 15% compared to men across the company.

Additionally, the company has delivered training courses on sexual harassment aimed at raising awareness among our personnel on the relations between employees and mutual respect.

WOMEN IN RECRUITMENT PROCESSES

GENDER	EMPLOYED	TRAINEE	EXTERNAL FINALIST	INTERNAL FINALIST	TOTAL
Female	7	11	16	2	18
Male	18	5	14	9	23
Total	25	16	30	11	41

PERCENTAGE OF EMPLOYEES AND TRAINEES COMPARED TO MEN IN RECRUITMENT PROCESSES - 2020

Employed



Total
women
44%

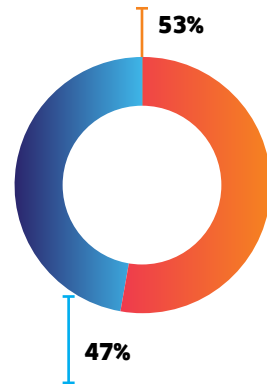
Trainee



Total
men
56%

PERCENTAGE OF EXTERNAL AND INTERNAL FINALISTS IN RECRUITMENT PROCESSES - 2020

External finalist



Total
women
44%

Internal finalist



Total
men
56%

PERCENTAGE OF MEN AND WOMEN BY EXECUTIVE POSITIONS - 2020

POSITION	MEN	PERCENTAGE	WOMEN	PERCENTAGE	TOTAL
CEO	1	100%	0	0	1
Vice Presidents	3	50%	3	50%	6
Managers	25	87%	4	13%	29
Heads	37	88%	5	12%	42
Total	66	100%	12	100%	78



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OCCUPATIONAL HEALTH AND SAFETY: NO LIFE AT RISK

Our employees are at the heart of our company: their integrity is our drive and responsibility. Through the occupational health and safety policy, we make efforts not to have any life at risk and avoid accidents or diseases involving our employees, contractors and other stakeholders.

This year, in view of the Covid-19 pandemic, changes were made to the Occupational Health and Safety Management System for the surveillance, prevention and control of all factors which may create an infection with this disease. These changes were made to our culture and to the preventive activities that we perform.

Our preventive and training actions are focused on 5 components:

1. **Safety committees.** At all our premises there are committees composed of employees (unionized and non-unionized) to promote communication, involvement and engagement of personnel with all occupational health and safety issues.

2. **Constant verification:** To ensure that controls and requirements for risk prevention are complied with by employees and contractors, we perform 5 actions: regular and non-scheduled inspections to facilities and constructions; observation of tasks and follow-up of medical exams and occupational diseases; permanent supervision of site works in order to ensure compliance with policies, standards and procedures; permanent monitoring for review of agents that may compromise the health (noise levels, lighting, radiation, temperature, other); technical and legal audits to ensure compliance with legal and regulatory requirements.

3. **Leadership.** We promote a culture based on the behavior including active participation of the line of command, through the application of leadership techniques in routine occupational health and safety activities.

4. **Digitalization.** Mobile app “ENGIE Prevents” and other tools permit us to have a feedback system to improve the time to report events that may compromise the safety of our own or third-party personnel.

5. **Training and induction:** We make sure that all personnel working for ENGIE Energía Perú are aware and apply the controls to prevent risks.

PROTECTION AND RESPONSIBILITY

The Covid-19 pandemic has brought about changes to our culture and to the way we work with the Occupational Health and Safety System.

Since the first pandemic alert, we incorporated new policies and protocols to our regular procedures and policies, which have permitted us to continue supplying energy to our clients and to the country. At the operating premises we have reduced by 30% the number of personnel, keeping only the minimum number of personnel required for the operation of the plants, whereas 100% of our administrative personnel are working remotely since the first day of the State of National Emergency.

These changes and improvements of our safety regulations vis-à-vis the pandemic correspond to a Covid-19 Surveillance, Prevention and Control Plan at the Workplace; 10 safety protocols for Covid-19 issues; 7 procedures were reviewed; 3 procedures were simplified; 8 weekly follow-ups to confirm Covid-19 protocols; 1 external audit to review the Covid-19 plan and protocols; 6 audits to review the compliance; update of the OHSE Guidelines; and Occupational Health and Safety for contractors.





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OCCUPATIONAL HEALTH AND
SAFETY: NO LIFE AT RISK

PREVENTION

In 2020, activities were focused on the surveillance, prevention and control of Covid-19 risks, including the following activities:



12,073

training hours to own and
contractors' personnel.



1,500

liters of hydroalcoholic gel.



400

daily symptom sheets in average.



30,000

liters of sanitizers (alcohol, soap,
ammonium hypochlorite, other).



170

follow-up cases.



600

face shields.



250,000

masks.



30

infrared thermometer.



5,000

rule-out tests.



8

thermal scanners at the
different premises.

COVID-19 AWARENESS
STRATEGY

We involve our personnel in the safety communication strategy, motivating them to protect their co-workers with the following activities:



6

shared videos.



10

shared sheets.



140

Notices on Covid-19.



6

awareness workshops.



20

people being acknowledged for
their safety performance.

Preventive activities were also performed by our personnel through the “ENGIE prevents” app with the following results:



7,751

preventive records in ENGIE
Prevents.



2,925

safety meetings.



2,855

“Safety Moments”: reflection
on risk situations.



130

good safety practices in place.



256

Management walk-downs.



2,030

preventive reports sent.



1,890

safety inspections.



OCCUPATIONAL HEALTH AND SAFETY INDICATORS - 2020

0

fatalities

0

occupational
diseases

0

disabling
accidents

50%

reduction of
hazardous incidents
compared to 2019.



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SUPPLIERS: TOGETHER WE ENSURE THE CONTINUITY OF OUR OPERATIONS

In 2020, at ENGIE Energía Perú, our priority was to work in collaboration with our contractors and suppliers to face together the health crisis and ensure the continuity of our operations under safe conditions.

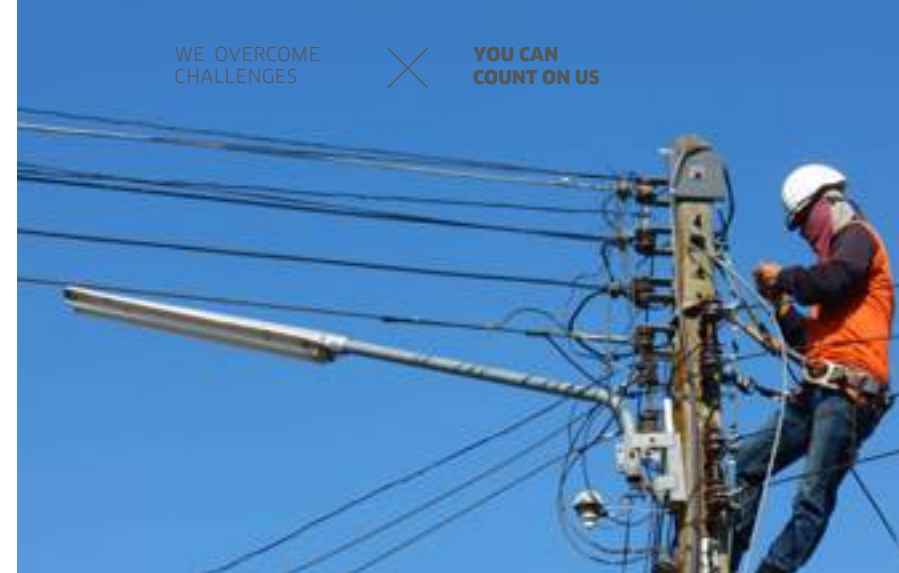
We have provided support for them to comply with the Health, Biosafety and Safety protocols that are required to enter our plants according to the measures enacted by governmental agencies.

On the other hand, to reactivate local economies we strive to work with local suppliers to comply with the regulations provided by the Ministry of Production and our OHSE (Occupational Health, Safety and Environment) Guidelines and we seek for contractors to employ local labor and include small companies from our operation areas in their value chain.

WE OVERCOME CHALLENGES



YOU CAN COUNT ON US



Annual meeting with suppliers. For the third consecutive year, we have held an annual meeting with our contractors and suppliers, but this time virtually due to the health context. 55 companies attended the meeting, and we addressed important issues such as Occupational Health and Safety, Environment and Ethics. The objectives of these meetings are the strengthening of trust ties, information transparency and involvement of everyone, and raising awareness on our processes and high work standards. Consequently, our suppliers and contractors informed us that they were aligned with our policies and we established the models to be followed during the times of the pandemic.

Ecovadis Assessment Process. Globally, the ENGIE group invites preferred suppliers to be part of the Ecovadis assessment process, which is aimed at fully assessing the Social Responsibility of the company. The EcoVadis rating covers a broad spectrum of non-financial management systems, including the impacts on the following matters: environment, social and human rights, ethics and responsible purchases. Each company is assessed on key aspects based on their size, location and industry. In 2020, ENGIE Energía Perú started this process with suppliers deemed critical, who were invited to participate on the certification after providing them with information about the importance of having the standards established by the ENGIE Group.



INDICATORS

8%

of our purchases come from local suppliers from our areas of influence.

3,592

performance assessments completed (continuous improvement tool that permits us to identify opportunities for improvement to render services at our plants).

100%

of contract administrators were trained on compliance and scope of the OHSE Guidelines.

102

high-incidence suppliers in our operations, including 29 critical suppliers and 75 high-incidence OHSE suppliers, as stipulated in standard ISO (2 suppliers belong to the two categories). These suppliers represent 39% of the total expenses in purchases, fuel not included, and are assessed on a yearly basis.

56

contractors with Certificate of Compliance with ENGIE's standards (Environmental, OHS, Ethics, etc.)



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COMMUNITIES: TOGETHER WE ARE STRONGER AND MORE SUPPORTIVE

The priority of ENGIE Energía Perú for the past 23 years has been to contribute to the social and economic development of the communities within its areas of influence, fostering dialog and constant feedback to build together a sustainable future.

That common history has revealed the importance and robustness in 2020, a challenging period due to the Covid-19, when empathy and solidarity have been key behaviors. We want to build a new low-carbon energy and inclusive world together with the neighboring communities to our operations.

For such reason, we seek to provide equal opportunities, through the digitalization of education or promotion of STEM careers for girls, we actively contribute to the social and economic development of the communities and the reinforcement of their health system, establishing positive interactions with them respecting the environment to grow together.

TIME TO BE EMPATHETIC AND SUPPORTIVE

ENGIE Energía Perú promotes social responsibility programs, projects, campaigns and activities, benefiting more than 46,000 people from Chilca (Lima), Huachón and Paucartambo (Pasco), rural communities of Kiman Ayllu and Quitaracsa, as well as the Huallanca village (Áncash) and Ilo and Moquegia (Moquegua).

This year has been different for all of us, and together we had to face the consequences of a global pandemic. Our additional actions to provide support to vulnerable populations due to the Covid-19 have benefited 150,000 people.

We had to adapt our community engagement to the digital context, the prioritization of the health emergency, the maintenance of programs and projects focused on capacity-building and the preparation of awareness campaigns.

DIGITAL COMMUNITY ENGAGEMENT

Due to the social distancing that we are experiencing nowadays in the country due to the Covid-19, many private and public institutions are implementing home-office work and through virtual means they are performing their activities to continue with the running of the country.



Under this new scenario, ENGIE Energía Perú opted for innovation and used these virtual tools to continue developing the social management in their operating sites.

We have implemented a new management model to maintain key active spaces, such as the Citizen Monitoring and Surveillance Committees and also to coordinate the support and coordination with local authorities in their areas of influence to respond to the Covid-19 emergency.

At present, the digital tools, such as community social networks, phone calls, video calls, WhatsApp, and other resources and supplementary channels are essential to maintain and strengthen the trust and close relations with our stakeholders.

RESPONDING TO THE PANDEMIC

Through the “We respond to the Covid-19 with energy in Peru” program, ENGIE Energía Perú



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has sought to respond in a coordinated manner to the emergency by handing out donations to satisfy the most important needs, in addition to the different public/private initiatives and seeking to assist the most vulnerable populations in coordination with national and local authorities, deploying a strategic and articulated support.

Donation of food supplies, equipment and health protective items

- > 22 tons of food and supplies and food staples were handed out to the most vulnerable populations and for the Emergency Committee of communities.
- > Chilca entrepreneurial women association: support to the reactivation and financing of manufacturing of 20,000 community-type masks, handed out in the Chilca district in Cañete.
- > 60,000 personal protection and biosafety gear

and cleaning and sanitation supplies, such as particular respirators, gloves, overalls, masks, safety goggles, and other items for the different institutions that provide first-line response to the pandemic.

- > In collaboration with FabLab ESAN, the company financed the digital manufacturing of 3,000 face shields of the Kiwi-Top Cover model, which were donated to different hospitals in Lima and Callao.
- > Arrangements were made with Aldeas Infantiles SOS Perú to hand out 5,000 cleaning kits to vulnerable children in Lima and Callao for prevention against Covid-19. Such aid was made effective through the Social Centers and Community Homes of the institutions in Lima and Callao, pursuant to the guidelines of the Ministry of Women and Vulnerable Populations and the Ministry of Education.

“Through the “We respond to the Covid-19 with energy in Peru” program, ENGIE Energía Perú has sought to respond in a coordinated manner to the emergency by handing out donations to satisfy the most important needs, in addition to the different public/private initiatives and seeking to assist the most vulnerable populations in coordination with national and local authorities, deploying a strategic and articulated support.”

Donation of equipment and services for public hospitals

- > 71 oxygen cylinders and 4 concentrators were donated in 3 of our operating areas. Medicinal oxygen cylinders are equal to 600m3.
- > ENGIE Energía Perú provided financial aid for the production and donation of five mechanical respirators for emergency hospitals of the Ministry of Health in the country. The “MASI” initiative, designed by a team of engineers from the Pontifical Catholic University of Peru (PUCP), in alliance with other companies, has been an essential tool to treat Covid-19 patients. This initiative was given support from the first prototype, promoting also innovation and the biomedical industry in the country.





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- > Five mobile clinics were donated to the Dos de Mayo Hospital, a health center administered by the Ministry of Health, to meet the high demand of medical care due to the pandemic outbreak in the country. These clinics are an integrated solution as they are fitted with optimal air conditioning, UV lamps, emergency sirens and other features to make them optimal for treating Covid-19 patients.

Joint fund between ENGIE and its employees (1x1) and financing of educational programs

- > In collaboration with the Peruvian Food Bank, 200,000 soles were raised with voluntary donations from employees. The company matched this amount (1x1) and the funds were delivered through the organization of such institution.
- > The “I Learned at Home” program was financed, specifically the math course for elementary education, in cooperation with the APOYO Institute and the Ministry of Education.

Awareness campaigns

ENGIE joined the promotion of preventive health regarding Covid-19 through the dissemination of awareness campaigns conducted by the Peruvian government. In coordination with health networks and micro-networks, communication materials were designed and distributed regarding adequate hand washing, the importance of social distancing, adequate use of masks and face shields, as part of the actions to prevent the virus from spreading in our country. The radio, community social networks, distribution of printed materials in public spaces, as well as distribution groups in WhatsApp, were the most used communication platforms during the pandemic.

Education

In 2020, and notwithstanding the difficulties posed by the pandemic, ENGIE has not ceased its commitment to improve the education service in its areas of influence; to such effect, the following actions were performed:

SENATI training scholarships

40 young people from the Ilo province, Moquegua, were benefited with scholarships on training course “Labor biosafety aimed at Covid-19 prevention” delivered by SENATI.

Teaching training

50 teachers from public elementary schools in the Chilca district in Cañete attended the “Strengthening of Distance Pedagogical Learning” workshop. On the other hand, in the province of Ilo, 800 teachers from elementary and secondary levels attended the training to improve their teaching competences on education evaluation.



Health

The promotion of health as a major aspect for the development of populations in the vicinity of our operations has been one of our most important action pillars at ENGIE Energía Perú, developing actions in strategic alliance with local health establishments.

Nutritional program

Preparation of educational materials on healthy food for the districts of Chilca (Lima) and Paucartambo and Huachón (Pasco). In this regard, approximately 600 families from our areas of influence of the Yuncán Hydropower Plant were beneficiaries of meal recipes and oral

On the other hand, in coordination with the Chilca Health Micro-Network, videos and digital posters on healthy meals were prepared, reaching more than 5,000 people, through community social networks and distribution groups in WhatsApp.

Informative material, such as trifold leaflets, posters and brochures on anemia prevention in the area were handed out to nearby populations to the Quitaracsa Hydropower Plant, in coordination with community authorities and the health micro-network of the Yuracmarca district, complementing the work performed by community agents, who monitor vulnerable families in the area.

Finally, six demonstrative sessions on the implementation of urban bio-orchards were conducted to promote the production of healthy food and benefiting 20 local households.

Local development

Through the local development program, ENGIE Energía Perú seeks to improve local infrastructure, build productive and associative capacities.

Agricultural entrepreneurial program:

In the Paucartambo and Huachón districts, training on technical agricultural assistance was delivered to 190 producer households. Moreover, approximately 45 tons of fresh produce, such as rocoto, granadilla, avocado, aguaymanto, Andean papaya and yellow potato, were traded in special markets. On the other hand, technical assistance was provided to 380 producers from the Quitaracsa, Kiman Ayllu rural communities and the Mallcush annexed village, as well as from the Huallanca district, through the setting up of Field Schools on fruit crops, Andean crops and cattle health management.

A technological package was also implemented for the production of 4.5 tons of quinoa in the Quitaracsa rural community.



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Finally, the installation of two hectares of technified irrigation and the sowing of an hectare of avocado crop expanded the agricultural frontier in the Pucapampa area, in the Pachma sector of the Kiman Ayly Rural Community, with 20 beneficiary households.

With the support from ENGIE Energía Perú, maintenance was performed on 120 km of access roads to populated centers and agricultural production centers in the Paucartambo district. We also opened up 2 km of access roads in the San Francisco populated center and the construction of a transitable bridge in the Quiparaca populated center.

Infrastructure, sanitation and public utilities

Implementation of irrigation systems: through the donation of approximately 4000 m of HDPE piping, the technified irrigation system was implemented in the Pachma, Quitaracza and Mallcush sectors.

Improvement of the communication system of the Quitaracza Rural Community: financing for the installation of a system to expand the mobile telephony signal at the Quitaracza populated center, with 600 beneficiaries from the community.

Donation of construction materials to build a perimeter fence in the health center of the Quitaracza Rural Community and rehabilitation of pedestrian bridges in the Secsi hamlet.

Preparation of feasibility studies for the execution of the “Alto Perú II” irrigation water and transfer project, which will benefit 500 people and will improve production systems.

Improvement of the welfare kitchen of the San José Shanty Town, in the Chilca district, benefiting 300 low-income diners from the local area.

Improvement of the local security system in the 15 de Enero Shanty Town, benefiting more than 1200 households, thus reducing local citizen insecurity.

Implementation of the Ilo Fire Department (Moquegua) and Chilca (Lima: safety gear and oxygen tanks were provided to improve the service provided to the population.

Co-financing

Preparation of the Business Plan of the San Pedro Fishermen Association to take part in PROCOMPITE 2020 of the Lima Regional Government.

Co-financing of the “Tamales Improved Productivity” by the Lima Regional Government, through PROCOMPITE 2019, benefiting 20 women producing tamales from the “Manos Milagrosas” Association in Chilca.

Capacity-building

Implementation of the Female Entrepreneurial Workshop in the textile sector, benefiting 30 women from the Chilca district. Support to neighborhood councils to reinforce citizen security in the Ilo province, benefiting 64,000 inhabitants.

Apoyo a la pesca

The Covid-19 health emergency has significantly affected artisanal fishing. In this sense, ENGIE has contributed to the economic reactivation in this sector, in the Chilca district by handing out fishing gear and improving the vehicle of the San Pedro Artisanal Fishermen Association, benefiting approximately 85 artisanal fishermen.

Christmas campaign

ENGIE Energía Perú has handed out close to 4,240 Christmas baskets for low-income households in our different project operation and development areas.





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2020 RESULTS INDICATORS

3,000

medical professionals equipped with face shields.

150

It is estimated that a total of people have been treated with oxygen tanks and concentrators handed out to the health networks and micro-networks every week.

1,000

vulnerable families are beneficiaries of adequate and timely meals (basic family shopping basket of PEN 200).

3,400

A peak number of patients is estimated to have received care at the emergency clinics implemented by ENGIE Energía Perú at the Dos de Mayo Hospital every month.

5,000

boys and girls protected with hygiene and cleaning kits.

5

Each MASI ventilator is estimated to be used in average by 5 people in critical or delicate condition per month.

20,000

people were handed out “community-type” masks in our operating areas.

5,000

people were handed out “community-type” masks in our operating areas.

300

Close to first-line authorities and leaders have been adequately protected with biosafety gear and sanitizing items in our operating areas.

150

Approximately physicians and nurses trained with relevant and timely information on how to counter the virus in our operation areas.

100,000

An estimated number of people made aware and alerted with the messages disseminated through the different channels.

850

Approximately teachers were trained on the improvement of assessment systems and distance education.

RELATIONS WITH SECTOR OR LOCAL ORGANIZATIONS AND ASSOCIATIONS

ENGIE Energía Perú plays a major role in our society due to the key position it holds in the energy sector and the large-scale ecosystems involved. Consequently, we are committed with strengthening our positive interactions with all our stakeholders, including sector or local organizations and associations.

ORGANIZATION OR ASSOCIATION	PERIOD	ANNUAL AMOUNT (Soles)
SNMPE - National Mining and Petroleum Society	January to December 2020	172,884
Chamber of Commerce Canada Peru	January to December 2020	5,000
Chamber of Commerce Ilo	January to December 2020	8,400
Chamber of Commerce Chilca-Pucusana	January to December 2020	7,000
CCIPF - Chamber of Commerce and French Peruvian Industry	January to December 2020	3,213
IIMP - Peruvian Institute of Mining Engineers	January to December 2020	15,000
IPAE - Businessmen for a Developed Peru	January to December 2020	6,000
AEDIVE - Business Association for the Development and Drive of Electrical Mobility	January to December 2020	0
Peruvian Mining Innovation Hub	Since September 2020	26,000
Shift - Innovation Association	Since September 2020	10,500
SPR - Peruvian Renewables Society	Since December 2020	30,000



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we grow

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ON US**

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**2-star
acknowledgement
for Peru's Carbon
Footprint platform
of MINAM**

Corporate building
**certified
carbon-neutral**

Objective of
reducing by 20%
the CO2 emissions
for our ways of
working by 2030



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ENVIRONMENTAL GOVERNANCE

Committed with operating with the high environmental standards and in harmony with natural ecosystems, ENGIE Energía Perú has established an environmental governance model with policies that encourage us to go beyond the compliance with reference standards, which permit us to identify, assess and control on an ongoing basis the environmental aspects and impacts to prevent a possible environmental contamination caused by the emissions, effluents, solid waste from our activities.

To achieve this, we apply the following principles and commit to the following:

- > Comply with the applicable environmental regulation, the regulations of the ENGIE Group and other agreements entered into by the company, working in a constructive manner with appropriate governmental agencies regarding environmental compliance concerns.
- > Assess opportunities to implement improvements and energy efficiency solutions at its plants and projects, and promote the use of materials and technologies to permit, to the extent possible, the reduction of greenhouse gases.
- > Use water, fuels, energy and raw materials more efficiently and give priority to waste management, reduction, repurposing and recycling.
- > Contribute to the conservation of natural environments integrating biodiversity in its environmental management strategies in observance of applicable regulations.
- > Promote a proactive and engaged environmental management culture in the organization.
- > Establish measurable environmental objectives and action plans to promote continuous improvement.
- > Require suppliers and contractors an optimal environmental performance according to the company's policies.
- > Keep this policy available for interested parties and report our environmental performance in an open and honest manner.





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ENVIRONMENTAL GOVERNANCE

EMISSIONS MANAGEMENT

The purpose of the ENGIE Group for reaffirming its leadership in the energy transition and carbon neutrality has placed the environment at the center of its overall strategy.

Climate change is recognized by our societies as one of the biggest challenges we face in the XXI century. The ENGIE Group actively participates in the fight against climate change, which is a key challenge due to the impact it will have on infrastructure development and activities of the Group, and an essential aspect to guarantee the long-term viability of our business model.

The ENGIE Group seeks to transform into low carbon-activities, decentralization and digitalization and to offer to its clients integrated solutions compatible with sustainable development. On the other hand, ENGIE Energía Perú implements a climate change management with two action lines, the first associated with the sustainable

business management model and the second associated with honoring the climate commitments of the ENGIE Group, as well as the national commitment and the applicable regulatory framework.

ENGIE Energía Perú has implemented a Climate Management Committee, whose main objectives are (i) to position the company as a strategic player on climate change matters in line with the group objectives; (ii) to integrate climate change aspects on the decision-making process; (iii) to define an organization and roles internally for adequate and comprehensive coordination; (iv) to built capacities in aspects related to climate change; and (v) to provide adequate support with our proposals of products and services; and the engagement with our clients.

For our actions to be efficient and permit to implement reduction and compensation strategies, we need to determine which are our main activities generating greenhouse gases. To such effect, ENGIE Energía Perú measures in detail the carbon footprint of its main activities and our ways of working.



ENGIE Energía Perú implements a climate change management with two action lines, the first associated with the sustainable business management model and the second associated with honoring the climate commitments of the ENGIE Group, as well as the national commitment and the applicable regulatory framework.



The emissions from our plants in 2020 were the following:

Carbon footprint



1,992,021 Tn

of CO2 were emitted from the following sources:
> 21 GWh lhv (coal),
> 9,786 GWh pi (natural gas),
> 22 GWh pi (heating oil, fuel oil, light fuel oil)



262 Tn

of CO2 were emitted at our corporative offices, which were offset through the purchase of carbon credits.



48 KG

of CO2 were emitted in our digital events and were equally offset.

Energy consumption



3,480 MWh

of energy were consumed not associated with production in all our premises.



9,830 GWh

were consumed associated with energy production in all our premises.



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“

WoW consists in measuring the carbon footprint from the activities and ways of working in connection with 5 elements: (i) buildings, (ii) vehicle fleet, (iii) transport from home to work, (iv) business travels, and (v) digital.

”



WAYS OF WORKING (WOW) PROJECT

As major players in the carbon-neutrality transition and in line with the global objectives of the ENGIE Group, we have developed actions aiming at obtaining the commitment of everyone regarding the individual and collective carbon footprint. It is important to act on our ways of working to change the company’s culture and align it with a carbon-neutral world. To this end, the ENGIE Group has developed the Ways of Working (WoW) project, which is aimed at raising awareness, promoting the cultural change empowering the company’s employees and reach carbon-neutrality in our ways of working by 2020.

WoW consists in measuring the carbon footprint from the activities and ways of working in connection with 5 elements: (i) buildings, (ii) vehicle fleet, (iii) transport from home to work, (iv) business travels, and (v) digital.

PERU’s CARBON FOOTPRINT PLATFORM - MINAM

The Peruvian Government has undertaken to reduce its emissions by 30% by 2030 and an additional 10% with the international cooperation, i.e. a total reduction of 40%. Within this context, the Ministry of the Environment has developed Peru’s Carbon Footprint platform.

It is an innovative and climate action tool to acknowledge the effort by public and private organization to reduce their Greenhouse Gas (GHG) emission, through the measurement of their emissions and the reporting of actions to reduce and/or counter them.

In 2020 and for the first time, ENGIE Energía Perú has recorded its results verified by a third party in Peru’s Carbon Footprint Platform, obtaining a 2-star recognition, which indicates that in addition to estimating its carbon footprint with the tool provided by the platform, the organization verifies its footprint with an entity accredited in NTP ISO 14064.

Plataform: <https://huellacarbonoperu.minam.gob.pe/huellaperu/#/inicio>

ELEMENTS	RESULTS 2020	RESULTS 2019
Buildings	689 tn CO2eq	754 tn CO2eq
Vehicle fleet	781 tn CO2eq	813 tn CO2eq
Transport from home to work	1302 tn CO2eq	981 tn CO2eq
Total:	2,999 tn CO2eq (w/o Amex)	Total: 3180 tn CO2eq
Trips (reference footprint)	118 tn CO2eq.	560 tn CO2eq. (2018)



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WATER MANAGEMENT

In view of the water availability forecasts in the country in 40 years, at ENGIE Energía Perú we drive a water management model aiming at the responsible use of this resource.

WATER FOOTPRINT

The water footprint considers the water volumes used directly and indirectly in the entire production process and throughout the supply chain and the impacts on the water resource as a consequence of our habits.



Water footprint



Our water volume consumed was

141,059 m³/year



8,906,032 m³

of water were used for generation activities at the Yuncán and Quitaracsa plants.

44,814 m³

of water were recycled and used for irrigation of green areas, treated at the wastewater treatment plant at the Ilo2 and ChilcaUno plants.



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WASTE MANAGEMENT

At ENGIE Energía Perú, we perform several actions to disposed of our waste in an efficient manner, seeking to repurpose the waste.

We also meet the requirements set out in the environmental regulations in force, including the commitments undertaken in the environmental management instruments applicable to our plants.

Indeed, the integrated solid waste management we perform covers the minimization, segregation or classification, reusage, recycling, storage, collection and internal transport up to the final disposal through an authorized company.

Even though the data corresponding to 2020 are influenced by the restrictions imposed due to the Covid-19 outbreak, we have maintained and achieved the (hazardous and non-hazardous) waste recovery percentage goals as part of our environmental performance objectives.

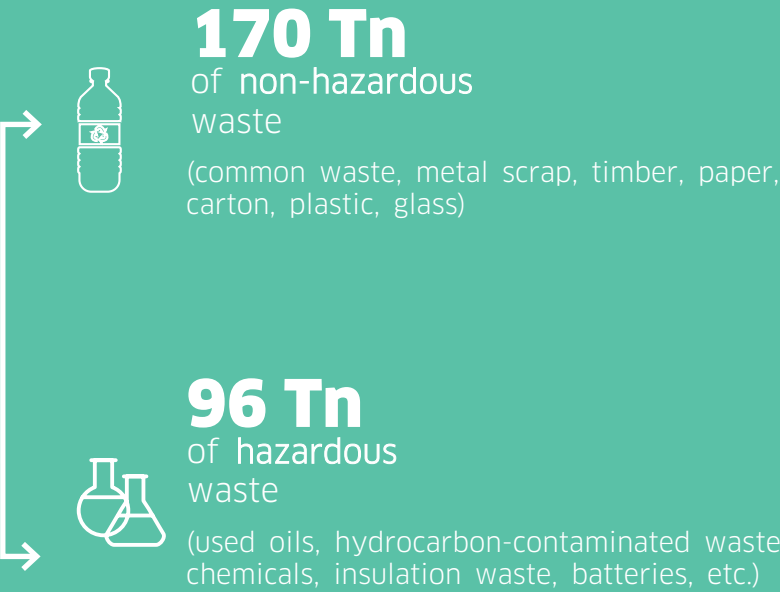


Waste management



266 Tn

In total, 266 tons of hazardous and non-hazardous waste have been disposed of, including:



→ **46 Tn**
were adequately recycled

→ **27%**
of non-hazardous recovery rate at all the plants

→ **23 Tn**
were sent to recycling or treatment depending on their characteristics

→ **23%**
of hazardous recovery rate



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RELEVANT FACTS 2020

PROCESSED PERMITS

Regarding the new projects managed by ENGIE Energía Perú, in 2020 the Environmental Impact Assessment of the Punta Lomitas Wind Farm and its Interconnection to SEIN was approved. We also obtained the approval of two Supporting Technical Reports of the Cold Reserve thermal power plants – Ilo Plant and Nodo Energético del Sur – Ilo Plant; and the Partial Abandonment Plan of the Gibraltar camp of the Quitaracsa Hydropower Plant.

MONITORING PERFORMED

In compliance with the provisions set out in the environmental regulations in force and the commitments undertaken in the environmental management instruments, ENGIE Energía Perú performed 656 monitoring activities at all its plants. Training and awareness. Pursuant to the provisions set out in the Regulation for Environmental Protection in Electrical Activities (Supreme Decree No.014-2019-EM), ENGI Energía Perú’s personnel have received 30 training hours on environmental aspects associated with our activities in 2020.

OEFA ENVIRONMENTAL ASSESSMENT AND ENFORCEMENT

OEFA conducted 3 desk supervisions (ChilcaUno TPP, ChilcaDos TPP and Quitaracsa HPP) and 2 on-site supervisions (Ilo1 TPP and Ilo2 TPP).

We have not had any environmental accident or incident, and we have not been imposed any fines.

CAMPAIGNS PERFORMED

Our campaigns were aimed at raising awareness among our personnel on environmental protection and stewardship. Our goal across the company was to get more than 80% of our employees involved in these campaigns.

PREMISES	CAMPAIGNS 2020
Chilca	> “We are part of the change” virtual campaign > Individual kit to seed plants in natural coconut fiber flowerpots
Ilo	> Waste collection walks. > Implementation of personal stainless-steel bottles for hydration of power systems personnel
Quitaracsa	> Water resource optimization (technified irrigation). > Campaign for collecting plastic waste and paper from the Huallanca-Quitaracsa Pueblo road
Yuncán	> Awareness campaign for Covid-19 waste segregation Podcast. > Forest fire prevention campaign. Podcast.

MUNICIPALITY OF THE CHEN CHEN POPULATED CENTER (MOQUEGUA)

ENGIE Energía Perú financed the supply, transport and installation of a Photovoltaic Solar System (PSS), which comprised two structures housing four panel modules on the roof of the Chen Chen Municipality.

The annual power generation available through the system will be 5510.5 kWh/year. 4230.3 kWh/year are consumed directly (according to the expected consumption), which corresponds to 55.9% (solar fraction) of the total consumption (7573.8 kWh/year) by the institution. The system will prevent 3.13 tons of CO2 in the planet.

RENEWABLE ENERGY CERTIFICATION:

- > Clients: Renewable energy origin certificates.
- > SGS issued certificates for 33,410 MWh based on official reports from COES (Committee for Economic Operation of SEIN) and the analysis conducted by SGS. It also certifies that in 2020, ENGIE Energía Perú has generated and injected into the National Interconnected Electrical System (SEIN), 1,359,907 MWh of electric energy from renewable sources.



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RESULTS 2020

At 2020 year-end, the energy net sales recorded by ENGIE Energía Perú amounted to USD 484.1 million, 9.7% less compared to 2019 (USD 536.4 million). The gross profit of the company amounted to USD 180.4 million, recording a decrease of 12.0% compared to 2019, mainly explained by low energy demand and capacity from clients due to the Covid-19 effect. Similarly, the operating profit amounted to USD 153.0 million, 8.1% less compared to 2019, and finally, the net profit in 2020 amounted to USD 87.9 million, 15.7% less than 2019 (USD 104.2 million).

	2020	2019	%
Net sales	484.1	536.4	-9.7
Sales cost	303.8	331.3	-8.3
Administration costs	21.8	22.5	-2.9
Income tax	38.6	39.1	-1.5
Net profit	87.9	104.2	-15.7

FINANCIAL MANAGEMENT

The explanation for the main variances in the lines of the Statement of Comprehensive Income is the following:

Net sales

The net energy sales recorded by ENGIE Energía Perú at 2020 year-end amounted to USD 484.1 million, 9.7% less compared to 2019 (USD 536.4 million), mainly explained by less energy and capacity demand from clients due to the Covid-19 effect.

Sales cost

The sales cost amounted to USD 303.8 million, 8.3% lower compared to 2019 (USD 331.3 million). This decrease is mainly explained by the effect of: (i) less net energy purchase costs in COES due to low demand, (ii) less fuel consumption (natural gas, coal and diesel 2), (iii) less depreciation of Ilo21 due to impairment allowances in 4T19 and 3T20, and (iv) less operating expenses.

Administration expenses

The administration expenses in 2020 represented a total of USD 21.8 million, 2.9% lower than the expenses recorded in 2019 (USD 22.5 million). Other income and other expenses (net)

As of December 2020, this expense amounted to USD 5.5 million, less compared to the same period in 2019 (USD 16.1 million), mainly explained by the impairment allowance of the Thermal Plant in 2019. Financial expenses (net)

Net financial expenses in 2020 (USD 20.2 million) decreased by 16.5% compared to 2019 (USD 24.2 million), due to lower interests for lower financial leasing debts.

Income tax

The income tax expense (USD 38.6 million) was less by 1.5% to the expenses recorded in 2019 (USD 39.1 million), due to lower profit before tax in 2019.

Net profit

In view of the reasons explained above and the net exchange difference effect, the net profit in 2020 was USD 87.9 million, lower by 15.7% compared to 2019 (USD 104.2 million).

Financing and indebtednessAs of December 31, 2020, the financial debt amounted to USD 484 million, 21% less than in December 2019 (USD 612 million) as detailed in note 16 to the Audited Financial Statements as of December 31, 2020.



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DIVIDENDS

The current dividends policy sets forth the payout equivalent to thirty per cent (30%) of the available annual revenues, as determined in each year, or a higher percentage if deemed convenient. The dividend payout shall be charged to the retained earning as of December 31, 2014, and when they run out, against the earnings obtained from January 1, 2015.

At the Annual Shareholders’ Meeting held on July 17, 2020, the payout of dividends for the net income balance of year 2020 was agreed in the amount of USD 65.68 million, which is equivalent to 63% of the

total profit for 2019 (which included the USD 19.71 million paid on December 18, 2019, against the total profit for such year, as approved at the Board Meeting held on November 12, 2019), against the available retained earnings as of December 31, 2014.

Moreover, the at a Board Meeting held on November 11, 2020, the Board agreed to a payout of dividends on account of the net profit of 2020, considering the non-audited Financial Statements of ENGIE Energía Perú as of June 30, 2020 in the amount of USD 15.15

million, which was paid on December 17, 2020, against the retained earnings available as of December 31, 2014.

ORDINARY SHARES

The following table details the monthly listing of securities representing shares listed on the stock exchange.



At the Annual Shareholders’ Meeting held on July 17, 2020, the payout of dividends for the net income balance of year 2020 was agreed in the total amount of

USD 65.68
MILLION



INFORMATION ON ORDINARY SHARES OF ENGIE ENERGÍA PERÚ

ISIN Code	Mnemonics	Year-Month	Listing 2019 (S/)				
			Opening	Closing	Maximum	Minimum	Average
PEP702101002	ENGIEC1	2020-01	7.90	7.80	7.99	7.80	7.90
PEP702101002	ENGIEC1	2020-02	7.80	7.60	7.80	7.60	7.66
PEP702101002	ENGIEC1	2020-03	7.60	6.65	7.60	6.65	7.21
PEP702101002	ENGIEC1	2020-04	6.50	6.00	6.50	6.00	6.29
PEP702101002	ENGIEC1	2020-05	6.05	6.90	6.90	6.05	6.58
PEP702101002	ENGIEC1	2020-06	6.85	7.12	7.12	6.71	6.96
PEP702101002	ENGIEC1	2020-07	7.12	7.25	7.28	7.12	7.19
PEP702101002	ENGIEC1	2020-08	7.20	6.65	7.20	6.60	6.78
PEP702101002	ENGIEC1	2020-09	6.70	7.35	7.35	6.70	7.16
PEP702101002	ENGIEC1	2020-10	7.30	7.14	7.35	7.00	7.25
PEP702101002	ENGIEC1	2020-11	7.09	7.12	7.12	7.00	7.08
PEP702101002	ENGIEC1	2020-12	6.90	7.00	7.10	6.90	7.00



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CORPORATE BONDS

The following table details the monthly listing of securities representing indebtedness listed on the stock exchange.

MONTHLY LISTING OF DEBT SECURITIES OF ENGIE ENERGÍA PERÚ							
ISIN Code	Mnemonics	Year-Month	Opening	Closing	Listing 2019 (%)		
					Maximum	Minimum	Average Price
PEP70210M067	ENGIE1BC6A	2020-08	115.47	115.47	115.47	115.47	115.47
PEP70210M075	ENGIE1BC7A	2020-09	101.25	101.23	101.25	101.23	101.24
PEP70210M075	ENGIE1BC7A	2020-10	101.05	101.05	101.05	101.05	101.05
PEP70210M083	ENGIE3BC1A	2020-04	113.33	113.33	113.33	113.33	113.33
PEP70210M083	ENGIE3BC1A	2020-06	116.08	116.08	116.08	116.08	116.08
PEP70210M083	ENGIE3BC1A	2020-09	120.12	120.94	120.94	120.11	120.57
PEP70210M083	ENGIE3BC1A	2020-11	123.57	124.24	124.24	123.57	124.11
PEP70210M091	ENGIE3BC2A	2020-06	111.28	111.26	111.28	111.26	111.27
PEP70210M091	ENGIE3BC2A	2020-09	112.40	112.40	112.40	112.40	112.40
PEP70210M091	ENGIE3BC2A	2020-12	114.36	114.66	114.66	114.36	114.64
PEP70210M109	ENGIE3BC3A	2020-07	112.28	114.26	114.26	112.28	113.75
PEP70210M109	ENGIE3BC3A	2020-08	115.00	115.56	115.57	114.61	115.10
PEP70210M109	ENGIE3BC3A	2020-11	120.53	120.53	120.53	120.53	120.53
PEP70210M117	ENGIE3BC3B	2020-05	111.18	110.83	111.18	110.83	110.96
PEP70210M117	ENGIE3BC3B	2020-08	117.29	117.95	117.95	117.29	117.54
PEP70210M117	ENGIE3BC3B	2020-12	121.81	121.81	121.81	121.81	121.81



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AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT



To the shareholders of ENGIE Energía Perú S.A.,

We have audited the attached financial statements of ENGIE Energía Perú S.A. (a Peruvian subsidiary company of International Power S.A.), which include the statement of financial position as of December 31, 2020 and 2019, and the corresponding statements of comprehensive income, changes in the net equity and cash flows for the years then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements pursuant to the International Financial Reporting Standards issued by the International Accounting Standards Boards, and for such internal control as Management deems necessary for the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility consists in expressing an opinion on these financial statements based on our auditing. Our audit was carried out in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Association of Public Accountants of Peru. Such regulations require that we comply with ethical requirements and that we plan and carry out the audit to obtain reasonable assurance that the financial statements do not contain erroneous representations of relative importance.

An audit involves performing procedures to obtain audit evidence on the balances and disclosures in the financial statements. Selected procedures depend on the auditor's judgment, including the assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor takes into account the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting principles applied and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of ENGIE Energía Perú S.A. as of December 31, 2020 and 2019, as well as the results of its operations and cash flows for the years then ended, in conformity with the Financial Reporting Standards issued by the International Accounting Standards Board.

Lima, Peru
February 18, 2021

Signed by:

Raúl del Pozo
Certified Public Accountant
Registry No.22311



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STATEMENT OF FINANCIAL POSITION

As of December 31, 2020 and 2019

	Note	2020 US\$(000)	2019 US\$(000)
Assets			
Current assets			
Cash and cash equivalent	4.2.1 y 7	99,864	91,897
Trade accounts receivable, net	4.2.2 y 8	76,071	80,365
Other accounts receivable	4.2.2 y 9	11,193	11,221
Accounts receivable from related companies	4.2.2 y 20(b)	22	161
Income tax	4.2.2 y 21(b)	36,439	40,515
Inventories, net	4.2.3 y 10	77,746	76,217
Prepaid expenses	11	11,800	10,516
Total current assets		313,135	310,892
Non-current assets			
Derivative financial instruments	4.2.2 y 12	21,752	17,630
Prepaid expenses	11	64,020	57,604
Prepayments	2 (iii y iv)	15,503	12,959
Properties, plant and equipment, net	4.2.4 y 13	1,719,620	1,758,191
Other assets, net	4.2.8 y 14	47,173	47,769
Intangible assets, net		111	223
Total non-current assets		1,868,179	1,894,376
Total assets		2,181,314	2,205,268

	Note	2020 US\$(000)	2019 US\$(000)
Liabilities and equity			
Current liabilities			
Other financial liabilities	4.2.2 y 15	86,089	109,635
Trade accounts payable	4.2.2 y 16	61,129	61,484
Accounts payable to related companies	4.2.2 y 20(b)	798	1,033
Liabilities for employees' benefits	4.2.13 y 18	12,361	13,406
Other accounts payable	4.2.2 y 17	8,913	9,169
Total current liabilities		169,290	194,727
Non-current liabilities			
Trade accounts payable	4.2.2 y 16	2,322	6,544
Provisions	4.2.12 y 19	33,214	9,515
Other financial liabilities	4.2.2 y 15	409,868	519,971
Derivative financial instruments	4.2.2 y 12	29,365	6,774
Deferred income tax liability, net	4.2.10 y 21(c)	370,270	330,467
Total non-current liabilities		845,039	873,271
Total liabilities		1,014,329	1,067,998
Net equity	22		
Issued capital		219,079	219,079
Additional capital		35,922	35,922
Legal reserve		43,816	43,816
Other reserves		15,335	12,374
Retained earnings		852,833	826,079
Total equity		1,166,985	1,137,270
Total liability and net equity		2,181,314	2,205,268



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INCOME STATEMENT

For the years ended December 31, 2020 and 2019

	Note	2020 US\$(000)	2019 US\$(000)
Sales income	4.2.14 and 24	484,104	536,374
Sales cost	4.2.14 and 25	(303,751)	(331,318)
Gross profit		180,353	205,056
Administration expenses	4.2.14 and 26	(21,842)	(22,498)
Other income	4.2.14 and 27	5,249	10,179
Other expenses	4.2.14 and 28	(10,773)	(26,246)
Operating profit		152,987	166,491
Financial income	4.2.14 and 29	4,355	5,883
Financial expenses	4.2.14 and 29	(31,201)	(37,601)
Exchange differences, net	33 (a)(v)	(6,309)	1,147
Profit for derivative financial instruments	4.2.2 and 12	6,607	7,475
Profit before income tax		126,439	143,395
Income tax	4.2.10 and 21(a)	(38,564)	(39,148)
Net profit		87,875	104,247
Basic and diluted earnings per common share (in USD)	4.2.18 and 23	0.146	0.173
Weighted average number of outstanding shares (in thousands of units)	4.2.18 and 23	601,370	601,370

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

	Note	2020 US\$(000)	2019 US\$(000)
Net profit		87,875	104,247
Other comprehensive income			
Cash flow hedge	4.2.2 and 12	4,200	10,578
Income tax	4.2.10 and 21(c)	(1,239)	(3,121)
		2,961	7,457
Total comprehensive income of the year, net		90,836	111,704



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STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

	Issued capital US\$(000)	Additional capital US\$(000)	Legal reserve US\$(000)	Other equity reserves US\$(000)	Retained earnings US\$(000)	Total US\$(000)
Balances as of January 1, 2019 (audited)	219,079	35,922	43,816	4,917	787,111	1,090,845
Net profit					104,247	104,247
Other comprehensive income, net of the income tax, note 12(a)				7,457		7,457
Total comprehensive income of the year				7,457	104,247	111,704
Dividends declared, note 22(e)					65,279	(65,279)
Balances as of December 31, 2019	219,079	35,922	43,816	12,374	826,079	1,137,270
Net profit					87,875	87,875
Other comprehensive income, net of the income tax, note 12(a)				2,961		2,961
Total comprehensive income of the year				2,961	87,875	90,836
Dividends declared, note 22(e)					(61,121)	61,121
Balances as of December 31, 2020	219,079	35,922	43,816	15,335	852,833	1,166,985



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STATEMENT OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	Note	2020 US\$(000)	2019 US\$(000)
Operating activities			
Collection for sale of goods and rendering of services		746,871	807,025
Other cash collections related to operating activities		28,802	31,327
Collection for interests and returns		1,085	1,776
Payment to suppliers of goods and services		(445,436)	(446,543)
Payments for income tax and other taxes		(66,755)	(89,647)
Payments for interests and returns		(22,938)	(29,105)
Payments to and on behalf of employees		(32,145)	(26,996)
Right of usufruct and social contributions Yuncan	2(l)	(6,039)	(6,378)
Other cash payments related to operating activities		(7,441)	(8,025)
Cash flow and cash equivalent provided by operating activities		196,004	233,434
Investment activities			
Sale of properties, plant and equipment		5	5,085
Purchase of properties, plant and equipment	13(j)	(21,563)	(32,464)
Purchase of intangible assets		(48)	(38)
Cash flow and cash equivalent used in investment activities		(21,606)	(27,417)

	Note	2020 US\$(000)	2019 US\$(000)
Financing activities			
Securing of loans	33a(iii)	-	12,440
Amortization or payment of loans	33a(iii)	(15,043)	(12,440)
Amortization of financial lease obligations	33a(iii)	(90,267)	(123,458)
Dividends	22(e)	(61,121)	(65,279)
Cash flow and cash equivalents used in financing activities		(166,431)	(188,737)
Net increase in cash and cash equivalents		7,967	17,280
Cash and cash equivalents at the beginning of the year		91,897	74,617
Cash and cash equivalents at year-end	4.2.1 y 7	99,864	91,897
Transactions not generating cash flows			
Changes to dismantling estimates	13(a) y 19(b)	22,935	-
Procurement of right-of-use assets	13(a)	-	1,619



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1. ECONOMIC ACTIVITY

(a) Profile -

ENGIE Energía Perú S.A. (hereinafter the “Company”) is a subsidiary of International Power S.A. from Belgium, which owns 61.77% of its share capital. The Company was incorporated in Lima, Peru, on September 20, 1996. On the other hand, GDF Suez IP Luxembourg S.A.R.L. owns 100% of International Power S.A. In turn, International Power Ltd and International Power (Zebra) Limited, companies incorporated in the United Kingdom, are direct and indirect owners, respectively, of GDF Suez IP Luxembourg S.A.R.L. On the other hand, Tractebel S.A., shareholder of International Power Ltd, is a company of the ENGIE Group and holds 99.99% of the share capital of International Power Ltd. ENGIE S.A., a French company, parent company of the ENGIE Group and listed on the Paris stock exchange, owns 99.13% of Electrabel S.A.

The legal domicile of the Company, where the administrative offices are located, is Av. República de Panamá No. 3490, San Isidro, Lima, Peru.

(b) Economic activity -

The Company is engaged in the power generation and transmission in secondary systems, through its power generation plants located in several departments across Peru, as well as the sale of energy to distribution companies and free clients in the National Interconnected Electrical System (SEIN), of which the Company is a member.

The Company has five thermal power plants: three in the city of Moquegua (Ilo21, Ilo31 Cold Reseve and Ilo41 Nodo Energético) and two in Chilca (ChicaUno and ChilcaDos), with a rated generation capacity of 2,208 MW. The Company also has two hydropower plants: the Yuncan HPP with a rated capacity of 134 MW, located in the basins of the Paucartambo and Huachón rivers, department and province of Pasco, 340 km to the northeast of the city of Lima, and the Quitaracsa HPP with a rated capacity of 114 MW, located in the province of Huaylas, department of Ancash. The Company also has a solar power plant, Intipampa, located in Pampa Lagunas in Moquegua spanning an area of 322 hectares and fitted with 138,120 photovoltaic panels, with a rated capacity of 40 MW.

As of December 31, 2020, the total rated capacity amounted to 2,496 MW.

(c) Approval of financial statements -

The financial statements as of December 31, 2020 have been approved for issuance by the Company’s Management on February 12, 2021, and will be presented for the approval of the General Shareholders’ Meeting within the time established by law. In Management’s opinion, these accompanying financial statements will be approved without changes at the Board Meeting and General Shareholders’ Meeting to be held during the first quarter of 2021. The financial statements for the year ended December 31, 2019, were approved by the Board and the Annual Mandatory Shareholders’ Meeting on March 2 and July 17, 2020, respectively.

(d) COVID-19 -

On March 15, 2020, the Peruvian Government declared the state of emergency across the country and the mandatory social distancing due to the COVID-19. Pursuant to the provisions enacted by the Government, the businesses performing non-essential activities had to suspend their activities. In addition to the activities permitted in the energy sector, other exceptions included health, telecommunications, financial and food production and trading services, etc. Subsequently, the Government decided to extend the state of emergency until July 31, 2020, except for certain regions that maintain the mandatory social distancing to date. This permitted the gradual resumption of economic activities according to the stages established by the Government by virtue of the enacted regulations. It should be notes that the State of National Emergency has been consecutively extended, and as of December 31, 2020, such extension is still effective.

Consequently, the Company has continued operating its plants, as scheduled by COES, with the minimum necessary personnel to ensure its operations and, to this end, to contribute with electricity supply to the country, and at the same time to protect its employees with all safety protocols. As of December 31, 2020, almost 100% of its employees from the administrative area were still working remotely.

As of December 31, 2020, the Company has conducted a permanent assessment of the risks and circumstances and no material variations have been identified to affect the financial statements as of December 31, 2020. The main issues that were evaluated were those relating to:

- Ongoing concern
- Fair value measurement
- Revenues from ordinary activities
- Inventories
- Property, plant and equipment
- Impaired assets
- Provisions and contingent liabilities
- Financial instruments
- Leases
- Contracts
- Estimates to financial statements, etc.

2. MAIN OPERATION CONTRACTS AND AGREEMENTS

(i) Usufruct Contract

On February 16, 2004, the Company and Empresa de Generación de Energía Eléctrica del Centro S.A. (currently Activos Mineros S.A.C.) entered into, with the intervention of the Agency for Investment Promotion – PROINVERSIÓN, a 30-year Usufruct Contract for the use of the Yuncan Hydropower Plant (Yuncan HPP), as from September 7, 2005 (handover date of the Yuncan HPP).



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By virtue of such contract, the Company made the following disbursements that are booked as “Right of Use” (Note 13) and are depreciating during the term of the usufruct contract:

- “Contract fee”, for approximately USD 48,392, which was paid in full in June 2005.
- “Social contribution”, for approximately USD 5,962, which was deposited in 2006 in a Trust Fund (now Social Fund), to be used exclusively for the execution of projects in the area of influence of the project.

Additionally, the Company has the obligation to make the following payments:

- “Right of Usufruct”, for approximately USD 105,517, which are paid in 34 half-year instalments according to the payment calendar established for year 2022. In 2020, the sum of USD 5,372 (USD 5,506 in 2019) was paid and booked as payment on account of the financial obligation in accordance with IFRS 16. The present value of the obligations is recognized as Right of Use (Note 13) and is amortized based on the effective term of the contract.

The total amount paid as of December 31, 2020 according to the contract adds up to USD 97,711 (USD 92,339 as of December 31, 2019), the outstanding balance according to the contract adds up to USD 7,806 (USD 13,178 as of December 31, 2019).

- “Social contribution” for approximately USD 13,014, which was being deposited in a Trust Fund (now Social Fund) according to the established payment calendar (34 half-yearly instalments), to be exclusively used for the execution of investment projects in the area of influence of the project. In 2020, the sum of USD 664 (USD 681 in 2019) was paid and booked in the Prepaid expenses (Note 11). These payments are being amortized based on the effective term of the contract.

The total sum as of December 31, 2020, according to the contract adds up to USD 12,047 (USD 11,383 as of December 31, 2019), the outstanding balance according to the contract adds up to USD 967 (USD 1,631 as of December 31, 2019), and the balance as of December 2019, net of accruals adds up to USD 5,432 (USD 5,199 as of December 2019) (Note 11).

On May 14, 2004, the Company entered into with the Peruvian Government a Guarantor Agreement, whereby the Peruvian Government guarantees the obligations that Activos Mineros S.A.C. has undertaken with respect to this Usufruct Contract.

(ii) Contracts of the ChilcaUno Thermal Power Plant

The ChilcaUno Thermal Power Plant, located in the district of Chilca, department of Lima, is fitted with three open-cycle natural gas turbines with a total installed capacity of approximately 560 MW, operating in open cycle, and a steam turbine with a total installed

capacity of approximately 292 MW, which combined add up to a total installed capacity operating in combined cycle of 852 MW.

For the operation of this power plant, the Company entered into the following agreements:

- In December 2004, an Interruptible Natural Gas Transport Service agreement was entered into with Transportadora de Gas del Perú S.A. (TGP). This contract includes five (05) addenda, and is effective until February 2, 2031, and a Maximum Interruptible Capacity (MIC) per day of 1,973,017 m3/std-day.
- In April 2006, an Exclusive Natural Gas Supply agreement was entered into with the Consortium of Camisea Gas Companies (Pluspetrol Perú Corporation S.A., Pluspetrol Camisea S.A., Hunt Oil Company of Perú L.L.C., SK Innovation, Sonatrach Perú Corporation S.A.C., Tecpetrol del Perú S.A.C. and Repsol Exploración Perú). This agreement is effective until November 10, 2021 and is renewable for 5 years. The agreement includes six (6) addenda, whereby the Maximum Daily Quantity (MDQ) of 3,950,000 m3/std-day and a Contractual Daily Capacity (CDC) of 1,950,000 m3/std-day.
- In December 2007, a Firm Natural Gas Transport Service agreement was entered into with Transportadora de Gas del Perú S.A. (TGP). This agreement and subsequent amendments thereto contemplate a Daily Reserved Capacity (DRC) of 3,942,315 m3/std-day until February 1, 2024 and a Daily Reserved Capacity of 2,476,747 m3/std-day until February 1, 2031.
- In July 2010, a High-Pressure Natural Gas Distribution Service agreement was entered into with Gas Natural de Lima Y Callao S.A. It includes three (3) addenda, which sets out an effective term of the agreement until December 31, 2033 and contractual firm quantities with a DRC of 3,942,315 m3/std-day and interruptible MIC per day of 163,627 m3/std-day.

(iii) “Services Contract” – Services contract entered into with Siemens Power Generation Service Company, Ltd.

On March 28, 2018, a new Services Contract was entered into for the inspection of minor and major maintenance to be required for the three gas generation units referred to in paragraph (ii) of this note, on a regular basis based on the production hours of each of the turbines, starting in 2018, superseding the Services Contract for the two gas generation units dated 2006 and the Service Contract for the third gas generation unit dated 2007.

This contract is effective for 15 years or the performance of the second major maintenance of each turbine performed under this new contract, whichever occurs first.

(iv) Program Parts, Miscellaneous Hardware and Logistics Support Contract entered into with Siemens Power Generation Inc. On March 28, 2018, a new Program Parts , Miscellaneous Hardware and Logistic Support Contract was entered for logistic support, procurement of spare parts and as per



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the established maintenance and the necessary labor for the erection, disassembly and effective replacement of procured parts, for the three gas turbines referred to in paragraph (ii) of this note, which supersedes the Program Parts, Miscellaneous Hardware and Logistics Support Contract for the two gas generation units dated 2006 and the Program Parts, Miscellaneous Hardware and Logistics Support Contract for the third gas generation unit dated 2007.

This contract is effective for 15 years or the execution of the second major maintenance of each turbine performed under this new contract, whichever occurs first.

In case of the contracts described in this paragraph, the prepayments made by the Company are booked in an account of Prepayments made and will be recognized as fixed assets when performing the replacement of components in accordance with the program established in the contracts.

As of December 31, 2020, the balance of prepayments corresponding to the payment of these concepts amounts to USD 15,503 (USD 12,959 as of December 31, 2019).

(v) Ilo31 "Cold Generation Reserve - Ilo Plant"

On November 25, 2010, PROINVERSIÓN awarded the concession of the “Cold Generation Reserve - Ilo Plant” to the Company for the construction and operation of a dual thermal power plant located in Ilo, which aims at ensuring the availability of energy and capacity in SEIN in case of supply emergencies or operating efficiency.

In June 2013, the Ilo Generation Cold Reserve entered into commercial operation with a contracted capacity of 460 MW. Since August 2015, the plant has an effective capacity of 500 MW, approved by the Committee for Economic Operation of the National Interconnected System (COES-SINAC).

(vi) Quitaracsa Hydropower Plant

This project consisted in the construction of a hydropower plant with a rated capacity of 114 MW, located in the district of Yauracmarca, province of Huaylas, department of Ancash. In November 2010, the “Contract of Unit Rates for the Supply and Construction of the Civil Works of the Quitaracsa Hydropower Plant” was entered into with construction company JME S.A.C.

In October 2015, the Quitaracsa Hydropower Plant entered into commercial operation, with a total rated capacity of 114 MW.

(vii) Nodo Energético

On November 29, 2013, PROINVERSIÓN's Energy Safety Project Committee - PRO SEGURIDAD ENERGÉTICA awarded the Company the construction and operation of one of the thermal power plant of the project Nodo Energético del Sur del Perú in the international bidding conducted by PROINVERSIÓN.

The plant is a single-cycle dual plant (diesel B5 and natural gas) and operates in a first stage with diesel, and will operate with natural gas once this resources becomes available in the southern part of the country.

In October 2016, the Nodo Energético Thermal Plant No.2 Moquegua Region - Ilo Plant of ENGIE, entered into commercial operation, with a total effective capacity of 610 MW.

(viii) Intipampa Solar Power Plant

On May 17, 2016, the Company entered into with the Peruvian Government (represented by the Ministry of Energy and Mines) a concession contract, whereby it will supply to SEIN the awarded energy (108.404 GWh/year) to the Intipampa Photovoltaic Solar Project within the framework of the fourth electricity supply auction with renewable resources (RER) called by OSINERGMIN. By virtue of the terms of the respective agreement, ENGIE will supply the awarded energy to SEIN from the actual starting date of commercial operations.

In March 2018, the “Intipampa” Photovoltaic Solar Plant started commercial operations with a rated installed capacity of 40 MW (44.54 MW in direct current).

3. OPERATING AND LEGAL REGULATION GOVERNING THE ACTIVITIES IN THE ELECTRICAL SECTOR

The main regulations governing the activities of the Company are:

(a) Electrical Concessions Law and the Regulation thereof

On November 19, 1992, the Electrical Concessions Law was enacted through Decree Law No. 25844 and on February 19, 1993, the Regulation of the Law was enacted through Supreme Decree No. 009-93-EM.

Pursuant to such law, the Peruvian electrical sector is divided in three large segments: generation, transmission and distribution, to prevent more than one activity to be performed by the same company. The Peruvian electrical system is only composed of the electrical system referred to as National Interconnected System (SINAC), in addition to some isolated electrical systems. The Company conducts its operations in the power generation segment and is a member of SINAC.

Pursuant to the Law, the operation of generation companies shall be governed by the provisions of the Committee for Economic Operation of the National Interconnected System (COES-SINAC) to coordinate the operation at minimal cost, ensuring the safety of energy supply and the use of energy resources. COES-SINAC manages the capacity and energy transfers among generation companies considering the injections and withdrawals under contracts, and values such transfers on a monthly basis, as well as the compensations to the holders of transmission systems and compensations to other generation companies pursuant to the relevant regulation.



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Supreme Decree No. 040-2017-EM, published on December 13, 2017, amended articles 95 and 96 of the Regulation of the Electrical Concessions Law, regarding the system operation in case of Exceptional Cases and with the information from the generation units provided by the agents implying operating inflexibility; and amended article 7 of the Electricity Wholesale Market Regulation regarding the cost allocation for Operating Inflexibilities; and amended the Final Provision Sixteen of the Electrical Services Quality Technical Standard regarding the non-application of sanctions and/or compensations during periods of Exceptional Cases.

(b) Law to Ensure the Efficient Development of Power Generation -

On July 23, 2006, Law No. 28832, Law to Ensure the Efficient Development of Power Generation, was enacted. The law is mainly aimed at: (i) ensuring sufficient efficient power generation to reduce the exposure of the electrical system to price volatility and risk of rationing due to energy shortages; and ensuring competitive electrical tariffs for consumers; (ii) reducing the administrative intervention in the setting of generation prices through market solutions; and (iii) promote effective competition in the generation market.

The main changes introduced by the Law are related to the participation of generation companies, distribution companies and large free clients in the short-term market, therefore including distribution companies and free clients as members of COES-SINAC, thus amending the structure of this entity. Additionally, the bidding mechanism to be followed by power distribution companies was introduced to enter into power purchase agreements with power generation companies.

Energy sales by power generation companies to power distribution companies will be at bid prices in case of Contracts resulting from Biddings or at agreed prices (with a ceiling set by OSINERGMIN) for Contracts not resulting from Biddings. Such provision is aimed at establishing a mechanism to promote investments in new generation capacity through long-term power purchase agreements and firm prices with power distribution companies.

(c) Supervisory Agency of Investment in Energy and Mining -

By means of Law No. 26734, enacted on December 27, 1996, the Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) was created to supervise the activities performed by companies in the energy and hydrocarbon sub-sectors, ensuring the quality and efficiency of the service provided to users and enforcing compliance with the obligations undertaken by the concession holders under the concession contracts, as well as the legal provisions and technical standards in force and effect, including those related to environmental protection and stewardship.

As part of its regulatory role, OSINERGMIN has the authority to pass, within its competence, general rules and standards to be applied to entities in the sector and to users.

By virtue of Supreme Decree No. 001-2010-MINAM, enacted on January 20, 2010, OSINERGMIN has transferred the environmental supervision, oversight and sanctioning role on general hydrocarbon and electricity matters to the Agency for Environmental Assessment and Enforcement

(OEFA), created by Legislative Decree No. 1013 that approves the Law for the Creation, Organization and Roles of the Ministry of Environment.

(d) Electrical Services Quality Technical Standard -

By Supreme Decree No. 020-97-EM, the Electrical Services Quality Technical Standard (NTCSE) was approved, which establishes the minimum quality levels for electrical services, including public lighting, and the obligations of electrical companies and clients that operated under the framework of the Electrical Concessions Law.

The NTCSE contemplates procedures to perform measurements and establishes tolerances, assigning the responsibility for their application to OSINERGMIN, as well as the application, to electrical companies and clients, of penalties and compensations in case of infringements of tolerances of parameters established therein.

The Company's Management considers that in case of contingencies arising in connection with the non-compliance with the parameters set by the NTCSE, these will not be significant in terms of the financial statements taken as a whole.

(e) Law Against Anti-Monopolies and Anti-Oligopolies in the Electrical Sector - Law 26876 / Emergency Decree 013-2019 -

On November 18, 1997, the Law Against Anti-Monopolies and Anti-Oligopolies in the Electrical Sector, Law No. 26876, was enacted, establishing that the vertical concentrations equal to or higher than 5% or horizontal concentrations equal to or higher than 15% occurring in the power generation, transmission, and distribution activities, will have to be approved in order to prevent concentrations affecting free competition.

Subsequently, on November 19, 2019, Emergency Decree 013-2019 "Previous Control of Business Concentration Operations" was enacted to establish control of business concentration operations to promote economic efficiency in the markets to benefit consumers. Subsequently, on January 7, 2021, Law No. 31112 - Law that establishes previous control of business concentration operations, which shall become effective within 15 days from the regulatory adjustment set out by the ninth final supplementation provision of the law. Emergency Decree 013-2019 and Law No. 26876 will be repealed when Law No. 31112 comes into effect.

(f) Environmental Stewardship Regulations -

The Government designs and applies the necessary policies and regulations for adequate protection of the environment and the nation's cultural heritage, and oversees the rational use of natural resources while performing activities related to power generation, transmission and distribution and hydrocarbons. To such effect, the Ministry of Energy and Mines has approved the Regulation for Environmental Protection in Electrical Activities (Supreme Decree No. 014-2019-EM) and the Regulation for Environmental Protection in Hydrocarbon Activities (Supreme Decree No. 039-2014-EM).



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By Supreme Decree No. 026-2016-EM, the Electricity Wholesale Market Regulation was approved (EWM). The main aspects of the EWM regulations are the following: it incorporates the definition of EWM, which is composed of the short-term market (STM) and the mechanisms for allocation of supplementary services, operating inflexibilities and allocation of congestion income. The participants authorized to purchase in the STM are: generation companies to meet the supply contracts; distribution companies to supply their free clients, up to 10% of the maximum demand; and large users to supply up to 10% of their maximum demand.

COES will estimate the energy marginal costs and the congestion marginal costs. The Congestion Income will be allocated among the participants pursuant to the respective procedure. The participants without an A rating (A, AA or AAA) will need a security for the payment of their obligations in the EWM, and the actions by COES in case of non-compliance with their payment obligations by a participant are incorporated.

By Supreme Decree No. 033-2017-EM, published on October 2, 2017, the Electricity Wholesale Market Regulation, approved by Supreme Decree No. 026-2016-EM, came into full force and effect on January 1, 2018.

(h) Law that Strengthens the Energy Security and Promotes the Development of the Petrochemical Pole in the South of the Country - Law 29970 declared the implementation of measures to strengthen the energy security of the country through the diversification of energy sources, the reduction of external dependence and the reliability of energy supply chain of national interest.

(i) Supreme decrees within the gas emergency framework -

Supreme Decree 001-2008-EM, published on January 5, 2018, established the methodology whereby the additional fuel costs to be generated as a result of the partial or full gas supply interruption to power generation plants will be recognized.

Supreme Decree 017-2018-EM established the rationing mechanisms in case of partial or full shortage of gas supply for the domestic market in any part of the supply chain.

(j) Law that establishes the mechanism to ensure electricity supply for the regulated market -

On January 3, 2008, Law No. 29179 was published, which, together with its amendments and supplements, established the mechanism to ensure the electricity supply for the regulated market. This law stipulates that the capacity and energy demand for the public electricity service without power purchase agreements to back them up (through the power supply bidding mechanisms set out in Law No. 28832, Law to ensure the efficiency development of power generation, and/or the bilateral contract entered into by virtue of Law No. 25844, Electrical Concessions Law), will be borne by the generation companies pursuant to the procedure to be established by OSINERGMIN.

To this effect, the missing amount to close the energy transfers in COES, due to the capacity and energy withdrawals without contract at busbar prices of the regulated market, will be allocated by COES-SINAC to the generation companies in proportion to their annual efficient firm energy, less their energy sales under contracts. Failure to pay by the distribution companies to generation companies will be grounds for termination of the concession in case of recurrence.

(k) Supreme Decree 016-2000-EM -

Supreme Decree No. 043-2017-EM, published on December 28, 2017, amended article 5 of Supreme Decree No. 016-2000-EM, stipulating that generation companies using natural gas as fuel shall declare the gas price once a year with effective date on July 1. COES verifies that the declared value is, at least, results from applying a formula considering the Contractual Daily Quantity, the specific consumption, take or pay contracts and the natural gas supply price without including transport and distribution. Through Public Action Ruling No.28315-2019, published on the official gazette El Peruano, on September 21, 2020, the Ministry of Energy and Mines commissioned the Committee for Economic Operation of the National Interconnected System – COES, to submit to OSINERGMIN the proposed amendment of technical procedures related to the provision of information on gas supply, transportation and distribution costs, as well as the determination of variable costs of thermal power generation units running on natural gas.

(l) Supreme Decree No. 032-2017-EM that suspends the implementatin of the Secondary Natural Gas Market Regulation -

Supreme Decree No. 032-2017-EM, published on September 30, 2017, suspended the implementation of the Natural Gas Secondary Market Regulation approved by Supreme Decree No. 046-2010-EM until December 31, 2018. During this period, the operations in the Secondary Market may be performed under bilateral contracts. The suspension was subsequently extended until December 31, 2019, and then until December 31, 2020.

(m) Legislative Decree No. 1002 “Promotion of Investment for Electricity Generation with Renewable Energies”

Legislative Decree No. 1002, published on November 13, 2010, is aimed at promoting the use of Renewable Energy Resources (RER) to improve the quality of life of the population and protect the environment, through the promotion of investment on electricity production.

(n) Legislative Decree No. 1221 promoting Distributed Generation for users with equipment for generation with non-conventional renewable energy or co-generation.**(o) Framework Law on Climate Change -**

With Law No. 30754, published on April 18, 2018, the Framework Law on Climate Change was enacted. It is governed under the principles of Law 28611, General Environmental Law; Law 28245, Framework Law on the National Environmental Management System, the National Environmental Policy, approved by Supreme Decree 012-2009-MINAM and the United Nations



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Framework Convention on Climate Change, approved by Legislative Resolution 26185. The Framework Law is aimed at establishing the general principles to execute, assess, and communicate public policies for the comprehensive management of adaptation and mitigation measures concerning climate change, seizing the opportunities of low carbon growth and uphold the international commitments undertaken by the Government before the United National Framework Convention. With Supreme Decree No. 013-2019-MINAM, the regulation was approved.

(p) Recognition of Firm Capacity to plants with renewable energy resources, resolution 144-2019-OS/CD

OSINERGMIN's resolution amends Technical Procedure No.26 of COES "Firm Capacity Calculation". Such parameter is used to determine the capacity revenues of generation companies in COES, as well as the contracting level they are allowed to reach. Since September 2019, the Firm Capacity for plants with renewable resources using wind, solar or tidal technologies (prior to the amendment it was zero), will be determined considering the historical energy production in peak hours of the system.

(q) Operating inflexibilities Resolution No. 161-2019-OS/CD:

It was published on October 1, 2019, pursuant to the provisions set out in Supreme Decree 040-2017-EM. The purpose of this regulation is to provide information on Operating Inflexibilities in order to carry out supervision and oversight actions regarding the parameters reported by generation companies in SEIN.

(r) Provisions enacted within the framework of the Declaration of Emergency due to COVID-19. We make reference to some of the regulations enacted by the Government:

- (i) Supreme Decree No. 044-2020-PCM declares the State of National Emergency and mandatory social distancing due to the COVID-19 outbreak, until April 12, to ensure adequate rendering of services, such as the electrical sector. Subsequently, on November 30, 2020, Supreme Decree No. 184-2020-PCM repealed Supreme Decree No. 044-2020-PCM and declared the State of Emergency until December 31, 2020.
- (ii) Resolution of the Ministry of Energy and Mines No. 001-2020-MINEM-VME provided that companies performing power generation, transmission and distribution activities were to prioritize actions to guarantee power supply continuity to guarantee electricity supply during the effective term of Supreme Decree No. 044-2020-PCM. To such effect, companies were requested to submit their respective contingency plans to ensure continuity of the electricity service. With Resolution No. 26-2020-MINEM-DGE, the list of power companies included in the scope of Supreme Decree No. 044-2020-PCM was approved.
- (iii) Resolution SMV 033-2020-SMV/02 was published on March 21, 2020, whereby the Superintendence of the Stock Market (SMV) provided for the postponement of some deadlines

for issuers to comply with their information obligations. The postponed deadlines include the deadline for the reporting of the Annual Audited Financial Statement, the annual report, the Intermediate Financial Statements and risk classification report. Subsequently, Resolution SMV 046-2020-SMV was issued to extend the deadlines provided by Resolution SMV 033-2020-SMV&02 and incorporate the extension of time for approval of the Intermediate Financial Statements for the second quarter 2020.

- (iv) Emergency Decree 035-2020 was enacted on April 3, 2020 to suspend the payment of compensations or sanctions deriving from the Electrical Services Quality Technical Standard and the Rural Electrical Services Quality Standard during the State of Emergency, provided that the infringements are not related to safety issues and are related to events not attributable to power companies as a result of measures or restrictions within the aforementioned State of National Emergency and/or due to the effects caused by COVID-19.
- (v) On May 6, 2020, Ministry Resolution No. 128-2020-MINEM/DM was published, as amended with Ministry Resolution No. 135-2020-MINEM/DM, which approved the Health Protocol for the implementation of prevention and response measures to COVID-19 in the electricity sub-sector activities, inter alia, to counter the risk of dissemination of COVID-19 during the performance of activities in the electricity sub-sector.
- (vi) Emergency Decree No. 056-2020 was published on May 15, 2020, whereby the entities under the Securities Market Superintendence (SMV), such as the Company, were authorized to call and hold non-face-to-face or virtual general shareholders' meetings through the use of technological or telematic and communication means, even if the bylaws of such entities only provide for the possibility to call and hold face-to-face shareholders' meetings.
- (vii) Superintendence Resolution No. 050-2020-SMV/02 was published on June 4, 2020, whereby the regulation to call and hold non-face-to-face shareholders' meetings referred to in Emergency Decree No. 056-2020 was approved.
- (viii) Emergency Decree No. 074-2020-PCM was published on June 27, 2020, and amended on September 10 by Emergency Decree No. 105-2020-PCM, which creates the electricity bonus for residential public utility users with an average consumption up to 125 kWh/month. Such bonus is intended to cover electricity consumptions for the period comprised between March and December 2020 for PEN 160 (one hundred sixty and 00/100 Soles).

Moreover, four main regulatory aspects were discussed in the Peruvian electricity sector in 2020:

(a) Gas price declaration -

After Luz del Sur filed a popular action lawsuit against the Ministry of Energy and Mines ("MEM") contending that -in company's opinion- Decree 043-2017-EM ("DS-43"), in connection with the declaration of fuel prices by power generation companies, contained legal and constitutional



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violations, the Supreme Court ruled in favor of the annulment of the regulation and instructed MEM to regulate as per Decree 039-2017-EM, a regulation that was repealed by Supreme Decree DS-043.

In this context, Supreme Decree No. 031-2020-EM was published on December 19, whereby MINEM commissioned the Committee for the Economic System Operation (COES) to submit to OSINERGMIN, within 30 business days the proposed amendment to the technical procedures regarding the submission of information on gas supply, transport and distribution costs, as well as the setting of variable costs of thermal power units running on natural gas. OSINERGMIN has 60 business days to assess, amend, if applicable, and publish such technical procedures.

(b) Natural gas Secondary Market -

In December 2020, a bill of “Supreme Decree that Approves the Regulation to Optimize the Use of Natural and Creates the Natural Gas Manager”. In accordance with this bill, the regulation is aimed at establishing provisions to promote the efficient use of Natural Gas in economic activities. The bill also puts forth certain provisions of the Regulation for the Natural Gas Secondary Market approved by Supreme Decree 046-2010-EM, for consumers to trade the surplus of Natural Gas supply and transport in a secondary market at the price set by the bill. An auction mechanism and the entity in charge of the auctions were also proposed.

The same bill also proposed the creation of a new agent referred to as the Natural Gas Manager to manage and disseminate information on operations regarding the supply and use of transport capacity.

(c) Efficient use of natural gas transport capacity -

The bill of “Supreme Decree that Improves the Efficient Use of Gas Transport Capacity for Thermal Generation with Camisea Natural Gas and Payment of Firm Capacity” was issued in December 2020. The bill defines a Reference Party for Contracting (FRC) the Daily Reserved Quantity of natural gas transport agreements per type of technology, ensuring the transport availability for the generation companies.

(d) Lowering the requirements to be a client -

Bill 06010/2020-CR – Law to support micro and small businesses (MYPES) to access the Electricity Free Market was submitted to Congress in August 2020. This initiative seeks to provide users with a maximum annual demand, the range of which would be defined in the regulation, the right to decide whether they access the free electricity market or stay in the regulated market, setting a new limit for users subject to the price regulation regime so they can choose to be free users, which would be set at 50 kW (at present it is 200 kW).

4. MAIN ACCOUNTING PRINCIPLES AND PRACTICES

4.1 Basis of Preparation and Presentation

These financial statements have been prepared by the Company in accordance with the Financial Reporting Regulation of the Securities Market Superintendency (SMV).

On May 25, 2020, the SMV, through Memo No. 140-2020-SMV/11.1, gave notice of the document “Impact of the COVID-19 pandemic and crisis in the Financial Statements of companies with securities registered in Stock Exchange Public Record – Main considerations and recommendations for risk assessment, measurements, estimates and disclosures of financial statements prepared according to the IFRS”. It is intended to serve as a guide on the points of interest that, at SMV’s judgment, companies and its governing bodies should consider regarding the main accounting aspects and matters to be taken into consideration when preparing their financial statements.

Subsequently, on June 8, 2020, the SMV, through Memo No. 145-2020-SMV/11.1, informed that it will conduct inquiries and follow-up activities to obtain information on the mechanisms and procedures being applied by issuing companies with securities registered in the Stock Exchange Public Record to prepare their financial information as of March 31, 2020 and thereafter, in full compliance with the IFRS and the contents in Memo No. 140-2020-SMV/11.1.

The accompanying financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), issued by the Accounting Standards Board (hereinafter IASB) and in force and effect as of December 31, 2020 and 2019.

The information contained in the accompanying financial statement is the responsibility of the Company, who expressly represent that the principles and criteria included in the International Financial Reporting Standards issued by the IASB and in force and effect as of the date of the financial statements were applied in full.

The financial statements have been prepared on the historical cost basis, based on the accounting records maintained by the Company, except for the derivative financial instruments, which were booked at fair value. The financial statements are presented in United States dollars (USD) and all figures are rounded to the thousands, except where otherwise specified.

Note 5 includes information on the significant accounting judgments and estimates used by Management for the preparation of the accompanying financial statements.

4.2 Summary of significant accounting judgements and practices

4.2.1 Cash and cash equivalents

The cash and cash equivalent of the statement of financial position includes cash in hand and banks and term deposits with original maturity of less than three months.



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4.2.2 Financial instruments: initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at the time of their initial recognition, as measured at amortized cost, at fair value with changes in other comprehensive income and at fair value through profit or loss.

The Company’s financial assets include cash and cash equivalents, commercial accounts receivable, accounts payable to related companies and other accounts receivable.

Subsequent measurement

For subsequent measurement purposes, financial assets are classified under the following categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value with changes in other comprehensive income through accrued profit and loss (debt instruments);
- Financial assets at fair value with changes in other comprehensive income not transferred to profit and loss when written off (equity instruments; and
- Financial assets at fair value through profit or loss.

The classification depends on the Company’s business model and the contractual terms of cash flows.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized costs when the following conditions are met:

- The financial asset is kept to maintain financial assets to collect contractual cash flows and not to sell or negotiate; and
- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are onlyTh payments of the principal and interests on the amount of the outstanding principal.

Financial assets at amortized costs are subsequently measured using the effective interest rate method and are subject to impairment. Any gain or loss are recognized from derecognition, modification or impairment is recognized in the income statement.

The financial assets are not reclassified after the initial recognition, unless the Company changes the business model to the financial asset management

This category includes cash and cash equivalents, trade accounts receivable, accounts receivable to related companies and other accounts receivable.

Financial assets at fair value with changes in other comprehensive income (debt instruments)

The Company measures debt instruments at fair value with changes in other comprehensive income if both of the following conditions are met:

- the asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows and then sell them; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are only payments of the principal and interests on the amount of the outstanding principal.

The Company does not hold any debt instrument under this category.

Financial assets at fair value with changes in other comprehensive income (equity instruments)
Upon recognition, the Company can choose to irrevocably classify their equity instruments as equity instruments at fair value with changes in other comprehensive income when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial instruments are never transferred to profit or loss. Dividends are recognized as other income in the income statement when the right of payments has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are booked in other comprehensive income. The equity instruments at fair value in other comprehensive income are not subject to impairment assessment.

The Company does not hold any financial instrument under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held to trade, financial assets designated at the time of initial recognition at fair value through profit or loss, or financial assets that need to be measured at fair value. Financial assets are classified as held for trading if they are purchased to be sold or repurchased in the short term. Derivatives are classified as held for trading unless they as designated as effective hedge instruments. Financial assets with cash flows that are not only payments of the principal and interests are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets through profit or loss are booked in the statement of financial position at fair value, and the net changes at such fair value are presented as financial costs (net negative changes in the fair value) or financial income (net positive changes in the fair value) in the statement of comprehensive income.



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The Company does not have investments classified as financial assets at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized, i.e. is eliminated from the statement of financial position, when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred the rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a -pass-through- arrangement; and (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Company evaluates whether it has retained, and to which extent, the risks and rewards of the asset. When the Company has neither transferred nor retained substantially all the risks and rewards of the asset not transferred control thereof, the Company continues to recognize the transferred asset. In this case, the Company also recognizes the related liability. The transferred asset and the related liability are measures so as to reflect the rights and obligations retained by the Company.

Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lowest amount between the asset's original carrying amount and the maximum compensation value that the Company is required to pay.

Impairment of financial assets
The Company recognizes an allowance for impairment with an expected credit loss model (ECL) for all debt instruments not held at fair value through profit or loss. The ECL is determined as the difference between the contractual cash flows expiring in accordance with the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collaterals held or other guarantees received.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating the ECL and performs the analysis of the client portfolio it manages, monitoring whether there are significant changes in credit risks. Based on such assessment, it recognizes an allowance for impairment based on the lifetime ECL at each reporting date. The Company has established a provision matrix that is based on a credit evaluation of each client in its portfolio, adjusted for accounts receivable with credit insurance, as well as forward-looking factors specific to the debtors and the economic environment.

The Company has defined the simplified general approach, determining the expected credit losses during a period corresponding to the entire life of accounts receivable. For trade receivables, the Company applies an approach based on the grouping of accounts receivable in specific groups, taking into consideration the regulatory context and economic environment. Only if trade receivables are deemed individually significant by the administration and there is specific information on any significant increase in credit risk, the Company applies an analytical approach.

For the evaluation of trade receivables, they are grouped based on the characteristics of the credit risk and expired information, considering a specific default definition.

The Company considers that a financial asset is in default when contractual payments are 360 days past due. However, in some cases, the Company may consider that a financial asset is in default when internal or external information indicates that it is unlikely that the Company receives the contractual amounts owed before the Company enforces the guarantees received. A financial asset is derecognized when there is no reasonable expectation of recovering contractual cash flows.

(ii) Financial liabilities
Financial liabilities are classified at the time of initial recognition as financial liabilities at fair value through profit or loss, loans, accounts payable, or as derivatives designated as hedge instruments in an effective hedge, as applicable.

All financial liabilities are initially recognized by their fair value and in case of loans, borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, payables to related companies, other payables and other financial liabilities.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification, as described below:



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Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading, trading derivate financial instruments and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term; gains or losses on liabilities held for trading are recognized in the statement of profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition if the criteria in IFRS 9 are satisfied.

The Company has not classified any financial liability at fair value through profit or loss as of December 31, 2020 and 2019.

Interest-bearing debts and loans
This is the most significant category for the Company. After their initial recognition, debts and loans are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process applying the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is included as finance costs in the statement of comprehensive income.

This category includes trade payables, payables to related companies, other payables and other financial liabilities.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the income statement.

(iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the

recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(iv) Fair value of financial instruments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

- In the principal market for the asset of liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value accounting hierarchy described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



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The Management determines the policies and procedures for recurring and non-recurring fair value measurements.

At each reporting date, the Management analyzes the changes in the values of the assets and liabilities that must be measured or determined on a recurring and non-recurring basis according to the Company's accounting policies. For this analysis, Management contrasts the main variables used in the latest assessments made with updated information available from valuations included in contracts and other relevant documents.

Management also compares the changes in the fair value of each asset and liability with the relevant external sources to determine whether the change is reasonable.

For the purposes of disclosure of fair value, the Company has determined classes of assets and liabilities based on the inherent nature, characteristics and risks of each asset and liability, and the level of the fair value accounting hierarchy as explained above.

4.2.3 Inventories

Inventories are composed of materials and supplies valued at the lower of cost or net realizable value, net of the estimate for impairment.

Cost is determined based on a weighted average cost method, except for coal and materials and supplies to be received, which are recognized at the specific purchase cost. The net realizable value is the estimated selling price in the ordinary course of business, net of the costs incurred to bring inventories into sale condition and trading and distribution expenses.

4.2.4 Properties, plant and equipment

“Property, plant and equipment, net” is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The initial cost of an asset comprises its purchase price or manufacturing cost, including tariffs and non-reimbursable purchase taxes and any costs necessary for bringing the asset into operation, the initial estimate of the rehabilitation obligation and the financing costs for long-term construction projects, to the extent that recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Similarly, when major inspection is performed, its cost is recognized as a replacement if the recognition criteria are satisfied. All other routine maintenance and repair costs are recognized as an expense in the income statement in the period as they are incurred.

The present value of the estimated cost of dismantling the asset after usage is included in the cost of such asset, insofar as the requirements for the recognition of the respective provision are satisfied.

An item of property, plant and equipment of a significant part thereof is derecognized upon disposal or when no future economic rewards are expected from its use or disposal. Any gain or loss arising out of the derecognition of the fixed asset (estimated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of comprehensive income on the year when the asset is derecognized.

The residual value, useful life and methods of depreciation are reviewed and adjusted, where appropriate, at year end.

Work in progress includes payments for asset construction, financing costs, and other direct costs attributable to such work, accrued during the construction phase. Work in progress is capitalized when completed and depreciation is calculated since the moment the asset is available for usage.

The criteria to capitalize financial costs and other direct expenses are:

- Borrowing costs which are directly attributable to the procurement, construction or production of qualifying assets, which require a substantial period of time to get ready for its intended use, e.g. power generation facilities, are capitalized as part of the respective asset. The interest rate applied corresponding to the specific financing of the Company in terms of the investment made.
- To capitalize direct expenses of personnel, the Company identified each of the areas engaged in the planning, execution and management of works, applied to the cost of employees in such areas.

Depreciation is calculated using the straight-line method over the estimated useful life of the assets, represented by equivalent depreciation rates, except for the assets related to the Nodo Energético Thermal Plant – Ilo Plant (Note 2 (vii)), which given its nature and operation considers the production unit method based on generation hours. Annual depreciation is recognized as expense or cost of another asset, and is estimated considering the following useful lives estimated for different areas:

	Between (Years)
Buildings and other constructions	10 - 80
Machinery and equipment	3 - 33
Transport units	5 - 17
Furniture and fixtures	5 - 12
Other equipment	4 - 15



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4.2.5 Lease

The Company evaluates at the beginning of a contract whether it is or contains a lease, i.e. if the contract confers the right to control the use of an identified asset for a period of time in exchange for a consideration.

As lessee -

The Company applies a single method of recognition and measurement for all leases, with the exemption of short-term leases and low value asset leases. The Company recognizes as lease liabilities the payments to be made for the lease and as the right to use the underlying assets.

a) Right-of-use assets -

The Company recognizes the assets for right of use on the start date of the lease (that is, the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less, any accumulated depreciation and impairment losses, and are adjusted for any new measurement of lease liabilities. The cost of the assets with the right to use includes the amount of the recognized lease liabilities, the initial direct costs incurred, and the lease payment made on or before the start date, less the lease incentives received. The assets recognized by right of use are depreciated in a straight line during the shortest period of their estimated useful life and the term of the lease, as follows:

	Between (Years)
Buildings and other constructions	2 - 30
Machinery and equipment	5

If the ownership of the leased asset is transferred to the Company at the end of the lease term or if the cost of the asset reflects the exercise of a purchase option, the depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment tests.

b) Lease liabilities -

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the price of a purchase option that the Company can reasonably exercise and penalty payments for terminating a lease, if the lease

term reflects that the Company exercises the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental interest rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes in future payments results from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company’s lease liabilities are included in “Other financial liabilities”.

c) Short-term leases and leases of low-value assets -

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment, IT equipment that are considered to be low value. Lease payments of short term leases and leases of low-value assets are recognized as expenses over the lease term on a straight-line basis.

As a consequence, the Company does not recognize right-of-use assets and lease liabilities for short-term leases of machinery and equipment with a lease term of 12 months or less, and low-value assets, including IT equipment, minor equipment, such as pumps and ventilators. The Company recognizes lease payments associated with these lease contracts as an expense over the lease term on a straight-line basis.

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate therefore reflects what the Company ‘would have to pay’, which required estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (e.g. when the leases are not in the functional currency).



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The Company estimates the incremental rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates, such as the entity’s stand-alone credit rating, the bank margins for this type of borrowing, etc.

Determination of the lease term for lease agreements with renewal and termination options.

The Company determines the lease term as the non-cancellable term of a lease, along with:

- Any periods covered by an option to extend the lease if it is reasonably certain to be exercised; and
- Any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease agreements that include extension and termination options. The Company evaluates whether it will exercise with reasonable certainty an option to extend the lease, or will not exercise an option to terminate a lease, and considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease or not exercise the option to terminate the lease. After the commencement date, the Company reevaluates the lease term if there is a significant event or a change in the circumstances under its control affecting its capacity to exercise or not exercise the option to renew or terminate the lease.

The Company included the extension period as part of the lease term for the leases of plant and machinery with a shorter non-cancellable term (i.e. from three to five years). The Company generally exercises its option to renew for these leases because failing to do so would generate a negative effect on its production since the replacement of the asset is not readily available. The renewal terms for plant and machinery leases with longer non-cancellable terms (i.e. from 10 to 15 years) are not included as part of the lease term as the it is not reasonably certain that the option to extend the lease will be exercised. Additionally, the options to renew vehicle leases are not included as part of the lease term as the Company’s policy is not to lease vehicles for more than five years and, therefore, no option to renew is exercised. The terms covered by the options to terminate the lease are included as part of the lease term only when it is reasonably certain that they will not be exercised.

In Management’s opinion, these estimates were made on the basis of their better knowledge of the relevant facts and circumstances at the date of preparation of these financial statements; however, final results may differ from estimates included therein. The Company’s Management expects that variations, if any, will not have a significant effect on the financial statements.

4.2.6 Impairment of long-lived (non-financial) assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or if the annual impairment test needs

to be performed, the Company estimates the recoverable amount of the asset, The recoverable amount of an asset is the higher of an asset’s fair value less the costs to sell or its value in use, whether for an asset or a cash generating unit when an asset does not generate cash flows substantially separate from those of other assets or group of assets.

If the carrying value of an asset or cash generating unit is higher than the recoverable amount, the asset is deemed to be impaired and the value is reduced to its recoverable amount. When determining value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are confirmed by valuation multiples, quoted share prices for publicly traded subsidiaries and other available fair value indicators.

For long-lived assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses for an asset may have decreased or may no longer exist. If such indication exists, the Company estimates the recoverable amount of the asset or cash generating unit. A previously recognized loss on impairment is reversed only when the estimates on the basis of which the recoverable amount of the asset was determined have changed since the last time the loss on impairment was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no loss on impairment been recognized for the asset in prior years. Such reversal is recognized in the income statement.

As of December 31, 2020, the Company has recognized an impairment of its long-lived assets related to each of its generation plants. The allowance for the Ilo1 TPP and Ilo21TPP were recognized in previous years, and updated in case of the Ilo21 TPP. Such provision is included in “property, plant and equipment, net” (Note 13).

4.2.7 Provision for plant dismantling

Dismantling liabilities are recognized when the Company is required to dismantle and remove facilities to reclaim the site where there are located, and when the liability can be reasonably estimated. The cost for dismantling and removal are provisioned at present value of the expected costs to cancel the obligation, using estimated cash flows, and are recognized as integral part of the cost of such asset. Cash flows are discounted at a current pre-tax market rate to reflect the specific risks of the liability. The update of the liability is carried as an expense when incurred and is recognized in the income statement as a financial cost. Estimated future costs for dismantling and removal are reviewed on a yearly basis and adjusted as applicable. The changes in these



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estimated future costs or discount rate used are added to or deducted from the costs of the related asset. As of December 31, 2020, the Company has recognized provisions for dismantling of all its generation plants, note 19.

4.2.8 Other assets

These assets are mainly composed of the construction of the Quitaracsá Hydropower Plant access road and other completed projects, which are recognized at costs and presented net of accumulated amortization. The amortization is determined on a straight-line method based on the estimated useful life of the asset for periods ranging from 1 and 80 years.

4.2.9 Bonds

Bond issuance obligations are recognized at nominal value. Fees and interests are recognized in the income statement when accrued.

4.2.10 Income tax

Current portion of the income tax
The income tax for the current year is calculated according to the amount expected to be recovered from or paid to tax authorities. Legal regulations and tax rates used to estimate the amounts payable are those in force at the date of the statement of financial position.

Deferred portion of the income tax
The income tax for future periods is recognized using the liability method, on temporary differences between the tax and accounting bases of assets and liabilities at the date of the statement of financial position. The deferred assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which temporary differences are recovered or eliminated.

Deferred liabilities are recognized for all taxable temporary differences.

Deferred assets are recognized for all deductible differences and tax loss carryforwards, to the extent that it is likely that taxable income against which to offset the deductible temporary differences and carryforwards can use the tax losses. The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and is reduced to the extent that it is unlikely that sufficient taxable profits against which to offset all or part of the deferred asset. Unrecognized deferred tax assets are reviewed at each date of the statement of financial position.

The carrying amount of deferred tax assets and liabilities may change even if there are no changes in the amount of the corresponding temporary differences. This may be caused by a change in tax rates or fiscal laws. In this case, the resulting deferred tax will be recognized in the income statement except for the deferred tax related to items not recognized previously in the statement of comprehensive income. Income tax deferred assets and liabilities are offset if there is legal right to offset and are related to the same taxable entity and the same tax authority.

4.2.11 Contingencies

Contingent liabilities are recognized in the financial statements when it is probable that they will occur, and the amount of the liabilities can be reasonably estimated. Possible contingencies are not recognized in the financial statements. These are disclosed in notes to the financial statements, except when the likelihood of cash outflows is considered remote.

Contingent assets are not recognized in the financial statements, but are disclosed in the notes when the degree of contingency is probable.

4.2.12 Provisions

A provision is only recognized when the Company has a present obligation (legal or implicit) as a result of a past event, if it is probable that settling the obligation will result in an outflow of resources, and when a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the best estimate at the date of the statement of financial position. The expense related to a provision is shown in the income statement. When the effect of time is significant, provisions are discounted using a rate to reflect the specific risks related to the liability. When the discount is made, the increase in the provision for the passing of time is recognized as a financial expense.

4.2.13 Employee benefits

The Company has short-term obligations for employee benefits including salaries, social benefits, legal bonuses, performance bonuses and profit sharing. These obligations are monthly recorded in the income statement on an accrual basis.

According to regulations, employees' profit sharing is calculated on the same basis used by the Company to calculate the current income tax, and is recognized in the income statement in "Sales cost" and "Administration expenses", as applicable.

4.2.14 Recognition of revenues and costs

Revenues are recognized upon fulfilment of a performance obligation through the transfer of committed goods and services to the client. An asset is transferred when the client obtains control over such asset.

Revenues will be recognized based on the transaction price allocated to such performance obligation, to which the Company expects to be entitled in exchange for transferring the committed goods and services to the client, excluding the amounts collected on behalf of third parties.

The consideration promised in a contract may include fixed amounts, variable amounts or both.

In the case of the Company, the following specific criteria must be satisfied for the recognition of revenues:



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- Revenues for energy and capacity sales are invoiced monthly based on cyclic readings, and are fully recognized in the period where the service is rendered. The revenues for energy and capacity delivered and not invoiced, which are generated between the last cyclic reading and the end of the month, are included in the invoice of the following month, but are recognized as revenues in the corresponding month based on the estimates of energy consumed by the service user during the respective period.
- Revenues for interests are recognized in proportion to the time elapsed, using the effective interest method. Interests earned are included in financial revenues in the statement of comprehensive income.
- All other revenues are recognized on an accrual basis.

Costs and expenses
Costs and expenses are recognized on an accrual basis, except for construction costs, and are recorded in the corresponding period.

4.2.15 Transaction in foreign currency
Functional currency and reporting currency
The items included in the financial statements of the Company are stated in United States Dollars, which is the functional and reporting currency of the Company.

Transactions and balances in foreign currency
Foreign currency transactions are those made in a currency different from the functional currency. Transactions in foreign currency are initially recorded in the functional currency at the exchange rate in force at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are then translated to the functional currency at the exchange rate at the date of the statement of financial position. Gains or losses due to the exchange rate resulting from the settlement of such transactions and the translation of monetary assets and liabilities in foreign currency at the year-end exchange rate are recognized in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rates as of the date of the transaction.

4.2.16 Embedded derivatives
Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics are not closely related to those of the host contract and the contracts are not designated as a negotiable financial asset or designated as at fair value through profit or loss. The gains or losses due to changes in fair value of embedded derivatives are recorded in the statement of comprehensive income.

As of December 31, 2020 and 2019 and as of January 1, 2018, the Company does not have embedded derivatives that require to be separated.

4.2.17 Classification of current and non-current balances
In the statement of financial position, balances are classified according to their maturities, i.e., current balances are those with maturities equal to or less than twelve months, and non-current balances are those with maturities exceeding such period.

In case of obligations with maturities of less than twelve months, but with long-term financing secured at the discretion of the Company through unconditional available credit agreements with long-term maturities, they may be classified as non-current liabilities.

4.2.18 Basic and diluted earnings per share
The basic and diluted earnings per share have been calculated based on the weighted average number of ordinary shares in issue at the date of the statement of financial position.

As of December 31, 2020 and 2019, the Company does not have financial instruments with diluted effect, and therefore the basic and diluted earnings per share are the same for reported years.

4.2.19 Subsequent events
Subsequent events at the end of the period that provide information about the financial position of the Company at the date of the statement of financial position (adjusting events) are included in the financial statements. Significant subsequent events, that are not adjusting events, are disclosed in the notes to the financial statements.

4.2.20 Segments
A business segment is a distinguishable component of a company that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of a company that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of the components operating in other economic environments. Companies should consider their organizational and management structure, as well as their financial reporting systems to identify their segments.

The only segments of the Company are energy sales and the rendering of services.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Management to make judgments, estimates and assumptions to determine the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of financial statements, as well as the reported amounts of income and expenses as of December 31, 2020 and 2019.



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The most significant estimated considered by Management regarding financial statements are basically related to:

- (i) Estimate of the useful life of assets and dismantling - notes 4.2.4, 4.2.7 and 4.2.8.
The accounting treatment of investments on property, plant and equipment and intangible assets requires making estimates to determine the useful lives for depreciation and amortization purposes. The determination of the useful lives requires estimates regarding the expected technological evolution and alternative use of assets. The hypothesis regarding the technological framework and future development imply a significant judgment as the timing and nature of future technological changes are hard to predict.

The accounting treatment of the dismantling provision is recognized when the Company has the obligation to dismantle and remove facilities to reclaim the site where it is located, and when a reasonable estimate of the liability can be made.
- (ii) Current and deferred income tax – note 4.2.10 and note 30
There are different interpretations of tax standards, uncertainty on the changes in tax laws and on the determination of taxable income. The differenced arising between actual income and formulated hypotheses, or future changes in such assumptions, may require future adjustments to recorded tax income and expenses.

The Company establishes provisions based on reasonable estimates. The scope of these provisions is based on several factors, including the Company's past experience with previous audits and different interpretations of tax regulations and competent tax authority.

Deferred tax assets, including those generated from unused tax losses, requires Management to assess the probability that the Company will generate sufficient taxable income in future period to use the deferred tax assets recognized. Assumptions about the generation of future taxable income are based on operating cash flows forecasts and judgments about the application of tax laws in force and effect. To the extent that future cash flows and taxable income significantly differ from estimates, if could affect the ability of the Company to realize the net deferred tax assets recorded at the reporting date.
- (iii) Contingencies – note 4.2.11 and note 31.
Given their nature, contingencies will only be settled when one or more future events occur or cease to occur. The determination of the existence and potential amount of contingencies inherently involves the exercise of significant judgment and use of estimates on the results of future events.
- (iv) Determination of the lease term of agreement with renewal and termination options – Group as a lessee – note 4.2.5
The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise

such option, or any period covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option.

The Company exercises judgment when assessing whether it is reasonably certain to exercise or not the option to renew or terminate the lease. In other words, it considers all relevant factors that create an economic incentive for the Company to exercise the renewal or termination.

The Company generally exercises its option to renew leases of property, plant and equipment because there will be no significant negative effect on the production is a replacement asset is not readily available. Renewal lease periods of property, plant and equipment with longer non-cancellable periods (i.e., from 10 to 15 years) are not included as part of the lease term, as they cannot be reasonably exercised. Additionally, the periods covered by the termination options are included as part of the lease term only when the Company is reasonably certain that they will not be exercised.

- (v) Impairment of non-financial assets - note 4.2.6
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less the sales costs is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposal of the asset. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the budget for the next few years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tests. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangible assets with undefined useful lives recognized by the Company.

The Company has determined a single cash generating unit, which is composed of all the plants it operates.

6. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The relevant standards and interpretations applicable to the Company, in issue but not yet effective as at the date of issuance of these Company's financial statements, are described below. The Company intends to adopt these standards and interpretations, where applicable, when they will come into force and effect.

Amendments to IAS 1: Classification of liabilities as current and non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:



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- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have in practical terms and whether the existing loan agreements may require renegotiation.

Amendments to IAS 16: Proceeds before intended use -

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before intended use, which prohibits entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, a Company recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 “Financial Instruments”: Fees in the ‘10 percent’ test for derecognition of financial liabilities
As part of the 2018-2020 annual improvement process to the IFRS standards, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. A Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to the financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 3: Definition of a Business -

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; and add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce and optional fair value concentration test. New illustrative examples were provided together with the amendments. Since the amendments are retrospectively applied to transactions or other events occurring before or after the date of application, the Company will not be affected by these amendments at the transition date.

Amendments to IAS 1 and IAS 8: Definition of material -

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of “material” across the standards and to clarify certain aspects of the definition. The new definition states that, ‘information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity’. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

7. CASH AND CASH EQUIVALENT

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2018 US\$(000)
Cash	19	20
Current accounts (b)	99,845	91,877
	-	
Total	99,864	91,897

(b) As of December 31, 2020 and 2019, the Company maintains its current accounts in soles and US dollars. The funds are freely disposable, and are deposited in local banks with adequate risk rating and accrue interests at market rates.



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8. TRADE ACCOUNTS RECEIVABLE, NET

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Invoices	28,954	23,045
Delivered energy and capacity not invoiced (c)	49,599	58,297
	78,553	81,342
Allowance for doubtful accounts (e)	(2,482)	(977)
Total	76,071	80,365

(b) Accounts receivable are mainly denominated in US dollars, have current maturities and are non-interest bearing.

(c) The delivered energy and capacity not invoiced corresponds to the capacity and energy remuneration that the regulatory agency of the national interconnected system, COES-SINAC, allocates monthly to each power generation company and requires to be invoices to the other power generation and distribution companies that are members of COES-SINAC.

The delivered energy and capacity not invoiced as of December 31, 2020 and 2019 were invoiced and collected in accordance with the collection policy of the Company, without significant changes.

(d) As of December 2020 and 2019, the aging of trade accounts receivable is as follows:

	2020 US\$(000)	2019 US\$(000)
Effective and not impaired	70,183	76,149
From 1 to 30 days	788	3,726
From 31 to 60 days	172	187
From 61 to 90 days	19	74
From 91 to more days	7,391	1,206
Total	78,553	81,342

(e) The estimate for doubtful accounts receivable in 2019 and 2018 is as follows:

	2020 US\$(000)	2019 US\$(000)
Initial balances	977	669
Provision for impairment, note 26	1,562	659
Exchange difference	(57)	(12)
Recoveries, note 27	-	(339)
Final balances	2,482	977

The allowance for impairment of accounts receivable is determined in accordance with the requirements set out in IFRS 9 (Note 4) and with the policies established by Management and is recognized considering, among other factors, the balances pending collection, the probabilities for recovery, and the evidence of financial hardships of the debtor that increases outside normal ranges the bad debt risk of balances pending collection, so that the amount is deemed sufficient by Management to cover eventual losses in accounts receivable at the date of the statement of financial position.

The amount of the allowance is recognized with charge to profit or loss for the year. Subsequent collections are recognized with charge to profit or loss for the year. Basis criteria to derecognize impaired financial assets on such valuation account are the as follows: (i) exhaustion of collection management, including guarantee execution; and (ii) financial hardships of the debtor that evidence the impossibility of electively collecting the account receivable.

In Management's opinion, the balance of the allowance for impairment of accounts receivable is sufficient to cover the loss risk of doubtful accounts as of December 31, 2020 and 2019.



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(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Advance payment to suppliers (b)	3,334	4,813
Miscellaneous (c)	7,386	6,019
General Sales Tax Credit (IGV) (d)	473	389
Total	11,193	11,221

(b) As of December 31, 2020 and 2019, the Company maintains advance payments to national and foreign suppliers mainly related to import fees and supplies for plant maintenance.

(c) This amount mainly corresponds to accounts receivable for third-party projects.

(d) General Sales Tax Credit (IGV), corresponding to the IGV balance paid for the procurement of goods and services as of December 31, 2020, which will be applied with the IGV to be paid for taxable operations during 2021.

10. INVENTORIES, NET

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Supplies and spare parts (b)	28,926	25,345
Fuel (c)	59,616	59,630
Coal	2,731	3,930
Goods in transit	-	420
	91,273	89,325
Provision for impairment (d)	(13,527)	(13,108)
Total	77,746	76,217

(b) It corresponds mainly to supplies and miscellaneous spare parts kept at warehouses and to be used for maintenance of power generation plants in the current period.

(c) It corresponds to the diesel kept by the Company as emergency backup for power generation.

(d) The movement of the provision for impairment of inventories for the periods ended December 31, 2020 and 2019 was as follows:

	2020 US\$(000)	2019 US\$(000)
Initial balances	13,108	11,239
Provision for impairment	419	4,395
Recovery	-	(2,526)
Final balances	13,527	13,108

The provision for impairment of inventories (coal, fuel and supplies) has been determined based on internal reports. In Management's opinion, this provisions sufficiently covers the impairment risk as of December 31, 2020 and 2019.

11. PREPAID EXPENSES

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Social contribution Usufruct Contract, note 2(i)	5,432	5,199
Insurance	2,222	2,177
Commercial agreements	14,085	14,085
Other (b)	54,081	46,659
Total	75,820	68,120
Maturities:		
Current portion	11,800	10,516
Non-current portion	64,020	57,604
Total	75,820	68,120

(b) As of December 31, 2020 and 2019, it mainly includes the amendments of power purchase agreements deriving from the application of Resolution No. 216-2018-OS/CD dated December 28, 2018 and Supreme Decree No. 022-2018-EM dated September 4, 2018 (option agreements with distribution companies).



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In accordance with paragraph 21 (a) of IFRS 15 “Revenues from contracts with clients”, the Company accounts for the amendment of such contracts as the terminations of the old contract and the creation of a new contract. For these modifications, the revenues recognized to date in the original contract (the amount associated with completed performance obligations) are not adjusted. Instead, the remaining portion of the original contract and the modification are accounted for, in a prospective manner, by allocating the amount of the new contract to the performance obligations to be fulfilled, including those incorporated in the modification.

12. DERIVATIVE FINANCIAL INSTRUMENTS

(a) As of December 31, 2020 and 2019, the Company has contracted cross currency interest rate swaps to manage interest rate and exchange risk. The detail of these instruments is as follows:

	Effect on statement of financial position asset (liability), net		Effect on income (loss) gain		Effect on net equity from income tax	
	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)
Hedge derivative financial instruments:						
Swap contract 2nd and 7th issuance of 1st Bond Program	-	(2,309)	222	61	55	91
Swap contract 1st, 2nd and 3rd issuance of 3rd Bond Program	(3,287)	14,219	5,833	6,764	2,293	6,391
Forward contracts - loans	(4,326)	(1,054)	552	650	613	975
Total	(7,613)	10,856	6,607	7,475	2,961	7,457
Total asset	21,752	17,630				
Total liabilities	(29,365)	(6,774)				

The movement of derivative financial instruments for cross currency interest rate swaps as of December 31, 2020 and 2019 is as follows:

	Effect on statement of financial position asset (liability), net	Effect on income (loss) gain	Effect on unrealized gain	Effect on net equity from income tax
	2019 US\$(000)	Nota 33, (v) US\$(000)	US\$(000)	2020 US\$(000)
Hedge derivative financial instruments:				
Swap contract 2nd and 7th issuance of 1st Bond Program	(2,309)	2,231	78	-
Swap contract 1st, 2nd and 3rd issuance of 3rd Bond Program	14,219	(20,758)	3,252	(3,287)
Forward contracts - loans	(1,054)	(4,142)	870	(4,326)
Total	10,856	(22,669)	4,200	(7,613)
Total asset	17,630			21,752
Total liabilities	(6,774)			(29,365)

	Effect on statement of financial position asset (liability), net	Effect on income (loss) gain	Effect on unrealized gain	Effect on net equity from income tax
	2018 US\$(000)	Nota 33, (v) US\$(000)	US\$(000)	2020 US\$(000)
Hedge derivative financial instruments:				
Swap contract 2nd and 7th issuance of 1st Bond Program	(2,309)	2,231	78	-
Swap contract 1st, 2nd and 3rd issuance of 3rd Bond Program	14,219	(20,758)	3,252	(3,287)
Forward contracts - loans	(1,054)	(4,142)	870	(4,326)
Total	10,856	(22,669)	4,200	(7,613)
Total asset	17,630			21,752
Total liabilities	(6,774)			(29,365)



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The variance from January to December 2020 of derivative financial instruments for swap contracts of the First Program (7th issuance) and the Third Program (1st, 2nd and 3rd issuance Series A and Series B) of Corporate Bonds that are recognized as income for the year, includes a loss of USD 18,527, which is offset by the exchange difference of the debt for these bonds (USD 840 in the same period 2019) (Note 33, a (v)) presented in exchange difference, which creates a neutral effect in the statement of comprehensive income.

Derivative financial instrument related to Corporate Bonds

As a result of the issuance of Corporate Bonds in soles (currency different than the functional currency of the Company), under the First and Third Corporate Bond Program, and to hedge future exchange rate fluctuations, the Company decided to contract Swap derivative financial instruments referred to as “Cross currency interest rate swap”. As a result, the Company managed to fixed payments in dollars during the effective term of the bonds.

In June 2016, 2017 and then in June 2018, as a result of the 1st, 2nd, 3rd issuance – Series A and 3rd issuance – Series B of the Third Corporate Bond Program, the Company contracted currency and interest rate swaps, fixing payments in dollars during the effective term of the bonds.

As a result, the Company exchanged the following:

Financial entity	Bonds	Issuance amount S/(000)	Interest rate	Agreed amount US\$(000)	Swaps		Maturity
					Interest rate	Fixed exchange rate	
1st Program							
BBVA Continental	7th issuance	42,420	7.5938%	15,043	5.9738%	2.8199	03/12/2020
3rd Program							
Banco de Crédito del Perú	1st issuance	250,000	7.1250%	76,324	3.3800%	3.2755	23/06/2026
BBVA Continental	2nd issuance	78,946	6.0000%	24,269	3.1500%	3.2530	26/06/2024
Banco de Crédito del Perú	3rd issuance (series A)	251,054	6.5313%	76,986	3.5500%	3.2610	28/06/2027
Banco de Crédito del Perú	3rd issuance (series B)	115,000	6,7188%	35,168	4.8800%	3.2755	12/06/2028
BBVA Continental	3rd issuance (series B)	115,000	6,7188%	35,157	4.9100%	3.2710	12/06/2028

The profit from cross currency swaps for the period January to December 2020 amounted to USD 6,607 (USD 7,475 for the same period in 2019), which is included in Net Profit for Derivative Financial Instruments in the statement of comprehensive income.

Derivative financial instruments related to Long-Term Bank Loan

In March 2018, the Company contracted derivative financial instruments referred to as “Cross Currency and Interest Rate Swap” for loans provided by Scotiabank Perú S.A.A. in 2018. The purpose of these instruments is to set the exchange rate for payment of the principal and interests during the effective term of the loans.

Loan Amount S/(000)	Interest rate	Agreed amount US\$(000)	Interest rate	Swaps	
				Fixed exchange	Type of Maturity
80,675	4.499%	25,000	3.076%	3.227	22/06/2023
80,900	4.646%	25,000	3.204%	3.236	22/06/2023

The variance from January to December 2020 of derivative financial instruments for bank loan swap contracts that is recognized in the income for the year includes a loss of USD 4,142, which is offset by the exchange difference of the debt for these loans (gain of USD 4,432 in the same period 2019) (Note 33, a (v)) presented in exchange rate difference, which creates a neutral effect in the statement of comprehensive income.



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13. PROPERTY, PLANT AND EQUIPMENT, NET

(a) The cost flow and accumulated depreciation are as follows:

Cost	Lands US\$(000)	Buildings and other constructions US\$(000)	Machinery and equipment US\$(000)	Transport units US\$(000)	Furniture and fixtures US\$(000)	Miscellaneous equipment US\$(000)	Works in progress US\$(000)	Right of use (g) US\$(000)	Dismantling note 19 (b) US\$(000)	Total US\$(000)
Balance as of January 1, 2019	7,876	900,223	1,382,383	3,959	2,868	62,228	12,086	131,735	10,029	2,513,387
Additions	-	2	8,910	450	65	1,704	21,771	1,619	-	34,521
Transfer (b)	-	1,709	14,562	-	13	751	(17,084)	-	-	(49)
Removals	-	(4,549)	(71,785)	(633)	(149)	(5,363)	(166)	-	-	(82,645)
Balance as of December 31 2019	7,876	897,385	1,334,070	3,776	2,797	59,320	16,607	133,354	10,029	2,465,214
Additions	-	10	3,580	29	19	1,704	17,539	-	22,935	44,671
Transfer	-	2,469	4,811	374	-	751	(8,312)	-	-	-
Reclassification	-	-	-	-	-	-	(2,294)	-	-	(2,294)
Removals	-	-	-	-	-	(5,363)	(41)	-	-	(423)
Balance as of December 31 2020	7,876	899,864	1,342,461	4,179	2,816	59,320	23,499	133,354	32,964	2,507,168
Accumulated depreciation										
Balance as of January 1, 2019	-	159,694	405,134	2,432	2,364	35,490	-	58,903	4,956	673,761
Depreciation for the year	-	21,414	49,998	265	155	5,648	-	4,984	846	83,197
Removals	-	(2,853)	(68,098)	(633)	(145)	(7)	-	-	-	(76,478)
Balance as of December 31 2019	-	178,255	387,034	2,064	2,374	40,278	-	63,887	5,802	680,480



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Cost	Lands US\$(000)	Buildings and other constructions US\$(000)	Machinery and equipment US\$(000)	Transport units US\$(000)	Furniture and fixtures US\$(000)	Miscellaneous equipment US\$(000)	Works in progress US\$(000)	Right of use (g) US\$(000)	Dismantling note 19 (b) US\$(000)	Total US\$(000)
Depreciation for the year	-	20,394	42,134	304	122	5,535	-	5,013	1,502	73,243
Removals	-	-	-	-	-	(4,749)	-	-	-	(257)
Balance as of December 31, 2020	-	198,649	429,168	2,368	2,496	44,581	-	68,900	7,304	753,466
Impairment allowance (f)										
Balance as of January 1, 2019	-	-	11,321	-	-	-	-	-	-	11,321
Addition	-	-	22,536	-	-	-	-	-	-	22,536
Recovery, note 27			(1,475)							(1,475)
Removals			(5,839)							(5,839)
Balance as of December 31, 2019	-	-	26,543	-	-	-	-	-	-	26,543
Addition	-	-	1,637	-	-	-	-	-	8,759	10,396
Recovery, note 27	-	-	(2,857)	-	-	-	-	-	-	(2,857)
Balance as of December 31, 2020	-	-	25,323	-	-	-	-	-	8,759	34,082
Net carrying value										
As of December 31, 2019	7,876	719,130	920,493	1,712	423	18,256	16,607	69,467	4,227	1,758,191
As of December 31, 2020	7,876	701,215	887,970	1,811	320	15,574	23,499	64,454	16,901	1,719,620



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(b) The Properties, plant and equipment, net, without including works in progress, classified per Power Generation Plants as of December 31, 2020 and 2019 are as follows:

	2020 US\$(000)	2019 US\$(000)
Chilca Complex:		
ChilcaUno	414,597	429,157
ChilcaDos	109,628	112,411
Total	524,225	541,568
Ilo Complex:		
Ilo21 (g)	-	6,775
Ilo31 – Cold Reserve	176,294	183,291
Ilo41 – Nodo Energético del Sur	330,970	330,694
Other supplementary assets	79,997	84,106
Sub-total	587,261	604,866
Yuncán Hydropower Plant	4,349	5,053
Quitaracsa Hydropower Plant	466,429	470,864
Intipampa Solar Power Plant	45,811	47,079
Sub-total	516,589	651,606
Total	1,628,075	1,669,430

(c) Properties, plant and equipment include assets procured under financial leases as follows:

	Useful life in years	2019 US\$(000)	2018 US\$(000)
Buildings	25, 37 and 40	141,642	141,642
Buildings	15, 25 and 30	906,681	906,681
Total		1,048,323	1,048,323
Less - accumulated depreciation		(217,279)	(189,927)

Total		831,044	858,396
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(d) The depreciation expense for the period comprised between January and December 2020 and 2019 has been record following lines of the statement of comprehensive income:

	2020 US\$(000)	2019 US\$(000)
Sales cost, note 25	72,241	82,126
Administration expenses, note 26	1,002	1,071
Total	73,243	83,197

(e) According to the policies established by Management, as of December 31, 2020 and 2019, the Company has taken out all-risk insurance policies. Additionally, the Company has a Loss of Profit Insurance in case of economic losses due to damages to the power plants. In Management's opinion, the insurances policies taken out conform to the standard used by similar companies in the sector, and sufficiently cover for the risk of eventual losses that may occur, considering the type of assets owned by the Company.

(f) The accumulated loss on impairment as of December 31, 2020 and 2019, corresponds to the impairment of the assets in connection with the Ilo1 TPP and Ilo21 TPP for USD 34,082 (USD 26,543 as of December 2019), as the carrying value exceeds the recoverable values.

In 2020, a review of the recoverable amount for property, plant and equipment related to the Ilo21 TPP (coal-fired plant), resulting in an update of the impairment of the Ilo21 TPP for a total sum of USD 10,396 based on the value of economic use (Note 28).

In Company's Management opinion, as of December 31, 2020 and 2019, no provisions in addition to the previously recognized allowance for impairment of property, plant and equipment are required.

(g) The right of use includes mainly the disbursement made for "Contract fees", "Usufruct fees" and initial payment of the "Social Contribution" (Note 2 (i)), and are amortized in 30 years starting on September 7, 2005 (taking over date of the Yuncán HPP).



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(h) In 2020 and 2019, the total amount of cash disbursements for the procurement of property, plant and equipment and works in progress, is as follows:

	2020 US\$(000)	2019 US\$(000)
Addition of fixed assets	44,671	34,521
Acquisitions not representing cash flow	(23,108)	(8,830)
Cash acquisitions from previous years	-	6,773
Total	21,563	32,464

14. OTHER ASSETS, NET

(a) The cost flow and accumulated depreciation are as follows:

	Quitaracsa HPP (d) US\$(000)	Other US\$(000)	Total US\$(000)
Cost			
Balance as of January 1, 2019	48,755	3,865	52,620
Additions	-	73	73
Transfers	-	(22)	(22)
Balance as of December 31, 2019	48,755	3,916	52,671
Additions	-	63	63
Removals	-	-	-
Balance as of December 31, 2020	48,755	3,979	52,734
Accumulated amortization			
Balance as of January 1, 2019	1,677	2,558	4,235
Additions	530	159	689
Removals	-	(22)	(22)
Balance as of December 31, 2019	2,207	2,695	4,902
Additions	530	129	659
Removals	-	-	-
Balance as of December 31, 2020	2,737	2,824	5,561
Net carrying value			
As of December 31, 2019	46,548	1,221	47,769
As of December 31, 2020	46,018	1,155	47,173

(b) The amortization rates are as follows (stated in percentages):

	%
Quitaracsa road and others	1 - 100

(c) The amortization distribution for the period from January to December 2020 and 2019, which includes the amortization of intangible assets for USD 139 and USD 147 respectively, is as follows:

	2020 US\$(000)	2019 US\$(000)
Sales cost, note 25	673	669
Administration expenses, note 26	125	167
Total	798	836

(d) An approximate amount of USD 42,362 corresponds to the construction of roads in the Municipal Province of Yuracmarca and the Municipality of Huaylas, which are state-owned and provide the Company with access to the Quitaracsa Hydropower Plant.

15. OTHER FINANCIAL LIABILITIES

(a) A breakdown of this heading is given below:

	2020			2019		
	Current portion US\$(000)	Non-current portion US\$(000)	Total US\$(000)	Current portion US\$(000)	Non-current portion US\$(000)	Total US\$(000)
Corporate bonds (b)	-	258,881	258,881	12,812	279,639	292,451
Bank loans (c)	-	144,657	144,657	-	148,799	148,799
Financial lease (d)	79,832	1,063	80,895	90,266	80,896	171,162
Leases IFRS 16	6,257	5,267	11,524	6,557	10,637	17,194
Total	86,089	409,868	495,957	109,635	519,971	629,606



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(b) The bond debt is made up as follows:

	Currency of origin	Amount issued	Date of issuance	Annual rate (%)	Payment of interests	Maturity date	Current portion		Non-current portion		Total debt as of	
First Bond Program												
- 3rd issuance	US\$	10,000	Jun 2008	6.3125	Half-yearly	Jun 2028	-	-	10,000	10,000	10,000	10,000
- 6th issuance	US\$	25,000	Dec 2010	6.5000	Half-yearly	Dec 2025	-	-	25,00	25,000	25,000	25,000
- 7th issuance	S/	42,420	Dec 2010	7.5938	Half-yearly	Dec 2020	-	12,812	-	-	-	12,812
						Total	-	12,812	35,000	35,000	35,000	47,812
Third Bond Program												
- 1st Issuance	S/	250,000	Jun 2016	7.1250	Half-yearly	Jun 2026	-	-	69,099	75,506	69,099	75,506
- 2nd Issuance	S/	78,946	Jun 2017	6.0000	Half-yearly	Jun 2024	-	-	21,820	23,844	21,820	23,844
- 3rd Issuance series A	S/	251,054	Jun 2017	6.5313	Half-yearly	Jun 2027	-	-	69,390	75,824	69,390	75,824
- 3rd Issuance series B	S/	230,000	Jun 2018	6.7188	Half-yearly	Jun 2028	-	-	63,572	69,465	63,572	69,465
						Total	-	-	223,881	244,639	223,881	244,639
						Total	-	12,812	258,881	279,639	258,881	292,451

To hedge future exchange fluctuations in bonds issued in soles, the Company contracted currency and interest rate swaps with local banks (note 12).

(c) Bank loans are made up as follows:

	Interest rate (%)	Amount issued in thousands	Maturity	2020 US\$(000)	2019 US\$(000)
Scotiabank					
Loans in dollars (i)	2.7000	100,000	June 2023	100,000	100,000
Loans in soles (ii)	4.4994	80,675	June 2023	24,366	23,946
Loans in soles (ii)	4.6460	80,900	June 2023	24,433	24,013
Total				148,799	147,959



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- (i) These loans do not have pledged collaterals and were used to prepay the loan for USD 100 million granted in June 2014 by The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation, whose maturity date was June 2020. In October 2019, the original loan rate changed from 3.30% to 2.70% through an addendum.
- (ii) These loans do not have pledged collaterals and were obtained for the procurement of assets.
- To hedge future exchange fluctuations, for loans in soles, the Company contracted currency and interest rate swaps with local banks (note 12).

(d) Financial leases are detailed below:

			Balances payable					
			Total		Current		Non-current	
Creditors	Amount authorized and/or used US\$(000)	Maturity	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)	2020 US\$(000)	2019 US\$(000)
Banco de Crédito del Perú								
Balances payable, net of interest and IGV, from the contract for the construction of the Nodo Energético project located in Ilo. Amortizations are paid in quarterly installments starting in March 2017. The annual interest rate is 4.90%.	145,000	December 2021	27,793	55,587	27,793	27,793	-	27,794
BBVA Continental								
Balances payable, net of interest and IGV, from the contract for the construction of the Nodo Energético project located in Ilo. Amortizations are paid in quarterly installments starting in March 2017. The annual interest rate is 4.90%.	145,000	December 2021	28,853	57,706	28,853	28,853	-	28,853
Balances payable, net of interest and IGV, from the contract for the construction of the ChilcaDos project located in Lima. Amortizations are paid in quarterly installments starting in January 2017. The annual interest rate is 4.20%.	125,000	December 2022	24,249	57,869	23,186	33,620	1,063	24,249
	Total		80,895	171,162	79,832	90,266	1,063	80,896



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(e) Minimum future payments for financial leases, net of future financial charges, are as follows:

	2020		2019	
	Minimum payments US\$(000)	Present value of financial lease payments US\$(000)	Minimum payments US\$(000)	Present value of financial lease payments US\$(000)
Up to 1 year	81,860	86,825	96,662	94,360
Between 1 and 2 years	1,089	39,296	82,202	78,333
Between 2 and 3 years	-	505	1,090	1,014
Total payments to be made	82,949	126,626	179,954	173,707
Less				
Interests payable	(2,054)	-	(8,792)	-
Total	80,895	126,626	171,162	173,707

(f) The main requirement to be met by the Company regarding its long-term financial obligations as detailed in the financial lease agreements, the long-term bank loan and the master prospectus of the First and Third Corporate Bond Program, is to keep a debt hedge ratio below 3.5 X EBITDA.

In Management's opinion, the Company has complied with such financial requirements as of December 31, 2020 and 2019.

16. TRADE ACCOUNTS PAYABLES

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Within maturity terms	62,330	63,799
Between 1 and 30 days	571	3,718
Between 31 and 60 days	14	38
More than 61 days	536	473
Total	63,451	68,028

	2020 US\$(000)	2019 US\$(000)
Current	61,129	61,484
Non-current	2,322	6,544
Total	63,451	68,028

(b) Trade accounts payable are denominated in soles and US dollars and do not bear interests and not have specific guarantees.

(c) As of December 31, 2020 and 2019, services received from local and foreign suppliers are included. These concepts mainly refer to goods and services received and not invoiced, relating to purchase of energy, capacity, tolls, fuel and supplies.

17. OTHER ACCOUNTS PAYABLE

A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Taxes payable	3,121	3,757
Advance payment from clients	3,929	1,587
Interests payable over financial obligations	724	956
Other	1,139	2,869
Total	8,913	9,169

18. LIABILITIES FOR EMPLOYEES' BENEFITS

A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Remunerations and vacation	8,150	8,854
Employees' profit-sharing	3,992	4,351
Pension Fund Managers - AFP	145	147
Essalud	74	54
Total	12,361	13,406



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19. PROVISIONS

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Provision for dismantling (b)	33,214	9,515
Total	33,214	9,515

(b) Provision for closing generation power plants -
The provision for closing the power generation plants represents the present value of the closing costs which are expected to be incurred between 2021 and 2096. The estimate of such costs is based on studies that were prepared in-house.

The provision for closing the power generation plants mainly corresponds to activities that are to be carried out to reclaim the areas where the plants were operating. The budget for closing the power generation plants is reviewed on a regular basis to take into consideration any material change occurring in any of the studies performed. However, the closing costs shall depend on the market prices of the required closing works that will reflect future economic conditions. Additionally, the timing for the disbursements will depend on the useful life of each power generation plant.

As of December 31, 2020, the future value of the provision for closing the power generation plants adds up to USD 80,472 (USD 16,615 as of December 31, 2019), which has been discounted, resulting in an update liability amounting to USD 33,214 (USD 9,515 as of December 31, 2019). Company’s Management considers this liability to be sufficient to uphold its future commitments.

(c) The provision for dismantling the Company’s power generation plants is shown below:

	2020 US\$(000)	2019 US\$(000)
Initial balance	9,515	9,365
Provision, note 13(a)		
Ilo21 TPP	5,359	-
Other plants	17,576	-
	22,935	-

	2020 US\$(000)	2019 US\$(000)
Financial update, note 29		
Ilo1 TPP	12	17
Ilo21 TPP	293	209
Other plants	601	-
	906	226
Disbursements	(142)	(76)
Final balance	33,214	9,515

20.TRANSACTIONS AMONG RELATED PARTIES

(a) As of December 31, 2020 and 2019, the Company has conducted the following transactions with related entities:

Detail	2020 US\$(000)	2019 US\$(000)
ENGIE Perú S.A.		
Advisory and consulting services	425	400
Services rendered for administrative support and office rental	103	108
CEF Services S.A.		
Reimbursement of expenses	427	704
Laborelec		
Advisory and consulting services	261	184
ENGIE Services Perú S.A.		
Civil works, advisory and consultancy services	492	546
Tractebel Engineering		
Project engineering and consultancy services	187	139
ENGIE S.A.		
IT application maintenance services	37	123
ENGIE Information et Technologies		
IT and support services	32	160
ENGIE GBS Latam		
Services and administrative support	427	500



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(b) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Non-trade receivables		
ENGIE Services Perú S.A.	14	146
ENGIE Perú S.A.	-	9
ENGIE GBS Latam	6	5
Leme Engenharia Sucursal Perú	-	1
International Power – Sucursal Argentina	2-	-
Total	22	161
Non-trade payables		
ENGIE GBS Latam	116	362
ENGIE Information et Technologies	93	171
ENGIE S.A.	98	121
Laborelec	22	54
ENGIE Solar	-	43
ENGIE Services Perú S.A.	221	40
ENGIE Perú S.A.	36	40
Tractebel Engineering	-	26
Tractebel Engineering S.A.	71	8
CEF Services S.A.	141	168
Total	798	1,033

(c) Balances receivable from and payable to related entities have current maturities, do not bear interests and do not have specific guarantees.

(d) The remunerations and/or compensations paid during the period from January to December 2020 and 2019 to the management staff, who have the authority and responsibility for planning, directing and controlling the Company's activities, amounted to USD 2,063 and USD 2,020, respectively. The remunerations paid to Board members in the period from January to December 2020 and 2019 amounted to USD 70 and USD 95, respectively.

21.INCOME TAX

(a) The income tax expense in 2020 and 2019 in the income statement is composed as follows:

	2020 US\$(000)	2019 US\$(000)
Income tax	553	(5,307)
Deferred income tax	38,011	44,455
Total	38,564	39,148

(b) As of December 31, 2020 and 2019, the Company has an income tax credit for recovery amounting to S/ 132,049 equivalent to USD 36,439 (as of December 31, 2019, the Company had an income tax credit for recovery amounting to USD 40,515).

(c) The components of the deferred asset and liability for income tax are as follows:

	As of January 1 2019 US\$(000)	Credit (debit) to the income statement US\$(000)	Credit to the statement of changes in equity US\$(000)	As of December 31 2019 US\$(000)	Credit (debit) to the income statement US\$(000)	Credit to the statement of changes in equity US\$(000)	As of December 31 2020 US\$(000)
Deferred asset							
Carrying tax loss	(14,227)	(4,348)	-	(18,575)	7,325	-	(11,250)
(b)							
Provision for asset impairment	(3,340)	(4,490)	-	(7,830)	(2,224)	-	(10,054)
Lease IFRS 16	(5,474)	(635)	-	(6,109)	966	-	(5,143)
Provision for inventory impairment	(2,985)	(551)	-	(3,536)	(124)	-	(3,660)
Provision for dismantling	(1,369)	(1,622)	-	(2,991)	535	-	(2,456)
Other provisions	(1,687)	(755)	-	(2,442)	(3,711)	-	(6,153)
	(29,082)	(12,401)		(41,483)	2,767		(38,716)
Deferred liability							
Difference in depreciation rates	312,674	54,098	-	366,772	35,797	-	402,569
Derivative financial instruments	(1,891)	3,948	3,121	5,178	-	1,239	6,417
	310,783	58,046	3,121	371,950	35,797	1,239	408,986
Deferred liability net	281,701	45,645	3,121	330,467	38,564	1,239	370,270



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(d) Reconciliation of the effective income tax rate with the legal rate for years 2020 and 2019 is given below:

	2020		2019	
	US\$(000)	%	US\$(000)	%
Accounting profit before income tax	126,439	100.00	143,395	100.00
Theoretical income tax	37,300	29.50	42,302	29.50
Non-deductible expenses	385	0.30	1,708	1.19
Donations	326	0.26	154	0.11
Adjustments from previous years	553	0.44	(5,307)	(3.70)
Other adjustments	-	-	291	0.20
Income tax expense	38,564	30.50	39,148	27.30

22. NET EQUITY

(a) Issued capital

As of December 31, 2020 and 2019, the share capital is represented by 601,370,011 fully subscribed and paid-in ordinary shares with a par value of S/ 1.00 each (equivalent to USD 0.276).

As of December 31, 2020, the Company’s shareholding structure is as follows:

	Number of shares	Total interest (%)
Investors		
International Power	371,478,629	61.77
AFP Prima-Fondo 2	44,968,110	7.48
AFP Integra-Fondo 2	44,798,772	7.45
AFP Profuturo-Fondo 2	34,249,469	5.70
Other (528 shareholders)	105,875,031	17.60
Total	601,370,011	100.00

As of December 31, 2020, the quotation (on the Lima Stock Exchange) per share was S/ 7.00 (S/ 7.85 as of December 31, 2019). The shares of the Company are ordinary and all have voting rights.

(b) Additional capital

It is the capital premium, freely available, resulting from the capital increase due to the contribution of Pension Fund Managers (AFP) in 2004. Such premium resulted from comparing the amount of contributions made by AFP for USD 48,000 with the amount of USD 12,078, corresponding to the value in US dollars from the 42,098,992 ordinary shares issued with a par value of S/ 1.00, applying the exchange rate of S/ 3.4855 per every USD 1.00.

(c) Legal Reserve

In accordance with the General Corporations Law, a minimum of 10% of the net income for each year is to be transferred to a legal reserve, after deducting accumulated losses, until an amount equal to one fifth of the capital. In the absence of non-distributed profit or freely available reserves, the legal reserve is to be applied to offset losses, and it should be restored. The legal reserve may be capitalized but has to be subsequently restored. As of December 31, 2020 and 2019, the legal reserve has reached the required limit.

(d) Retained Earnings

On December 10, 2016, Legislative Decree No. 1261 was enacted and came into effect on January 1, 2017, whereby the Income Tax Law was amended, and required that domiciled legal entities agreeing to the distribution of dividends or any other form of profit-sharing apply a 5% rate for year 2017 and onwards, except when such distribution is made to domiciled legal entities.

There are no restrictions for the remittance of dividends or the repatriation of capital to foreign investors.

(e) Dividend Distribution

In October 2015, the General Shareholders’ Meeting unanimously approved the amendment of the Company’s policy on dividends, agreeing, inter alia, to ratify that the repatriation of dividends is equivalent to thirty per cent (30%) of available annual profit, as determined in each year, or a higher percentage if deemed convenient, and regarding the distribution basis, the earnings obtained as of December 31, 2014 will be considered, and when depleted, the earnings recorded as from January 1, 2015 will be used.

In 2020, the Company agreed to distribute and pay dividends for USD 45,970 corresponding to the balance of dividends for year 2019. The dividends as of December 31, 2020 and 2019 were paid as follows:



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		US\$(000)	Dividends per ordinary share
Dividends paid in 2020			
November 11 - Board	Advance for 2020	15,151	0.0252
July 17 - General Shareholders' Meeting	Balance from 2019	45,970	0.0764
Total		61,121	0.1016
Dividends paid in 2019			
November 12 - Board	Advance for 2019	19,706	0.0328
March 19 - General Shareholders' Meeting	Balance from 2018	45,573	0.0758
Total		65,279	

23 BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per ordinary share have been calculated by dividing the net earnings in the year attributable for ordinary shareholders by the weighted average of the number of ordinary shares outstanding in the year. Diluted earnings per ordinary shares have not been calculated as there are no potential diluting ordinary shares, i.e. financial instruments or other contracts conferring the right to obtain ordinary shares.

The calculation of the earnings per share for years 2020 and 2019 is given below:

	2020 US\$(000)	2019 US\$(000)
Net earnings attributed to ordinary shareholders	87,875	104,247
Weighted average of the number of ordinary shares:		
Outstanding at the start of the period	601,370,011	601,370,011
Outstanding during the period	601,370,011	601,370,011
Basic and diluted earnings per ordinary share in USD	0.146	0.173

24 SALES REVENUES

A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Energy sales	295,418	336,875
Capacity sales	173,346	180,867
Toll sales	3,054	3,910
Other revenues	12,286	14,722
Total	484,104	536,374

As of December 31, 2020, the Company has 99 free clients accounting for 41.8% of the revenues for sales of energy and capacity (79 free clients accounting for 48.5% as of December 31, 2019) and 12 distribution companies accounting for 58.2% (12 distribution companies accounting for 51.5% as of December 31, 2019).

25. SALES COST

(a) A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Fuel consumption	143,727	146,047
Toll purchase	7,502	7,602
Purchase of energy and capacity (b)	30,389	39,157
Personnel charges	19,822	20,906
Supplies and spare parts	2,471	4,208
Right of usufruct and social contribution	431	431
Contribution 1% Power Companies	4,484	4,788
Maintenance of industrial equipment	5,537	6,377
Other generation expenses	15,944	17,674
Depreciation, note 13	72,241	82,126
Amortization, note 14	673	669
Other	530	1,333
Total	303,751	331,318



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(b) The accrued cost of option agreements relating to the extension of contracts with distribution companies is included, pursuant to Supreme Decree 022-2018-EM dated September 4, 2018 (Note 11, b).

26.ADMINISTRATION EXPENSES

A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Personnel expenses	12,982	13,703
Third-party services	4,377	5,028
Adm inistrative, financial and technical services	425	400
Taxes	1,021	687
Management charges and others	348	795
Depreciation, note 13	1,002	1,071
Amortization, note 14	125	167
Provision for impairment of accounts receivable, note 8(e)	1,562	647
Total	21,842	22,498

27. OTHER INCOME

A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Sale of suuplies and fixed asset	-	6,422
Recovery of impairment, note 13(a)	2,857	1,475
Other	1,138	690
Penalties to contractors	-	926
Settlement of provisions	200	327
Commercial agreement with supplier	1,054	-
Recovery of provision for doubtful account, note 8(e)	-	339
Total	5,249	10,179

28. OTHER EXPENSES

In 2020, other expenses mainly correspond to the impairment of property, plant and equipment (USD 10,396) of the Ilo21 TPP, note 13(f). This amount is composed of the balance of property, plant and equipment (USD 1,637) and the provision for dismantling (USD 8,759) of the Ilo21 TPP.

29.FINANCIAL INCOME AND EXPENSES

A breakdown of this heading is given below:

	2020 US\$(000)	2019 US\$(000)
Financial income		
Settlement of provisions	1,900	-
Interests on bank deposits	804	1,275
Interests on time deposits	1	150
Other	1,650	4,458
Total	4,355	5,883
Financial expenses		
Interests on bonds	18,656	19,500
Interests on financial leases	5,621	11,092
Interests on loans	4,875	5,571
Financial dismantling liability update, note 19(b)	906	226
Other	1,143	1,212
Total	31,201	37,601

30. TAX SITUATION

(a) The Company is subject to the Peruvian tax regime. The income tax rate as of December 31, 2020 and 2019 was 29.5%, over taxable profits, after deducting employees’ profit-sharing that is calculated at a rate of 5% over taxable profits.

In July 1998, the National Tax Administration Superintendency (SUNAT), authorized the Company to keep its accounting, from 1998, in foreign currency (US dollars), pursuant to the provisions set out in the Tax Code.



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Legal entities and individuals not domiciled in Peru are subject to an additional tax on dividends received. Pursuant to the provisions in Legislative Decree No. 1261, the additional tax on dividends for generated profits shall be as follows:

- 6.8% for the profits generated from January 1, 2015 to December 31, 2016.
- For profits generated from January 1, 2017, whose distribution is carried out from such date, the applicable rate will be 5%.

- (b) For determining the income tax, the transfer prices for transactions with related companies and companies domiciled in territories with little or no taxation must be supported with documentation and information on the valuation methods used and the criteria considered for their determination. Based on the analysis of the Company's operations, Management and its legal counsels believe that, as a result of the application of these regulations, no material contingencies will arise for the Company as of December 31, 2020 and 2019.

On January 1, 2017, Legislative Decree No. 1312 came into force and effect, modifying Article 32 A of the Income Tax Law, law that regulates transfer prices. Additionally, on November 17, 2017, the regulatory standard of Supreme Decree 333-2017 EF was published and in January 2018, Superintendency Resolution No. 014-2018/SUNAT was published, regulating the presentation of informative statements for local reporting purposes. To date, the Company has declared its local reports until 2019.

- (c) In July 2018, Law No. 30823 was published, whereby the Congress delegated to the Executive Branch the power to legislate on several issues, including tax and financial matters. In this sense, the main tax regulations issued are as follows:

- (i) Beginning on January 1, 2019, the treatment applicable to royalties and remuneration for services rendered by non-domiciled entities was modified, eliminating the obligation to pay the amount equivalent to the withholding due to the accounting record of the cost or expense. Now the income tax is withheld because of the payment or accreditation of the compensation. For such cost or expense to be deductible for the local company, the compensation is required to have been paid or accredited until the annual income tax filing date (Legislative Decree No. 1369).
- (ii) The rules that regulate the obligation of legal persons and/or legal entities to report the identification of their ultimate beneficiaries (Legislative Decree No. 1372) were established. These rules are applicable to legal entities domiciled in the country, in accordance with the provisions of Article 7 of the Income Tax Law, and legal entities incorporated in the country. The obligation covers non-domiciled legal persons and legal entities incorporated abroad, provided that: a) they have a branch, agency or other permanent establishment in the country; b) the individual or legal entity who manages the autonomous equity or foreign investment funds, or the individual or legal person who has the status of protector or administrator, is domiciled in the country; c) any of the parts of a consortium is domiciled in the country. This

obligation will be complied with through the presentation to the Tax Authority of an informative Sworn Statement, which must contain the information on the end beneficiary, and be submitted, in accordance with the regulations and within the deadlines established by Superintendency Resolution issued by SUNAT. Pursuant to SUNAT Resolution 185-2019-SUNAT, the obligation will be applied gradually, starting with taxpayers who, as of November 30, 2019, are classified as main taxpayers. The Company has already submitted to SUNAT information on their ultimate beneficiaries.

- (iii) The Tax Code regarding the application of the General Avoidance Prevention Rule was amended (Rule XVI of the Preliminary Heading of the Tax Code) (Legislative Decree No. 1422). As part of this amendment, a new assumption of joint and several liability is envisaged, when the tax debtor is subject to the application of the measures provided by Rule XVI in the event that tax evasion cases are detected; in such case, the joint and several liability shall be attributed to the legal representatives provided that they have cooperated with the design or approval or commission of acts or situations or economic relations foreseen as elusive in Rule XVI. In the case of companies with a Board of Directors, it is up to this corporate body to define the tax strategy of the entity, having to decide on the approval or not of acts, situations or economic relations to be carried out within the framework of tax planning, this power being non-delegable. The acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of Legislative Decree No. 1422 (September 14, 2018) and which continue to have effect, must be evaluated by the Board of Directors of the legal entity for the purpose of ratification or amendment until March 29, 2019, without prejudice to the fact that the management or other administrators of the company have approved before the aforementioned acts, situations and economic relations.

Moreover, it has been established that the application of Rule XVI, regarding the recharacterization of tax evasion cases, will take place in the final inspection procedures in which acts, facts or situations occurring from July 19, 2012 will be reviewed.

- (iv) Amendments to the Income Tax Law, in force as from January 1, 2019, to improve the tax treatment applicable to (Legislative Decree No. 1424):

- The income obtained from indirect sale of shares or ownership interests representing of legal entities domiciled in the country. One of the most relevant changes is the inclusion of a new assumption for indirect sale, which is applied when the total amount of shares of the legal entity domiciled in the country is equal or higher than 40,000 tax units at the moment of the indirect sale.
- The permanent establishments of sole proprietorship, companies and entities of any nature incorporated abroad. To this effect, new assumptions for permanent establishment were incorporated, for example, when services are provided in the country for the same project or service, or for another related to it, for a period exceeding 183 calendar days per any twelve-month period.



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- The credit regime against Income Tax for taxes paid abroad, to be incorporated into the indirect credit (corporate tax paid by foreign subsidiaries) as applicable credit against the Income Tax of domiciled legal entities, in order to avoid double economic taxation.

- The deduction of interest expenses to determine the business Income Tax. In 2019 and 2020, the debt limit, set at three times the net equity as of December 31 of the previous year, will be applicable to both loans with related parties and loans with third parties that are acquired from September 14, 2018. As of 2021, the deduction limit for financial expenses will be equivalent to 30% of the Company's tax EBITDA.

(v) Rules have been established for the accrual of income and expenses for tax purposes as from January 1, 2019 (Legislative Decree No. 1425). Until 2018, there was no regulatory definition of this concept, and in many cases accounting rules were used for interpretation purposes. In general terms, with the new criteria, for the purpose of determining the Income Tax, it will now be taken into account whether substantial events for the generation of the income or expense agreed by the parties, who are not subject to a suspension, have occurred, in which case the recognition will occur when it is fulfilled and the opportunity for collection or payment established will not be taken into account; and, if the determination of the consideration depends on a future fact or event, the total or part of the corresponding income or expense will be deferred until that fact or event occurs.

On March 31, 2020, Superintendence Resolution 066-2020/SUNAT was published, which established the new default interest rates effective as from April 1, 2020. The default interest rate in national currency went down from 1.2 to 1, and in case of the foreign currency from 0.6 to 0.5. Moreover, the interest rates for refund of undue payment or payments in excess in national currency went down from 0.50 to 0.42, whereas in foreign currency it went down from 0.30 to 0.25. In the case of interests for withholdings and/or earnings not applied with IVA, it went down from 1.2 to 1.

Through Legislative Decree 1488, published on May 10, 2020, a special depreciation regime is established, exceptionally and temporarily, for taxpayer under the Income Tax General Regime, the main aspects of which are the following:

- As of fiscal year 2021, buildings and constructions purchased between 2020 and 2022 will be depreciated applying an annual depreciation percentage of 20% until full depreciation, provided that the following conditions are met:
 - (i) The assets are fully assigned to the production of third-party taxable income category;
 - (ii) The construction would have started as of January 1, 2020. To such effect, the start of construction shall be understood as the time when the construction license or other document established by the Regulation is obtained.
 - (iii) Until December 31, 2022, construction has a work progress of at least 80%. In case of constructions has not been completed by December 31, 2022, it is presumed that the construction progress is less than 80%, except if proven otherwise by the taxpayer. The

construction is understood to have been completed when it has obtained from the municipality the work acceptance or any other document specified in the Regulation.

- As from 2021, the assets purchased between 2020 and 2021, the following assets acquired from fiscal year 2020 and 2021, assigned to the production of taxable income, will be depreciated by applying the following annual percentages until full depreciation:
 - Data processing equipment: 50%
 - Machinery and equipment: 20%
 - Land transport vehicles (except for railroads) with EURO technology IV, Tier II and EPA 2007, used by authorized companies: 33.3%
 - Hybrid or electric land transport vehicles (except for railroads).

(d) Tax authorities are entitled to review and, if necessary, amend the income tax and general sales tax calculated by the Company during the last four years from the date of filing of the tax returns. The tax returns for income tax for years 2015, 2018 and 2019 and for general sales tax for December 2015 through January 2020 are pending review by tax authorities. To date, SUNAT is overseeing the income tax for 2017 and 2016.

Due to the possible interpretations by tax authorities of existing legal rules, it is not possible to determine to date if the reviews will result in liabilities for the Company. Consequently, any eventual higher tax or surcharge that may result from any tax reviews would be applied to income for the year in which it is determined. However, in opinion of Management and its legal counsel, any additional tax assessment would not be significant to the financial statements as of December 31, 2020 and 2019.

(e) In accordance with the Income Tax Law and its amendments, companies established in Peru that have generated tax losses may apply it to reduce the income tax payable in future years through the voluntary application of one of the following methods:

- i. Method A -
The tax loss may be used up to four years after its generation.
- ii. Method B -
The tax loss may be offset with future profits year after year until its maturity date, applying 50% of its taxable base.

In the Income Tax Returns for 2019, where losses were generated, the Company decided to apply method A. As of December 31, 2020, the Company has determined its tax loss carryforward in S/ 121,471 thousand, equivalent to USD 33,546 (S/ 208,320 equivalent to USD 62,967 as of December 31, 2019), which is subject to the reviews indicated in (d). Company's Management, in accordance with tax laws, believes that it will be able to apply the full amount of such losses in the future, and decided to record a deferred tax asset as of December 31, 2020 for USD 11,250 (USD 18,575 as of December 31, 2019) see note 21 (c).



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31. CONTINGENCIES

As of December 31, 2020 and 2019, the Company has legal and arbitration proceedings yet to resolve, as well as administrative and tax proceedings relating to its activities. In opinion of the Management and its internal and external legal counsel, liabilities deemed appropriate have been recorded based on the information available as of December 31, 2020 and 2019, and no additional liabilities are believed to arise other than those already recorded by the Company.

32. COMMITMENTS

- (a) Power purchase agreements
- As of December 31, 2020, the Company maintains the following power purchase agreements:

Long-Term Contracts from Biddings		Contracted Capacity	
		Peak Hour (MW)	Off-Peak Hour (MW)
Luz del Sur	ED-01-2009-LP	128.13	128.13
Luz del Sur	ED-02-2009-LP	70.67	70.67
Luz del Sur	ED-03-2009-LP	20.73	20.73
Luz del Sur	LDS-01-2011-LP	50.22	50.22
Luz del Sur	LDS-01-2011-LP-II	24.61	24.61
Total Luz del Sur		294.36	294.36
Enel Distribución Perú	ED-01-2009-LP	159.29	159.29
Enel Distribución Perú	ED-02-2009-LP	83.35	83.35
Enel Distribución Perú	ED-03-2009-LP	25.78	25.78
Enel Distribución Perú	LDS-01-2011-LP	8.97	8.97
Enel Distribución Perú	LDS-01-2011-LP-II	6.79	6.79
Total Enel Distribución Perú		284.18	284.18
Seal	ED-01-2009-LP	23.51	23.51
Seal	ED-02-2009-LP	14.88	14.88
Seal	ED-03-2009-LP	4.40	4.40
Total Seal		42.79	42.79

Long-Term Contracts from Biddings		Contracted Capacity	
		Peak Hour (MW)	Off-Peak Hour (MW)
Electronoroeste	ED-01-2009-LP	13.85	13.85
Electronoroeste	ED-02-2009-LP	8.70	8.70
Electronoroeste	ED-01-2009-LP	8.6	8.60
Electronoroeste	HID-2009-LP	9.01	9.01
Total Electronoroeste		40.16	40.16
Electrosureste	ED-01-2009-LP	12.81	12.81
Electrosureste	ED-02-2009-LP	12.97	12.97
Electrosureste	ED-03-2009-LP	4.01	4.01
Total Electrosureste		29.79	29.79
Hidrandina	HID-2009-LP	18.12	18.12
Total Hidrandina		18.12	18.12
Electronorte	HID-2009-LP	12.86	12.86
Total Electronorte		12.86	12.86
Electrosur	ED-02-2009-LP	9.44	9.44
Electrosur	ED-03-2009-LP	3.06	3.06
Total Electrosur		12.50	12.50
Electrocentro	HID-2009-LP	10.74	10.74
Total Electrocentro		10.74	10.74
Edecacete	ED-01-2009-LP	3.81	3.81
Edecacete	LDS-01-2011-LP	0.81	0.81
Edecacete	LDS-01-2011-LP-II	0.61	0.61
Total Edecañete		5.23	5.23



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Long-Term Contracts from Biddings		Contracted Capacity	
		Peak Hour (MW)	Off-Peak Hour (MW)
Electropuno	ED-03-2009-LP	2.69	2.69
Total Electropuno		2.69	2.69
Coelvisac	HID-2009-LP	0.38	0.38
Total Coelvisac		0.38	0.38
Total Contracts from Biddings		753.81	753.81
ElectroUcayali		21.70	21.70
Electronoroeste		0.80	0.80
Electrosur		15.00	15.00
Distriluz		110.00	110.00
Electrosureste		2.55	2.55
Seal		24.02	24.17
Coelvisac		11.35	11.35
Total bilateral contracts		185.42	185.57
Total Regulated		939.22	939.37

Contracts Free Clients	Contracted Capacity	
	Peak Hour (MW)	Off-Peak Hour (MW)
Antamina S.A.	170.00	170.00
Electroperú S.A.	105.00	105.00
Minera Yanacocha S.R.L.	60.00	60.00
Yura S.A.	60.00	66.00
Volcan Compañía Minera S.A.A.	49.00	49.00
Sociedad Minera Cerro Verde S.A.A.	38.00	38.00
Marcobre S.A.C.	84.00	84.00
Celep EP	40.00	40.00
Gloria S.A.	28.00	28.00

Long-Term Contracts from Biddings		Contracted Capacity	
		Peak Hour (MW)	Off-Peak Hour (MW)
Trupal S.A.		25.00	25.00
Minsur S.A.		26.50	26.50
Adm. Jockey Plaza Shopping Center S.A.		17.00	17.00
Compañía Minera Chungar S.A.C.		15.40	15.40
Empresa Administradora Cerro S.A.C		15.00	15.00
Alicorp S.A.		12.50	12.50
Owens Illinios Perú S.A.		12.00	12.00
Austral Group S.A.		10.00	10.00
San Fernando S.A.		7.17	7.17
Esmeralda Corp. S.A.		7.00	7.00
Casa Grande S.A.A.		6.00	6.00
Tecnofil .A.		6.00	6.00
Óxidos de Pasco S.A.C.		5.40	5.40
Minera Bateas S.A.C.		5.20	5.20
Cartavio S.A.A		5.00	5.00
Otros		125.92	143.90
Total Contracts Free Clients		935.09	959.07
Total Contracts (Regulated + Free)		1,874.31	1,898.44

(b) Letters of guarantee and securities

The main letters of guarantee and securities held by the Company are:

- (i) As guarantee for the payment of the “Usufruct Fee and Social Contribution” of the Usufruct Contract (Note 2(i)), the Company issued in favor of Activos Mineros S.A.C. letters of guarantee for USD 10,000. A performance bond was also provided for USD 2,000 in favor of Activos Mineros S.A.C.
- (ii) In favor of the Ministry of Energy and Mines USD 27,500 for the Nodo Energético project - investment performance bond.

33FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management

The Company is exposed to the following risks related to the use of financial instruments:

- (i) Risk management framework



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Management is responsible for establishing and supervising the risk management structure. The Finance Division is responsible for risk management. This department identifies, evaluates and manages financial risks.

The Company’s risk management policies are established to identify and assess the risks to which the Company is exposed and set adequate risk limits and controls and monitor risks and compliance of limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company operations.

The Company seeks to develop a disciplined and constructive control environment through its risk management standards and procedures in which all personnel fully understands their functions and duties.

(ii) Credit risk
The Company’s financial assets potentially exposed to credit risk concentrations, mainly comprise bank deposits and accounts receivable included in the statement of financial position.

The Company mitigates the credit risk concentration through the policy by distributing its excess funds in top-tier financial institutions.

On the other hand, the credit risk corresponding to accounts receivable from the business activity is historically very low given the short term for collection to clients, which prevents accumulation of individually significant amounts.

Company’s Managements regularly assesses the credit risk of its client portfolio, based on a methodology designed by its parent company, which takes into consideration factors such as: liquidity, indebtedness, profitability, years in the business, payment history, criminal record, and other factors.

Management believes that the amounts past due for more than 30 days are still fully chargeable based on historical payment behavior and analysis of the client credit risk, where available.

(iii) Liquidity risk
Management is aware that the liquidity risk implies having sufficient cash and cash equivalents and having the possibility of committing or having financing committed through an adequate number of credit sources. The Company maintains suitable levels of cash and cash equivalents and available lines of credit.

The following table shows the maturity profile of the Company’s financial liabilities based on non-discounted contractual obligations:

	Less than 1 year US\$(000)	1 to 2 years US\$(000)	2 to 5 years US\$(000)	More than 5 years US\$(000)	Total US\$(000)
2020					
Other financial liabilities	98,053	66,462	184,849	249,209	598,573
Trade accounts payable	61,129	2,322	-	-	63,451
Other accounts payable to related companies	798	-	-	-	798
Other accounts payable	5,792	-	-	-	5,792
Total	165,772	68,784	184,849	249,209	668,614

	Less than 1 year US\$(000)	1 to 2 years US\$(000)	2 to 5 years US\$(000)	More than 5 years US\$(000)	Total US\$(000)
2019					
Other financial liabilities	128,796	98,289	215,300	285,220	727,605
Trade accounts payable	61,652	6,544	-	-	68,196
Other accounts payable to related companies	865	-	-	-	865
Other accounts payable	5,412	-	-	-	5,412
Total	196,725	104,833	215,300	285,220	802,078

The previous table does not include hedge financial derivatives as the Management believes that such contracts are effectively liquidated on a net base; as a consequence, the hedge derivatives flow and the reconciliation of amounts equivalent to carrying values of the discounted net flow generated by these instruments are shown below:

	Less than 3 months US\$(000)	3 months to 1 year US\$(000)	1 to 5 years US\$(000)	More than 5 years US\$(000)	Total US\$(000)
2020					
Net liquidation - Asset - Cross currency swap	-	5,994	19,073	8,284	33,351
Total	-	5,994	19,073	8,284	33,351



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	Less than 3 months US\$(000)	3 months to 1 year US\$(000)	1 to 5 years US\$(000)	More than 5 years US\$(000)	Total US\$(000)
2019					
Net liquidation - Asset - Cross currency swap	-	7,545	25,419	16,815	49,779
Total	-	7,545	25,419	16,815	49,779

Changes in liabilities from financing activities

The changes in liabilities from financing activities for the years ended December 31,
2020 and 2019 are shown below:

	Balance as of January 1, 2020 US\$(000)	Cash flow US\$(000)	Effect of exchange rate US\$(000)	Other US\$(000)	Balance as of December 31, 2020 US\$(000)
Other financial liabilities:					
Loans from banking entities	148,799	-	(4,142)	-	144,657
Bonds	292,451	(15,043)	(18,527)	-	258,881
Financial leases	171,162	(90,267)	-	-	80,895
Dividends payable	-	(61,121)	-	61,121	-
Total	612,412	(166,431)	(22,669)	61,121	484,433

	Balance as of January 1, 2019 US\$(000)	Cash flow US\$(000)	Effect of exchange rate US\$(000)	Other US\$(000)	Balance as of December 31, 2019 US\$(000)
Other financial liabilities:					
Loans from banking entities	147,959	(12,440)	840	12,440	148,799
Bonds	288,019	-	4,432	-	292,451
Financial leases	294,620	(123,458)	-	-	171,162
Dividends payable	-	(65,279)	-	65,279	-
Total	730,598	(201,177)	5,272	77,719	612,412

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by the market risk include loans and deposits maintained by the Company.

The sensitivity analyses illustrated in the following sections are associated with the position as of December 31, 2020 and 2019, and were prepared on the basis that the net debt amount, the proportion of fixed and variable interest and the proportion of financial instruments in foreign currency remain constant.

As of December 31, 2020, the weighted exchange rate published by the Superintendence of Banking, Insurance and Pension Fund Managers (SBS) for transactions in US dollars was USD 0.2764/PEN for selling operations and USD 0.2759/PEN for purchase operations (USD 0.3020 for sale and USD 0.3015 for purchase as of December 31, 2019), as summarized below:



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	2020 S/(000)	2019 S/(000)
Assets		
Cash and cash equivalents	55,446	58,812
Trade accounts receivable, net	191,267	176,536
Other accounts receivable, net	150,863	151,432
Total	397,576	386,780
Liabilities		
Trade accounts payable	76,265	95,138
Liabilities for employees' benefits	34,524	35,655
Other accounts payable	37,042	32,740
Financial obligations	971,572	1,013,995
Total	1,119,403	1,177,528
Hedge debt	(971,572)	(1,013,995)
Total net asset position	249,745	223,247

The exchange risk hedge policy is formulated based on projected cash flows and contemplates maintaining a balance between flows indexed to soles and the levels of assets and liabilities in such currency. The purpose is to minimize the exposure of flows to the risk of exchange rate variations.

Presented below is the sensitivity analysis, assuming a revaluation/devaluation of the US dollar (USD) equivalent to the aforementioned rate, exclusively over the balances of previously reflected monetary assets and liabilities:

	Increase (decrease) in exchange rate	Effect on profit before income tax US\$(000)
2020		
U.S. Dollars / Soles	+10%	18,089
U.S. Dollars / Soles	-10%	(22,104)
2019		
U.S. Dollars / Soles	+10%	21,690
U.S. Dollars / Soles	-10%	(26,515)

For the years ended December 31, 2020 and 2019, the gain (loss) for exchange rate is as follows:

	2020 US\$(000)	2019 US\$(000)
Exchange difference monetary items (a)	(6,309)	1,147
Exchange difference Corporate Bonds and loans	22,669	(5,272)
Derivative financial instruments of Corporate Bonds (note 12)	(18,527)	840
Derivative financial instruments of loans (note 12)	(4,142)	4,432
Total	(6,309)	1,147

(iii) Interest rate risk
The Company does not have significant assets bearing interests; the operating income and cash flows of the Company are independent from changes in market interest rates. The Company's exposure to this risk is basically due to its financial obligations.

Debts at variable rates may expose the Company to the interest rate risk over its cash flows. The Company minimizes this risk by partially contracting its contractual obligations at fixed interest rates, either with debts initially issued at fixed interest rates or contracting derivative financial instruments transforming the interest rate risk from variable to fixed.

The portion of financial obligations at fixed rate or hedged as of December 31, 2020 and 2019 is 100%, and the Company believes that it will not be affected by the risk of interest rate



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fluctuations as it is within the adequate band on which it manages its debt composition at fixed and variable rates.

On the other hand, debts at fixed rates may expose the Company to the interest rate over the fair value of its financial liabilities. In this regard, the Company believes that this risk is not material as the interest rates in its financing contracts do not differ significantly from market interest rates.

Management believes that future fluctuations in interests rates will not significantly affect future income from its operations.

(b) Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a sound credit rating and healthy capital ratios to sustain its business maximize the value for the shareholder.

The Company manages its capital structure and makes relevant adjustments in such structure according to changing economic conditions. To maintain or adjust its capital structure, the Company may modify the payment of dividends to shareholders, return capital to shareholders or issue new shares.

No changes were made to the objectives, policies or processes relating to capital management as of December 31, 2020 and 2019.

The Company controls its capital using an indebtedness ratio, defined as the quotient between the gross debt and the total capital plus the gross debt. In Company’s Management opinion, the indebtedness ratios as of December 31, 2020 and 2019 are consistent with the Company’s financial policy.

	2020 US\$(000)	2019 US\$(000)
Other financial liabilities (i)	495,957	629,606
Trade accounts payable	63,591	68,196
Accounts payable to related companies	657	865
Other accounts payable	5,792	5,412
Less: cash and cash equivalents	(99,864)	(91,897)
Net debt	466,133	612,182
Total equity	1,166,985	1,137,270
Leverage ratio (times)	0.3994	0.5383

(i) It includes the effect of the application of IFRS 16 (note 15)

34. MEASUREMENT AT FAIR VALUE

Fair value is defined as the amount at which an asset may be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction, under the assumption that the entity is an ongoing concern.

When a financial instrument is traded in a liquid and active market, its price as set in a real market transaction offers the best evidence of its fair value. When no price is set in the market or the latter may not be indicative of the instrument's fair value, the market value of another substantially similar instrument, the analysis of discounted flows or other applicable techniques may be used to determine this fair value, which is materially affected by the assumptions used. Although Management has used its best judgment in estimating the fair values of its financial instruments, any technique for making these estimates entails a certain level of inherent fragility. As a result, fair value may not be indicative of the net realizable or liquidation value of financial instruments.

Management estimates that the carrying value of the Company’s financial instruments (current assets and liabilities) as of December 31, 2020 and 2019, does not significantly differ from their fair value due to their short-term maturity.

Except for the following headings, Company’s Management estimates that the carrying value of financial instruments recorded at amortized cost is approximately their fair value due to their short-term maturity:

	2020		2019	
	Carrying value US\$(000)	Fair value US\$(000)	Carrying value US\$(000)	Fair value US\$(000)
Financial liabilities:				
Corporate bonds	258,881	306,580	292,451	328,813
Bank loans	144,657	144,657	148,799	148,799
Financial leases	92,419	113,176	188,356	182,373
Total	495,957	564,413	629,606	659,985

In case of long-term debts, Management believes that the carrying value is less than their fair value as the effective rates at the transaction date are, in average, lower than those prevailing in the market.



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For the calculation of the fair value, Management has projected each long-term debt of the Company in accordance with the terms and conditions agreed at the time of the transaction, and has discounted them at current market rates taking into consideration the following factors: type of facility, amortization scheme, term and equivalent term, credit risk of the Company, country where the debt was disbursed, among other factors.

Market rates have been obtained through a combination of public sources, as well as recent bank quotes received by the Company. These fair values would be classified as level 2, as the measurements corresponds to variables based on observable market data, either directly or indirectly, different than the quoted prices included in level 1.

The Company has entered into derivative financial instruments agreements with a financial entity with sound credit rating. The derivative valued through valuation techniques that uses observable market data is a cross currency swap. The valuation technique most frequently used is the term pricing model using present value calculations. The model incorporates data including the credit capacity of the parties, the exchange for cash and term transactions, interest rate curves and underlying commodity prices.

The Company uses cross currency swaps to manage certain exposures in its transactions. The features and effects of such contracts are described below:

Cash Flow Hedge:
As of December 31, 2020 and December 31, 2019, the fair value of cross currency swap contracts adds up to a net liability for USD 7,613 (an asset adding up to USD 10,856 as of December 31, 2019) (Note 12).

Fair value hierarchy:
The Company uses the following hierarchy to determine and disclose the fair value of financial instruments in accordance with the valuation technique used:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3: Valuation techniques (no observable market input).

As of December 31, 2020 and 2019, the Company had the following instruments at fair value in the statement of financial position:

	2020 US\$(000)	2019 US\$(000)
Liabilities measured at fair value:		
Level 2		
Cross currency swap	(7,613)	10,856
Total	(7,613)	10,856

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Between January 1, 2021 and the date of approval of these financial statements (February 18, 2021), no subsequent significant events of financial – accounting nature have occurred, which may affect the interpretation of the accompanying financial statements.

In accordance with the International Financial Reporting Standards – IFRS, the accompanying financial statements were prepared based on the conditions existing as of December 31, 2020 and considering the events occurring after such date, which provided evidence of the conditions existing at the end of the reporting period. Given the social immobility measures enacted after December 31, 2010, their impact is deemed an event indicative of conditions arising after the reporting period and, consequently, no adjustments have been made to the financial statements as of December 31, 2020.



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MAIN REGULATIONS IN THE ELECTRICAL SECTOR

Reference of the main regulations governing the electrical sector is presented below. For further information, please refer to each regulation in detail.

19-11-1992

First Reform
Decree Law No.25844, Electrical Concessions Law

- > Power Generation, Transmission and Distribution activities were separated to prevent them from being performed by a single holder.
- > Trading activities are permitted to be performed by Generation¹ and Distribution² Companies.
- > The prices to be paid by Users for Transmission and Distribution activities are set by the regulator (now Osinergmin).

- > Two markets were established for generation prices: a) for large consumers (Free Users³), generation prices are freely agreed with suppliers, and b) for Regulated Users, prices are to be set by Osinergmin.

- > The marginal cost system was introduced to determine prices in the short-term wholesale market, at which energy transfers are paid between generation companies. Such price shall be the variable cost^{4,5} of the most expensive unit used to satisfy the demand at each market interval⁶.

- > The capacity payment regime to generation units was established with a price set by Osinergmin for the firm capacity⁷ of these units.

25-02-1993

Supreme Decree No.009-93-EM, “Regulation of the Electrical Concessions Law”

- > The regulatory provisions governing the power generation, transmission, distribution and trading activities were established.

19-11-1997

Law No. 26876, “Law on Antimonopoly and Anti-oligopoly in the Electrical Sector”

- > The procedure for previous authorization of vertical or horizontal concentrations occurring in power generation and/or transmission and/or distribution activities was established.

14-09-2000

Gas Prices Declaration
Supreme Decree No. 016-2000-EM

- > The mechanism for annual declaration of natural gas prices was implemented for generation companies to report the variable costs of the power generation units operating with this fuel.

23-07-2006

Second Reform
Law No. 28832 – Law to Ensure the Efficient Generation Development (LGE)

- > The Bidding mechanism was implemented for Generation Companies to sell electricity to Distribution Companies at the prices set in such Biddings instead of prices set by Osinergmin.
- > The 2-year Transmission Plan was established for the expansion of the transmission system.
- > The demand was incorporated into the Electricity Short-Term Market⁸.
- > A specific regulation was established for total or partial interruption in the natural gas supply chain to power generation plants.

17-05-2007

Supreme Decree No. 027-2007-EM “Transmission Regulation”

- > Regulated Law 28832 regarding the transmission activity.
- > Defined the facilities comprising the Guaranteed Transmission System and the Supplementary Transmission System.
- > Establishes provisions for the approval of the Transmission Plan and the bidding of facilities approved in this plan.

19-09-2007

Supreme Decree No. 052-2007-EM “Regulation of Electricity Supply Biddings”

- > Establishes the general provisions for Biddings conducted by distribution companies to meet the demand of their clients, and for the respective agreements to be entered into with generation companies.



1. To Free Users and Distribution Companies

2. To Free and Regulated Users within their concession

3. Initially, Free Users were those whose demand exceeded 1000 kW. Subsequently, with Law No. 28832, and its Regulation, Supreme Decree 022-2009-EM, published on April 16, 2009, Free Users and those whose maximum annual demand at each supply point exceeds 2500 kW; Regulated Users are those with a maximum annual demand equal to or less than 200 kW. Users with a demand above 200 kW up to 2500 kW may choose to be Regulated or Free Users.

4. Defined in the ECL as the cost for producing one additional electricity unit.

5. It refers to the cost that depends on the amount of energy produced, typically expressed in Soles/ Megawatt-hour. In this case, it is mainly composed of the variable cost of the fuel used for electricity generation.

6. The current market interval is 15 minutes.

7. Firm Capacity is defined in the ECL as: capacity that can be generated by each generation unit with high security. In case of hydropower plant, the firm capacity

capacity will be determined with a probability of exceedance of ninety-five per cent (95%). In case of thermal power plants, the firm capacity needs to consider scheduled and unforeseen downtime factors.

8. At present, according to the Electricity Wholesale Market Regulation, approved by Supreme Decree 026-2016-EM, the following can purchase in this market:
A) Distribution companies to satisfy the demand of Free Users up to 10% of the maximum demand of all Free Users in the last twelve (12) months;

B) Large Users (with contracted capacity equal to or higher than 10 MW) to satisfy the demand for up to 10% of the maximum demand recorded in the last twelve (12) months.



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X MAIN REGULATIONS IN THE ELECTRICAL SECTOR

02-05-2008

“Promotion of Investment for Power Generation with Renewable Energies”, Legislative Decree No. 1002

- > The incentive mechanism was created for the incorporation of generation units with non-conventional renewable sources (tidal, wind, solar, biomass, geothermal and hydropower below 20 MW) through auctions carried out by Osinergmin.

26-06-2008

Legislative Decree No. 1041

- > Establishment of the regulatory framework, whereby Proinversión carried out the bidding for the incorporation of cold reserve units in the system⁹ to operate in exceptional situations.

18-12-2008

Emergency Decree 049-2008

- > The decree was in effect until October 1, 2017, and stipulated that no restrictions on natural gas production or transport or power transmission were to be considered for the calculation of the marginal costs of the system.

16-04-2009

Supreme Decree No. 22-2009 “Regulation for Electricity Free Users”

- > It establishes the minimum requirements to be considered for a User connected to the SEIN to select, at its own judgement, to be a Regulated User or a Free Users, as well as the general aspects to be considered in supply agreements of Free Users.

29-04-2010

“Emergency Decree that provides measures to expedite investment and facilitate financing for the execution of electricity projects”, Emergency Decree No. 032-2010

- > Establishment of the regulatory framework whereby Proinversión carried out biddings to incorporate hydropower plants¹⁰ for power supply to Regulated Users.

22-12-2010

Law No. 29970 that consolidates the energy security and promotes the petrochemical pole in the southern part of the country

- > The implementation of measures to consolidate the energy security in the country was declared of national interest through the diversification of energy sources and reliability of the energy supply chain. The bidding for the development of power generation plants of the Nodo Energético del Sur¹¹ was carried out. Certain provisions on the use of natural gas were also provided.

24-09-2015

Legislative Decree No. 1221, “Improvement of the Electricity Distribution Regulation to promote Access to Electricity in Peru”

- > It established the promotion of Distributed Generation for all users with non-conventional renewable energy generation or cogeneration equipment.

28-12-2017

Supreme Decree No. 043-2017, Modification of the Natural Gas Price Declaration Mechanism for power generation

- > It modified the mechanism for natural gas price declaration (Supreme Decree No. 016-2000-EM), incorporating a formula to determine a minimum gas price for each plant.
- > On September 21, 2020, the Population Action Ruling on the annulment of this Supreme Decree was passed.

31-08-2019

Resolution No. 144-2019-OS/CD

- > It established a methodology to determine the firm capacity for wind, solar and tidal generation units. This methodology allows for economic revenues for firm capacity, unlike the previous regulation, which considered a firm capacity equal to zero.

19-12-2020

Supreme Decree 031-2020-EM “Supreme Decree that establishes the provisions for determining the natural gas price for power generation”.

- > It established that for the application of article 99 of the Regulation of the Electrical Concessions Law, the Committee for the Economic Operation of the System is required to submit to OSINERGMIN, within thirty (30) business days following the publication of the Supreme Decree, the proposed amendment of the technical procedures related to the determination of the variable costs of thermal generation units running on natural gas. OSINERGMIN is required to approve the proposed procedures within 60 business days.

REGULATIONS RELATING TO COVID-19

11-03-2020

Supreme Decree No.008-2020-SA “Declaration of the National Health Emergency and COVID-19 Prevention and Control Measures”

- > It declared the state of health emergency in the country for ninety (90) calendar days and prevention and control measures were enacted to prevent dissemination of COVID-19.
- > With Supreme Decree No. 031-2020-SA, the State of Health Emergency was extended until March 7, 2021.



9. **The cold reserve plants built within this framework are: Talara, Ilo, Puerto Eten, Puerto Maldonado and Pucallpa.**

10. **The Chaglla and Cerro del Águila hydropower plants were built under this framework. The Pucará Hydropower Plant was also awarded but has not been built to date.**

11. **The bidding of the Nodo Energético del Sur included the Mollendo and Ilo Plants.**



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MAIN REGULATIONS IN THE ELECTRICAL SECTOR

15-03-2020

Supreme Decree No. 044-2020-PCM “Declaration of the State of National Emergency due to the serious circumstances affecting the life of the Nation as a consequence of the COVID-19 outbreak”

- > It declared the State of National Emergency and provided for the mandatory social distancing. It included several measures to exercise the right to freedom of movement, and to reinforce the health system across the country, in addition to other necessary measures to effectively protect the life and health of the population.
- > The effective term of this decree was extended with several Supreme Decrees, the most recent of which was Supreme Decree No. 174-2020-PCM, which extended its effectiveness until November 30, 2020.
- > On November 30, 2020, Supreme Decree No. 184-2020-PCM was published to repeal Supreme Decree 044-2020-PCM and established the State of Emergency from December 1 to December 31, 2020.

19-03-2020

Vice-Ministry Resolution No. 001-2020-MINEM/VME “Regulations to ensure the continuity of power generation, transmission and distribution, in the Electricity Sub-Sector and the Committee for the Economic Operation of the National Interconnected System (COES)”

- > It established that the companies performing power generation, transmission and distribution activities are to prioritize actions to guarantee the continuity of the regular energy supply to ensure electricity and all other utilities.

02-05-2020

Supreme Decree No. 080-2020-PCM “Supreme Decree that approves the progressive and gradual resumption of economic activities within the framework of the State of National Emergency declared due to the serious circumstances affecting the life of the Nation as a consequence of the COVID-19”.

- > It approved the “Resumption of Activities” within the framework of the Emergency declaration comprising four (04) stages for implementation. It also provided for the start of Phase 1 with activities related to the mining sectors (large-scale mining), industry, construction, services, consumption and commerce.
- > With Supreme Decree No. 101-2020-PCM and Supreme Decree No. 117-2020-PCM, the start of Phases 2 and 3 were approved, respectively.
- > With Supreme Decree No. 157-2020-PCM and amending Supreme Decree No. 183-2020-PCM, Phase 4 was approved, including service and tourism activities (entertainment, national and international transport).

06-05-2020

Ministry Resolution No. 128-2020-MINEM/DM “Health Protocol for the Implementation of Prevention and Response Measures Against COVID-19 in Activities from the Mining Sub-Sector, Hydrocarbon Sub-Sector and Electricity Sub-Sector”

- > It established several health and safety measures to be included in the preparation of the COVID-19 surveillance, prevention and control plan.

30-06-2020

Ministry Resolution No. 448-2020 MINSA “Guidelines for Surveillance, Prevention and Control of Employees’ Health with Risk of Exposure to COVID-19”

- > It established guidelines for the surveillance, prevention and control of the health of employees performing activities during the COVID-19 pandemic.
- > It repealed Ministry Resolution No. 239-2020 MINSA passed on May 2, 2020 and amendments thereof (Ministry Resolution 265-2020-MINSA and Ministry Resolution 283-2020-MINSA).



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LICENSES AND AUTHORIZATIONS

For the performance of its activities, ENGIE Energía Perú has been granted several permits, authorizations, licenses and concessions approved by the corresponding authorities, including the authorizations for thermal power generation, definitive generation and transmission concessions, as well as the resolutions imposing easements, as listed in the following tables.

Generation authorizations and concessions

Legal Regulation	Date of publication	Generation unit %
Ministry Resolution No. 115-97-EM/DGE	04/04/1997	Ilo TPP
As amended by the following resolutions:		
Ministry Resolution No. 394-97-EM/VE	04/10/1997	
Ministry Resolution No. 538-97-EM/VME	19/12/1997	
Ministry Resolution No. 571-2012-MEM/DM		
Ministry Resolution No. 235-2015-MEM/DM	21/05/2015	
Ministry Resolution No. 265-2019-MINEM/DM	16/09/2019	
Ministry Resolution No. 265-98-EM/VME	10/06/1998	Ilo21 TPP
As amended by the following resolutions:		
Ministry Resolution No. 395-2000-EM/VME	17/10/2000	
Ministry Resolution No. 340-2005-MEM/DM	02/09/2005	Chilca 1 TPP (First, Third and Fourth Units)
As amended by the following resolutions:		
Ministry Resolution No. 608-2006-MEM/DM	07/01/2007	
Ministry Resolution No. 024-2008-MEM/DM	25/01/2008	
Ministry Resolution No. 179-2010-MEM/DM	29/04/2010	

Legal Regulation	Date of publication	Generation unit %
Ministry Resolution No. 011-2015-MEM/DM	24/01/2015	Chilca 2 TPP
Ministry Resolution No. 217-2016-MEM/DM ¹	09/06/2016	
Ministry Resolution No. 059-2005-EM ²	12/10/2005	Yuncán HPP
Ministry Resolution No. 023-2002-EM ³	13/06/2002	Quitaracsa HPP
As amended by the following resolutions (mainly):		
Ministry Resolution No. 017-2004-EM ⁴	15/03/2004	
Ministry Resolution No. 005-2010-EM ⁵	03/02/2010	
Ministry Resolution No. 488-2015-MEM/DM ⁶	12/11/2015	
Ministry Resolution No. 546-2011-MEM/DM	09/01/2012	Cold Reserve TPP – Ilo Plant
Ministry Resolution No. 229-2015-MEM/DM	20/05/2014	Nodo Energético in the South of Pery Plant No. 2 – Moquegua Region
Ministry Resolution No. 312-2017-MEM/DM	01/08/2017	Intipampa Solar Power Plant



- 1 Through Ministry Resolution No. 217-2016-MEM/DM, the authorization of the ChilcaUno TPP was approved in favor of ENGIE Energía Perú, splitting it in two separate authorizations, being the ChilcaUno TPP composed of four (4) generation units with a rated capacity of 851.8 MW; and the new ChilcaDos TPP composed of two (2) generation units with a rated capacity of 110.9 MW.
- 2 Supreme Resolution No. 059-2005-EM approved the assignment of contract position entered into with Empresa de Generación de Energía Eléctrica del Centro ("Egecen") and ENGIE Energía Perú, whereby Egecen assigned its contract position in favor of ENGIE Energía Perú for the performance of power generation activities with the Yuncan HPP.

3 Through Supreme Resolution No. 023-2002-EM, the definitive concession was approved to perform the power generation activity in the Quitaracsa HPP in favor of S&Z Consultores Asociados S.A.
- 4 Through Supreme Resolution No. 017-2004-EM, the assignment of contract position entered into between S&Z Consultores Asociados S.A. ("S&Z") and Empresa de Generación Eléctrica Quitaracsa S.A. ("Quitaracsa") was approved, whereby S&Z assigned in favor of Quitaracsa its position in the Concession Contract for the performance of power generation activities with the Quitaracsa HPP.

5 Through Supreme Resolution No. 017-2004-EM, the assignment of contract position entered into between S&Z Consultores Asociados S.A. ("S&Z") and Empresa de Generación Eléctrica Quitaracsa S.A. ("Quitaracsa") was approved, whereby S&Z assigned in favor of Quitaracsa its position in the Concession Contract for the performance of power generation activities with the Quitaracsa HPP.
- 6 Through Ministry Resolution No. 488-2015-MEM/DM, the amendment to the concession contract for the performance of power generation activities with the Quitaracsa HPP was approved, regarding the modification of the guaranteed calendar for execution of works.



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Definitive transmission concessions

Transmission concessions	Date of publication	Transmission Lines
Supreme Resolution No. 132-98-EM	30/12/1998	1) Ilo21TPP -SE7 Moquegua (Montalvo) 2) MoqueguaSS(Montalvo)- Botiflaca SS 3) Moquegua SS (Montalvo)- Toquepala SS
Supreme Resolution No. 019-2003-EM	27/03/2003	Ilo TPP - Botiflaca SS - Moquegua SS
Supreme Resolution No. 028-2006-EM ⁸	27/05/2006	Yuncán HPP (Santa Isabel SS)- Carhuamayo Nueva SS
Supreme Resolution No. 068-2006-EM, as amended by the following resolutions:	12/11/2006	Chilca 1 SS - Chilca SS 220 kV
Supreme Resolution No. 021-2007-EM	26/05/2007	Quitaracsa SS - Kiman Ayllu SS 220 kV
Supreme Resolution No. 086-2011-EM	06/11/2011	
Ministry Resolution No. 494-2015-MEM/DM	18/11/2015	
Supreme Resolution No. 011-2013-EM as amended by the following resolutions:	02/03/2013	
Supreme Resolution No. 091-2014-EM	24/12/2014	Ilo 4 SS - Montalvo SS
Supreme Resolution No. 010-2015-EM	16/04/2015	
Ministry Resolution No. 285-2017-MEM/DM	06/07/2017	



7 SS: Substation

8 Through Supreme Resolution No. 028-2006-EM, the assignment of contract position entered into between Egecen and ENGIE Energía Perú was approved, whereby Egecen assigns in favor of ENGIE Energía Perú its position in concession contract 203-2002.

Easements

Legal Regulation	Date of Publication	Type
Ministry Resolution No. 220-99-EM/VME	04/04/1997	Transmission line easement and right of way for the Moquegua SS.
Ministry Resolution No. 733-99-EM/VME	15/01/2000	Transmission line easement and access right of way for custody, maintenance and repair of works and facilities of the 220 kV TL of the Ilo21 TPP - Moquegua SS (Montalvo) and 138 kV TL Moquegua SS (Montalvo) - Botiflaca SS.
Ministry Resolution No. 621-2003-MEM/DM	07/01/2004	Transmission line easement and right of way for custody, maintenance and repair of works of the facilities of the 138 kV T170 TL (138 kV TL of the Ilo TPP - Botiflaca SS) - Moquegua SS.
Ministry Resolution No. 323-2006-MEM/DM	20/07/2006	Transmission line easement of the 220 kV TL of the Yuncan HPP (Santa Isabel SS) - Nueva Carhuamayo SS.
Ministry Resolution No. 534-2007-MEM/DM	02/12/2007	Transmission line easement of the 220 kV TL ChilcaUno SS - Chilca REP SS.
Ministry Resolution No. 053-2016-MEM/DM	17/02/2016	Transmission line easement for 500 kV TL Ilo 4 SS - Montalvo SS.
Ministry Resolution No. 154-2018-MEM/DM	07/05/2018	Occupation easement for the Intipampa Solar Plant.
Ministry Resolution No. 235-2018-MEM/DM	03/07/2018	Transmission line, communication systems easements and right of way for the bypass of the 138 kV Transmission Line Moquegua SS - Toquepala SS (MillSite) to the Intipampa SS.



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GOOD CORPORATE GOVERNANCE REPORT

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

Company name:	ENGIE Energía Perú S.A.
Fiscal year:	2020
Website:	engie-energia.pe
Company name or business name of audit firm: ¹	
RPJ:	2829

1. Available only if the information contained in this report has been reviewed by any specialized Company (for instance: Audit firm or consultancy firm).

SECTION A

During fiscal year 2020, ENGIE Energía Perú has implemented the following actions regarding good corporate governance practices:

1) For the third consecutive year, ENGIE Energía Perú was included in the Good Governance Index of the Lima Stock Exchange.

SECTION B ASSESSMENT OF COMPLIANCE WITH THE PRINCIPLES OF THE GOOD GOVERNANCE CODE FOR PERUVIAN COMPANIES

PILLAR I: SHAREHOLDERS' RIGHTS

Principle 1: Equal treatment

Question I.1	Yes	No	Explanation:
Does the Company recognize in its conduct of business an equitable treatment of shareholders of the same class and that they are afforded the same conditions? (*)	X		According to the Company's bylaws, all shares of the same class have the same rights and are subject to the same obligations.

(*) The same conditions are understood to be those particularities that distinguish shareholders, or make them have a common characteristic in their relationship with the company (institutional investors, non-controlling investors, etc.). It should be noted that this does not imply that the use of privileged information is favored.

Question I.2	Yes	No	Explanation:
Does the company promote exclusively the existence of voting share classes? "Does the company promote exclusively the existence of voting share classes?"		X	The Company has not set any limit for the creation of shares conferring different voting rights. According to Company's bylaws, shares of different classes, rights and obligations may be issued. The Company currently has shared with voting rights.

a. About the Company's share capital, specify:

Subscribed share capital at year-end	Paid-in share capital at year-end	Total number of shares representative of capital	Number of shares with voting rights
S/. 601'370,011.00	S/. 601'370,011.00	601,370,011	601,370,011



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b. In case the company has more than one class of shares, please specify:

Class	Number of shares	Par value	Rights (*)

(*) Please indicate particular rights of the distinctive class.

Question I.3	Yes	No	Explanation:
In case of the Company has investment share, does the Company promote a policy of redemption or voluntary swap of investment shares for common shares? "Does the company promote exclusively the existence of voting share classes?"		X	Since the Company does not currently have investment shares, it does not have a redemption or swap of investment shares for ordinary shares.

Principio 2: Participación de los accionistas

Question I.4	Yes	No	Explanation:
a. Does the Company provide in its corporate documents the form of representation of the shares and who is in charge of entry thereof in the share register book?	X		Article 8 of the Company's bylaws contemplates the representation of shares in (i) the Share Register Book in case the shares are represented in certificates, and (ii) in the accounting record for Clearing and Settlement of Securities, in case the shares are represented by book entry. It should be noted that, since 2005, the Company keeps the book-entry of shares.
b. Is the share register book permanently updated?	X		Through a Services Contract, entered into March 13, 2006, the Company engaged Banco de Crédito del Perú (now Credicorp Capital) to be responsible for keeping up to date the share registry book and other obligations related to the calculation and follow-up of shares traded on the Lima Stock Exchange (BVL) representative of Company's capital.

Indicate the frequency in which the share register is updated, after being informed of any change.

Frequency:	Within forty-eight hours:	X
	Weekly	
	Other / Detail (in days)	

Principle 3: Non-dilution of shareholding in share capital

Question I.5	Yes	No	Explanation
a. Is it a policy of the Company that the proposals of the Board of Directors in connection with corporate operations that may affect the right to non-dilution of shareholders (i.e., mergers, spinoffs, capital increases, among others) be previously explained by the Board of Directors in a detailed report with the independent opinion of an external advisor of professional repute appointed by the Board of Directors?		X	The Company has not established that the proposals of the Board related to corporate operations that may affect the non-dilution of shareholders be explained in a report under the terms laid down in this principle. Since the Board has not considered the application of the aforementioned practice, the provisions set forth in the General Corporations Law shall govern. Should any of the aforementioned operations occur, Board members can request the support from specialized external experts and advisors in accordance with the Board Regulation.
b. Does the company have a policy to make such reports available to the shareholders?		X	See answer above.

If any corporate operations under the scope of item a) of question 1.5 have occurred during the fiscal year, and if he Company has Independent Directors(*), please state if in all cases

	Yes	No
Was the appointment of the external advisor made with the affirmative vote of all Independent Directors?		
All of the Independent Directors clearly expressed their acceptance of the aforementioned report and, if applicable, state the reasons for non-acceptance?		

(*) Independent Directors are those who, according to the Guidelines for Qualification of Independent Directors, approved by the SMV, qualify as such.



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Principle 4: Non-dilution of shareholding in share capital

Question I.6	Yes	No	Explicación:
Does the company determine the responsible persons or means so that the shareholders can receive and/or request timely, reliable and truthful information?	X		The Finance and Investor Relations Management from the Company's Finance Division is the single point of contact and is responsible for providing information to shareholders and investors. Additionally, the Company's Corporate Communications Management is responsible for maintaining the Company's website updated. Finally, the Company's stock exchange representatives are responsible for preparing significant events to submit them to the Securities Market Superintendency.

a. Indicate the means by which the shareholders receive and/or request Company information.

Means of communication	Receive information	Request information
Electronic mail	X	X
Phone	X	X
Corporate website	X	X
Mail		
Informative meetings	X	X
Others / Detail	General Shareholders' Meeting	

b. Does the company have a deadline to answer requests for information submitted by the shareholders?. If yes, specify such deadline

Deadline (days)	
-----------------	--

Question I.7	Yes	No	Explicación:
Does the company have mechanisms for the shareholders to express their opinion about the company's performance?	X		

If the answer is yes, please describe the mechanisms established by the Company for shareholders to express their opinion about the Company's performance.

> Shareholders can express their opinion about the Company's performance via the website (<http://www.engie-energia.pe>), electronic mail (investorrelations@engie.com) and by phone (616-7979), and at meetings to be called by shareholders.

Principle 5: Participation in Company's dividends

Question I.8	Yes	No	Explanation:
a. Is compliance with the dividend policy subject to evaluations to be conducted within a specific time frame?		X	The Company has not established that the compliance with the dividend policy is subject to regular evaluations. To date, the Board has not deemed convenient the application of this practice, considering that the General Shareholders' Meeting approves the dividend distribution on a yearly basis.
b. Is the dividend policy made known to the shareholders by its corporate website, among other means?	X		The Company's dividend policy approved by the General Shareholders' Meeting on October 1, 2015 is published at Company's website (http://www.engie-energia.pe).

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

Date of approval	10/01/15
Dividends policy (criteria for profit-sharing)	a) Dividends will be distributed according to the shareholding interest in the share capital of each shareholder. b) Only the amount left after making the deductions expressly set out by will be distributed. c) The distribution will be made first with retained earnings as of December 31, 2014 and, when they run out, against the earnings as from January 1, 2015. d) Against the earnings in the order specified in item c) above, every year an amount equal to thirty per cent (30%) of available annual profit will be paid out, as determined in each year, starting from 2015, or a larger percentage as deemed convenient. e) The Company's Board will determine the dates when the agreed payment of dividends will be made, according to the availability of funds. f) The compliance with the dividend policy is subject to the profit actually obtained and the actual retained earnings. g) The Company's Board may agree to the distribution of dividends against the regular balanced. The distribution will be made against the earnings as per the order indicated in item c) above.

b. Indicate the dividends into cash and share distributed by the Company in the year and the previous year

Per share	Dividends per share			
	Reporting year		Previous year	
	In cash	In shares	In cash	In shares
Class	0.10163577	0	0.10855091	0
Class		0		0
Investment share	0	0	0	0



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Principale C6: Change of Control or Takeover

Question I.9	Yes	No	Explanation:
Does the Company have policies or agreements of non-adoption of anti-takeover mechanisms?		X	The Company does not have policies or agreements for adopting anti-takeover mechanisms. Since the Board has not considered the application of such practice to date, the provisions in the General Corporations Law shall apply.

Indicate if any of the following measures has been established in your company

	Yes	No
Requirement of a minimum number of shares to be Director		X
Minimum number of years as a Director to be appointed as Chairman of the Board		X
Compensation agreements for executives/officers as a result of changes following a Takeover Bid		X
Others of similar nature / Please detail	According to the Company bylaws, to serve as Director it is not required to be a shareholder. Additionally, according to the bylaws, the Chairman of the Board is elected among its members.	

Principle 7: Arbitration for settlement of disputes

Question I.10	Yes	No	Explanation:
a. Do the Company bylaws contain an arbitration agreement providing that any dispute between shareholders, or between shareholders and the Board of Directors; and any challenges to resolutions of the General Shareholders' Meeting or of the Board by the shareholders of the Company be submitted to arbitration?	X		Article 53 of the Company bylaws provides for arbitration as the mechanism to resolve disputes between the Company and its shareholders or between the shareholders and the Board, as well as regarding the agreements adopted by the governing bodies
b. Does this clause state that an independent third party shall resolve the disputes, except for express legal reserve before ordinary courts?		X	The Company's bylaws provide that the arbitrator who will resolve the dispute will be appointed by mutual agreement between the parties. It also provides that in case the parties fail to reach an agreement, the arbitrator will be appointed by the International Chamber of Commerce.

If the agreement of the the General Shareholders' Meting and the Board are challenged by shareholders or others in this period, please specify the number.

Number of challenges to agreements of the General Shareholders' Meeting	0
Number of challenges to agreements of the Board	0

PILLAR II: GENERAL SHAREHOLDERS' MEETING

Principle 8: Roles and competences

Question II.1	Yes	No	Explanation:
Is approval of the Board of Directors remuneration policy an exclusive and nondelegable role of the General Shareholders' Meeting?	X		Article 25 of the Company's bylaws provides that the determination of the Board remuneration is a role of the General Shareholders' Meeting.

Indicate whether the following roles are exclusive of the General Shareholders' Meeting. If the answer is no, indicate the body that exercises them.

	Yes	No	Body
To arrange for investigations and special audits		X	It is not a role of the General Shareholders' Meeting, the Board and the Management may arrange investigations and special audits.
To resolve the amendment of the bylaws	X		General Shareholders' Meeting
To agree to a share capital increase	X		General Shareholders' Meeting
To agree to the dividend distribution on account		X	According to the Company's dividends policy, approved by the General Shareholders' Meeting, the Board may agree to the dividend distribution on account.
To appoint external auditors	X		General Shareholders' Meeting



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Principle 9: Regulation of the General Shareholders' Meeting

Question II.2	Yes	No	Explanation:
Does the Company have binding Regulations of the General Shareholders' Meeting, the non-compliance of which entails liability?		X	The Company does not have a Regulation of the General Shareholders' Meeting. To date, neither the Board nor the General Shareholders' Meeting have proposed to implement such practice, and therefore the provisions set out in the General Corporations Law and the Company's bylaws apply to regulate the main provisions applicable to the General Shareholders' Meeting (call for meeting, representation, roles, etc.). Additionally, the Company has an Internal Code of Conduct (available at the Company's website). The Board will evaluate whether to have a Regulation of the General Shareholders' Meeting, which will be submitted for approval by the General Shareholders' Meeting.

If there is a Regulation of the General Shareholders' Meeting, please specify whether procedures have been established for:

	Yes	No
Call of the General Shareholders' Meeting		
Include items proposed by shareholders		
Provide additional information to shareholders for meetings		
Conduct of meetings		
The appointment of Board members		
Other relevant / Please detail	The Company does not have a Regulation of the General Shareholders' Meeting; however, some of the items herein are regulated in the Company's bylaws and the aforementioned Internal Code of Conduct.	

Principle 10: Call mechanisms

Question II.3	Si	No	Explicación:
In addition to the procedures to give notice of meetings established by law, does the Company have notice procedures that allow establishing contact with shareholders, particularly those who have no participation in the control or management of the Company?	X		For the Annual Mandatory Shareholders' Meeting of 2020, pursuant to the provisions set out in the Superintendency Resolution No. 050-2020-SMV/02, issued in accordance with Emergency Decree No. 056-2020, the call was made through a Significant Event, published on the website of the Superintendency of the Securities Market, and through the company's website.

a. Please complete the following information for each of the Meetings held in the year:

Date of call for meeting	Date of meeting	Meeting venue	Type of meeting		Universal Meeting		Quorum %	No. of attendees	Participation (%) over the total voting shares		
			Special	General	Yes	No			Through powers of attorney	Direct exercise (*)	did not exercise its voting right
1/07/2020	17/07/2020	Remotely, through the web platform "Eholders" of company Evoting in parallel to a Zoom videoconference call, in accordance with the provisions set out in Superintendency Resolution No. 050-2020-SMV/02 in observance of the National State of Emergency enacted by Supreme Decree No. 044-2020-PCM.		X		X	95.95	8	95.95	0.0001	0.0001

(*) Direct exercise refers to the voting by any means of method other than by proxy.

b. What other means, in addition to the one provided in Article 43 of the General Corporations Law and the provisions in the Relevant Facts and Reserved Information Regulations did the company use to give notice of the meetings during the year?

Electronic mail	x	Mail
Phone	x	Social networks
Company website	x	Others / Please detail



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Question II.4	Yes	No	Explanation:
Does the Company make available to the shareholders all information relative to the items in the agenda of the General Shareholders' Meeting and the proposed resolutions intended to be passed (motions)?	X		For 2020, the Company made available to the shareholders information relative to the items in the agenda of the General Shareholders' Meeting, as well as the proposal of the Board for each item in the agenda submitted for approval of the shareholders (except for the appointment of people authorized to sign documents).

In the calls of meeting given by the Company during the year:

	Yes	No
Did they specify the location of the information on the items to be discussed at the Meetings?	X	
Were "other business", "various items" or similar included as items in the agenda?		X

Principle 11: Proposals of agenda items

Question II.5	Yes	No	Explanation:
Do the Regulations of the General Shareholders' Meeting include procedures allowing the shareholders to exercise the right to submit proposed agenda items to be discussed at the meeting and the procedures to accept or reject such proposals?		X	The Company does not have a Regulation of the General Shareholders' Meeting. To date, the Board has not considered the application of such practice, and therefore the provisions set out in the General Corporations Law apply, which stipulates, in article 117, the possibility for its shareholders to call for a meeting.

a. Indicate the number of proposals submitted by the shareholders during the year to include items in the agenda to be discussed at the General Shareholders' Meeting and the outcome thereof:

Number of requests		
Received	Accepted	Refused
0	0	0

b. If any requests to include items in the agenda to be discussed at the General Shareholders' Meeting were rejected in the year, state whether the company communicated the reasons for such rejection to the requesting shareholders

Yes		No	
-----	--	----	--

Principle 12: Voting procedures

Question II.6	Yes	No	Explanation:
Does the Company have mechanisms in place that allow the shareholder to exercise remote voting by secure means, whether electronic or mail, that ensure that the person casting the vote is actually the shareholder?		X	The Company does not have such mechanisms in place. However, in 2020, within the framework of Superintendency Resolution No. 050-2020-SMV/02 regarding the State of National Emergency declared with Supreme Decree No. 044-2020-PCM, the General Shareholders' Meeting was held via the "Eholders" web platform of company Evoting in parallel to a Zoom video call.

a. If applicable, indicate the mechanisms or means in place by which the Company may exercise remote voting

Electronic voting		Voting by mail	
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b. If remote voting was exercised during the year, please provide the following information

Meeting date	% remote voting				% remote voting / total
	Electronic mail	Company website	Mail	Other	



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Question II.7	Yes	No	Explanation:
Does the Company have corporate documents that clearly provide that shareholders may vote separately on substantially independent matters, so they may exercise their voting preferences separately?		X	The Company does not have a corporate document specifying that shareholders may vote separately on substantially independent matters. To date, neither the Board nor the General Shareholders' Meeting have considered the application of such practice, and therefore the provisions set out in the General Corporations Law apply, and article 31 of the Company's bylaws permits shareholders to vote separately on the election of directors.

Indicate whether the Company has corporate documents that clearly provide that shareholders may vote separately on:

	Si	No
Directors appointment or confirmation though individual vote for every one of them.	X	
The amendment of the bylaws, for each article or group of articles that are substantially independent.		X
Others / Please detail		

Question II.8	Yes	No	Explanation:
Does the Company allow those acting on behalf of several shareholders to cast differentiated votes for each shareholder, so they comply with the instructions of each shareholder that they represent?	X		There is no limitation in the bylaws for one person to represent more than one shareholder, provided that the granting of powers of attorney is in writing and registered at least 24 hours prior to the General Shareholders' Meeting.

Principle 13: Voting delegation

Question II.9	Yes	No	Explanation:
Do the bylaws of the company allow its shareholders to delegate their vote to any person?	X		Article 21 of the Company's bylaws provides that shareholders may confer powers of attorney to a person who is not necessarily a shareholder.

If the answer is no, please indicate whether the Company's bylaws limits the right of representation to any of the following people:

	Yes	No
Another shareholder		
A Director		
A Manager		

Question II.10	Yes	No	Explanation:
a. Does the Company have procedures detailing the conditions, the means and the formalities to be performed in situations of voting delegation?	X		Article 21 of the Company's bylaws establishes the formalities for voting delegation of shareholders.
b. Does the Company make available to shareholders a proxy form setting forth details of the proxies, the business for which the shareholder delegates its vote and, if applicable, its voting intent for each of the proposals?		X	The Company does not make available to shareholders a proxy form.

Please list the requirements and formalities to be met for a shareholder to be represented by proxy at a meeting:

Formality (indicate if the Company requires simple letter, notarized letter, public deed or other).	The representation by proxy may be in a simple letter. Article 21 of the bylaws provides that the representation by proxy of a shareholder may be through any means of communication that permits keeping evidence. As a result, the representation by proxy is for each General Shareholders' Meeting, except in case of powers by public deed.
In advance (number of days prior to the Meeting where the power has to be submitted).	The powers shall be received by the Company at least twenty-four (24) hours before the time set for the General Shareholders' Meeting.
Cost (indicate if there is a payment required by the Company to such purposes and how much is it?	No, the Company does not charge for accepting/permitting the representation by proxy of shareholders.



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Question II.11	Yes	No	Explanation:
a. Is it a policy of the Company to set limitations to the percentage of delegation of votes to members of the Board of Directors or Top Management?		X	The Company does not have any limitations as to the percentage of delegation of votes. To date, neither the Board nor the General Shareholders' Meeting have considered the application of such practice, and therefore the provisions set forth in the General Corporations Law and the Company's bylaws apply
b. In case of delegation of votes to members of the Board or Top Management, is it the policy of the Company that shareholders who delegate their votes clearly state the intent thereof?		X	The Company has not established that shareholders delegating their votes have the obligation to clearly state their intent

Principle 14: Follow-up on resolutions of the Shareholders' Meeting

Question II.12	Yes	No	Explanation:
a. Does the Company follow up on the resolutions passed at the General Shareholders' Meeting?	X		Resolutions are to be followed up by the Company's Legal Vice President. At present, the Legal Vice President also serves as the Board Secretary.
b. Does the Company issue regular reports to the Board and are these made available to the shareholders?		X	The Company does not issue regular reports to the Board for them to be made available to the shareholders. However, the resolutions passed at the General Shareholders' Meeting have been executed as approved, and the implementation of such resolutions is informed to the Board through Board meetings. To date, the Management has not considered the application of such practice.

If applicable, indicate the area and/or person in charge of following up on the resolutions passed by the General Shareholders' Meeting. If a person is in charge, please also include the position and area.

Responsible Area	Company's Legal Division
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Responsible		
Name and last name	Position	Area
Gilda Spallarossa Lecca	Legal Vice President	Legal Division

PILLAR III: THE BOARD AND TOP MANAGEMENT

Principle C15: Board structure

Question III.1	Yes	No	Explanaton:
Is the Board made up of persons specializing in various areas and with different competences, with good reputation, ethical, financial independence and other qualities relevant to the Company, so that there is a plurality of approaches and opinions?	X		

a. Please provide the following information about the Board members during the period.

Name and last name	Professional education (*)	Date		Shareholding interest (****)	
		Start (**)	End (***)	No. of shares	Int. (%)
Frank Demaille	Engineer Director of ENGIE Perú S.A.	7/06/2019			
Pierre Devillers	Lawyer Director ENGIE PERÚ S.A. and ENGIE Services Perú S.A. (until December 2020	19/03/2019			
Axel Leveque	Mechanical engineer	22/05/2018			
Marc Jacques Verstraete	Commercial engineer Director of ENGIE Perú S.A.	13/11/2018			

Independent Directors					
José Luis Casabonne Ricketts	Economist, director of Grupo Incaalca TPX S.A.A. Inca Tops S.A. and Crac Incasur S.A.	14/03/16			
Fernando de la Flor Belaunde	Engineer, Grupo Caral; Corporación Media Chakana; GN Brands; and, AMROP Perú	14/03/16			



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- (*) Please also indicate if the Director participates simultaneously in other Boards, specifying the number and if these are part of the financial group of the reporting Company. For that purpose, it should be considered the definition of financial group contained in the Regulation of Indirect Ownership, Relationship and Financial Groups
- (**) It corresponds to the first appointment in the reporting company.
- (***) To be completed only if the Director ceased to work during the period.
- (****) It shall be applied only to Directors with an interest in the share capital equal to or greater than 5% of the shares of the reporting company

Total shares % held by the Directors	0
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Please Indicate the number of company's Directors in each of the following age groups:

Under 35 years of age	Between 35 and 55	Between 55 and 65	Over 65 years of age
0	4	1	1

b. Please indicate if there are specific requirements to be appointed as the Chairman of the Board, other than those required to be appointed as Director

Yes		No	x
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the answer is yes, please specify the requirements.

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

Yes	x	No	
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Question III.2	Yes	No	Explanation:
Does the Company prevent the appointment of substitute or alternate Directors, especially for quorum reasons?		X	Five alternate directors were appointed at the General Shareholders' Meeting on March 19, 2019. By resolution passed by the General Shareholders' Meeting, independent directors José Luis Casabonne and Fernando de la Flor do not have alternates.

In case of alternate or substitute Directors, specify the following:

Names and last names of alternate or substitute Director	Start (*)	End (**)
Daniel Javier Cámac Gutiérrez	12/03/2013	
Hendrik De Buyserie	13/02/2018	
Marcelo Fernandes Soares	12/09/2017	
Gilda Spallarossa (***)	1/04/2015	
Felisa Ros	19/03/2019	

- (*) It corresponds to the first appointment as alternate or substitute director in the reporting company.
- (**) To be completed only if the alternate or substitute Director left the position during the period
- (***) Please note that Mrs. Gilda Spallarossa Lecca was appointed Alternate Director for Mrs. Mariana Costa Checa, who resigned as a Regular Director, which was reported as a Significant Event on December 20, 2019.

Principle 16: Board duties

Question III.4	Yes	No	Explanation:
Is it a duty of the Board?:	X		
a. To approve and lead the corporate strategy of the company.			
b. To establish aims, goals and action plans including the annual budgets and business plans.	X		
c. To control and supervise the management and be responsible for the direction and administration of the Company.	X		
d. To supervise the good corporate governance practices and to establish the policies and measures necessary for a better application	X		



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a. Please list any additional relevant roles of the Board of the Company.

- A. Lead and control all businesses and activities of the Company;
- B. Regulate its own operation, if deemed appropriate;
- C. Organize the Company's offices and determine the roles and expense budgets;
- D. Appoint and dismiss the general manager, managers, proxies, representatives and any other officer working for the Company, confer the powers it deems convenient, indicate their obligations and remunerations, provide bonuses, if deemed convenient, limit and revoke previously conferred powers and establish all rules and regulations deemed necessary for the good conduct of the Company;
- E. Authorize the transfer for valuable consideration, trade, purchase, sale, promise to purchase and promise to sell properties, as well as establish mortgage over them pursuant to common law or other special laws, of whatever nature;
- F. Authorize the pledging of assets, whether common, industrial, trade or of any other nature, pursuant to common law or other special laws, of whatever nature;
- G. Authorize the request or provision of loans through mutual agreements, overdrafts, advances in current account or in any other way;
- H. Authorize the request or provision of collaterals, sureties and other guarantees to third parties;
- I. Establish branches, agencies and subsidiaries of the company as deemed necessary, and restructure and eliminate them;
- J. Waive the right to the jurisdiction of its domicile;
- K. Propose to the General Shareholders' Meeting the resolutions deemed convenient for social interests;
- L. Enter into financial lease agreements;
- M. Present to the Annual Shareholders' Meeting the general balance and the report for the year ended;
- N. Render accounts;
- O. Approve the distribution of advances of profits and dividends regarding the current year according to regular balances, in any way permitted by applicable laws;
- P. Authorize through general or special powers of attorney the performance of any act or contracts referred to in the paragraphs above or any other deemed necessary to comply with the business purpose, except for those referred to in the foregoing paragraphs M), N) and O) , amend or revoke them.
- Q. Set up of special committees composed of its members (principal or alternate) for the best administration of the company business, without being exempted from its responsibility, and being able to establish duties in such committees and the remuneration of their members;
- R. Delegate any or all his powers, excepts for those referred to in the foregoing paragraphs M) and N). This list is by way of illustration and not limitation, and therefore the Board is entitled to discuss and resolve all other matters that, in accordance with these bylaws, are not referred to the decision of the general shareholders' meeting.

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

Yes	x	No	
-----	---	----	--

Please indicate which are the main roles of the Board delegated and the body in charge of them by delegation:

Roles	Body / Area to whom the roles have been delegated
Special Powers (for specific transactions of the Company such as Power Purchase Agreements, financing contracts, projects, etc.)	Legal representatives
There is a General Powers Regime where the ordinary management roles for Company's legal representatives and the roles assigned to the Board have been established.	Legal representatives

Principle 17: Duties and rights of Board members

Question III.5	Yes	No	Explanation:
Do Board members have the right to? a. Request the Board the support or assistance from experts.	X		The Regulation of the Company's Board, approved at Board Meeting held on March 1, 2019, establishes that Board members have the right to request the support from experts and external specialized advisors to the Board.
b. To take part of the induction programs about their powers and responsibilities and to be timely informed about the organizational structure of the Company.	X		The Regulation of the Company's Board, approved at Board Meeting held on March 1, 2019, established the procedure for induction of people appointed for the first time as Directors.
c. Be remunerated for the work performed, combining recognition of professional experience and dedication to the company with criterion of rationality.	X		Only Independent Directors receive remuneration, the other Directors waive the right to receive such remuneration.

a. If specialized consultants were engaged during the period, please indicate whether the list of specialized advisors who served during the period for decision-making purposes was communicated to the shareholders.

Yes		No	
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If applicable, please indicate whether any of the specialized advisors was related to any member of the Board and/or Top Management (*)

Yes		No	
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(*) For relations purposes, the criteria contained in the Regulation on Indirect Ownership, Relationship and Economic Groups shall apply.

b. If applicable, please indicate whether the company made induction programs for new members.

Yes		No	
-----	--	----	--

c. Please indicate the percentage representing the total amount of annual remuneration and bonuses of Directors, in relation to the gross income according to the financial statements of the Company

Remuneration	“(%) Gross income”	Bonuses	“(%) Gross income”
Directors (independents not included)		Delivery of shares	
Independent Directors	0,0145	Delivery of options	
		Delivery of money	
		Other (please detail)	

Principle 18: Regulation of the Board

Question III.6	Yes	No	Explanation:
Does the Company have binding Regulations of the Board the noncompliance of which entails liability?	X		The Company has a Board Regulation, which was approved at Board Meeting held on March 1, 2019.

Please indicate whether the Regulation of the Board contains:

	Yes	No
Policies and procedures for its operation	X	
Organizational structure of the Board	X	
Roles and responsibilities of the Chairman of the Board	X	
Procedures to identify, assess and appoint applicants to the Board who are proposed to the General Shareholders' Meeting		X
Procedures in case of vacancy, cessation and replacement of Directors	X	
Other / please detail	The Regulation of the Board, approved on March 1, 2019, also establishes: (i) the principles governing the acts of the Board; (ii) the roles of the Board Committees; (iii) the engagement of and advice from experts; (iv) the evaluation of Board members; (v) the remuneration of Board members, among other things	

Principle 19: Independent Directors

Question III.7	Yes	No	Explanation:
Does at least one-third of the Board of Directors consist of Independent Directors?	X		At the General Shareholders's Meeting held on March 19, 2019, 7 principal board members were appointed for the 2019-2022 period. After the resignation of one of the independent directors, communicated to the SMV on December 20, 2019, the company has two (2) independent directors.

In addition to the criteria established in the “Guidelines for the Qualification of Independent Directors”, the company has established the following criteria to classify Directors as Independent Directors:

> Pursuant to the provisions in article 5 of Resolution No. 016-2019-SMV/0, the Company appointed its Independent Directors in accordance with its own criteria. See answer III.8 b) of principle 19 herein



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Question III.8	Yes	No	Explanation:
a. Does the Board state that the proposed candidate is independent based on inquiries and the statement made by the candidate?		X	Directors sign a statement certifying their independent condition. Considering that, according to the Company Law and Bylaws, the Board is appointed by the General Shareholders' Meeting, the Board has not considered to date the ex ante verification of the independent condition of candidates for Director.
b. Do the applicants to Independent Directors declare their independent condition before the Company, its shareholders and directors?	X		Each of the current independent directors submitted a statement to the Company declaring that: (i) they do not have any relationship with the management or the main shareholder of the Company, (ii) they do not have any ownership interest in the share capital of the Company or the main shareholder permitting them to be in their boards; (iii) they are not a director or manager at any of the legal entities composing the economic group of the Company, or any main shareholder of the Company; (iv) they do not belong to the group of people who exercised control of the economic group of the Company, or to the group of people who exercised control of the economic group of the main shareholders of the Company. (Main shareholder is to be understood as the shareholder holding more than 5% of the share capital).

Please indicate whether the Board at least once a year verifies that Independent Directors comply with the requirements and conditions to be qualify as such.

Yes		No	X
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Principle 20: Board operation

Question III.9	Yes	No	Explanation:
Does the Board have a work plan that contributes to the efficiency of its roles?	X		The Board has a meeting program including certain proposed items in the agenda.

Question III.10	Yes	No	Explanation:
Does the company provide its Directors channels and procedures necessary to effectively participate in Board meetings, even remote sessions?	X		The Company bylaws establishes the possibility to carry out remote sessions of Board meetings; and Board meetings may be attended by phone, video conference call and electronic mail. In case a remote session is held, a call is sent three (3) days in advance. The call includes the agenda to be discussed and the necessary documents are submitted for review by the directors.

a. Please indicate the following regarding the Board meetings held in the year:

Number of meetings held	13
Number of meetings held without call for meeting (*)	0
Number of meetings where the Chairman of the Board was absent	1
Number of meetings where one or more Directors were represented by alternate or substitute directors	2
Number of principal directors represented at least once	2

(*) In this field, please indicate the number of meetings held by virtue of the last paragraph of article 167 of the General Corporations Law.

b. Please indicate the percentage of Directors' attendance to Board meetings during the year.

Name	% of attendance
Frank Demaile	92.31
Axel Leveque	100
Pierre Devillers	100
Marc Verstraete	92.31
José Luis Casabonne Ricketts	100
Fernando de la Flor Belaunde	100



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c. Please indicate how far in advance the information related to the topics to be discussed at a meeting is provided to the Board

Name	Less than 3 days	From 3 to 5 days	More than 5 days
Non-confidential information		X	
Confidential information		X	

Question III.11	Si	No	Explanation:
a. Does the Board assess at least once a year, its performance as governing body and its members?		X	The Regulation of the Company's Board establishes the possibility to assess the Board management performance (as a governing body and individually). If applicable, such assessment will be conducted in the first three months of every calendar year. However, to date, the Board has not conducted such assessment.
b. Is the self-assessment method alternated with the assessment performed by external advisors?	X		The Regulation of the Company's Board establishes that the Board may approve the engagement of external advisors in the assessment procedure.

a. Please indicate if Board performance assessments have been performed during the year.

	Yes	No
As a governing body		X
To its members		X

In case the answer is yes to any of the questions above, please indicate the following information for each assessment:

Assessment	Self-Assessment		External Assessment		
	Date	Communication (*)	Date	Responsible entity	Communication (*)

(*) Answer Yes or No in case the assessment was made known to the shareholders

Principle C21: Special Committees

Question III.12	Si	No	Explanation:
a. Are there special committees within the Board of Directors of the Company created to focus on areas that are most important for the conduct of Company business?	X		Some of the Board members are part of the following committees: Committee for the Review of Transactions between Related Companies and Audit Committee.
b. Are the regulations governing each of the special committees created by the Board of Directors subject to Board approval?	X		Each of these committees have documents governing their operation, which were approved at a Board meeting held on May 5, 2006. In case of the regulation of the Audit Committee, it was replaced with a new version approved at a Board meeting held on September 9, 2020.
c. Are the special committees chaired by Independent Board Members?	X		The Committee for Review of Transactions between Related Companies and the Audit Committee are chaired by independent directors.
d. Are special committees assigned a budget?		X	Special committees are not assigned a budget. To date, the Board has not considered assigning a specific budget to the committees. However, the Regulation of the Board provides that directors are entitled to request the support from experts and specialized external advisors to the Board.



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Question III.13	Yes	No	Explanation
Does the Company have a Nominating and Compensations Committee entrusted with appointing the Board member candidates who will be proposed by the Board for approval at the General Shareholders' Meeting, and approving Senior Management's compensation and incentive system?		X	The Company does not have a Nominating and Compensations Committee. To date, the Board has not considered the application of such practice, and therefore the provisions set forth in the General Corporations Law and Company Bylaws apply.

Question III.14	Yes	No	Explanation:
Does the Company have an Audit Committee to supervise the effectiveness and suitability of the Company's internal and external control system and the reports submitted by the independent auditor or auditing firm, as well as compliance with regulations on legal and professional independence?	X		The Company has an Audit Committee, the operation of which is regulated by the Regulation of the Audit Committee approved at the Board Meeting held on September 9, 2020 (to replace the previous regulation approved at the Board Meeting held on May 5, 2006).

a. Please specify whether the Company additionally has the following Special Committees:

	Yes	No
Risk Committee		X
Corporate Governance Committee		X

b. If the Company has Special Committees, please provide the following information about each committee

COMMITTEE 1	
Name of Committee:	Committee for Review of Transactions between Related Companies
Created on:	5/05/06
Main duties:	Review and evaluate the transactions to be made between the Company and companies related to it and/or the ENGIE Group, analyzing the terms of such transactions and putting forward its recommendations to the Board.

Committee Members (*): Name and last name	Date		Position in the committee
	Start (**)	End (***)	
Fernando de la Flor Belaunde	10/05/2016		Chairman
Marc Verstraete	15/04/2019		Member
Hendrik De Buyserie	13/02/2018		Member
% of Committee Members who are Independent Directors:			33
Number of meetings held during the fiscal year:			2
Does it have powers conferred in accordance with article 174 of the General Corporations Law:			YesNoX
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			YesNoX

(*) Information is to be provided on persons who were Committee members during the reporting year.

(**) It refers to the initial appointment as Committee member in the reporting company.

(***) To be completed only if the member stopped serving on the Committee during the fiscal year.



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COMMITTEE 2	
Name of Committee:	Audit Committee
Created on:	5/05/2006
Main duties:	Assist the Board with the supervision of financial reports, internal control, risk management and assessment, compliance with applicable laws and regulations, as well as with the verification of transparency and integrity of the financial information made public by the Company.

Committee Members (*): Name and last name	Date		Position in the Committee
	Start (**)	End (***)	
Jose Luis Casabonne	10/05/2016		Chairman
Marc Verstraete	15/04/2019		Member
Pierre Devillers	15/04/2019		Member
% of Committee Members who are Independent Directors Number of meetings held during the fiscal year:			33 4
Does it have powers conferred in accordance with article 174 of the General Corporations Law?:			Yes No X
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes No X

- (*) Information is to be provided on persons who were Committee members during the reporting year.
- (**) It refers to the initial appointment as Committee member in the reporting company.
- (***) To be completed only if the member stopped serving on the Committee during the fiscal year.

COMMITTEE 3	
Name of Committee:	
Created on:	
Main duties:	

Committee Members (*): Name and last name	Date		Position in the Committee
	Start (**)	End (***)	
% of Committee Members who are Independent Directors Number of meetings held during the fiscal year:			
Does it have powers conferred in accordance with article 174 of the General Corporations Law?:			Yes No
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes No

- (*) Information is to be provided on persons who were Committee members during the reporting year.
- (**) It refers to the initial appointment as Committee member in the reporting company.
- (***) To be completed only if the member stopped serving on the Committee during the fiscal year.

COMMITTEE 4	
Name of Committee:	
Created on:	
Main duties:	

Committee Members (*): Name and last name	Date		Position in the Committee
	Start (**)	End (***)	
% of Committee Members who are Independent Directors Number of meetings held during the fiscal year:			
Does it have powers conferred in accordance with article 174 of the General Corporations Law?:			Yes No
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes No

- (*) Information is to be provided on persons who were Committee members during the reporting year.
- (**) It refers to the initial appointment as Committee member in the reporting company.
- (***) To be completed only if the member stopped serving on the Committee during the fiscal year.



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COMMITTEE 5

Name of Committee:	
Created on:	
Main duties:	

Committee Members (*): Name and last name	Date		Position in the committee			
	Start (**)	End (***)				
% of Committee Members who are Independent Directors Number of meetings held during the fiscal year:						
Does it have powers conferred in accordance with article 174 of the General Corporations Law?:			Yes		No	
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes		No	

(*) Information is to be provided on persons who were Committee members during the reporting year.

(**) It refers to the initial appointment as Committee member in the reporting company.

(***) To be completed only if the member stopped serving on the Committee during the fiscal year.

Principle 22: Code of Ethics and conflicts of interest

Question III.15	Si	No	Explanation:
Does the Company take measures to prevent, detect, handle and reveal any conflicts of interest that may arise?	X		The Company has an Ethics Officer, an Ethics Committee and ethics policies, as well as an Internal Code of Conduct and a system for reporting incidents, where the actions to be taken in case of conflicts of interest are provided.

If applicable, please indicate what area and/or person is in charge of follow-up and control of possible conflicts of interest. If the responsible party is a person, additionally include that person's position and company area.

Responsible Area	Legal Division
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Responsible		Person
Name and last name	Position	Area
Gilda Spallarossa Lecca	Ethics Officer	Legal Division

Question III.16 / Compliance	Yes	No	Explanation:
a. Does the Company have a Code of Ethics (*), and are Board Members, managers, officers and other Company employees (**) required to comply with it, which includes ethical and professional responsibility criteria, as well as how potential conflicts of interest are handled?	X		The Company has a Code of Ethics, which is distributed among the employees (there are also ethics policies in place, which include the protocol on how to handle conflict of interest cases).
b. Are training programs on compliance with the Ethics Code submitted to the Board of Directors or the General Manager for approval?	X		The Company provides training, including practical cases of how to apply the ethics code among employees from all premises. Training sessions are also carried out for specific groups of the Company.

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

(**) The term “employees” includes all person who have any type of work relationship with the Company, irrespective of employment regime or system.

If the Company has an Ethics Code, please specify:

a. Is it available to:

	Yes	No
Shareholders	X	
Others to whom it applies	X	
General public	X	



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b. Please indicate what area and/or person is in charge of follow-up and compliance with the Ethics Code. If the responsible party is a person, additionally include that person's position, company area and to whom the person reports.

Responsible Area		Ethics Officer	
Responsible Person			
Name and last name	Position	Area	Reports to
Gilda Spallarossa Lecca	Ethics Officer	Legal Division	General Management

c. Is a record kept of non-compliances with this Code?

Yes	x	No
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d. Please indicate the number of non-compliances with the provisions established in said Code that were detected or reported during the fiscal year.

Number of non-compliances	0
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Question III.17	Yes	No	Explanation:
a. Does the Company have mechanisms for reporting any illegal or unethical conduct and ensuring the confidentiality of the informant?	X		The informant can meet with the Ethics Officer, who will evaluate the situation. There is also an Ethics Committee to review the reports in a confidential manner. Additionally, the Company has an Ethics Line RESGUARDA to receive anonymous reports on irregularities or suspicions of non-compliances with the Ethics Charter, through the Company's website (engie-energia.com.pe), electronic mail (etica.engie@resguarda.com) , fax (0-800-00932) and by phone (0-800-000932).
b. Are reports made directly to the Audit Committee when they are related to financial matters or when the General Management or the Financial Management are involved?		X	The reports are not directly submitted to the Company's Audit Committee. To date, the Board has not considered the application of such practice, since: (i) the Company has an Ethics Committee; and (ii) the Regulation of the Company's Board establishes that the Finance Vice President and/or the Ethics Officer, as applicable, are responsible for reporting to the Audit Committee the concerns that may relate to accounting matters or when the Finance Vice President or the General Manager are involved.

Question III.18	Yes	No	Explanation:
a. Is the Board responsible for follow-up and control of any potential conflicts of interests within the Board?		X	The Board is not responsible for follow-up and control of conflicts of interest arising within the Board. The responsibility for such follow-up lies with the Ethics Officer. To date, the Management has not considered such practice, since the Ethics Officer, who is also the Board Secretary, reports to the Board about the follow-up and control. However, the Regulation of the Company's Board requires directors to disclose the conflicts of interest they may have and to refrain from voting in matters where there they have conflicts of interest.
b. If the Company is not a financial institution, does it have an established policy preventing Board members from receiving loans from the Company or any company in its economic group, unless prior authorization from the Board of Directors is obtained?		X	The Company does not have a policy prohibiting Board members to receive loans from the Company or any company in its economic group. To date, the Management has not considered the application of such practice, and therefore the provisions set out in the General Corporations Law apply.
c. If the Company is not a financial institution, does it have an established policy preventing Senior Management members from receiving loans from the Company or any company in its economic group, unless prior authorization from the Board of Directors is obtained?		X	The Company does not have a policy prohibiting Senior Management members to receive loans from the Company or any company in its economic group. To date, the Management has not considered the application of such practice, and therefore the provisions set out in the General Corporations Law apply.



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a. Provide the following information on any Senior Management members who own a share interest equal to or greater than 5% of the Company

Names and last name	Position	Number of shares	% of total shares
% of total shares held by Senior Management			

b. Please indicate if any members of the Company Board or Senior Management is a spouse, has a first or second degree kinship by blood, or has any first degree of affinity with:

Name and last name	Related to:			Name and last name of shareholder / Director / Manager	Type of relationship (**)	Additional information (***)
	Shareholder (*)	Director	Senior Management			

- (*) Shareholders with a share interest equal to or greater than 5% of the share capital.
- (**) The criteria for relationship contained in the Regulation of Indirect Ownership, Relationship and Economic Groups shall apply in order to determine such relationships,
- (***) Should a relationship exist with any shareholder, include the shareholder's share interest. If there is a relationship with a member of the Senior Management, include the manager's position

c. If any Board Member serves or has served during this fiscal year in any management position in the Company, provide the following information:

Name and last name	Management position held	Period at Management position	
		Start (*)	End (**)
Hendrik De Buyserie (Alternate Director)	General Manager	13/02/2018	
Marcelo Fernandes Soares (Alternate Director)	Finance Vice President	17/08/2017	
Daniel Javier Cámac Gutiérrez (Alternate Director)	Commercial Vice President	15/05/2012	
Gilda Spallarossa Lecca (Alternate Director)	Legal Vice President	1/04/2015	
Felisa Ros (Alternate Director)	Operations Vice President	7/06/2016	

- (*) It refers to the initial appointment to the management position in the reporting company.
- (**) To be completed only if the member stopped serving in the management position during the fiscal year.

d. If any member of the Company Board or Senior Management has maintained during the fiscal year any commercial or contractual relationship with the Company considered significant, whether for its amount or for the matter involved, provide the following information.

Name and last name	Type of relationship	Brief description

Principle 23: Operations with related parties

Question III.19	Yes	No	Explanation:
a. Does the Board of Directors have policies and procedures to assess, approve and disclose certain transactions between the Company and related parties, as well as to be aware of direct or indirect commercial or personal relationships among Board Members and between Board Members and the Company, Company suppliers or clients, and other stakeholders?	X		The Committee for Review of Transactions between Related Companies analyzes the cases with operations between the Company and related companies. Independent directors sign affidavits certifying that they do not take part in companies representing main shareholders. The Internal Code of Conduct takes into account the purchase/sale of Company shares.
b. In the case of particularly significant or complex transactions, is assessment by independent external advisors provided for?	X		The Regulation of the Company Board establishes that Directors are entitled to request the support or assistance from external experts or specialized advisors to the Board.

a. If the answer to item a., Question III.19 was yes, indicate which area(s) of the Company is in charge of handling transactions with related parties in the following aspects:

Aspect	Area in Charge
Assessment	Committee for Review of Transactions between Related Companies
Approval	Board
Disclosure	

- b. Please indicate the procedures for approving transactions between related parties:
- > The Committee for Review of Transactions between Related Companies evaluates the transaction and analyzes the information provided. Afterwards, if the Committee deems it convenient, it recommends the transaction to the Board, which, after a second evaluation, approves or disapproves it



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c. Please detail any transactions between the Company and related parties that took place during the fiscal year considered significant whether for its amount or for the matter involved.

Name or company name of the related party	Nature of the relationship (*)	Type of transaction	Amount (\$/.)

(**) The provisions for the application of paragraph c) of article 51 of the Securities Market Law, approved by Resolution No. 029-2018-SMV/01 or substitute regulation apply to determine any such relationship.

d. Please specify if the Company establishes limits on transactions with related parties.

Yes	X	No	
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Principle 24: Roles of Senior Management

Question III.20 / Compliance	Yes	No	Explanation:
a. Does the Company have a clear policy defining the limits between the governance functions of the Board of Directors, the regular management by Senior Management and the leadership of the General Manager?	X		Regulated through the General Powers Regime.
b. Are the positions of General Manager and Chairman of the Board of the Company held by different persons?	X		Both positions are appointed by the Board.
c. Does Senior Management have sufficient autonomy to carry out designated functions within the framework of the policies and guidelines defined and monitored by the Board of Directors?	X		
d. Is the General Manager responsible for following and enforcing the policy for providing information to the Board and Board Members?	X		
e. Does the Board annually review the General Manager's performance subject to well-defined standards?		X	To date, the Company has not considered the application of such practice, since the Board meets on a regular basis, where the General Management gives an account about the Company's operation and management, and the Board is deemed to have been duly informed.
f. Does the compensation made to Senior Management have a fixed component and a variable component that take into consideration the Company's performance, based on sound and responsible risk-taking and meeting the goals defined in the respective plans?	X		

a. Provide the following information on the compensation paid to the General Manager and senior management (including bonuses).

Position	Remuneration (*)	
	Fixed	Variable
General Manager		
Senior Management	0.29 (including remuneration of the General Manager)	0.13 (including remuneration of the General Manager)

(*) Please indicate the percentage representing the total amount of annual remunerations of the Senior Management, regarding the level of gross revenues, according to the Company's financial statements.

b. If the Company pays bonuses or benefits other than those legally established to Senior Management, indicate the manner(s) in which these are paid.

	General Manager	Managers
Delivery of shares		
Delivery of options		
Delivery of money		
Other / Detail		

c. If the Senior Management's compensation has a variable component, specify the main aspects considered in order to determine such compensation.

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d. Please indicate if the Board evaluated the performance of the General Manager during the fiscal year

Yes	X	No	
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PILLAR IV: RISK AND COMPLIANCE

Principle 25: Risk Management Environment

Question IV.1	Yes	No	Explanation:
a. Has the Board of Directors approved a comprehensive risk management policy suitable to the Company's size and complexity, promoting a risk management culture within the Company, from the Board of Directors to Senior Management to the employees themselves?	X		At Board meeting held on November8, 2016, the new Commercial and Market Risk Policy was approved. The Company also manages its risks at all levels, verifying the risks in all divisions at the Vice President Committee and at the Board level through face-to-face meetings, the review of Occupational Health and Safety Standards (OHS), ethics, financial and commercial issues, and others.
b. Does the comprehensive risk management policy extend to all of the companies in the group and provide an overall overview of critical risks?	X		The Company's risk management is conducted in accordance with the global risk management policy of the ENGIE Group.
Does the Company have a risk management delegation policy establishing the limits of risks that may be managed by each level of the Company?			
Yes	X	No	

Question IV.2	Yes	No	Explanation:
a. Does the General Manager manage the risks to which the Company is exposed and advises the Board of Directors of these risks?	X		The General Management, through the Executive Committee - Vice Presidents-, monitors the risks to which the Company is exposed and informs the Board accordingly.
b. Is the General Manager responsible for the risk management system, should there be no Risk Committee or Risk Manager?	X		Each Company division, through its Vice Presidents and Managers, is responsible for managing the risks in its area of activity, for which a risk management process is implemented (identify, classify, propose action plans and monitor their implementation). The person responsible for consolidating the risks is the Finance Vice President, who leads the Finance and Risk Committee.

Does the Company have a Risk Manager?

Yes	Yes	Yes	X
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a. If the answer is yes, please provide the following information:

Name and last name	Date in management position		Reports to (Area / Body)
	Start (*)	End (**)	
Marcelo Fernandes Soares	17/08/2017		General Manager

(*) It refers to the initial appointment in the reporting company.

(**) To be completed only if the manager stopped serving in that position during the fiscal year.

Question IV.3	Yes	No	Explanation:
Does the Company have an internal and external monitoring system supervised by the Board of Directors as to effectiveness and suitability?	X		The Board Regulation establishes that Company's internal auditor is responsible before the Audit Committee for rendering an account on the internal (annual) audit plan, the execution of such plan and the results obtained in the year. At the Board meeting held on March 2, 2020, the internal auditor gave an account of the 2020 Audit Plan and at the Board Meeting held on November 11, 2020, the activities undertaken by the Audit Committee in 2020 were presented to the Board.



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Principle 26: Internal audit

Question IV.4	Yes	No	Explanation:
a. Does the internal auditor work exclusively on auditing tasks, having autonomy, experience and expertise in the areas to be monitored, and independence to follow-up and evaluate the effectiveness of the risk management system?	X		
b. Do the functions of the internal auditor include to continuously review that all of the financial information created or booked by the Company is valid and reliable, as well as to verify the effectiveness of regulatory compliance?	X		
c. Does the internal auditor report directly to the Audit Committee on plans, budget, activities, progress, results obtained and actions taken by said internal auditor?	X		The Board Regulation establishes that the Company's internal auditor is responsible before the Audit Commit for rendering an account on the internal (annual) plan, the execution thereof and the results obtained in the year.

a. Please indicate if the Company has an independent area in charge of internal auditing

Yes	X	No
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If the answer is yes, within the organizational structure of the Company, what body does Audit report to?

Reports to:	The Board, at the proposal of the Audit Committee, approves the appointment, ratification or dismissal of the internal auditor. Additionally, the Company's internal auditor reports directly to the Audit Committee (see answer IV.4.c of Principle 26 herein) and is shown under the General Manager in the internal organization chart
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b. Please indicate if the Company has a Corporate Internal Auditor.

Yes	X	No
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Please indicate which are the main responsibilities of the person in charge of internal audit and whether he/she has other duties other than internal auditing.

Supervision duties for the Company's internal control model to provide reasonable safety for fulfillment of the following objectives: efficiency and effectiveness of operations, reliability of the financial information and compliance with applicable laws and regulations.

Question IV.5	Yes	No	Explanation:
Does the Board of Directors appoint and remove the Internal Auditor at the proposal of the Auditing Committee?	X		The Board Regulation establishes that the Audit Committee proposes to the Board the appointment, ratification or dismissal, as applicable, of the Company's internal auditor.

Principle 27: External auditors

Question IV.6	Yes	No	Explicación:
Is an auditing firm or independent auditor, demonstrably independent from the Company, designated at the General Shareholders' Meeting, at the proposal of the Board of Directors?	X		At the General Shareholders' Meeting held on July 17, 2020, the designation of the Audit Firm was approved for year 2020. Every year, the General Shareholders' Meeting shall appoint external auditors, who shall be certified public accountants, but can also delegate to the Board such appointment.

a. Does the Company have a policy for designating the External Auditor?

Yes	X	No
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If the answer is yes, describe the procedure for engaging the auditing firm entrusted with preparing the audit report on the annual financial statements (including identification of the corporate body in charge of selecting the auditing firm).

> Article 25 of the Bylaws provides that the General Shareholders' Meeting is entitled to appoint or delegate to the Board the appointment of auditors. The current auditors were appointed by the General Shareholders' Meeting. Additionally, at the Board Meeting held on May 30, 2017, the procedure for "Appointment of External Audit Firms and External Audit Process" was approved for selecting, maintaining or changing the audit firm taking into account the criteria set out therein.

b. If the audit firm has performed services other than auditing accounts, please indicate if such other services were advised to the General Shareholders' Meeting, and what percentage of the audit firm's total invoicing to the Company is represented by such other services

Yes		No
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c) Do persons or enteririentities related to the auditing firm provide services to the Company, other than services performed for auditing accounts?

Yes		No	X
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If the answer is yes, please provide the following information about the additional services rendered by persons or entities related to the auditing firm during this reporting year.

Name or company name	Additional services	% of remuneration (*)

(*) Invoicing for additional services in addition to the invoicing of audit services.



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d. Please indicate if the audit firm has used different teams for any additional services rendered other than auditing accounts

Yes		No	
Question IV.7	Yes	No	Explanation:
a. Does the Company maintain a policy for renewing its independent auditor o auditing firm?	X		
b. If such policy establishes time periods for renewing the auditing firm, does the auditing firm's work team rotate at most every five (5) years?	X		

Please provide the following information on the audit firms that have provided services to the Company in the past five (5) years.

Name of audit firm	Service (*)	Period	Consideration (**)	% of amount paid to audit firms
Gris y Asociados S. Civil de R.L., miembro de Deloitte, Touche, Tohmatsu	Opinion on financial information	2016	100	100
Gris y Asociados S. Civil de R.L., miembro de Deloitte, Touche, Tohmatsu	Opinion on financial information	2017	100	100
Gris y Asociados S. Civil de R.L., miembro de Deloitte, Touche, Tohmatsu	Opinion on financial information	2018	100	100
Paredes, Burga & Asociados Sociedad Civil de Responsabilidad Limitada	Opinion on financial information	2019	100	100
Paredes, Burga & Asociados Sociedad Civil de Responsabilidad Limitada	Opinion on financial information	2020	100	100

(**) From the total amount paid to the audit firm on all items, indicate the percentage paid for financial auditing services.

Question IV.8	Yes	No	Explanation:
In the case of economic groups, is the external auditor the same one for the whole group, including offshore affiliates?	X		At the Board Meeting held on May 30, 2017, the procedure for "Appointment of External Audit Firms and External Audit Process" was approved. By virtue of such policy, and taking into account the observations made by the shareholders, the external audit firm was rotated from fiscal year 2018.

Please indicate if the audit firm engaged to issue an opinion on the Company's financial statements for this fiscal year also issued an opinion on the financial statements of other companies in its economic group for the same year.

Yes	X	No
-----	---	----

If the answer is yes, please indicate the following:

Name or Business Name of the company(ies) in the Economic Group *
ENGIEPERUS.A.
ENGIESERVICESPERS.A.
CAM SERVICIOS DEL PERU S.A.
ENTELIN Perú S.A.C

(*) List of companies through which the ENGIE Group is present in Peru.

PILLAR V: INFORMATION TRANSPARENCY

Principle 28: Information Policy

Question V.1	Yes	No	Explanation:
Does the Company have an information policy for shareholders, investors, other stakeholders and the market in general, where the guidelines, standards and criteria to be applied to manage, collect, prepare, classify, organize and/or distribute information developed or received by the Company are defined in a formal, orderly and comprehensive manner?		X	The Company has information available on its corporate website (http://www.engie-energia.pe/) regarding its operations, production, client portfolio, projects under development and financial position. This information is updated on a quarterly basis, after the publication of its financial statements. The Company also has a single point of contact for shareholders and investors.



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a. If so, please indicate whether the Company disseminates the following under its information policy:

	Yes	No
Corporate purpose		
List of Board and Senior Management members		
Shareholding structure		
Description of its Economic Group		
Financial Statements and annual report		
Others / please specify		

b. Does the company have a corporate website?

Yes	x	No
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The corporate website includes:

	Yes	No
A special section on corporate governance and/or shareholder and investor relations, including the Corporate Governance Report	X	
Significant Events	X	
Financial Information	X	
Bylaws	X	
General Shareholders' Meeting Regulation and information on meetings (attendance, minutes, other) Board members and Regulation	X	
Code of Ethics	X	
Risk policy		X
Corporate Social Responsibility (community, environment, other)	X	
Others / please specify	Projects. It should be noted that regarding item five of this question, the answer does not include the General Shareholders' Meeting Regulation.	

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

If the Company has an investor relations office, please indicate who is the person in charge.

Responsible for the investor relations office	Adriana Burneo – Manager of Corporate Finance and Investor Relations
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In case an investor relations office does not exist, specify which is the unit (department or area) or person in charge of receiving and handling the request for information of the company's shareholders and public in general. If a person is in charge, specify their charge and work area.

Responsible Area	
------------------	--

Person in charge		
Name and last name	Position	Area

Principle 29: Financial Statement and Annual Report

If the external auditor's report is qualified, have the issues been explained and/or justified to the shareholders?

Yes		No	
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Principle 30: Information on shareholding structure and shareholders' agreement

Question V.3	Yes	No	Explanation:
Does the Company disclose the ownership structure, considering the various share classes and, if applicable, any joint share interest held by a particular economic group?	X		The Company reports about its shareholding structure and share interest of the economic group at year end in its Annual Report and through information reported to the Securities Market Superintendency.

Please indicate the share ownership structure of the Company at the end of the fiscal year

Shares with voting rights	Number of shareholders (at fiscal year-end)	Share interest %
Less than 1%	513	5.21
Between 1% and 5%	4	12.39
Between 5% and 10%	3	20.63
More than 10%	1	61.77
Total	521	100

Shares with voting rights	Number of shareholders (at fiscal year-end)	Share interest %
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

Shares with voting rights	Number of shareholders (at fiscal year-end)	Share interest %
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

Percentage of share capital in portfolio shares: 0

Question V.4	Yes	No	Explanation:
Does the Company report shareholders' agreements?	X		

a. Does the Company have existing shareholders' agreements registered?

Yes		No	X
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In the event that the Company was advised of any shareholders' agreement during the fiscal year, indicate the subject matter of each agreement.

Election of Board members	
Exercising of voting right at shareholders' meetings	
Restriction on the free transfer of shares	
Changes in Company internal regulations or bylaws	
Other / Please specify	

Principle 31: Corporate governance report

Question V.5	Yes	No	Explanation:
Does the Company disclose its corporate governance standards in an annual report, the contents of which is under the responsibility of the Board of Directors, following prior reports from the Audit Committee, the Corporate Governance Committee or, if applicable, an external consultant?		X	The Company prepares a corporate governance report. To date, the Board has not given consideration to the application of such practice, since the Annual Report includes the Good Corporate Governance and Sustainability Principles, which are approved first by the Board and then by the Annual Shareholders' Meeting.

a. The Company has methods for internal and external dissemination of corporate governance practices.

Yes		No	X
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If the answer is yes, please specify the mechanisms used.

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SECTION C

Contents of Company documents

Indicate which of the following Company documents regulate the matters below:

		Principles	Bylaws	Internal Regulation (*)	Manual	Other	Not regulated	Not applicable	Document name (**)
1	Policy for redemption or swap of shares without voting rights	1						X	
2	Shareholder registration method and person in charge of the shareholder register	2	X						
3	Procedures for selecting an external advisor to issue an independent opinion on proposals made by the Board of Directors on corporate operations that may affect the shareholders' right to no dilution	3		X					Board Regulation
4	Procedure for receiving and responding to shareholders' requests for information and opinion	4					X		
5	Dividend policy	5		X					Dividend policy
6	Policies or agreements preventing adoption of anti-takeover mechanisms	6						X	
7	Arbitration agreement	7	X						
8	Policy for selecting Company Board Members	8	X						
9	Policy for evaluating remuneration of Company Board Members	8	X						
10	Mechanisms to provide shareholders with information regarding the items in the agenda for General Shareholders' Meetings and the proposals for resolutions to be passed.	10				X			Call to shareholders' meetings
11	Methods in addition to those established by law used by the Company to call shareholder meetings	10					X		

		Principles	Bylaws	Internal Regulation (*)	Manual	Other	Not regulated	Not applicable	Document name (**)
12	Additional mechanisms for shareholders to submit proposals for agenda items to be discussed at General Shareholders' Meetings	11					X		
13	Procedures for accepting or rejecting agenda items proposed by shareholders to be included in General Shareholders' Meetings	11					X		
14	Mechanisms to allow for shareholders not physically present to participate in Shareholders' meetings	12					X		
15	Procedures for shareholders to issue separate votes on independent matters	12	X						
16	Procedures for delegating voting rights	13	X						
17	Requirements and formalities for a shareholder to be represented at a Shareholders' Meeting	13	X						
18	Procedures for delegating voting rights on members of the Board or of Senior Management	13					X		
19	Procedure for following-up on resolutions passed at General Shareholders' Meetings	14					X		
20	The minimum and maximum number of members in the Company's Board of Directors	15	X						



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		Principles	Bylaws	Internal Regulation (*)	Manual	Other	Not regulated	Not applicable	Document name (**)
21	The duties, rights and roles of the Company's Board Members	17	X	X		X			Internal Code of Conduct (Nov. 2017) and Board Regulation
22	Types of bonuses received by the Board of Directors for meeting Company goals	17						X	
23	Policy for retaining consulting services to be provided to Board Members	17		X					Board Regulation
24	Induction Policy for new Board Members	17		X		X			Board Regulation
25	Special requirements to be an Independent Director of the Company	19					X		Board Regulation
26	Criteria for evaluating the performance of the Board of Directors and of its Members	20					X		
27	Policy for determining, following-up and monitoring possible conflicts of interests	22				X			Ethics Charter and Practical Guide to Ethics
28	Policy defining the procedure for assessing, approving and disclosing operations with related parties	23				X			Terms of Reference of the Committee for Transactions between Related Companies

		Principles	Bylaws	Internal Regulation (*)	Manual	Other	Not regulated	Not applicable	Document name (**)
29	Responsibilities and roles of the Chairman of the Board, the Executive President, the General Manager, and other officers with Senior Management positions	24	X	X					Board Regulation
30	Criteria for evaluating the performance of Senior Management	24					X		
31	Policy for establishing and evaluating compensation of Senior Management	24				X			
32	Comprehensive risk management policy	25				X			Internal procedures
33	Responsibilities of person or area in charge of Internal Auditing	26		X		X			Integrated control system
34	Policy for designating the External Auditor, the External Auditor's contract term, and criteria for External Auditor renewal	27				X			Policy for appointing audit firm and external audit process
35	Policy for disclosing and communicating information to investors	28					X		

(*) Includes Regulation of the General Shareholders' Meeting, Board and others issued by the Company.

(**) Please indicate the name of the document, unless it is the Company Bylaws.



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CORPORATE SUSTAINABILITY REPORT (10180)

Company name:	ENGIE Energía Perú S.A.
Fiscal year:	2020
Website:	engie-energia.pe
Company name of audit firm: ¹	
RPJ:	2829

1. Available only if the information contained in this report has been reviewed by any specialized Company (for instance: Audit firm or consultancy firm).

I. ENVIRONMENT AND CLIMATE CHANGE

Environmental Policy:

Question 1	Yes	No	Explanation
Does the company have an environmental policy or a management system that includes environmental commitments	X		In line with the requirements of certification ISO14001, ENGIE Energía Perú has an Environmental Policy, which follows the guidelines of the ENGIE Group. It was updated in 2020. https://engie-energia.pe/wp-content/uploads/2020/11/Politica-Ambiental-2016.pdf The internal management system includes commitments to protect the environment, prevent contamination and improve company's performance on environmental matters.

a. If the answer to question 1 is affirmative, indicate the name of the document in which the policy or management system adopted by the company is evidenced, date of approval and the year from which it has been applied:

Document name	Approval date	First year of application
P0200 Environmental Policy	26/11/2020	2004

b. If the answer to question 1 is yes, specify:

	Yes	No	Explanation
Has said environmental policy or management system been approved by the Board of Directors?		X	The ENGIE Group has an Environmental Policy applicable to its subsidiaries. Detail file names attached as substantiation: Environmental Policy 2018, updated in 2020 Environmental Policy ENGIE Group: https://www.engie.com/sites/default/files/assets/documents/2020-07/2020%20-%20ENGIE%20-%20Environmental%20policy%20%2B%20annex%20vdef_0.pdf
Does said environmental policy or management system contemplate risk management, identification and measurement of the environmental impacts of its operations related to climate change(*)?	X		Comply with the maximum permissible limits and environmental quality standards according to laws in force and effect. ENGIE Energía Perú has an operating and environmental information compilation platform, where energy inputs and output at each operating plant are entered. Greenhouse gas (GHG) emissions are also measured and reported.
Does the company have an annual report in which the results of its environmental policy are evaluated and which has been made known to the Board of Directors?	X		

(*) As part of its climate change management, the Company is expected to include "physical" aspects (floods, landslides, droughts, desertification, etc.) and/or aspects of "transition" to a new low-carbon economy (use of new technologies, decarbonization of investment portfolios, etc.).

Question 2	Yes	No	Explanation
During the fiscal year, was the Company subject to any kind of investigation, community complaint, public controversy, or any corrective measures, preliminary injunctions, fines, or other sanctions involving the violation of environmental laws on its part? (*)		X	Not in 2020.

(*) In this point, the Company is expected to include those investigations, community complaints, public controversies, or corrective measures, preliminary injunctions, fines, or other sanctions tied to material impacts. According to the definition of the Global Reporting Initiative, material topics are those topics that reflect the organization's significant economic, environmental, and social impacts, or that substantively influence the assessments and decisions of stakeholders.



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a. If the answer to question 2 is "Yes," indicate the type of investigation, community complaint, public controversy, corrective measure, preliminary injunction, fine, or other sanction, involved in the violation of environmental laws to which the Company was subject during the fiscal year, as well as the status or situation thereof as of the close of the fiscal year:

Investigation, community complaint, public controversy, corrective measure, preliminary injunction, fine or other sanction.	Status or situation

b. Specify whether the Company is involved in any ongoing investigation, community complaint, public controversy, corrective measure, preliminary injunction, fine, or other sanction that involves a violation of environmental laws begun in previous fiscal years, as well as the status or situation thereof as of the close of the fiscal year:

Investigation, community complaint, public controversy, corrective measure, preliminary injunction, fine or other sanction.	Status or situation

Greenhouse Gas (GHG) Emissions

Question 3	Yes	No	Explanation
Does the Company measure its GHG emissions (*)?	X		ENGIE Energía Perú manages climate change through two action lines, the first relating to the sustainable business management model and the second relating to compliance with the Group's climate commitments and those relating to the country commitments and its regulatory framework, as applicable. In 2020, the level of CO2eq emissions from all its activities was 1,992,021 tons.

(*) Greenhouse Gases (GHG): Gases forming part of the atmosphere, whether of natural or human origin, that trap the sun's energy in the atmosphere, causing warming (Law 30754 - Framework Act on Climate Change, as substituted or amended from time to time).

a. If the answer to question 3 is "Yes," specify:

Document name	Information required
If the Company has certification, its own reports, or third-party reports containing the measurement of total GHG emissions (*), give the name thereof, its issue date, and whether it remains valid as of the close of the fiscal year.	Yes, the name is "Carbon Footprint Report MINAM Peru". Organizational carbon footprint public calculator and MINAM Recognition and Compensation System. Issued on January 14, 2021. Effective. For our actions to be efficient and permit the implementation of reduction/offsetting strategies, we need to determine which are our main activities generating main greenhouse gases (GHG). We therefore measure in detail, together with a consulting/certification entity the carbon footprint of our main activities and our ways of working.
If the Company has a platform, tool, or standard developed internally to measure total GHG emissions (*), give the name thereof, its implementation date, and, if applicable, the date on which it was last updated	Yes. Corporate reporting platform EARTH (Environmental Advanced Reporting Tool Hub). The measurements are entered in this platform, which are updated and/or reported on a yearly basis. Last update January 15, 2021.

(*) The total GHG emissions generated by a company are known as the corporate carbon footprint.

	Total GHG Emissions (MT CO2e)		
Fiscal Year	Scope 1 (*)	Scope 2 (**)	Scope 3 (***)
2018	44.44	96.54	661.94
2019	58.13	83.98	715.38
2020	26.29	45.55	189.75

(*) Scope 1: GHG emissions that are directly generated by the Company, e.g., emissions from combustion processes in boilers, kilns, vehicles, etc.

(**) Scope 2: GHG emissions generated indirectly due to the Company's energy use.

(***) Scope 3: All other GHG emissions indirectly generated by the Company, e.g., air and land travel, paper consumption, transportation for collaborators, etc.



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Question 4	Yes	No	Explanation
Does the Company have targets or goals to reduce GHG emissions?	X		Reduce by 20% the emissions generated by our way of working by 2030.

(*) Greenhouse Gases (GHG) : Gases forming part of the atmosphere, whether of natural or human origin, that trap the sun’s energy in the atmosphere, causing warming (Law 30754 - Framework Act on Climate Change, as substituted or amended from time to time).

a. If the answer to question 4 is "Yes," indicate the name of the document on which the Company's GHG emissions reduction targets or goals are based, the approval date of the targets or goals, and the first year in which they were applied:

Document name	Approval date	First year of application
Strategic Sustainability Document	25/01/2021	2021

b. If the answer to question 4 is "Yes," please specify:

Question 5	Yes	No	Explanation
Have said reduction targets or goals been approved by the Board of Directors?		X	Approved at the Executive Committee level.

Water:

Question 5	Yes	No	Explanation
Does the Company measure its water consumption (in m3) in all of its activities?	X		ENGIE Energía Perú quantifies the water used in all its internal processes for power generation and per plant. As of 2020 year-end, the incidence on the water use for all operation plants adds up to 141,059 m3 (consumptive use).

If the answer to question 5 is "Yes," please provide the following information for the last three (3) fiscal years:

Fiscal year	Total Water Consumption (m3)
2018	106,368
2019	137,341
2020	141,059

Question 6	Sí	No	Explicación
Does the Company measure its water footprint (*)?	X		ENGIE Energía Perú quantifies the water used in all its internal processes for power generation and per plant. As of 2020 year-end, the incidence on the water use for all operation plants adds up to 141,059 m3 (consumptive use).

(*) Water Footprint: Indicator that defines the total volume of water used and impacts caused by the production of goods and services. Includes direct and indirect water consumption throughout the entire production process, including different stages in the supply chain (“Standards Promoting the Measurement and Voluntary Reduction of Water Footprint and Shared Value in Hydrographic Basins” - Resolution of the Head Office 023-2020-ANA, as substituted or modified from time to time).

If the answer to question 6 is "Yes," please specify:

Water footprint measurement	Information required
If the Company has certification, its own reports, or third-party reports containing the measurement of its water footprint, give the name thereof, its issue date, and whether it remains valid as of the close of the fiscal year.	Yes. ENGIE’s Water Footprint has been certified by a third party that takes into consideration the water volume used directly and indirectly in the entire production process and throughout the supply chain and the impacts on the water resource as a result of our habits.
If the Company has a platform, tool, or standard developed internally to measure its water footprint, give the name thereof, its implementation date, and, if applicable, the date on which it was last updated.	Yes. Corporate reporting platform EARTH (Environmental Advanced Reporting Tool Hub). The measurements are entered in this platform, which are updated and/or reported on a yearly basis. Last update January 15, 2021.



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Question 7	Yes	No	Explanation
Does the Company have targets or goals to reduce its water consumption?	X		In view of the concerning forecasts on water availability in the country in 40 years, at ENGIE Energía Perú we promote a water management model aiming at the responsible use of this resource.

a. If the answer to question 7 is "Yes," indicate the name of the document containing the targets or goals adopted for the reduction of the Company's water consumption, the approval date, and the first year in which they were applied:

Document name	Approval date	First year of application
Annual Environmental Management Plan	26/11/2020	2004

b. If the answer to question 7 is "Yes," please specify:

	Yes	No	Explanation
Have said reduction targets or goals been approved by the Board of Directors?		X	

Question 8	Yes	No	Explanation
Does the Company monitor the quality of its effluents (*)?	X		Yes. ENGIE controls all direct discharges of wastewater into the environment to comply with the Maximum Permissible Limits (MPLs) as regulated by Peruvian laws. 44,814 m3 of water were recycled and used for irrigation of green areas, treated at the wastewater treatment plant at the Ilo2 and Chilca Uno plants.

(*) Effluent: Direct discharge of wastewater into the environment, whose concentration of polluting substances must comply with the Maximum Permissible Limits (MPLs) established by Peruvian law. Wastewater is considered to include all water whose characteristics have been modified by anthropogenic activities, and which requires prior treatment and may be dumped into a natural body of water or be reused (Glossary of Terms for Peruvian Environmental Management, General Directorate of Environmental Management Policies, Standards, and Instruments, 2012, Ministry of the Environment - MINAM).

If the answer to question 8 is "Yes," indicate the name of the document with proof of effluent monitoring:

Document name
Integrated Report 2020 - Sustainability Report 2019 and Annual Report 2019 Quarterly environmental monitoring reports and Annual Environmental Management Report submitted to OEFA.

Energy:

Question 9	Yes	No	Explanation
Does the Company measure its energy consumption (in kWh)?	X		ENGIE Energía Perú has an operating and environmental information compilation platform, where energy inputs and output at each operating plant are entered.

If the answer to question 9 is "Yes," please provide the following information for the last three (3) fiscal years:

Fiscal year	Total water consumption (m3)
2018	7174
2019	9817
2020	9830

Question 10	Yes	No	Explanation
Does the Company have targets or goals for the reduction of its energy consumption?		X	It has set the objective to reduce the energy consumed from its way of working through the implementation of efficient lamps, usage of solar panels and green supply.

a. If the answer to question 10 is "Yes," indicate the name of the document containing the reduction targets adopted by the Company, approval date, and the first year in which it was applied:

Document name	Approval date	First year of application



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b. If the answer to question 10 is "Yes," please specify:

	Yes	No	Explanation
Have said reduction targets or goals been approved by the Board of Directors?			

Solid Waste:

Question 11	Yes	No	Explanation
Does the Company measure the solid waste it generates (in tons)?	X		<p>At ENGIE Energía Perú, we undertake several actions to dispose of our waste in an efficient manner, using and reusing the resources.</p> <p>ENGIE Energía Perú quantifies the hazardous and non-hazardous waste from our operation plants and the head office in Lima.</p> <p>In 2020, the final disposal of 96 tons of hazardous waste and 170 tons of non-hazardous waste was performed, of which 23 tons of hazardous waste and 27 tons of non-hazardous waste were recycled or treated.</p>

If the answer to question 11 is "Yes," please provide the following information for the last three (3) fiscal years:

Fiscal year	Hazardous solid waste (TM) (*)	Non-hazardous solid waste (TM) (**)	Total solid waste (TM)
2018	87	272	360
2019	188	225	412
2020	96	170	266

(*) Hazardous solid waste: Hazardous solid waste is considered to mean those wastes included in Annex III of the Regulations on Legislative Decree 1278 - the Legislative Decree approving the Comprehensive Solid Waste Management Act, approved by Supreme Decree 014- 2017-MINAM, as substituted or amended from time to time.

(**) Non-hazardous solid waste: Non-hazardous solid waste is considered to mean those wastes included in Annex V of the Regulations on Legislative Decree 1278 - the Legislative Decree approving the Comprehensive Solid Waste Management Act, approved by Supreme Decree 014- 2017-MINAM, as substituted or amended from time to time.

Question 12	Yes	No	Explanation
Does the Company have targets or goals to manage (reduce, recycle, or reuse) its solid waste?	X		Annual goals for recycling of non-hazardous and hazardous waste are set (for 2020, 30% of non-hazardous and 11 of hazardous waste). Pursuant to the requirements set out in the environmental regulations in force and the commitments undertaken in the different approved environmental management instruments, our integrated solid waste management covers the reduction, segregation or classification, reuse, recycling, storage, collection and internal transport to the final disposal of solid waste through a service provider with valid certificates and authorization, thus preventing health risks, protecting and promoting environmental quality, the health and wellbeing of human beings.

a. If the answer to question 12 is "Yes," indicate the name of the document containing the reduction targets adopted by the Company, approval date, and the first year in which it was applied

Document name	Approval date	First year of application
Annual Environmental Management Plan. Objectives and Goals of the Environmental Management System ISO 14001.	31/01/2021	2015

b. If the answer to question 12 is "Yes," please specify:

	Yes	No	Explanation
Have said reduction targets or goals been approved by the Board of Directors?		X	



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II. SOCIAL

Stakeholders:

Question 13	Yes	No	Explanation
Does the Company have an action plan to manage the risks and opportunities tied to its stakeholders?	X		The different risk and opportunity matrixes, divided by operation area, are updated every year, which includes all stakeholders in the areas of direct and indirect influence. A survey is conducted every two years with all our stakeholders, which provides us with information of their perception and expectations, as well as emerging risks.

a. If the answer to question 13 is "Yes," indicate:

	Yes	No	Explanation
Has the Company identified the risks and opportunities in relation to its stakeholders (e.g., team members, vendors, shareholders, investors, authorities, clients, community, etc.)?	X		Strategic action plans are prepared by each of the managements responsible for one or several stakeholders to manage the risks and opportunities with them.
Does the Company have a report in which it evaluates the results of the action plan, and has such report been made available to the Board of Directors?		X	
Does it publicly report its action plan and progress with regard to its stakeholders?	X		Through the Integrated Report 2020 (former Sustainability Report 2019), the actions and progress with each of our stakeholders are made public.

b. If the answer to question 13 is "Yes," indicate the name of the document containing the Company's action plan in relation to its stakeholders:

Document name
Integrated Report 2020 (Sustainability Report 2019)

Question 14	Yes	No	Explanation
During the fiscal year, did the Company have any material disputes or conflicts (*) with any of its stakeholders, including the social conflicts contained in the Social Conflict Report published by the Public Ombudsman's Office (**) and the Willaqniki Report on social conflicts issued by the Prime Minister's Office (**)?		X	In 2020, no material dispute or conflict as arisen with our stakeholders.

(*) According to the definition of the Global Reporting Initiative, material topics are those topics that reflect the organization's significant economic, environmental, and social impacts, or that substantively influence the assessments and decisions of s stakeholders.

(**) A "social conflict" shall be understood as "a complex process in which sectors of society, the state, and enterprise view their objectives, interests, values, or needs as contradictory and such contradiction may lead to violence." Source: Social Conflict Prevention and Governability Division of the Peruvian Public Ombudsman's Office. Social Conflict Report 186 (August 2019), Lima, 2019, p. 3.

(***) "Social conflict" is defined as the "dynamic process in which two or more social actors view their interests as generally contradictory for the exercise of a fundamental right or access to goods and services, adopting actions that may constitute a risk or threat to governability and/or public order. As a social process, it may escalate to scenarios of violence between the parties involved, requiring the articulated intervention of the state, civil society, and business sectors. Social conflicts are addressed when the demands arising therein fall under government policies and their guidelines." Source: Secretariat of Social Management and Dialogue of the Prime Minister's Office. ABCs of the Secretariat of Social Management and Dialogue. Lima, 2018, p.3.

If the answer to question 14 is "Yes," indicate the material dispute or conflict with one of its stakeholders, the status thereof, and the year in which said dispute or conflict began:

Dispute or conflict	Status or situation	Year it began



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Question 15	Yes	No	Explanation
Does the Company include environmental, social, and corporate governance (ESCG) aspects in its criteria for the purchase and/or selection of vendors of goods and/or services?	X		ENGIE Energía Perú has procedures in place for the entire Procurement process, such as: Process Charter for General Purchases and Process Charter for Supplier Management, which include environmental, social and corporate governance aspects. Additionally, their implementation is conducted through Procedures that organize and regulate the logistic process in all its stages, and guarantees the unbiased and fair treatment regarding the Suppliers.

If the answer to question 15 is "Yes," indicate the name of the document that includes ESCG aspects in the criteria for the purchase and/or selection of vendors of goods and/or services:

Document name
<ul style="list-style-type: none">Procurement PolicyProcess Charter Supplier Management Macroprocess: P0500 Goods and Services LogisticsEnvironmental Compliance Guideline for Suppliers and Contractors

Labor Rights:

Question 16	Yes	No	Explanation
Does the Company have a labor policy?	X		ENGIE Energía Perú has policies and processes that ensure the principles and rights of our employees, the freedom to collective bargaining, gender equality and creation of a mutual collaboration culture.

a. If the answer to question 16 is "Yes," please specify:

	Yes	No	Explanation
Has said labor policy been approved by the Board of Directors?		X	
Does the Company have a report in which the results of its labor policy are evaluated, and has said report been provided to the Board of Directors?		X	

b. If the answer to question 16 is "Yes," indicate whether said labor policy includes and/or promotes, as applicable, the following matters, and specify the name of the document that records the adoption thereof, its approval date, and the first year in which it was applied:

	Yes	No	Explanation
a. Equality and non-discrimination	X		Ethics Charter 01/11/2016 2009
b. Diversity	X		*Salary Policy 2020 31/07/2020 2018 *P0401 -Personnel Selection (30/01/2020) Commitment to promote Diversity and Inclusion
c. Sexual harassment prevention (*)	X		Sexual harassment prevention and sanctioning policy 23/01/2020 2020
d. Prevention of crimes of stalking and sexual harassment (**)	X		Sexual harassment prevention and sanctioning policy 23/01/2020 2020
e. Freedom of association and right to collective bargaining	X		Salary Policy 2020 31/07/2020 2020
f. Eradication of forced labor	X		Ethics Charter 12/02/2020 2009
g. Eradication of child labor	X		Ethics Charter 12/02/2020 2009

(*) Consider the scope of Law 27942.

(**) Consider the scope of Articles 151-A and 176-B of the Penal Code, respectively.

c. Indicate the number of men and women in the organization and the percentage of the total number of collaborators they represent.

Employees	Number	Percentage of total employees
Women	82	16%
Men	431	84%
Total	513	1.00



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Question 17	Yes	No	Explanation
During the fiscal year, was the Company subject to any investigations, or any corrective measures, preliminary injunctions, fines, or other punishments related to a failure to comply with labor, health and safety, forced labor, or child labor laws?		X	

a. If the answer to question 17 is "Yes," indicate the type of investigation, corrective measure, preliminary injunction, fine, or other punishment to which the Company was subject during the fiscal year related to a failure to comply with labor, health and safety, forced labor, or child labor laws; as well as the status or situation thereof as of the close of the fiscal year:

Investigation, corrective measure, preliminary injunction, fine or other punishment	Status or situation

b. Specify whether the Company is subject to any ongoing investigations, corrective measures, preliminary injunctions, fines, or other punishments from previous fiscal years related to a failure to comply with labor, health and safety, forced labor, or child labor laws; as well as the status or situation thereof as of the close of the fiscal year:

Investigation, corrective measure, preliminary injunction, fine or other punishment	Status or situation

Question 18	Yes	No	Explanation
Does the Company perform an annual evaluation of its compliance with or adherence to occupational health and safety laws and standards?	X		The Occupational Health and Safety plans, policies and guidelines are planned and assessed annually to account for all possible scenarios for both women and men.

Question 19	Yes	No	Explanation
Does the Company keep a record of workplace accidents?	X		The area in charge of keeping the record of labor accidents is the Occupational Health and Safety Management, which reports to the Vice Presidency of Operations.

If the answer to question 19 is "Yes," provide the following information on workplace accidents (*) involving the Company's own employees (**) and those of contractors (***) hired by the Company in the last three (3) fiscal years:

Indicator	Fiscal year	(Fiscal year - 1)	(Fiscal year - 2)
Fiscal year	2020	2019	2018
No. of direct employees	513	503	505
Total Hours Worked by All Direct Employees During the Fiscal Year	970846	978774	946690
No. of Minor Accidents (Direct Employees)	1	3	13
No. of Incapacitating Accidents (Direct Employees)	0	0	0
No. of Fatal Accidents (Direct Employees)	0	0	0



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Indicator	Fiscal year	(Fiscal year - 1)	(Fiscal year - 2)
Fiscal year	2020	2019	2018
No. of Contractors' Employees	528	548	730
Total Hours Worked by All Contractors' Employees During the Fiscal Year	1044773	1343650	1482628
No. of Minor Accidents (Contractors' Employees)	5	4	4
No. of Incapacitating Accidents (Contractors' Employees)	0	0	0
No. of Fatal Accidents (Contractors' Employees)	0	0	0

(*) Minor Accidents: Event causing an injury that, after being evaluated by a medical professional, results in a brief leave with return to normal duties no later than the following day.

Incapacitating Accident: Event causing an injury that, after being evaluated by a medical professional, results in a medical leave, justified absence from work, and treatment.

Fatal Accident: Event causing injuries that result in the employee's death.

Source: Glossary of Terms of the Regulations on Law 29783 - the Occupational Health and Safety Act, Supreme Decree 005-2012-TR, as substituted or amended from time to time.

(**) Direct employees are all those who are directly tied to the company through any form of employment contract.

(***) Contractors' employees are all of those who perform outsourced activities.

Question 20	Yes	No	Explanation
Does the Company measure its workplace climate?	X		In 2020, the work climate survey ENGIE&Me was conducted to all our employees. The following results show issues of interest for the company, being 0 the lowest level and 100 the highest level. •Sustainable engagement: 92

a. If the answer to question 20 is "Yes," indicate:

	Yes	No	Explanation
Does the Company have targets or goals for improving its workplace climate?	X		After analyzing the results of the annual survey, ENGIE Energía Perú establishes an improvement action plan including objectives and goals.

b. If the Company has targets or goals for improving its workplace climate, indicate the name of the document in which said objectives are contained, its approval date, and the year in which it was first applied:

Document name	Approval date	First year of application
Action plan of the ENGIE&Me survey	15/01/2020	2018

Question 21	Yes	No	Explanation
Does the Company have a talent management policy for its team members?	X		Every year, our employees are evaluated individually to identify opportunities for improvement and growth, in terms of their skills, competences and knowledge. Additionally, we work under a constant feedback approach and follow their performance through development plans, which is a two-way process. This effort permits us to create opportunities for internal development as internships, internal transfers, promotions, etc. and identify training and professional development needs of employees.

a. If the answer to question 21 is "Yes," indicate the name of the document containing the talent management policy for the Company's team members:

Document name
P0412 - Performance assessment



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b. If the answer to question 21 is "Yes," please specify:

	Yes	No	Explanation
Has said talent management policy been approved by the Board of Directors?		X	
Pregunta 22	Yes	No	Explanation
Does the Company have procedures to identify and punish sexual harassment or hostile work environments? (*)	X		Sexual harassment prevention and sanctioning policy. Included in the RIT an item related to Harassment.

(*) Consider the scope established by Law 27942 regarding sexual harassment, and Supreme Decree 003-97-TR for hostile work environments, as substituted or amended from time to time.

If the answer to question 22 is "Yes," indicate the name of the Company's document that contains the procedures to prevent sexualharassment and a hostile work environment:

Document name
Sexual harassment prevention and sanctioning policy.

Human Rights:

Question 23	Yes	No	Explanation
Does the Company have a policy or internal and external management system that includes a channel allowing complaints/ grievances to be lodged concerning impacts on human rights?	X		The company has an Ethics Charter, which covers our 4 ethical principles, including respect of human rights where we operate. Additionally, we have a Human Rights Policy, which covers the need to respect the Human Rights, our commitments on this matter and their implementation. On the other hand, ENGIE has a whistleblowing channel.
Does the Company keep records and respond, within a preestablished term, to the results of investigations into the complaints/ grievances referred to in the preceding question?	X		The company also has a whistleblowing channel, the Grievance and Claim Procedure (PQR) to manage the issues relating to Human Rights with the communities where we operate.

a. If the answer to question 23 is "Yes," indicate the name of the document containing the policy or internal and external management system adopted by the Company, its issue date, and the first year in which it was implemented:

Document name	Issue date	Year of implementation
Human Rights Policy	30/06/2014	2014



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b. If the answer to question 23 is "Yes," indicate:

	Yes	No	Explanation
Does the Company have a report in which the results of its policy or internal and external management system are evaluated to remedy any impacts on human rights?	X		An assessment of the impact of our operation on Human Rights matters is performed every year. If necessary, actions plans are implemented.
Does the Company have a training plan for human rights issues that includes the entire organization?	X		Human Rights are part of employees' training.

III. SUPPLEMENTARY INFORMATION

Question 24	Yes	No	Explanation
Does the Company have an international corporate sustainability certification?	X		<p>The ENGIE Group deems essential the certification of its affiliates around the world on quality, environment and safety. Consequently, since 2004 ENGIE Energía Perú has the following certifications: ISO 9001, ISO 14001 and OHSAS 18001. The aforementioned certifications are related to environmental management, occupational health and safety management, as well as quality management on power dispatch and trading processes at the administrative office and operations at the ChilcaUno TPP, Ilo1 TPP, Ilo21 TPP (including port facilities), Power Systems, Moquegua SS and the Yuncán HPP. Additionally, in 2020, ENGIE Energía Perú was included in the Good Corporate Governance index. The fact that the Company remains in this index evidences compliance with high ethical and transparent management standards.</p> <p>The ENGIE Group is a member of the United Nations Global Compact, which promotes 10 fundamental principles relating to human rights, labor rights, environment and anti-corruption.</p>

If the answer to question 24 is "Yes," indicate the certification obtained by the Company and the URL where this can be confirmed.

International Certification	URL
Since 2004 ENGIE Energía Perú has the following certifications: ISO 9001, ISO 14001 and OHSAS 18001	https://engie-energia.pe/sostenibilidad-vision

Question 25	Yes	No	Explanation
Does the Company have a Corporate Sustainability Report other than this report?	X		Until 2020 (compared to 2019) we had a separate sustainability report. This year, for reporting information of fiscal year 2020, the Sustainability Report was combined with the Annual Report in a single Integrated Report. In other words, both contents are contained in a single document.

If the answer to question 25 is "Yes," indicate the name of the document and the URL where the most recent available report can be found:

Report name	URL
Sustainability Report 2019 Integrated Report 2020	https://engie-energia.pe/wp-content/uploads/2020/11/REPORTE-DE-SOSTENIBILIDAD-ENGIE_-baja.pdf



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SUSTAINABILITY INDICATORS

	2018	2019	2020
Operational Indicators			
Energy production (GWh)	5,334	6,604	6,472
Renewable energy production (GWh)	1,496	1,552	1,360
Installed capacity of electricity generation (MW)	2,496	2,496	2,496
Installed capacity of renewable energies (MW)	288	288	288
B2B client satisfaction rate - 2020 survey results (%)	90	90	91.4
Sale of energy to client (TWh)	9	9	8
Contracted power at peak hour (MW)	1,744	1,857	1,874
Length of transmission networks (km)	293	293	282
FINANCIAL INDICATORS			
Sales revenues (MUSD)	520.9	536.4	484.1
Gross profit (MUSD)	193.3	205.1	180.4
EBITDA (MUSD)	278.7	250.5	227.0
Operating income (MUSD)	187.5	166.5	153.0
Net profit (MUSD)	108.3	104.2	87.9
PP&E (Property, Plant, and Equipment) (MUSD)	2513.4	2465.2	1719.6
Cash flow from operations (MUSD)	233.4	233.4	196
Net debt (MUSD)	677.2	537.7	484.0
ENVIRONMENTAL INDICATORS			
Total CO2 emissions (t CO2 eq)	1,472,728	2,000,498	1,992,021
Energy consumption from the grid (GWh)	34	35.5	36.6
Primary energy consumption related to energy production (GWh)	7,174	9,818	9,830
Direct water footprint (m3) - Water consumption (services and cooling systems)	116,635	137,241	141,059
Non-consumed water for cooling in hydropower generation (m3)	8,862,371	9,729,000	8,906,032
Recycled water used for irrigation of green areas (m3)	60,102	77,707	44,814
Total waste generated and managed (T)	360	413	266
Hazardous waste disposal (T)	87	188	96
Non-hazardous waste disposal (T)	272	225	170
Recovery rate of non-hazardous waste (%)	35%	31%	27%
Hazardous waste recovery rate (%)	12%	11%	23%
Compliance with Environmental Programs and Permissible Limits in Environmental Monitoring (power plants)	100%	100%	100%

	2018	2019	2020
SOCIAL INDICATORS			
Number of employees (inc. trainees)	506	503	513
Number of occupational disabling accidents	2	0	0
Number of occupational incidents	13	10	6
Number of fatal accidents	0	0	0
Number of occupational diseases	0	0	0
Suppliers and contractors trained with the "Life Saving Rules" safety program (%)	70%	100%	94%
Women in the organization (%)	16.2%	15.5%	14.0%
Women in management positions (%)	22.9%	20.0%	15.0%
Women in the Executive Committee (%)	43%	43%	43%
Female vs. male pay ratio	-1.9%	-2.2%	-4.6%
Job satisfaction - Results of internal survey 2020 (%)	85%	84%	86%
Home office (%)	0	0.252	43%
Trained workforce (%)	98%	95%	97%
Training hours (average per employee)	25	26	7.85
Courses and talks for employees on OHS (hours)	5082	6134	1332
Courses and talks for employees on Compliance (ethics and human rights - hours)	635	260.5	808.5
Courses and talks for employees on environmental standards (hours)	48	50	57
Industrial activities covered by an appropriate mechanism for dialogue and consultation with stakeholders (%)	100	100	100
Target sites with an integrated environmental management plan developed in conjunction with their stakeholders (%)	100	100	100
Number of beneficiaries from social actions	40,000	38,000	46,000
Investment in local infrastructure development (USD)	1,382,460	1,300,000	1,447,000
CORPORATE GOVERNANCE INDICATORS			
Number of regular directors	7	6	6
Participation rate in the Board of Directors (%)	82.60%	91.80%	97.44%
Independence rate of the Board of Directors (%)	43%	33%	33%
Gender diversity index of the Board of Directors (%)	0%	0%	0%
Rate of foreigners in the Executive Committee (non-Peruvian nationality) (%)	57%	57%	57%
Executive Committee trained in corruption issues (%)	100%	100%	100%



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MAIN POLICIES AND PROCESSES IN FORCE IN 2020

ENGIE Energía Perú has 191 active policies in 2020.
All our policies are published in the intranet of ENGIE Energía Perú and communicated to our stakeholders as appropriate

INTEGRATED MANAGEMENT SYSTEM ISO 9.001 | ISO 14.001 | OHSAS 18.001

Topic	Policies
Legal affairs and ethics	<ul style="list-style-type: none">• ENGIE ENERGÍA PERÚ's bylaws• General Regime of Powers of Attorney of Legal Representation for ENGIE Energía Perú• Regime of Powers of Attorney and Attorneys-in-fact - Engie Perú• Gift & Hospitality Policy• Ethics Committee Operation Policy• Personal Data Protection Policy• Conflicts of Interest Prevention Policy• Ethical Charter (published at Engie-energia.pe)• Practical Guide to Ethics• Business Consultants Policy - Legal Reference Document and Practical Guide• Embargo Policy• Lobbying Code - Engie Group• ENGIE Energía Perú Internal Conduct Regulations for the Securities Market
Electric power commercialization	<ul style="list-style-type: none">• Manual of the electric power dispatch process• Manual of the electric power commercialization macroprocess• Client relationship process
Communications	<ul style="list-style-type: none">• Policy on the Use of Social Networks for ENGIE Energía Perú's Employees• Crisis Management Manual• Corporate Communication Management Procedure
Finance, management control, accounting	<ul style="list-style-type: none">• Corporate Credit Card Use Policy• Corporate Finance Policy• Insurance Policy• Policy on Services provided by Non-Domiciled• Books and Records Policy• Policy for Operations with Related Companies• Counterpart Risk Policy• Accounting Policy• Management Control Policy
Logistics of goods and services	<ul style="list-style-type: none">• Purchasing Policy• Travel Policy• Parking Policy• Personnel Transportation Service Policy• Food Service on Site Policy• Invoice Reception and Distribution Policy• Good Use of Assigned Vehicles Policy - Benefit

Topic	Policies
	<ul style="list-style-type: none">• Good Use of Assigned Vehicles Policy - Work Activities• Good Use of Meeting Room Policy• Process Charter Supplier Management Macro Process: P0500 Logistics of Goods and Services• Environmental Compliance Guide for Suppliers and Contractors
Operations and maintenance	<ul style="list-style-type: none">• Operational Contingency and Emergency Response Plans• Operational Excellence Policy - Engie Energía Perú• Industrial Control Systems Security Policy• Industrial Control Systems Password Policy• Change Management Procedure• Power Transmission Lines and Substations Maintenance Service• Auxiliary Equipment Operation and Maintenance Service
Continuous Improvement Control	<ul style="list-style-type: none">• Punto único de contacto (PUC)
Human resources	<ul style="list-style-type: none">• Integration and Care Activities Policy• Policy for the Prevention and Sanction of Sexual Harassment• Wage Policy 2020• P0416 Process Charter Internal Communication Management
Industrial safety and occupational safety (OHS)	<ul style="list-style-type: none">• Occupational Health and Safety Policy• Internal regulations on occupational health and safety (published at Engie-energia.pe)• EEP – BCP - OHSE Guidelines• OHSE Guidelines• Occupational Health and Safety Consequences Policy: Acknowledgments and Sanctions• P0200 – I032 Life Saving Rules Standard• Occupational Health and Safety in projects and procurements policy• Contingency plan and emergency response
Sustainability, Social Affairs, Environment	<ul style="list-style-type: none">• Sustainability Policy• Social Affairs Policy• Procedure for handling and managing concerns, grievances and claims• Procedure for Social Investment execution• Environmental Policy of ENGIE Energía Perú (published at Engie-energia.pe)• Risks and Opportunities Management Matrix – Environment• Hazardous Materials Management Plan• Non-Hazardous Waste Handling and Management Procedure• Procedure P0201 Identification and Assessment of Environmental Aspects and Impacts• Procedure P0213 EEP-MA-COVID19-001 Waste Management and Handling Protocol
Information technology and communications	<ul style="list-style-type: none">• Information Technology and Communications Policy



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BUSINESS ORGANIZATION	GRI 102-1	9	Name of the organization
	GRI 102-2	9, 13	Activities, brands, products, and services
	GRI 102-3	5	Location of headquarters
	GRI 102-4	18,19, 20	Location of operations
	GRI 102-5	10	Ownership and legal form
	GRI 102-6		Markets and services
	GRI 102-7	13	Size of the organization
	GRI 102-8	15, 48	Information on employees and other employees
	GRI 102-9	56	Supply chain
	GRI 102-10		Significant changes to the organization and its supply chain
	GRI 102-11		Precautionary principle or approach
	GRI 102-12		External initiatives
	GRI 102-13	61	Membership of associations
	GRI 102-14	6, 7	Statement from senior decision-maker (including the company's sustainability)
ETHICS AND INTEGRITY	GRI 102-15	14, 33	Key impacts, risks, and opportunities
	GRI 102-16	39	Values, principles, standards, and norms of behavior
GOVERNANCE	GRI 102-17	39	Mechanisms for advice and concerns about ethics
	GRI 102-18	41	Governance structure
	GRI 102-19		Delegating authority
	GRI 102-20		Executive-level responsibility for economic, environmental and social topics
	GRI 102-21	28	Consulting stakeholders on economic, environmental and social topics

GRI Subject	#GRI	Page # in the report	Description
	GRI 102-22	41	Composition of the highest governance body and its committees
	GRI 102-23	41	Chair of the highest governance body
	GRI 102-24		Nominating and selecting the highest governance body
	GRI 102-25		Conflicts of interest
	GRI 102-26		Role of highest governance body in setting purpose, values, and strategy
	GRI 102-27		Collective knowledge of highest governance body
	GRI 102-28		Evaluating the highest governance body's performance
	GRI 102-29	14	Identifying and managing economic, environmental, and social impacts
	GRI 102-30	33	Effectiveness of risk management processes
	GRI 102-31		Review of economic, environmental, and social topics
	GRI 102-32		Highest governance body's role in sustainability reporting
	GRI 102-33		Communicating critical concerns
	GRI 102-34		Nature and total number of critical concerns
	GRI 102-35		Remuneration policies
	GRI 102-36		Process for determining remuneration
	GRI 102-37		Stakeholders' involvement in remuneration
	GRI 102-38		Annual total compensation ratio
	GRI 102-39		Percentage increase in annual total compensation ratio



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	GRI 102-41		Collective bargaining agreements
	GRI 102-42	30	Identifying and selecting stakeholders
	GRI 102-43	30	Approach to stakeholder engagement
	GRI 102-44	28	Key topics and concerns raised
REPORTING PRACTICES	GRI 102-45		Entities included in the consolidated financial statements
	GRI 102-46	5	Defining report content and topic boundaries
	GRI 102-47	28	List of material topics in the report
	GRI 102-48		Restatements of information
	GRI 102-49		Changes in reporting
	GRI 102-50	5	Reporting period
	GRI 102-51		Date of most recent report
	GRI 102-52		Reporting cycle
	GRI 102-53	170	Contact point for questions regarding the report
	GRI 102-54		Claims of reporting in accordance with the GRI Standards
MANAGEMENT APPROACH	GRI 102-55	165	GRI content index
	GRI 102-56		External assurance
	GRI 103-1		Explanation of the material topic and its Boundary
	GRI 103-2	70	The management approach and its components
	GRI 103-3		Evaluation of the management approach

GRI Subject	#GRI	Page # in the report	Description
ECONOMIC PERFORMANCE	GRI 201-1		Direct economic value generated and distributed
	GRI 201-2		Financial implications and other risks and opportunities due to climate change
	GRI 201-3		Defined benefit plan obligations and other retirement plans
	GRI 201-4		Financial assistance received from government
MARKET PRESENCE	GRI 202-1		Ratios of standard entry level wage by gender compared to local minimum wage
	GRI 202-2		Proportion of senior management hired from the local community
INDIRECT ECONOMIC IMPACTS	GRI 203-1	56	Infrastructure investments and services supported
	GRI 203-2	56	Significant indirect economic impacts
PROCUREMENT PRACTICES	GRI 204-1		Proportion of spending on local suppliers
ANTI-CORRUPTION	GRI 205-1		Operations assessed for risks related to corruption
	GRI 205-2	39	Communication and training about anticorruption policies and procedures
	GRI 205-3		Confirmed incidents of corruption and actions taken
ANTI-COMPETITIVE BEHAVIOR	GRI 206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices



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GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Subject	#GRI	Page # in the report	Description
TAX	GRI 207-1		Approach to tax
	GRI 207-2		Tax governance, control and risk management
	GRI 207-3		Stakeholder engagement and management concerns related to tax
	GRI 207-4		Country-by-country reporting (description of all tax jurisdictions: consolidated and audited financial statements or financial information disclosed to public records are domiciled for tax purposes)
MATERIALS	GRI 301-1	64	Materials used by weight or volume
	GRI 301-2	64	Recycled input materials used
	GRI 301-3		Reclaimed products and their packaging materials
ENERGY	GRI 302-1		Energy consumption within the organization
	GRI 302-2		Energy consumption outside of the organization
	GRI 302-3		Energy intensity
	GRI 302-4		Reduction of energy consumption
	GRI 302-5		Reductions in energy requirements of products and services
WATER AND EFFLUENTS	GRI 303-1		Interactions with water as a shared resource
	GRI 303-2	66	Management of water discharge-related impacts
	GRI 303-3		Water withdrawal
	GRI 303-4		Water discharge
	GRI 303-5	66	Water consumption

GRI Subject	#GRI	Page # in the report	Description
BIODIVERSITY	GRI 304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
	GRI 304-2		Significant impacts of activities
	GRI 304-3		Habitats protected or restored
	GRI 304-4		Species affected in operating sites
EMISSIONS	GRI 305-1	64	Direct (Scope 1) GHG emissions
	GRI 305-2		Energy indirect (Scope 2) GHG emissions
	GRI 305-3		Other indirect (Scope 3) GHG emissions
	GRI 305-4		GHG emissions intensity
	GRI 305-5	65	Reduction of GHG emissions
	GRI 305-6		Emissions of ozone-depleting substances (ODS)
	GRI 305-7		Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
EFFLUENTS AND WASTE	GRI 306-1		Water discharge by quality and destination
	GRI 306-2	67	Waste per type and disposal method (hazardous and non-hazardous)
	GRI 306-3		Total volume of spills of hazardous substances
	GRI 306-4		Transport of hazardous waste (transport volume)
	GRI 306-5		Waste directed to disposal, in tons
ENVIRONMENTAL COMPLIANCE	GRI 307-1		Non-compliance with environmental laws and regulations
SUPPLIER ENVIRONMENTAL ASSESSMENT	GRI 308-1	56	New suppliers that were screened using environmental criteria
	GRI 308-2		Negative environmental impacts in the supply chain and actions taken



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GRI Subject	#GRI	Page # in the report	Description
EMPLOYMENT	GRI 401-1		New employee hires and employee turnover
	GRI 401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees
	GRI 401-3		Parental leave
LABOR/MANAGEMENT RELATIONS	GRI 402-1		Minimum notice periods regarding operational changes
OCCUPATIONAL HEALTH AND SAFETY	GRI 403-1	54	Occupational health and safety management system
	GRI 403-2	54	Hazard identification, risk assessment, and incident investigation
	GRI 403-3	54	Occupational health services
	GRI 403-4	54	Employee participation, consultation, and communication on occupational health and safety
	GRI 403-5	54	Employee training on occupational health and safety
	GRI 403-6	55	Promotion of employee's health
	GRI 403-7	55	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
	GRI 403-8	55	Employees covered by an occupational health and safety management system
	GRI 403-9		Work-related injuries
	GRI 403-10		Work-related ill health

GRI Subject	#GRI	Page # in the report	Description
TRAINING AND EDUCATION	GRI 404-1	55	Average hours of training per year per employee
	GRI 404-2	55	Programs for upgrading employee skills and transition assistance programs
	GRI 404-3		Percentage of employees receiving regular performance and career development reviews
DIVERSITY AND EQUAL OPPORTUNITY	GRI 405-1		Diversity of governance bodies and employees
	GRI 405-2	53	Ratio of basic salary and remuneration of women to men
NON-DISCRIMINATION	GRI 406-1		Incidents of discrimination and corrective actions taken
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	GRI 407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
CHILD LABOR	GRI 408-1		Operations and suppliers at significant risk for incidents of child labor
FORCED OR COMPULSORY LABOR	GRI 409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labor
SECURITY PRACTICES	GRI 410-1		Security personnel trained in human rights policies or procedures
RIGHTS OF INDIGENOUS PEOPLES	GRI 411-1		Incidents of violations involving rights of indigenous peoples
HUMAN RIGHTS ASSESSMENT	GRI 412-1		Operations that have been subject to human rights reviews or impact assessments



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LOCAL COMMUNITIES	GRI 412-2	163	Employee training on human rights policies or procedures
	GRI 412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
	GRI 413-1	57	Operations with local community engagement, impact assessments, and development programs
SUPPLIER SOCIAL ASSESSMENT	GRI 413-2		Operations with significant actual and potential negative impacts on local communities
	GRI 414-1		New suppliers that were screened using social criteria
PUBLIC POLICY	GRI 414-2		Negative social impacts in the supply chain and actions taken
	GRI 415-1		Political contributions
CLIENT HEALTH AND SAFETY	GRI 416-1		Assessment of the health and safety impacts of product and service categories
	GRI 416-2		Incidents of non-compliance concerning the health and safety impacts of products and services

GRI Subject	#GRI	Page # in the report	Description
MARKETING AND LABELING	GRI 417-1		Requirements for product and service information and labeling
	GRI 417-2		Incidents of non-compliance concerning product and service information and labeling
	GRI 417-3		Incidents of non-compliance concerning marketing communications
CLIENT PRIVACY	GRI 418-1		Substantiated complaints concerning breaches of client privacy and losses of client data
SOCIOECONOMIC COMPLIANCE	GRI 419-1		Non-compliance with laws and regulations in the social and economic area

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**CONCEPT, DESIGN
AND LAYOUT**



Important: a large number of pictures in this report were taken before
the COVID-19 outbreak

WE OVERCOME
CHALLENGES



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ON US**



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