



Annexes

- Annex 1: Audited Financial Statements
- Annex 2: Main regulations in the electrical sector
- Annex 3: Licenses and authorizations
- Annex 4: Good Corporate Governance Report
- Annex 5: Corporate Sustainability Report Sustainability
- Annex 6: Indicators
- Annex 7: Main policies and processes in force in 2021
- Annex 8: Global Reporting Initiative contents

ANNEX 1

AUDITED FINANCIAL STATEMENTS

ENGIE Energía Perú S.A.

Financial statements as of December 31, 2021 and 2020,
together with the independent auditors' report



ENGIE Energía Perú S.A.

Financial statements as of December 31, 2021 and 2020, together
with the independent auditors' report

Contents

Independent auditors' report

Financial statements

Statement of financial position

Statement of comprehensive income

Statement of changes in net equity

Statement of cash flows

Notes to the 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, 2021 and 2020, 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.

Lima
Av. Víctor Andrés
Belaunde 171
San Isidro
Tel: +51 (1) 411 4444

Lima II
Av. Jorge Basadre 330
San Isidro
Tel: +51 (1) 411 4444

Arequipa
Av. Bolognesi 407
Yanahuara
Tel: +51 (54) 484 470

Chiclayo
Av. Federico Villarreal
115 Sala Cinto, Urb. Los
Parques
Lambayeque
Tel: +51 (74) 227 424

Trujillo
Av. El Golf 591 Urb. Del Golf III
Víctor Larco Herrera 13009,
Sede Miguel Ángel Quijano Doig
La Libertad
Tel: +51 (44) 608 830

Independent auditors' report (cont'd)

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

Opinion

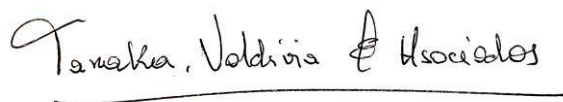
In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of ENGIE Energía Perú S.A. as of December 31, 2021 and 2020, as well as the results of its operations and cash flows for the years then ended, in conformity with the Financial Reporting Standards issued by the International Accounting Standards Board.

Lima, Peru
March 3, 2022

Signed by:



Mireille Silva
Certified Public Accountant
Registry 18381



ENGIE Energía Perú S.A.

Statement of financial position

As of December, 2021 and 2020

	Note	2021 US\$(000)	2020 US\$(000)
Assets			
Current assets			
Cash and cash equivalent	4.2.1 and 7	193,951	99,864
Trade accounts receivable, net	4.2.2 and 8	80,754	76,071
Other accounts receivable	4.2.2 and 9	12,498	11,193
Accounts receivable from related companies	4.2.2 and 20(b)	61	22
Income tax	4.2.2 and 21(b)	-	36,439
Inventory, net	4.2.3 and 10	81,489	77,746
Prepaid expenses	11	8,372	11,800
Total current assets		377,125	313,135
Non-current assets			
Derivative financial instruments	4.2.2 y 12(a)	2,351	21,752
Prepaid expenses	11	62,251	64,020
Prepayments	2 (iii and iv)	23,848	15,503
Properties, plant and equipment, net	4.2.4, 4.2.5 and 13	1,739,195	1,719,620
Other assets, net	4.2.8 and 14	46,521	47,173
Intangible assets, net		1,414	111
Total non-current assets		1,875,580	1,868,179
Total assets		2,252,705	2,181,314

	Nota	2021 US\$(000)	2020 US\$(000)
Liabilities and equity			
Current liabilities			
Other financial liabilities	4.2.2 and 15	205,969	86,089
Trade accounts payable	4.2.2 and 16	60,520	61,129
Accounts payable to related companies	4.2.2 and 20(b)	1,403	798
Liabilities for employee's benefits	4.2.13 and 18	14,602	12,361
Income tax payable	21(b)	16,581	-
Other accounts payable	4.2.2 and 17	8,043	8,913
Total current liabilities		307,118	169,290
Non-current liabilities			
Trade accounts payable	4.2.2 and 16	-	2,322
Provisions	4.2.12 and 19	33,978	33,214
Other financial liabilities	4.2.2 and 15	331,763	409,868
Derivative financial instruments	4.2.2 and 12(a)	66,354	29,365
Deferred income tax liability, net	4.2.10 and 21(c)	368,063	370,270
Total non-current liabilities		800,158	845,039
Total liabilities		1,107,276	1,014,329
Net equity	22		
Issued capital		219,079	219,079
Additional capital		35,922	35,922
Legal reserve		43,816	43,816
Other reserves		(9,007)	15,335
Retained earnings		855,619	852,833
Total equity		1,145,429	1,166,985
Total liability and net equity		2,252,705	2,181,314

The accompanying notes are an integral part of this statement.

ENGIE Energía Perú S.A.

Income statement

For the years ended December 31, 2021 and 2020

	Note	2021 US\$(000)	2020 US\$(000)
Sales income	4.2.14 and 24	532,206	484,104
Sales cost	4.2.14 and 25	<u>(370,953)</u>	<u>(303,751)</u>
Gross profit		161,253	180,353
Administration expenses	4.2.14 and 26	(20,062)	(21,842)
Other income	4.2.14 and 27	5,649	5,249
Other expenses	4.2.14 and 28	<u>(4,467)</u>	<u>(10,773)</u>
Operating profit		142,373	152,987
Financial income	4.2.14 and 29	1,434	4,355
Financial expenses	4.2.14 and 29	(24,953)	(31,201)
Exchange differences, net	33 (a)(v)	(4,557)	(6,309)
Profit for derivative financial instruments	4.2.2 and 12(a)	<u>4,165</u>	<u>6,607</u>
Profit before income tax		118,462	126,439
Income tax	4.2.10 and 21(a)	<u>(53,309)</u>	<u>(38,564)</u>
Net profit		65,153	87,875
Basic and diluted earnings per common share (in US\$)	4.2.18 and 23	<u>0.108</u>	<u>0.146</u>
Weighted average number of outstanding shares (in thousands of units)	4.2.18 and 23	<u>601,370</u>	<u>601,370</u>

The accompanying notes are an integral part of this statement.

ENGIE Energía Perú S.A.

Statement of comprehensive income

For the years ended December 31, 2021 and 2020

	Note	2021 US\$(000)	2020 US\$(000)
Net profit		65,153	87,875
Other comprehensive income			
Cash flow hedge	4.2.2 and 12(a)	(34,528)	4,200
Income tax	4.2.10 and 21(c)	10,186	(1,239)
		<u>(24,342)</u>	<u>2,961</u>
Total comprehensive income of the year, net		<u>40,811</u>	<u>90,836</u>

The accompanying notes are an integral part of this statement.

ENGIE Energía Perú S.A.

Statement of changes in net equity

For the years ended December 31, 2021 and 2020

	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, 2020	219,079	35,922	43,816	12,374	826,079	1,137,270
Net profit	-	-	-	-	87,875	87,875
Other comprehensive income, net of 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
Net profit	-	-	-	-	65,153	65,153
Other comprehensive income, net of income tax, note 12(a)	-	-	-	(24,342)	-	(24,342)
Total comprehensive income of the year	-	-	-	(24,342)	65,153	40,811
Dividends declared, note 22(e)	-	-	-	-	(62,367)	(62,367)
Balances as of December 31, 2021	219,079	35,922	43,816	(9,007)	855,619	1,145,429

The accompanying notes are an integral part of this statement.

ENGIE Energía Perú S.A.

Statement of cash flows

For the years ended December 31, 2021 and 2020

	Note	2021 US\$(000)	2020 US\$(000)
Operating activities			
Collection for sale of goods and rendering of services		796,703	746,871
Other cash collections related to operating activities		11,955	28,802
Collection for interests and returns		1,498	1,085
Payment to suppliers of goods and services		(502,978)	(445,436)
Payments for income tax and other taxes		(68,609)	(66,755)
Payments for interests and returns		(13,213)	(22,938)
Payments to and on behalf of employees		(24,690)	(32,145)
Right of usufruct and social contributions Yuncan	2(i)	(5,900)	(6,039)
Other cash payments related to operating activities		(5,186)	(7,441)
Cash flow and cash equivalent provided by operating activities		189,580	196,004
Investment activities			
Sale of properties, plant and equipment		417	5
Purchase of properties, plant and equipment	13(h)	(103,712)	(21,563)
Purchase of intangible assets		-	(48)
Cash flow and cash equivalent used in investment activities		(103,295)	(21,606)

Statement of cash flows (cont'd)

	Notes	2021 US\$(000)	2020 US\$(000)
Financing activities			
Securing of loans	33a(iii)	200,000	-
Amortization or payment of loans	33a(iii)	(50,000)	(15,043)
Amortization of financial lease obligations	33a(iii)	(79,831)	(90,267)
Dividends	22(e)	(62,367)	(61,121)
Cash flow and cash equivalents from (used in) financing activities		<u>7,802</u>	<u>(166,431)</u>
Net increase in cash and cash equivalents		94,087	7,967
Cash and cash equivalents at the beginning of the year		99,864	91,897
Cash and cash equivalents at year-end	4.2.1 and 7	<u>193,951</u>	<u>99,864</u>
Transactions not generating cash flows			
Changes to dismantling estimates	13(a) and 19(b)	-	22,935

The accompanying notes are an integral part of this statement.

Notes to the financial statements

As of December 31, 2021 and 2020

Figures expressed in thousands of US dollars (except where otherwise indicated)

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, 2021, the total rated capacity amounted to 2,496 MW.

Notes to the financial statement (cont'd)

(c) Approval of the financial statements -

The financial statements as of December 31, 2021 have been approved for issuance by the Company's Management and were presented for the approval of the Board of Directors on March 3, 2022 and will be presented to the General Shareholders' Meeting within the time established by law. The financial statements for the year ended December 31, 2020, were approved by the Board and the Annual Mandatory Shareholders' Meeting on March 2 and March 19, 2021, 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 for consecutive periods, as well as several localized measures to counter the pandemic. 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 noted that the State of National Emergency has been consecutively extended, and as of December 31, 2021, such extension is still effective.

In 2021, the Company has continued operating its plants, as scheduled by COES. At the start of the year, the minimum necessary personnel worked in person and later, by the end of the year, 80% of the personnel returned to in-person work, thus contributing to electricity supply to the country, and at the same time protecting its employees with all safety protocols. As of December 31, 2021, 99% of its employees have been vaccinated and almost 100% of workers from the administrative area were still working remotely.

As of December 31, 2021, 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, 2021. 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*

Notes to the financial statements (cont'd)

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).

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 2021, the sum of USD 5,238 (USD 5,372 in 2020) 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, 2021 according to the contract adds up to USD 102,949 (USD 97,711 as of December 31, 2020), the outstanding balance according to the contract adds up to USD 2,568 (USD 7,806 as of December 31, 2020).

- “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 2021, the sum of USD 648 (USD 664 in 2020) was paid and booked in the Prepaid expenses (Note 11). These payments are being amortized based on the effective term of the contract.

Notes to the financial statement (cont'd)

The total sum as of December 31, 2021, according to the contract adds up to USD 12,696 (USD 12,047 as of December 31, 2020), the outstanding balance according to the contract adds up to USD 318 (USD 967 as of December 31, 2020), and the balance as of December 31, 2021, net of accruals adds up to USD 5,432 (USD 5,432 as of December 31, 2020) (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 October 2021, two Exclusive Natural Gas supply agreements were 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) for ChilcaUno and ChilcaDos and for a Maximum Daily Quantity (MDQ) for both agreements of 3,964,358.155 m3/std-day effective until January 1, 2030.
- The Company has a Daily Reserved Capacity (DRC) of 3,353,568 m3/std-day until February 1, 2024 and 1,887,705 m3/std-day until December 31, 2030 corresponding to its agreements entered into in 2007 and 2011 with company Transportadora de Gas del Perú S.A. (TGP).
- 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 July 2010, a High-Pressure Natural Gas Distribution Service agreement was entered into with Gas Natural de Lima Y Callao S.A. It includes four (4) 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.

Notes to the financial statements (cont'd)

(iii) *“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 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, 2021, the balance of prepayments corresponding to the payment of these concepts amounts to USD 23,848 (USD 15,503 as of December 31, 2020).

(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.

Notes to the financial statements (cont'd)

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 resource 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 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).

Notes to the financial statements (cont'd)

(ix) **Punta Lomitas Wind Farm Project**

On March 3 and 14, 2021, Ministry Resolution No. 041-2021-MINEM/DM and Ministry Resolution No. 053-2021-MINEM/DM was passed, granting the Definitive Concession of Power Transmission and Definitive Concession of Power generation to perform the power generation activity with Renewable Energy Resources in the Punta Lomitas Wind Farm project ("Punta Lomitas Project").

3. Operating and legal regulations governing the activities in the electrical sector

The main regulations governing the activities of the Company are:

(a) **Electrical Concessions Law and 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.

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.

Notes to the financial statements (cont'd)

(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.

Notes to the financial statements (cont'd)

(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 No. 31112 - Law that establishes previous control of business concentration -

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 was passed, and on March 4, its regulation was approved by Supreme Decree No. 039-2021-PCM. Subsequently, INDECOPI approved the corresponding amendments to its Organization and Roles Regulation; and Law No. 31112 came into effect on June 14, 2021, which repealed Emergency Decree 013-2019 and Law No. 26876.

(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).

Notes to the financial statements (cont'd)

(g) Electricity Wholesale Market Regulation -

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 non-flexibilities 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

Notes to the financial statements (cont'd)

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 N° 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. With Resolution of the Directive Council No. 092-2021-OS/CD, OSINERGMIN approved the amendment of Technical Procedure COES No. 31 “Calculation of Variable Costs of Generation Units”, treating fixed gas costs as variable, establishing the total cost of the supply chain as variable costs for the plants running on natural gas (variable costs and fixed costs). Pursuant to this regulation, information is to be submitted regarding the natural gas price until June 20, for application since July 1, 2021.
- (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, then until December 31, 2020, and finally until June 30, 2021.

Notes to the financial statements (cont'd)

Subsequently, with Supreme Decree No. 012-2021-EM, the Regulation to Optimize the Use of Natural Gas was approved and the Natural Gas Manager was created, the purpose of which is to promote the efficient use of natural gas in economic activities in order to foster competitive markets. This regulation also established that the General Hydrocarbons Bureau should approve the operating procedures of the Secondary Gas Market until September 28, 2021, and in the meantime the operations in the Secondary Market are to be conducted through bilateral agreements. Such approval is pending.

- (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 - 28245, Framework Law on the National Environmental Management System, the National Environmental Policy, approved by Supreme Decree 012-2009-MINAM and the United Nations 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.

Notes to the financial statements (cont'd)

- (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 No. 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) **Efficient use of natural gas transport capacity, Supreme Decree No. 003-2021-EM**
Supreme Decree No. 003-2021-EM that Improves the Efficient Use of Gas Transport Capacity for Thermal Power Generation with Camisea Gas and Payment of Firm Capacity” was enacted on January 30, 2021. This regulation defines a Reference Contracting Factor (FRC) of the Daily Reserved Quantity of natural gas transport agreements per type of technology, which provides flexibility to thermal power generators running on natural gas, while ensuring the transport availability for the set of generators. With Resolution of the Directive Council No. 096-2021-OS/CD, OSINERGMIN approved the effective FRC value for the period June 1, 2021 to April 30, 2025, as well as the amendment of Technical Procedure No. 25 “Determination of Unavailability, Presence and incentive to availability of Plants and Generation Units” for the application of the FRC.
- (s) **On May 1, 2021, Ministry Resolution No. 130-2021-MINEM/DM was enacted, which sets the Reserve Margin values of the National Interconnected Electrical System for the period comprised between May 2021 to April 2025..**
- (t) **On May 7, 2021, Ministry Resolution No. 153-2021-MINEM/DM was enacted, which sets the Peak Hours of SEIN between 17:00 and 23:00 hours, for evaluation of the unavailability of generation units referred to in paragraph e) of article 110 of the Regulation of the Electrical Concessions Law. This resolution will be in effect between June 1, 2021 and December 31, 2025.**
- (u) **Supreme Decree No. 030-2021-MINAM was enacted on October 30, 2021, which approved the Maximum Permissible Limits (MPL) for atmospheric emissions of thermal power generation activities.**
- (v) **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. The State of Emergency has been repeatedly extended, the last extension granted by Supreme Decree No. 174-2021-PCM until December 31, 2021.**

- (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) 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.
- (iv) 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.
- (v) 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. Subsequently, Emergency Decree No. 018-2021 was enacted on February 11, 2021 to repeal the aforementioned provision of Emergency Decree No. 056-2021 and regulated virtual calling and holding of shareholders' meetings and bondholders' meetings. Subsequently, Law 31194 was enacted on May 14, 2021 to tacitly repeal the aforementioned provisions.
- (vi) Superintendency Resolution No. 050-2020-SMV/02 was enacted on June 4, 2020, whereby the rules for calling and holding virtual shareholders' meetings referred to in Emergency Decree No. 056-2020. Moreover, Resolution SMV No. 019-2021-SMV dated February 2021 provided that the "Rules for calling and holding virtual general shareholders' meetings and bondholders' meetings" approved with Resolution SMV No. 050-2020-SMV-02 are to be effective for the duration of the State of National Emergency declared by Supreme Decree No. 184-2020-PCM and up to ninety (90) business days after the end of such state of exception, as stipulated by Emergency Decree No. 018-2021. Subsequently, Law 31194 was enacted on May 14, 2021, which tacitly repealed such provisions.

4. Main accounting principles and practices

.1 Basis of preparation and presentation

Notes to the financial statements (cont'd)

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, 2021 and 2020.

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.

Notes to the financial statements (cont'd)

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

.2 Summary of significant accounting judgments and practices

.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.

.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 only payments of the principal and interests on the amount of the outstanding principal.

Notes to the financial statements (cont'd)

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.

Notes to the financial statements (cont'd)

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 are 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.

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.

Notes to the financial statements (cont'd)

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 measured 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:

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 derivative financial instruments and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Notes to the financial statements (cont'd)

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, 2021 and 2020.

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.

Notes to the financial statements (cont'd)

(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 place either:

- In the principal market for the asset or 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.

Notes to the financial statements (cont'd)

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.

.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.

.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.

Notes to the financial statements (cont'd)

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

.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
Transport units	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).

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.

Notes to the financial statements (cont'd)

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 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.

Notes to the financial statements (cont'd)

.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, 2021, the Company maintains a balance of provision for impairments of its long-lived assets related to Ilo1 TPP and Ilo21 TPP, note 13(a).

Notes to the financial statements (cont'd)

.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 estimated future costs or discount rate used are added to or deducted from the costs of the related asset. As of December 31, 2021, the Company has recognized provisions for dismantling of all its generation plants, note 19.

.2.8 Other assets

These assets are mainly composed of the construction of the Quitaracsa 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.

.2.9 Bonds

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

.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.

.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.

.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.

Notes to the financial statements (cont'd)

.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.

.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:

- 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.

Notes to the financial statements (cont'd)

.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.

.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, 2021 and 2020, the Company does not have embedded derivatives that require to be separated.

.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.

Notes to the financial statements (cont'd)

.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, 2021 and 2020, 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.

.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.

.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, 2021 and 2020.

Notes to the financial statements (cont'd)

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 21

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, it 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.

Notes to the financial statements (cont'd)

- (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 if 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 tested. 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.

Notes to the financial statements (cont'd)

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:

- 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

Notes to the financial statements (cont'd)

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 an 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:

	2021 US\$(000)	2020 US\$(000)
Cash	11	19
Current accounts (b)	123,940	99,845
Time deposits (c)	70,000	-
Total	193,951	99,864

Notes to the financial statements (cont'd)

- (b) As of December 31, 2021 and 2020, 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.
- (c) As of December 31, 2021, the Company maintains short-term deposits in US dollars, freely disposable and deposited in local banks with adequate risk rating and accrue interests at effective annual rates ranging from 0.60% to 0.62%, with original maturities equal to or less than 90 days.

8. Trade accounts receivable, net

- (a) A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Invoices	22,225	28,954
Delivered energy and capacity not invoiced (c)	60,154	49,599
	<u>82,379</u>	<u>78,553</u>
Allowance for doubtful accounts (e)	(1,625)	(2,482)
Total	<u>80,754</u>	<u>76,071</u>

- (b) Accounts receivable are mainly denominated in US dollars, have current maturities and are non-interest bearing, except for matured accounts receivable.
- (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, 2021 and 2020 were invoiced and collected in accordance with the collection policy of the Company, without significant changes.

- (d) As of December 2021 and 2020, the aging of trade accounts receivable is as follows:

	2021 US\$(000)	2020 US\$(000)
Effective and not impaired	80,246	70,183
From 1 and 30 days	523	788
From 31 and 60 days	48	172
From 61 and 60 days	-	19
From 91 to more days	1,562	7,391
	<u>82,379</u>	<u>78,553</u>
Total	<u>82,379</u>	<u>78,553</u>

- (e) The estimate for doubtful accounts receivable was as follows:

2021 US\$(000)	2020 US\$(000)
-------------------	-------------------

Notes to the financial statements (cont'd)

Initial balances	2,482	977
Provision for impairment, note 26	239	1,562
Recoveries, note 27	(1,008)	-
Exchange difference	(88)	(57)
Final balances	<u>1,625</u>	<u>2,482</u>

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, 2021 and 2020.

9. Other accounts receivable

(a) A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Advance payment to suppliers (b)	3,395	3,334
General Sales Tax credit – IGV (d)	2,448	473
Miscellaneous (c)	6,655	7,386
Total	<u>12,498</u>	<u>11,193</u>

(b) As of December 31, 2021 and 2020, the Company maintains advance payments to national and foreign suppliers mainly related to import fees and supplies for plant maintenance.

Notes to the financial statements (cont'd)

- (c) This amount mainly corresponds to accounts receivable for third-party projects and claims, which Company's Management deems recoverable in the short term.
- (d) General Sales Tax Credit (IGV), corresponding to the IGV balance paid for the procurement of goods and services as of December 31, 2021, which will be applied with the IGV to be paid for taxable operations during 2022.

10. Inventories, net

- (a) A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Supplies and spare parts (b)	26,738	28,926
Fuels (c)	60,504	59,616
Coal	5,826	2,731
	<u>93,068</u>	<u>91,273</u>
Provision for impairment (d)	(11,579)	(13,527)
Total	<u>81,489</u>	<u>77,746</u>

- (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, 2021 and 2020 was as follows:

	2021 US\$(000)	2020 US\$(000)
Initial balances	13,527	13,108
Provision for impairment, note 25(a)	203	419
Recovery	(2,151)	-
Final balances	<u>11,579</u>	<u>13,527</u>

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, 2021 and 2020.

Notes to the financial statements (cont'd)

11. Prepaid expenses

(a) A breakdown of this heading is given below:

	2021	2020
	US\$(000)	US\$(000)
Option agreements with distributors (b)	44,971	49,954
Commercial agreements	16,532	14,085
Social contribution Usufruct Contract, note 2(i)	5,649	5,432
Insurance	2,908	2,222
Other	562	4,127
Total	70,623	75,820
Maturities:		
Current portion	8,372	11,800
Non-current portion	62,251	64,020
Total	70,623	75,820

(b) As of December 31, 2021 and 2020, 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).

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.

Notes to the financial statements (cont'd)

The movement of amendments to power agreements as of December 31, 2021 is as follows:

	Initial balances S/ (000)	Additions S/ (000)	Deductions S/ (000)	Final balances S/ (000)
Option agreements	49,954	2,634	(7,617)	44,971
Total	49,954	2,634	(7,617)	44,971

- (i) Additions correspond to disbursements made in the period, which will accrue in future years.
- (ii) The decrease corresponds to the accrual of disbursements made in previous periods.
- (iii) In September 2021, the Company exercised the Option Rights (of which it was the holder pursuant to the addenda entered into under the Transitory Supplementary Provision of Supreme Decree 022-2018-EM) to extend the effective terms of the Power Purchase Agreements entered into with distribution companies resulting from long-term biddings.

Notes to the financial statements (cont'd)

12. Derivative financial instruments

- As of December 31, 2021 and 2020, 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	
	2021	2020	2021	2020	2021	2020
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Hedge derivative financial instruments:						
Swap contract 2nd and 7th issuance of 1st Bond Program	-	-	-	222	-	55
Swap contract 1st, 2nd and 3rd issuance of 3rd Bond Program	(55,278)	(3,287)	4,079	5,833	(22,766)	2,293
Forward contracts - loans	(8,725)	(4,326)	86	552	(1,576)	613
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net	<u>(64,003)</u>	<u>(7,613)</u>	<u>4,165</u>	<u>6,607</u>	<u>(24,342)</u>	<u>2,961</u>
Total asset	<u>2,351</u>	<u>21,752</u>				
Total liabilities	<u>(66,354)</u>	<u>(29,365)</u>				

The movement of derivative financial instruments for cross currency interest rate swaps as of December 31, 2021 and 2020 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
	2020	Note 33, (v)		2021
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Hedge derivative financial instruments:				
Swap contract 1st, 2nd and 3rd issuance of 3rd Bond Program	(3,287)	(20,107)	(31,884)	(55,278)
Forward contracts - loans	(4,326)	(1,755)	(2,644)	(8,725)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net	<u>(7,613)</u>	<u>(21,862)</u>	<u>(34,528)</u>	<u>(64,003)</u>
Total asset	<u>21,752</u>			<u>2,351</u>
Total liabilities	<u>(29,365)</u>			<u>(66,354)</u>

Notes to the financial statements (cont'd)

	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	Nota 33, (v)		2020
	US\$(000)	US\$(000)	US\$(000)	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 net	10,856	(22,669)	4,200	(7,613)
Total asset	17,630			21,752
Total liabilities	(6,774)			(29,365)

Notes to the financial statements (cont'd)

The movement of derivative financial instruments on equity as of December 31, 2021 and 2020 is as follows:

	As of January 1, 2020	Movement	As of December 31, 2020	Movement	As of December 31, 2021
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Hedge derivative financial instruments:					
Swap contract 7th issuance of 1st Bond Program	(55)	55	-	-	-
Swap contract 1st, 2nd and 3rd issuance of the 3rd Bond Program	12,327	2,293	14,620	(22,766)	(8,146)
Forward contracts – Loans	102	613	715	(1,576)	(861)
Totales	12,374	2,961	15,335	(24,342)	(9,007)

The variance from January to December 2021 of derivative financial instruments for swap contracts of the Third Program (1st issuance, 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 20,107, which is offset by the exchange difference of the debt for these bonds (USD 18,527 in the same period in 2020) (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.

Notes to the financial statements (cont'd)

Financial entity

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	27/06/2024
Banco de Crédito del Perú	3rd issuance (series A)	251,054	6.5313%	76,986	3.5500%	3.2610	27/06/2027
Banco de Crédito del Perú	3rd issuance (series B)	115,000	6,7188%	35,168	4.8800%	3.2700	13/06/2028
BBVA Continental	3rd issuance (series B)	115,000	6,7188%	35,157	4.9100%	3.2710	13/06/2028

The profit from cross currency swaps for the period January to December 2021 amounted to USD 4,165,000 (USD 6,607,000 for the same period in 2020), 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.

In April 2021, the T.N.A. of the loans secured with Scotiabank relating to the derivative financial instruments has a variance of 4.4994% and 4.646% to 2.3858%.

Loan Amount	Interest rate	Agreed amount	Interest rate	Swaps	
				Fixed exchange rate	Type of Maturity
S/(000)		US\$(000)			
80,675	2.3858%	25,000	1,6432%	3.2270	22/06/2023
80,900	2.3858%	25,000	1,6432%	3.2360	22/06/2023

The variance from January to December 2021 of derivative financial instruments for bank loan swap contracts that is recognized in the income for the year includes a loss of USD 4,011, which is offset by the exchange difference of the debt for these loans (gain of USD 4,142 in the same period 2020) (Note 33, a (v)) presented in exchange rate difference, which creates a neutral effect in the statement of comprehensive income.

Derivative financial instruments related to Synthetic Corporate Loan

In September 2021, the Company contracted derivative financial instruments for the loan provided by Scotiabank Perú S.A.A. The purpose of these instruments is to set the exchange rate for payment of the principal and interests at maturity.

Amount	Interest rate	Agreed amount	Synthetic interest rate	Forwards	
				Fixed exchange rate	Maturity
S/(000)		US\$(000)			
204,900	1.83%	49,292	0.01%	4.1569	22/06/2022

The variance to December 2021 of derivative financial instruments for this loan that is recognized in the income for the year includes a gain of USD 2,256, which is offset by the exchange difference of the same debt (Note 33, (v)) presented in exchange rate difference, which creates a neutral effect in the statement of comprehensive income.

Notes to the financial statements (cont'd)

13. Property, plant and equipment, net

(a) The cost flow and accumulated depreciation are as follows:

	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)	Work in progress US\$(000)	Right of use (g) US\$(000)	Dismantling, note 19(b) US\$(000)	Total US\$(000)
Cost										
Balance as of January 1, 2020	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	559	17,539	-	22,935	44,671
Transfer	-	2,469	4,811	374	-	658	(8,312)	-	-	-
Reclassification	-	-	-	-	-	-	(2,294)	-	-	(2,294)
Removals	-	-	-	-	-	(382)	(41)	-	-	(423)
Balance as of December 31, 2020	7,876	899,864	1,342,461	4,179	2,816	60,155	23,499	133,354	32,964	2,507,168
Additions		27	295	-	7	437	103,201	-	-	103,967
Transfer		-	37,778	-	3,217	373	(41,368)	-	-	-
Reclassification		-	-	-	-	-	(1,387)	-	-	(1,387)
Balance as of December 31, 2021	7,876	899,891	1,380,534	4,179	6,040	60,965	83,945	133,354	32,964	2,609,748
Cumulative depreciation										
Balance as of January 1, 2020	-	178,255	387,034	2,064	2,374	41,064	-	63,887	5,802	680,480
Depreciation for the year (d)	-	20,394	42,134	304	122	3,774	-	5,013	1,502	73,243
Removals	-	-	-	-	-	(257)	-	-	-	(257)
Balance as of December 31, 2020	-	198,649	429,168	2,368	2,496	44,581	-	68,900	7,304	753,466
Depreciation for the year (d)	-	21,471	55,109	295	325	3,213	-	5,051	676	86,140
Balance as of December 31, 2021	-	220,120	484,277	2,663	2,821	47,794	-	73,951	7,980	839,606
Impairment allowance (f)										
Balance as of January 1, 2020	-	-	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
Recovery, note 27	-	-	(3,135)	-	-	-	-	-	-	(3,135)
Balance as of December 31, 2021	-	-	22,188	-	-	-	-	-	8,759	30,947
Net carrying value										
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
As of December 31, 2021	7,876	679,771	874,069	1,516	3,219	13,171	83,945	59,403	16,225	1,739,195

Notes to the financial statements (cont'd)

- (b) The Properties, plant and equipment, net, without including works in progress and administrative offices, classified per Power Generation Plants as of December 31, 2021 and 2020 are as follows:

	2021 US\$(000)	2020 US\$(000)
Chilca Complex:		
ChilcaUno	424,935	414,597
ChilcaDos	105,458	109,628
Sub-total	530,393	524,225
Ilo Complex:		
Ilo21 (g)	-	-
Ilo31 - Cold Reserve	169,070	176,294
Ilo41 - Nodo Energético del Sur	320,436	330,970
Other supplementary assets	81,762	79,997
Sub-total	571,268	587,261
Yuncán Hydropower Plant	5,681	4,349
Quitaracsa Hydropower Plant	464,240	466,429
Intipampa Thermal Power Plant	45,026	45,811
Sub-total	514,947	516,589
Total	1,616,608	1,628,075

- (c) Properties, plant and equipment include assets procured under financial leases as follows:

	Useful life in years	2021 US\$(000)	2020 US\$(000)
Buildings	25, 37 and 40	141,642	141,642
Machinery and equipment	15, 25 and 30	906,681	906,681
Total		1,048,323	1,048,323
Less - accumulated depreciation		(253,455)	(217,279)
Total		794,868	831,044

Notes to the financial statements (cont'd)

- (d) The depreciation expense for the period comprised between January and December 2021 and 2020 has been recorded following lines of the statement of comprehensive income:

	2021 US\$(000)	2020 US\$(000)
Sales cost, note 25	85,257	72,241
Administration expenses, note 26	883	1,002
Total	86,140	73,243

- (e) According to the policies established by Management, as of December 31, 2021 and 2020, 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, 2021 and 2020, corresponds to the impairment of the assets in connection with the Ilo1 TPP and Ilo21 TPP for USD 30,947 (USD 34,082 as of December 31, 2020), as the carrying value exceeds the recoverable values. The movement of accumulated loss on impairment as of December 31, 2021 is as follows:

	Balances 01.01.21 S/(000)	Additions S/(000)	Deductions S/(000)	Balances 31.12.21 S/(000)
Ilo1 TPP	2,993	-	(954)	2,039
Ilo21 TPP	31,089	-	(2,181)	28,908
Total	34,082	-	(3,135)	30,947

	Balances 01.01.20 S/(000)	Additions S/(000)	Deductions S/(000)	Balances 31.12.20 S/(000)
Ilo1 TPP	4,007	-	(1,014)	2,993
Ilo21 TPP	22,536	10,396	(1,843)	31,089
Total	26,543	10,396	(2,857)	34,082

- (i) In December 2019, as part of its corporate strategy and according to the announcement made during COP25 in Madrid to close its coal-fired plant in Peru, Company's Management made a revision of the recoverable amount of property, plant and equipment related to the Ilo21 TPP (coal-fire plant in operation) and as a result, an impairment of the Ilo21 TPP was recognized for USD 22,536 based on the economic use value.

Notes to the financial statements (cont'd)

- (ii) Due to the revision of impairment conditions in 2020, it was concluded that the Ilo21 TPP would not recover its carrying value, and it was decided to increase the impairment by USD 10,396 composed of the balance from property, plant and equipment (USD 1,637) and dismantling allowance (USD 8,759).
- (iii) The increased depreciation of provisioned assets results in a decrease of impairment provision. The effect of this depreciation and the reversal of the impairment provision does not have any impact on the profit or loss for the year.
- (iv) As of December 31, 2021, the provisioned assets do not have any recovery value.

In Company's Management opinion, as of December 31, 2021 and 2020, 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).

The carrying value of recognized assets for right of use and movements during the year are detailed as follows:

	Buildings US\$(000)	Transport units US\$(000)	Total US\$(000)
Cost			
Balances as of January 1, 2020	129,249	4,105	133,354
Additions	-	-	-
Balances as of December 31, 2020	129,249	4,105	133,354
Additions	-	-	-
Balances as of December 31, 2021	129,249	4,105	133,354
Accumulated amortization			
Balances as of January 1, 2020	61,697	2,190	63,887
Additions	4,437	576	5,013
Balances as of December 31, 2020	66,134	2,766	68,900
Additions	4,430	621	5,051
Balances as of December 31, 2021	70,564	3,387	73,951
Net carrying value			
As of December 31, 2020	63,115	1,339	64,454
As of December 31, 2021	58,685	718	59,403

Notes to the financial statements (cont'd)

The Company also has some leases of machinery and equipment with lease terms of 12 months or less and leases of low value equipment. Consequently, the Company applies exemptions for recognition of short-term leases and low-value asset leases for these leases. During the period from January to December 2021, disbursements were made for a total of USD 199 (USD 241 for the same period in 2020).

The carrying value of lease liabilities (included in financial liabilities) and movements during the year as shown below:

	2021 S/(000)	2020 S/(000)
Initial balance	11,524	17,194
Interest expenses	507	778
Lease payments	(6,332)	(6,448)
Total, note 15(a)	5,699	11,524

The analysis of maturities of liabilities for right-of-use asset leases is reported in note 33(a)(iii).

- (h) In 2021 and 2020, the total cash disbursements for the procurement of property, plant and equipment and work in progress are as follows:

	2021 US\$(000)	2020 US\$(000)
Fixed asset recognition	103,967	44,671
Purchases not representing cash flows	(255)	(23,108)
Total	103,712	21,563

Notes to the financial statements (cont'd)

14. Other assets, net

(a) The cost flow and accumulated amortization are as follows:

	Quitaracsa HPP (d)	Other	Total
	US\$(000)	US\$(000)	US\$(000)
Cost			
Balances as of January 1, 2020	48,755	3,916	52,671
Additions	-	63	63
	<hr/>	<hr/>	<hr/>
Balances as of December 31, 2020	48,755	3,979	52,734
Additions	-	21	21
	<hr/>	<hr/>	<hr/>
Balances as of December 31, 2021	48,755	4,000	52,755
	<hr/>	<hr/>	<hr/>
Accumulated amortization			
Balances as of January 1, 2020	2,207	2,695	4,902
Additions	530	129	659
	<hr/>	<hr/>	<hr/>
Balances as of December 31, 2020	2,737	2,824	5,561
Additions	597	76	673
	<hr/>	<hr/>	<hr/>
Balances as of December 31, 2021	3,334	2,900	6,234
	<hr/>	<hr/>	<hr/>
Net carrying value			
As of December 31, 2020	46,018	1,155	47,173
	<hr/>	<hr/>	<hr/>
As of December 31, 2021	45,421	1,100	46,521
	<hr/>	<hr/>	<hr/>

(b) The amortization rates are as follows (stated in percentages):

%

Notes to the financial statements (cont'd)

Quitaracsa road and others

1 - 100

- (c) The amortization distribution for the period from January to December 2021 and 2020, which includes the amortization of intangible assets for USD 87 and USD 139 respectively, is as follows:

	2021 US\$(000)	2020 US\$(000)
Sales cost, note 25	594	673
Administration expenses, note 26	<u>166</u>	<u>125</u>
Total	<u>760</u>	<u>798</u>

- (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.

Notes to the financial statements (cont'd)

15. Other financial liabilities

- A breakdown of this heading is given below:

	2021			2020		
	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)	-	238,774	238,774	-	258,881	258,881
Bank loans (c)	201,547	90,648	292,195	-	144,657	144,657
Financial leases (d)	1,064	-	1,064	79,832	1,063	80,895
Leases IFRS 16, note 13(g)	3,358	2,341	5,699	6,257	5,267	11,524
Total	205,969	331,763	537,732	86,089	409,868	495,957

- The bond debt is made up as follows:

	Currency of origin	Amount issued	Date of issuance	Annual interest (%)	Payment of interests	Maturity date	Total debt as of	
							2021 US\$(000)	2020 US\$(000)
First bond program								
- 3rd Issuance	US\$	10,000	June 2008	6.3125	Half-yearly	June 2028	10,000	10,000
6ta Issuance	US\$	25,000	December 2010	6.5000	Half-yearly	December 2025	25,000	25,000
Total							35,000	35,000
Third bond program								
- 1st Issuance	S/	250,000	June 2016	7.1250	Half-yearly	June 2026	62,893	69,099
- 2nd Issuance	S/	78,946	June 2017	6.0000	Half-yearly	June 2024	19,861	21,820
- 3rd Issuance series A	S/	251,054	June 2017	6.5313	Half-yearly	June 2027	63,158	69,390
- 3rd Issuance series B	S/	230,000	June 2018	6.7188	Half-yearly	June 2028	57,862	63,572
Total							203,774	223,881
Total							238,774	258,881

To hedge future exchange fluctuations in bonds issued in soles, the Company contracted currency and interest rate swaps with local banks (note 12).

Notes to the financial statements (cont'd)

- Bank loans are made up as follows:

	Interest rate (%)	Amount issued in thousands	Maturity	2021 US\$(000)	2020 US\$(000)
Préstamos en dólares (i)	0.50 a 0.55	150,000	June 2022	150,000	-
Banco Scotiabank del Perú S.A.A.					
Loans in soles (ii)	1.8300	204,900	June 2022	51,547	-
Loans in dollars (iii)	1.3000	100,000	June 2023	50,000	100,000
Loans in soles (iv)	2.3858	80,675	June 2023	20,296	22,299
Loans in soles (iv)	2.3858	80,900	June 2023	20,352	22,358
Total				292,195	144,657

- These loans do not have pledged collaterals and were obtained from the following financial entities: Banco de Crédito del Perú, BBVA Continental and Citibank for the procurement of assets in connection with the Punta Lomitas project.

- These loans do not have pledged collaterals and were obtained for working capital.

- This loan was obtained from Scotiabank, does 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. Additionally, in June 2021, the rate was again changes from 2.70% to 1.30% according to an addendum entered into during the year. On the same date, this loan was prepaid in USD 50 million with the synthetic loan with Scotiabank Perú S.A.A.

- 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).

Notes to the financial statements (cont'd)

- Financial leases are detailed below:

			Total		Current		Non-current	
Creditors	Amount authorized and/or used	Maturity	2021	2020	2021	2020	2021	2020
	US\$(000)		US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
BBVA Continental								
Balances payable, net of interest and IGV, from the contract for the construction of the Chilca Dos 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	1,064	24,249	1,064	23,186	-	1,063
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		28,853	-	-
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		27,793	-	-
	Total		1,064	80,895	1,064	79,832	-	1,063

- Minimum future payments for financial leases, net of future financial charges, are as follows:

	2021		2020	
	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	1,090	1,074	81,860	86,825
Between 1 and 2 years	-	-	1,089	39,296
Between 2 and 3 years	-	-	-	505
Total payments to be made	1,090	1,074	82,949	126,626
Less				
Interests payable	(26)	-	(2,054)	-
Total	1,064	1,074	80,895	126,626

Notes to the financial statements (cont'd)

- 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, 2021 and 2020.

16. Trade accounts payable

- A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Within maturity terms	47,955	62,330
Between 1 and 30 days	10,930	571
Between 31 and 60 days	529	14
More than 61 days	1,106	536
Total	60,520	63,451
Current	60,520	61,129
Non-current	-	2,322
Total	60,520	63,451

- Trade accounts payable are denominated in soles and US dollars and do not bear interests and not have specific guarantees.
- As of December 31, 2021 and 2020, 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:

	2021 US\$(000)	2020 US\$(000)
Taxes payable	3,395	3,121
Advance payment from clients	2,125	3,929
Interests payable over financial obligations	1,393	724
Other	1,130	1,139
Total	8,043	8,913

Notes to the financial statements (cont'd)

18. Liabilities for employees' benefits

A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Remunerations and vacations	8,030	8,150
Employees' profit-sharing	6,363	3,992
Pension Fund Managers - AFP	140	145
Essalud	69	74
Total	14,602	12,361

19. Provisions

- A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Provision for dismantling (b)	33,978	33,214
Total	33,978	33,214

- 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, 2021 and 2020, the future value of the provision for closing the power generation plants adds up to USD 80,472, which has been discounted, resulting in an update liability amounting to USD 33,978 (USD 33,214 as of December 31, 2020). Company's Management considers this liability to be sufficient to uphold its future commitments.

Notes to the financial statements (cont'd)

(c) The provision for dismantling the Company's power generation plants is shown below:

	2021 US\$(000)	2020 US\$(000)
Initial balance	33,214	9,515
Provision, note 13(a)		
Ilo21 TPP	-	5,359
Other plants	-	17,576
	<u>-</u>	<u>22,935</u>
Financial update, note 29		
Ilo21 TPP	307	293
Ilo1 TPP	16	12
Other plants	621	601
	<u>944</u>	<u>906</u>
Disbursements	<u>(180)</u>	<u>(142)</u>
Final balance	<u>33,978</u>	<u>33,214</u>

Notes to the financial statements (cont'd)

20. Transactions among related parties

- As of December 31, 2021 and 2020, the Company has conducted the following transactions with related entities:

	2021		2020	
	Revenues US\$(000)	Expenses / Cost US\$(000)	Revenues US\$(000)	Expenses / Cost US\$(000)
Related entities -				
CAM Servicios del Perú S.A.-				
Reimbursement of expenses	15	-	-	-
Engineering services	-	2,986	-	756
Engie Perú S.A.				
Services rendered for administrative assistance and rental of offices	102	-	103	-
Advisory and consultancy services	-	382	-	425
Engie GBS Latam				
Administrative services and support	-	336	-	427
CEF Services S.A.				
Reimbursement of expenses	-	456	427	-
Engie Services Perú S.A.				
Reimbursement of expenses	28	-	-	-
Civil works, advisory and consultancy services				
in projects	-	1,900	-	492
Engie S.A.				
IT application maintenance service	-	82	-	37
Laborelec				
Advisory and consultancy service	-	377	-	261
Engie Energía Chile S.A.				
Advisory and consultancy service	-	392	-	-
Tractebel Engineering S.A.				
Project engineering and consultancy service	-	71	-	187
Engie Information et Technologies				
IT and support services	-	48	-	32
Engie University				
Personal training	-	18	-	-
Engie Digital				
Consultancy services	-	22	-	-

Notes to the financial statements (cont'd)

- As a result of these and other transactions conducted with related entities, the balance of accounts receivable and accounts payable as of December 31, 2021 and 2020 is shown below:

	2021 US\$(000)	2020 US\$(000)
Non-trade receivables:		
Engie Services Perú S.A.	29	14
CAM Servicios del Perú S.A.	15	-
Engie Perú S.A.	10	-
Engie GBS Latam	5	6
Tractebel Engineering LTDA Sucursal Perú.	2	2
	<hr/>	<hr/>
Total	61	22
	<hr/>	<hr/>
Non-trade payables:		
Engie Energía Chile	314	-
Engie GBS Latam	287	116
Engie Services Perú S.A.	280	221
CEF Services S.A.	254	141
CAM Servicios del Perú S.A.	114	-
Engie Information et Technologies	84	93
Engie S.A.	29	98
Tractebel Engineering S.A.	21	71
Engie Digital	12	-
Engie Latam	6	-
Engie University	2	-
Laborelec	-	22
Engie Perú S.A.	-	36
	<hr/>	<hr/>
Total	1,403	798
	<hr/>	<hr/>

- Balances receivable from and payable to related entities have current maturities, do not bear interests and do not have specific guarantees.

Notes to the financial statements (cont'd)

- The remunerations and/or compensations paid during the period from January to December 2021 and 2020 to the management staff, who have the authority and responsibility for planning, directing and controlling the Company's activities, are shown below:

	2021 S/(000)	2020 S/(000)
Accounts payable:		
Allowance for bonus of executives	436	459
Remunerations	164	204
Total	600	663
Disbursements:		
Allowances to the Board	60	70
Short-term employee benefits	401	439
Benefits for termination	106	137
Remunerations	1,282	1,556
Total	1,849	2,202

21. Income tax

- (a) The income tax expense in 2021 and 2020 in the income statement is composed as follows:

	2021 US\$(000)	2020 US\$(000)
Current income tax	20,557	553
Income tax from previous years and adjustments	24,773	-
Deferred income tax	29,755	38,011
Deferred income tax from previous years	(21,776)	-
Total	53,309	38,564

- (b) As of December 31, 2021, the Company has an income tax credit for recovery amounting to S/ 19,526 equivalent to USD 4,911; additionally, tax liabilities from previous years have been provisioned, resulting in income tax liabilities for USD 16,581 (as of December 31, 2020, the Company had an income tax credit for recovery amounting to USD 36,439).

Notes to the financial statements (cont'd)

(c) The components of the deferred asset and liability for income tax are as follows:

	As of January 1, 2020 US\$(000)	Credit (debit) to income statement US\$(000)	Credit to statement of changes in equity US\$(000)	As of December 31, 2020 US\$(000)	Credit (debit) to income statement US\$(000)	Credit to statement of changes in equity US\$(000)	As of December 31, 2021 US\$(000)
Deferred asset							
Carrying tax loss (b)	(18,575)	7,325	-	(11,250)	11,250	-	-
Provision for asset impairment	(7,830)	(2,224)	-	(10,054)	925	-	(9,129)
Lease IFRS 16	(6,109)	966	-	(5,143)	276	-	(4,867)
Provision for inventory impairment	(3,536)	(124)	-	(3,660)	-	-	(3,660)
Provision for dismantling	(2,991)	535	-	(2,456)	(478)	-	(2,934)
Other provisions	(2,442)	(3,711)	-	(6,153)	14,109	-	7,956
	<u>(41,483)</u>	<u>2,767</u>	<u>-</u>	<u>(38,716)</u>	<u>26,082</u>	<u>-</u>	<u>(12,634)</u>
Deferred liabilities							
Difference in depreciation rates	366,772	35,797	-	402,569	(18,103)	-	384,466
Derivative financial instruments	5,178	-	1,239	6,417	-	(10,186)	(3,769)
	<u>371,950</u>	<u>35,797</u>	<u>1,239</u>	<u>408,986</u>	<u>(18,103)</u>	<u>(10,186)</u>	<u>380,697</u>
Deferred liabilities net	<u>330,467</u>	<u>38,564</u>	<u>1,239</u>	<u>370,270</u>	<u>7,979</u>	<u>(10,186)</u>	<u>368,063</u>

(d) Reconciliation of the effective income tax rate with the legal rate for years 2021 and 2020 is given below:

	2021		2020	
	US\$(000)	%	US\$(000)	%
Accounting profit before income tax	<u>118,462</u>	<u>100.00</u>	<u>126,439</u>	<u>100.00</u>
Theoretical income tax	34,946	29.50	37,300	29.50
Provision for additional tax liabilities from previous years	12,860	10.86	553	0.44
Non-deductible expenses	3,013	2.54	385	0.30
Donations	540	0.46	326	0.26
Other	<u>1,950</u>	<u>1.65</u>	<u>-</u>	
Income tax expenses	<u>53,309</u>	<u>45.00</u>	<u>38,564</u>	<u>30.50</u>

Notes to the financial statements (cont'd)

22. Net equity

(a) Issued capital -

As of December 31, 2021, 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 0.2516).

As of December 31, 2021, the Company's shareholding structure is as follows:

	Number of shares	Total interest (%)
Investors		
International Power AFP	371,478,629	61.77
Prima-Fondo 2 AFP	45,460,627	7.56
Integra-Fondo 2 AFP	44,798,772	7.45
Profuturo-Fondo 2	34,249,469	5.70
Other (500 shareholders)	105,382,514	17.52
Total	601,370,011	100.00

As of December 31, 2021, each share was listed (on the Lima Stock Exchange) at S/ 5.86 (S/ 7.00 as of December 31, 2020). 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, 2021 and 2020, the legal reserve has reached the required limit.

Notes to the financial statements (cont'd)

(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.

(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 2021, the Company agreed to distribute and pay dividends for USD 45,970 corresponding to the balance of dividends for year 2020 and payment of dividends on account year 2021. The dividends as of December 31, 2020 and 2019 were paid as follows:

Dividends agreed and paid in 2021		US\$(000)	Dividends per ordinary share
November 10 - Board	Advance for 2021	16,005	0.0266
March 19 - General Shareholders' Meeting	Balance from 2020	46,362	0.0771
Total		62,367	0.1037
Dividends paid in 2020		US\$(000)	Dividends per ordinary share
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

Notes to the financial statements (cont'd)

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 2021 and 2020 is given below:

	2021 US\$(000)	2020 US\$(000)
Net earnings to ordinary shareholders	65,153	87,875
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	<u>601,370,011</u>	<u>601,370,011</u>
Basic and diluted earnings per ordinary share is USD	<u>0.108</u>	<u>0.146</u>

24. Sales revenues

A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Energy sales	324,793	295,418
Capacity sales	188,209	173,346
Toll sales	2,671	3,054
Other revenues	<u>16,533</u>	<u>12,286</u>
Total	<u>532,206</u>	<u>484,104</u>

As of December 31, 2021, the Company has 103 free clients accounting for 45.1% of the revenues for sales of energy and capacity (99 free clients accounting for 41.8% as of December 31, 2020) and 12 distribution companies accounting for 58.2% (12 distribution companies accounting for 58.2% as of December 31, 2020).

Notes to the financial statements (cont'd)

25. Sales cost

(a) A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Fuel consumption	148,591	143,727
Depreciation, note 13	85,257	72,241
Purchase of energy and capacity (b)	66,239	30,389
Other generation expenses	22,242	15,944
Personnel charges	21,350	19,822
Maintenance of industrial equipment	9,204	5,537
Toll purchase	8,631	7,502
Contribution 1 % Power Companies	4,696	4,484
Consumption of supplies and spare parts	3,425	2,471
Amortization, note 14(c)	594	673
Right of usufruct and social contribution	431	431
Provision for impairment of inventories, note 10(d)	203	419
Other	90	111
Total	370,953	303,751

(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:

	2021 US\$(000)	2020 US\$(000)
Personnel expenses	11,926	12,982
Third-party services	5,523	4,377
Administrative, financial and technical services	443	425
Taxes	484	1,021
Management charge and others	398	348
Depreciation, note 13	883	1,002
Amortization, note 14(c)	166	125
Provision for impairment of accounts receivable, note 8(e)	239	1,562
Total	20,062	21,842

Notes to the financial statements (cont'd)

27. Other income

A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Impairment recovery, note 13(a)	3,135	2,857
Settlement of provisions	1,041	200
Recovery of provision for doubtful account, note 8(e)	1,008	-
Sale of supplies and fixed asset	411	-
Commercial agreement with supplier	-	1,054
Other	54	1,138
Total	5,649	5,249

28. Other expenses

In 2020, other expenses mainly correspond to provisions of contingencies. In 2020, it mainly corresponds to the impairment of property, plant and equipment (USD 10,396,000) of the Ilo21 TPP, note 13(f). This amount is composed of the balance of property, plant and equipment (USD 1,637,000) and the provision for dismantling (USD 8,759,000) of the Ilo21 TPP.

29. Financial income and expenses

A breakdown of this heading is given below:

	2021 US\$(000)	2020 US\$(000)
Financial income		
Interests on bank deposits	462	805
Settlement of provisions	-	1,900
Other	972	1,650
Total	1,434	4,355
Financial expenses		
Interests on bonds	15,932	18,656
Interests on loans	3,572	4,875
Interests on financial leases	1,944	5,621
Other (b)	3,505	2,049
Total	24,953	31,201

Notes to the financial statements (cont'd)

30. Tax situation

- (a) The Company is subject to the Peruvian tax regime. The income tax rate as of December 31, 2021 and 2020 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.

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, 2021 and 2020.

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 2020.

Notes to the financial statements (cont'd)

- (c) In July 2018, Law No. 30823 was published, whereby the Congress delegated to the Executive Branch the power to legislative on several issues, including tax and financial matters. In this sense, the main tax regulations issued are as follows:
- (i) Effective 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.

Notes to the financial statements (cont'd)

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.
- 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.

Notes to the financial statements (cont'd)

- (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, 2021, Superintendence Resolution 044-2021/SUNAT was published, which established the new default interest rates effective as from April 1, 2021. The default interest rate in national currency went down from 1 to 0.9. On the other hand, 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.

Notes to the financial statements (cont'd)

- 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 2018, 2019 and 2020 and for general sales tax for December 2016 through December 2021 are pending review by tax authorities. At 2021 year-end, SUNAT is overseeing the income tax for 2018.

Upon closing the oversight on the income tax for years 2016 and 2017, the Company has accepted some observations from the Superintendency of Tax Administration (SUNAT), basically with temporal effects, and has started claim processes for other observations.

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, 2021 and 2020.

- (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:
 - Method A -
The tax loss may be used up to four years after its generation.
 - 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 2020, the Company decided to apply method A for its losses. As of December 31, 2021, the Company does not have tax losses to offset.

Notes to the financial statements (cont'd)

31. Contingenciae

As of December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021, the Company maintains the following power purchase agreements:

		Contracted capacity	
		Peak Hours	Off-Peak Hours
Long-Term Contracts from Biddings		(MW)	(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	LDS-01-2011-LP	50.22	50.22
Luz del Sur	LDS-01-2011-LP-II	24.61	24.61
Luz del Sur	ED-03-2009-LP	20.73	20.73
Total Luz del Sur		294.36	294.36
Enel Distribución Perú	ED-01-2009-LP	132.75	132.75
Enel Distribución Perú	ED-02-2009-LP	69.46	69.46
Enel Distribución Perú	ED-03-2009-LP	21.48	21.48
Enel Distribución Perú	LDS-01-2011-LP	7.47	7.47
Enel Distribución Perú	LDS-01-2011-LP-II	5.66	5.66
Total Enel Distribución Perú		236.82	236.82
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
Electronoroeste	ED-01-2009-LP	13.85	13.85
Electronoroeste	HID-2009-LP	9.01	9.01
Electronoroeste	ED-02-2009-LP	8.70	8.70
Electronoroeste	ED-01-2009-LP	8.60	8.60
Total Electronoroeste		40.16	40.16

Notes to the financial statements (cont'd)

		Contracted capacity	
		Peak hours	Of-peak hours
Long-term contracts from Biddings		(MW)	(MW)
Electrosureste	ED-02-2009-LP	12.97	12.97
Electrosureste	ED-01-2009-LP	12.81	12.81
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
Edecañete	ED-01-2009-LP	3.81	3.81
Edecañete	LDS-01-2011-LP	0.81	0.81
Edecañete	LDS-01-2011-LP-II	0.61	0.61
Total Edecañete		5.23	5.23
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		706.44	706.44
Bilateral agreements			
Enel Distribución Perú		100.00	100.00
Distriluz		80.00	80.00

Notes to the financial statements (cont'd)

	Contracted capacity	
	Peak Hour	Off-peak Hour
	(MW)	(MW)
Long-term contracts from Biddings		
Seal	27.42	27.57
ElectroUcayali	21.70	21.70
Electrosur	14.94	14.94
Coelvisac	13.91	13.91
Electrosureste	6.21	6.22
Electronoroeste	0.80	0.80
Total bilateral agreements	264.98	265.14
Total Regulated	971.42	971.58

Notes to the financial statements (cont'd)

	Contracted capacity	
	Peak Hour	Off-peak Hour
Contracts Free Clients	(MW)	(MW)
Sociedad Minera Cerro Verde S.A.A.	178.00	178.00
Antamina S.A.	170.00	170.00
Marcobre S.A.C	84.00	84.00
Yura S.A.	60.00	66.00
Anglo American Quellaveco S.A. Volcan	50.00	50.00
Compañía Minera S.A.A. PetroPeru	49.00	49.00
Celep EP	57.63	57.63
Gloria S.A.	40.00	40.00
Tecnología de Alimentos S.A.	29.00	29.00
Minsur S.A	27.68	27.68
Trupal S.A.	26.50	26.50
Adm. Jockey Plaza Shopping Center	25.00	25.00
S.A. Compañía Minera Chungar S.A.C	17.00	17.00
Emp. Administradora Cerro S.A.C	15.40	15.40
Alicorp S.A.	15.00	15.00
Intradevco Industrial S.A.	12.50	12.50
Austral Group S.A.	12.48	12.48
Esmeralda Corp. S.A.C	10.00	10.00
San Fernando S.A.	10.00	10.00
Bioenergía del Chira S.A.	7.17	7.17
Coesti S.A.	7.00	7.00
Casa Grande S.A.A.	6.36	6.96
Tecnofil S.A.	6.00	6.00
Linde Peru S.R.L.	6.00	6.00
Parque Lambramani S.A.C	5.90	5.90
Óxidos de Pasco S.A.C.	5.81	5.81
Minera Bateas S.A.C.	5.40	5.40
Inversiones Nacionales de Turismo S.A	5.20	5.20
Cartavio S.A.A.	5.13	5.13
Otros	5.00	5.00
Total contracts Free Clients	106.23	135.11
	1,060.39	1,095.87
Total contracts (Regulated + Free)	2,031.81	2,067.45

(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.

Notes to the financial statements (cont'd)

- (ii) In favor of the Ministry of Energy and Mines USD 27,500,000 for the Nodo Energético project –investment performance bond.

33. Financial 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

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.

Notes to the financial statements (cont'd)

(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)
2021					
Other financial liabilities:	165,979	112,842	156,095	164,789	599,705
Leases IFRS 16	3,547	766	1,519	2,280	8,112
Trade accounts payable	60,520	-	-	-	60,520
Other accounts payable to related companies	1,403	-	-	-	1,403
Other accounts payable	4,648	-	-	-	4,648
Total	236,097	113,608	157,614	167,069	674,388
	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
Leases IFRS 16	6,323	3,386	1,437	2,547	13,693
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	172,095	72,170	186,286	251,756	682,307

Notes to the financial statements (cont'd)

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)	Between 3 months and 1 year US\$(000)	1 to 5 years US\$(000)	More than 5 years US\$(000)	Total US\$(000)
2021					
Net liquidation – Asset - Cross Currency Swap	-	4,458	13,409	2,314	20,181
Total	-	4,458	13,409	2,314	20,181
	Less than 3 months US\$(000)	Between 3 months and 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

Notes to the financial statements (cont'd)

Changes in liabilities from financing activities-

The changes in liabilities from financing activities for the years ended December 31, 2021 and 2020 are shown below:

	Balance as of January 1, 2021	Cash flow	Effect of exchange rate	Financing	Balance as of December 31, 2021
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Other financial liabilities:					
Loans from banking entities	144,657	(50,000)	(2,462)	200,000	292,195
Bonds	258,881	-	(20,107)	-	238,774
Financial leases	80,895	(79,831)	-	-	1,064
Total	484,433	(129,831)	(22,569)	200,000	532,033

	Balance as of January 1, 2020	Cash flow	Effect of exchange rate	Other	Balance as of December 31, 2020
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	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
Total	612,412	(105,310)	(22,669)	-	484,433

(iv) 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, 2021 and 2020, 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.

(v) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company minimizes its foreign exchange risk with a hedge policy 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. The result of maintaining balances in foreign currency for the Company as of December 31, 2021 was a loss in the amount of USD 4,557 (loss in the amount of USD 6,309 as of December 31, 2020), which is included in line item “Exchange difference, net” in the statement of comprehensive income.

Notes to the financial statements (cont'd)

As of December 31, 2021, the weighted exchange rate published by the Superintendence of Banking, Insurance and Pension Fund Managers (SBS) for transactions in US dollars was USD 0.2516/PEN for selling operations and USD 0.2501/PEN for purchase operations (USD 0.2764 for sale and USD 0.2759 for purchase as of December 31, 2020), as summarized below:

	2021 S/(000)	2020 S/(000)
Assets		
Cash and cash equivalent	48,309	55,446
Trade accounts receivable, net	230,531	191,267
Other accounts receivable, net	167,302	150,863
Total	446,142	397,576
Liabilities		
Trade accounts payable	111,946	76,265
Liabilities for employees' benefits	35,488	34,524
Other accounts payable	40,457	37,042
Financial obligations	971,572	971,572
Total	1,159,463	1,119,403
Hedge debt	(971,572)	(971,572)
Total net asset position	258,251	249,745

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 reasonably possible change (revaluation/devaluation) of the US dollar (USD) exchange rate. For this analysis, all other variables have been deemed to remain constant over the balances of previously reflected monetary assets and liabilities and which would have an impact on the Company's profit before income tax as a result of changes in the fair value of assets and liabilities in foreign currency.

Notes to the financial statements (cont'd)

For the years ended December 31, 2021 and 2020, the gain (loss) for exchange rate is as follows:

	Increase (decrease) in exchange rate	Effect on profit before income tax US\$(000)
2021		
U.S. Dollars / Soles	+10%	15,693
U.S. Dollars / Soles	-10%	(19,184)
2020		
U.S. Dollars / Soles	+10%	18,089
U.S. Dollars / Soles	-10%	(22,104)

For the years ended December 31, 2021 and 2020, the gain (loss) for exchange rate is as follows:

	2021 US\$(000)	2020 US\$(000)
Exchange difference monetary items (a)	(4,557)	(6,309)
Exchange difference Corporate Bond and loans	21,862	22,669
Derivative financial instruments of Corporate Bonds, note 12(a)	(20,107)	(18,527)
Derivative financial instruments of loans (note 12(a))	(1,755)	(4,142)
Total	(4,557)	(6,309)

(vi) **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.

Notes to the financial statements (cont'd)

The portion of financial obligations at fixed rate or hedged as of December 31, 2021 and 2020 is 100%, and the Company believes that it will not be affected by the risk of interest rate 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, 2021 and 2020.

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, 2021 and 2020 are consistent with the Company's financial policy.

	2021 US\$(000)	2020 US\$(000)
Other financial liabilities (i)	537,732	495,957
Trade accounts payable	60,520	63,451
Accounts payable to related companies	1,403	798
Other accounts payable	4,648	5,792
Less: cash and cash equivalents	(193,951)	(99,864)
Net debt	<u>410,352</u>	<u>466,134</u>
Total Equity	<u>1,145,429</u>	<u>1,166,985</u>
Leverage ratio (times)	<u>0.3583</u>	<u>0.3994</u>

(i) It includes the effect of the application of IFRS 16 (note 15)

Notes to the financial statements (cont'd)

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, 2021 and 2020, 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:

	2021		2020	
	Carrying value US\$(000)	Fairvalue US\$(000)	Carrying value US\$(000)	Fairvalue US\$(000)
Financial liabilities:				
Corporate bonds	238,774	276,855	258,881	306,580
Bank loans	292,195	292,195	144,657	144,657
Financial leases	6,763	6,773	92,419	91,209
Total	537,732	575,823	495,957	542,446

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.

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.

Notes to the financial statements (cont'd)

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, 2021 and December 31, 2020, the fair value of cross currency swap contracts adds up to a net liability for USD 64,003 (USD 7,613 as of December 31, 2020) (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, 2021 and 2020, the Company had the following instruments at fair value in the statement of financial position:

	2021 US\$(000)	2020 US\$(000)
Liabilities measured at fair value:		
Level 2		
Cross currency swap	(64,003)	(7,613)
Total	(64,003)	(7,613)

Notes to the financial statements (cont'd)

35. Events occurring after the reporting period

Between January 1, 2022 and the date of approval of these financial statements (March 2, 2022), no subsequent significant events of financial – accounting nature have occurred, which may affect the interpretation of the accompanying financial statements.

Annex 2

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	<ul style="list-style-type: none"> > 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 Osinergrmin). > Two markets were established for generation prices: <ul style="list-style-type: none"> a) a) for large consumers (Free Users³), generation prices are freely agreed with suppliers, and b) for Regulated Users, prices are to be set by Osinergrmin. > 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 Osinergrmin for the firm capacity⁷ of these units.
25-02-1993 Supreme Decree No. 009-93-EM, "Regulation of the Electrical Concessions Law"	<ul style="list-style-type: none"> > The regulatory provisions governing the power generation, transmission, distribution and trading activities were established.
10.10.1997 Supreme Decree No. 020-97-EM, that approves the Technical Quality Standard of Electrical Services-NTCSE	<ul style="list-style-type: none"> > The minimum quality levels are established for electrical services, including public lighting, and the obligations of power companies and clients operating under the Electrical Concessions Law. > The NTCSE contemplates procedures to conduct measurements and establishes tolerances, allocating responsibility for its application to OSINERGRMIN; as well as the application of penalties and compensations to power companies and clients in case of failure to comply with the tolerances of the parameters set out in the standard.
19-11-1997 Law No. 26876, "Law on Antimonopoly and Anti-oligopoly in the Electrical Sector"	<ul style="list-style-type: none"> > 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 Price Declaration. Supreme Decree No. 016-2000-EM	<ul style="list-style-type: none"> > 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)	<ul style="list-style-type: none"> > 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 Osinergrmin. > 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”	<ul style="list-style-type: none"> > 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”	<ul style="list-style-type: none"> > 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.
02-05-2008 Prommation of renewables energies “Promotion of Investment for Power Generation with Renewable Energies”, Legislative Decree No. 1002	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > 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”	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > 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”	<ul style="list-style-type: none"> > It established the promotion of Distributed Generation for all users with non-conventional renewable energy generation or cogeneration equipment.
28-06-2016 Supreme Decree No. 026-2016-EM, which approves the Wholesale Electricity Market Regulation.	<ul style="list-style-type: none"> > It established that the Wholesale Market is composed of the short-term market (STM) and the mechanism for allocation of supplementary services, operating non-flexibilities and allocation of congestion income. Participants who are authorized to purchase in the STM are: generation companies to comply with their supply agreements; distribution companies to supply their free clients up to 10% of the maximum demand, and large users to cover up to 10% of its maximum demand.

28-12-2017 Supreme Decree No. 043-2017, Modification of the Natural Gas Price Declaration Mechanism for power generation	<ul style="list-style-type: none"> > 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, with the Population Action Ruling, published in official gazette El Peruano on September 21, 2020, the Supreme Decree repealed Supreme Decree No. 043-2017-EM.
31-08-2019 Resolution No. 144-2019-OS/CD	<ul style="list-style-type: none"> > 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".	<ul style="list-style-type: none"> > 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.
07-01-2021 Law No. 31112 - Law that establishes previous control of business concentration operations.	<ul style="list-style-type: none"> > This regulation establishes previous control of business concentration operations in order to promote effective competition and economic efficiency in the markets for the wellbeing of consumers. Additionally, this law provides that it will be effective 15 calendar days after approval of the amendments to the Regulation of INDECOPI's Organization and Roles Law and all other management instruments of the entity, in order to adapt them as provided by the law. It should be noted that Law No. 31112 came into effect on June 14, 2021 after INDECOPI approved the corresponding amendments to its Organization and Roles Regulation. When this law came into full force and effect, Emergency Decree No. 013-2019 and Law No. 26876 were repealed.
30-01-2021 Supreme Decree No. 003-2021-EM that Improves the Efficient Use of Gas Transport Capacity for Thermal Power Generation with Camisea Natural Gas and the Payment of Firm Capacity.	<ul style="list-style-type: none"> > This regulation amends section VII, paragraph c), of article 110 of the Regulation of the Electrical Concessions Law, defining a Contracting Reference Factor (FRC) of the Daily Reserved Quantity of natural gas transport agreements per type of technology to be approved by OSINERGMIN. Additionally, it permits generators to certify the guarantee of firm transport capacity through transfers in the Natural Gas Secondary Market.
04-03-2021 Supreme Decree No. 039-2021-PCM that approves the Regulation of Law No. 31112, Law that established previous control of business concentration operations	<ul style="list-style-type: none"> > The regulation of Law No. 31112, Law that established previous control of business concentration operations is approved.
01.05.2021 Ministry Resolution No. 130-2021-MINEM/DM that Sets the Reserve Margin values of the National Interconnected Electrical System	<ul style="list-style-type: none"> > The Reserve Margin values of the National Interconnected Electrical System are set for the period comprised between 2021 and 2025.
04-05-2021 Directive Council Resolution N° 092-2021-OS/CD- Amendment to the Technical Procedure of COES No. 31 "Calculation of Variable Costs of Generation Units", approved by Resolution No. 156-2016-OS-CD	<ul style="list-style-type: none"> > According to the provisions set out in Supreme Decree 031-2020-EM, the modification of Technical Procedure COES No. 31 "Calculation of the Variable Costs for Generation Units" is approved, establishing as a variable cost for plants running on natural gas the total costs of the supply chain. In accordance with this regulation, information on the natural gas price is to be submitted until June 20, to be applied from July 1, 2021.

19-05-2021 Supreme Decree 012-2021-EM that approves the Regulation to optimize the use of Natural Gas and creates the Natural Gas Manager	<ul style="list-style-type: none"> > This regulation is aimed at promoting the efficient use of natural gas in the economic activities in order to promote competition in the markets. This regulation further established that until September 28, 2021, the General Bureau of Hydrocarbons were to approve the operating procedures of the Secondary Gas Market, and in the meantime the operations in the Secondary Market are to be conducted through bilateral agreements. The approval of these procedures is pending to date.
27.05.2021 Ministry Resolution No. 153-2021-MINEM/DM that Sets Peak Hours of the National Interconnected Electrical System to evaluate the unavailability of generation units.	<ul style="list-style-type: none"> > It sets the Peak Hours of the National Interconnected Electrical System from 17:00 and 23:00 hours for the period comprised between 2021 and 2025.
29.05.2021 Resolution OSINERGMIN No. 096-2021-OS-CD that approves the new Technical Procedure of COES No. 25 "Determination of Unavailability Factors, Presence and Incentives of Power Generation Units and Plants" (PR-25), on the Criteria and Methodology to determine the respective Reference Contracting Factors (FRC), and the FRC for the period comprised between June 01, 2021 to April 30, 2025"	<ul style="list-style-type: none"> > It approved the values corresponding to the Reference Contracting Factor (FRC) valid for the period comprised between June 1, 2021 and April 30, 2025, as well as the amendment to Technical Procedure No. 25 "Determination of Unavailability Factors, Presence and Incentives of Power Generation Units and Plants" for application of the FRC.
30.10.2021 Supreme Decree No. 030-2021-MINAM that approves the Maximum Permissible Limits for atmospheric emissions from thermal power generation activities.	<ul style="list-style-type: none"> > It established the limit of emissions for thermal power generation plants, the monitoring systems and evaluation of compliance.
REGULATIONS RELATED 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"	<ul style="list-style-type: none"> > 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. 003-2022-SA, the State of Health Emergency was extended 180 calendar days until March 2, 2022.
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"	<ul style="list-style-type: none"> > 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. 184-2020-PCM was published to repealed 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)"	<ul style="list-style-type: none"> > 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.
03-04-2020 Emergency Decree No. 035-2020 that establishes supplementary measures to reduce the impact on the national economy due to the mandatory social distancing set out by the state of national emergency, and reinforce the prevention systems and health response as a result of Covid-19.	<ul style="list-style-type: none"> > It suspended the application of payment of compensations or sanctions deriving from the Technical Quality Standard of Electrical Services and the Technical Quality Standard of Rural Electrical Services during the State of Emergency, provided that the breaches are not related to safety issued and result from events not attributable to power companies due to the measures or restrictions under the framework of the National State of Emergency and/or the effects caused by COVID-19.

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 affective the life of the Nation as a consequence of the COVID-19”.	<ul style="list-style-type: none"> > 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”	<ul style="list-style-type: none"> > 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”	<ul style="list-style-type: none"> > 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).
19/03/2021 Ministry Resolution No. 389-2021/MINSA that approves the National Universal COVID-19 Vaccination Registry.	<ul style="list-style-type: none"> > It approved the National Universal COVID-19 Vaccination Registry.
20/07/2021 Ministry Resolution No. 881-2021/MINSA that approves the Health Directive No. 135-MINSA/CDC-2021, “Health Directive for Epidemiological Surveillance of the coronavirus disease (COVID-19) in Perú”.	<ul style="list-style-type: none"> > It approves Health Directive No. 135-MINSA/CDC-2021, “Health Directive for Epidemiological Surveillance of the coronavirus disease (COVID-19) in Perú”.
28/07/2021 Ministry Resolution No. 938-2021/MINSA that amends the Technical Document: Outpatient care of people affected by COVID-19 in Peru.	
07/08/2021 Law No. 31334 that grants the right to take leave of absence from work for people scheduled to be vaccinated against Covid-19.	
18/10/2021 Ministry Resolution No. 1169-2021/MINSA that approves Health Directive No. 137-MINSA/DGIESP-2021, “Health Directive for vaccination against COVID-19”.	
03/11/2021 Ministry Resolution No. 1218-2021/MINSA that approves the Technical Health Standard No. 178-MINSA/DGIESP-2021, for COVID-19 Prevention and Control in Peru.	

03/12/2021 Ministry Resolution No. 1275-2021/MINSA that approves the Administrative Directive that establishes the provisions for the health surveillance, prevention and control of workers with risk of exposure to SARS-CoV-2.	
15/12/2021 Ministry Resolution No. 1302-2021/MINSA that exceptionally permits service providers from the private sector who do not have the full vaccination scheme to continue to perform working activities, the nature of which is not compatible with remote work, among other provisions.	
22/01/2022 Supreme Decree No. 003-2022-SA, that extends the Health Emergency declared by Supreme Decree No. 008-2020-SA, extended by Supreme Decrees No. 020-2020-SA, No. 027-2020-SA, No. 031-2020-SA, No. 009-2021-SA and No. 025-2021-SA.	> It extends the Health Emergency declared by Supreme Decree No. 008-2020-SA, extended by Supreme Decrees No. 020-2020-SA, No. 027-2020-SA, No. 031-2020-SA, No. 009-2021-SA and No. 025-2021-SA.
29/01/2022 Supreme Decree No. 010-2022-PCM, that extends the National State of Emergency declared by Supreme Decree 184-2020-PCM, extended by Supreme Decrees 201-2020-PCM, 008-2021-PCM, 036-2021-PCM, 058-2021-PCM, 076-2021-PCM, 105-2021-PCM, 123-2021-PCM, 131-2021-PCM, 149-2021-PCM, 152-2021-PCM, 167-2021-PCM, 174-2021-PCM and 186-2021-PCM, and amends Supreme Decree 184-2020-PCM.	
27-02-2022 Supreme Decree No. 016-2022-PCM that declares the National State of Emergency in view of the circumstances that affect the life and health of people due to COVID-19 and establishes new measures to reinstate social coexistence.	> It declares the National State of Emergency for thirty-two (32) calendar days and establishes several restrictions on transit and gatherings, regulates the intervention of the Law Enforcement. > It repeals Supreme Decree 184-2020-PCM and several Supreme Decrees that amend it. > It repeals Supreme Decree 080-2020-PCM and several Supreme Decrees that amend it.

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 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.
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.

ANNEX 3

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. 178-2021-MINEM/DM ¹	03/07/2021	Ilo21 TPP
Ministry Resolution No. 265-98-EM/VME	10/06/1998	
As amended by the following resolutions:		
Ministry Resolution No. 395-2000-EM/VME	17/10/2000	Chilca 1 TPP (First, Second, Third and Fourth Unit)
Ministry Resolution No. 340-2005-MEM/DM	02/09/2005	
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	
Ministry Resolution No. 011-2015-MEM/DM	24/01/2015	Chilca 2 TPP
Ministry Resolution No. 217-2016-MEM/DM ²	09/06/2016	

¹ Ministry Resolution No. 178-2021-MINEM/DM published on Jul 03, 2021, approved the transfer of authorization to perform power generation activities at the Ilo TPP, with an installed capacity of 3,30 MW, located in the district of Pacocha, province of Ilo, department of Moquegua from Engie Energía Perú S.A. in favor of Southern Perú Copper Corporation, Sucursal del Perú. Consequently, Southern Perú Copper Corporation, Sucursal del Perú, is the title holder that takes over all the rights and obligations according to the Electrical Concessions Law, the Regulation thereof and all other applicable technical and legal standards.

² 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.

Supreme Resolution No. 059-2005-EM ³	12/10/2005	Yuncán HPP
Supreme Resolution No. 023-2002-EM ⁴	13/06/2002	Quitaracsa HPP
As amended by the following resolutions (mainly):		
Supreme Resolution No. 017-2004-EM ⁵	15/03/2004	
Supreme Resolution No. 005-2010-EM ⁶	03/02/2010	
Ministry Resolution No. 488-2015-MEM/DM ⁷	12/11/2015	Cold Reserve TPP – Ilo Plant
Ministry Resolution No. 546-2011-MEM/DM	09/01/2012	
Ministry Resolution No. 229-2015-MEM/DM	20/05/2014	
Ministry Resolution No. 312-2017-MEM/DM	01/08/2017	
Ministry Resolution No. 053-2021-MINEM/DM	14/03/2021	Punta Lomitas Wind Farm

Definitive Transmission Concessions

LEGAL REGULATION	DATE OF PUBLICATION	TRANSMISSION LINE
Supreme Resolution No. 132-98-EM	30/12/1998	Ilo21TPP –SS ⁸ Moquegua (Montalvo) Moquegua SS (Montalvo)– Botiflaca SS Moquegua SS (Montalvo)–Toquepala SS
Supreme Resolution No. 019-2003-EM	27/03/2003	Tower T170 [of TL 138 kV Ilo TPP - Tower T170] – Moquegua SS
Supreme Resolution No. 028-2006-EM ⁹	27/05/2006	Yuncán HPP (Santa Isabel SS) - Carhuamayo Nueva SS
Supreme Resolution No. 068-2006-EM,	12/11/2006	Chilca 1 SS - Chilca SS 220 kV
As amended by the following resolutions:		
Supreme Resolution No. 021-2007-EM	26/05/2007	
Supreme Resolution No. 086-2011-EM	06/11/2011	

³ 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.

⁴ 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.

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 at the Quitaracsa HPP.

⁶ Through Supreme Resolution No. 005-2010-EM, the assignment of contract position entered into between Quitaracsa and ENGIE Energía Perú was approved, whereby Quitaracsa assigned in favor of ENGIE Energía Perú its position in the Concession Contract for the performance of power generation activities at the Quitaracsa HPP.

⁷ 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.

⁸ SS: Substation.

⁹ 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.

Ministry Resolution No. 494-2015-MEM/DM	18/11/2015	
Supreme Resolution No. 011-2013-EM	02/03/2013	Quitaracsa SS - Kiman Ayllu SS 220 kV
<i>As amended by the following resolutions:</i>		
Supreme Resolution No. 091-2014-EM	24/12/2014	
Supreme Resolution No. 010-2015-EM	16/04/2015	Ilo 4 SS - Montalvo SS
Ministry Resolution No. 285-2017-MEM/DM	06/07/2017	TL 138 kV Moquegua SS - Intipampa SS TL138 kV Intipampa SS - Toquepala SS (Mill Site)
Ministry Resolution No. 041-2021-MINEM/DM	03/03/2021	Transmission Line 220 kV Punta Lomitas SS – Bypass and Interconnection SS 220 kV Bypass SS – New Structures T748A/T749A of TL 220 kV Ica SS – Marcona SS (L-2211)

Easements Table

LEGAL REGULATION	DATE OF PUBLICATION	EASEMENT
Ministry Resolution No. 220-99-EM/VME	26/05/1999	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. 441-2017-MEM-DM	22/01/2018	Easement of electroduct and transit for 220 kV TL (L-2121 and L-2122) Chilca 2 TPP – Chilca 1 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.
Ministry Resolution No. 241-2021-MINEM/DM	26/07/2021	Occupation easement for the Punta Lomitas Wind Farm
Ministry Resolution No. 289-2021-MINEM/DM	25/08/2021	Easement of electroduct, right of way and transit for 220 kV TL Punta Lomitas SS – Bypass and Interconnection SS 220 kV Bypass SS – New Structures T748A/T749A of 220 kV TL Ica SS – Marcona SS (L-2211)
Ministry Resolution No. 298-2021-MINEM/DM	01/09/2021	Remedies material errors contained in Ministry Resolution No. 241-2021-MINEM/DM
Ministry Resolution No. 442-2021-MINEM/DM	15/12/2021	Easement of right of way and transit for the Punta Lomitas Wind Farm

ANNEX 4

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:

2021

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 2021, ENGIE Energía Perú has implemented the following actions regarding good corporate governance practices:

1. The Regulation of the General Shareholders' Meeting was approved.
2. We were part of the new index S&P/BVL Perú General ESG 2021/2022 (which supersedes the Good Corporate Governance Index (IBGC) of the Stock Exchange (BVL), of which ENGIE Energía Perú was part in previous years).

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:
<i>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? (*)</i>	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:
<i>Does the company promote exclusively the existence of voting share classes?</i>		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

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:
<i>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?</i>		X	Since the Company does not currently have investment shares, it does not have a redemption or swap of investment shares for ordinary shares.

Principle 2: Shareholding**Question I.4**

	Yes	No	Explanation:
<i>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?</i>	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.
<i>b. Is the share register book permanently updated?</i>	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:
<i>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?</i>		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.
<i>b. Does the company have a policy to make such reports available to the shareholders?</i>		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 the 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.

Principle 4: Information and communication to shareholders

Question I.6

	Yes	No	Explanation:
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	Explanation:
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 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	1/10/2015
Dividends policy (criteria for profit-sharing)	<p>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.</p>

b. Indicate the dividends into cash and share distributed by the Company in the year and the previous year

	Dividends per share			
	Reporting year		Previous year	
	In cash	In shares	In cash	In shares
Per share				
Class	0.10370839	0	0.10163577	0
Class		0		0
Investment share	0	0	0	0

Principle 6: Change of control or Takeover

Question I.9

	Yes	No	Explanation:
<i>Does the Company have policies or agreements of non-adoption of anti-takeover mechanisms?</i>		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:
<i>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?</i>	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
<i>b. Does this clause state that an independent third party shall resolve the disputes, except for express legal reserve before ordinary courts?</i>	X		

If the agreement of the General Shareholders' Meeting 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:
<i>Is approval of the Board of Directors remuneration policy an exclusive and nondelegable role of the General Shareholders' Meeting?</i>	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

Principle 9: Regulation of the General Shareholders' Meeting

Question II.2

	Yes	No	Explanation:
<i>Does the Company have binding Regulations of the General Shareholders' Meeting, the non-compliance of which entails liability?</i>	X		The Company has a Regulation of the General Shareholders' Meeting approved at the Board Meeting held on November 10, 2021, whose purpose is to facilitate the organization and operation of 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	X	
Include items proposed by shareholders	X	
Provide additional information to shareholders for meetings	X	
Conduct of meetings	X	
The appointment of Board members		X
Other relevant / Please detail	Some of these items are also regulated in the Company's Bylaws and the Internal Code of Conduct.	

Principle 10: Call mechanisms

Question II.3

	Yes	No	Explanation:
<i>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?</i>	X		For the Annual Mandatory Shareholders' Meeting held on March 19, 2021, pursuant to the provisions set out in the Superintendency Resolution No. 050-2020-SMV/02 and in Superintendency Resolution No. 019-2021-SMV/02, 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. For the General Shareholders' Meeting held on December 17, 2021, the call was published in El Peruano and El Comercio and 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	Place of meeting	Type of meeting		Universal meeting		Quorum %	No. of shareholders in attendance	Participation (%) over the total number of voting shares		
			Special	General	Yes	No			Through proxies	Direct exercise (*)	Did not exercise its voting right
2/03/2021	19/03/2021	Remotely, through the web platform "EHolder" of company Evoting in parallel to a Zoom videoconference call, as per the provisions set out in Superintendency Resolution No. 019-2021-SMV/02.		X		X	95.98	8	95.97	0.001	0.001
7/12/2021	17/12/2021	Remotely, through web platform "EHolder" of company Evoting in parallel to a Zoom videoconference call, as per the provisions set out in article 14 of the company's bylaws.		X		X	95.96	5	95.96	0.000	0

(*) 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	

Question II.4

	Yes	No	Explanation:
<i>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)?</i>	X		For 2021, 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.

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:
<i>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?</i>	X		The Regulation of the General Shareholders' Meeting approved at Board Meeting held on November 10, 2021, establishes the mechanisms for shareholders to propose agenda items for the Mandatory Annual Meeting and the procedure to be followed.

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:
<i>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?</i>		X	The Company does not have such mechanisms in place. To date, neither the Board nor the General Shareholders' Meeting have considered the application of such practice, as the Company's Bylaws establishes the possibility for shareholders to grant powers of attorney to third parties to represent them at the Meeting. However, in 2021, the two General Shareholders' Meetings were held via the "E Holders" 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	
-------------------	--	----------------	--

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	

Question II.7

	Yes	No	Explanation:
<i>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?</i>		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:

	Yes	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:
<i>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?</i>	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:
<i>Do the bylaws of the company allow its shareholders to delegate their vote to any person?</i>	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:
<i>a. Does the Company have procedures detailing the conditions, the means and the formalities to be performed in situations of voting delegation?</i>	X		Article 21 of the Company's bylaws and article 3 of the Regulation of the General Shareholders' Meeting establish the formalities for voting delegation of shareholders.
<i>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?</i>	X		The Regulation of the General Shareholders' Meeting includes, as Annex I, a sample letter of attorney.

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.
Time 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.

Question II.11

	Yes	No	Explanation:
<i>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?</i>		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
<i>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?</i>		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:
<i>a. Does the Company follow up on the resolutions passed at the General Shareholders' Meeting?</i>	X		In accordance with article 9 of the Regulation of the General Shareholders' Meeting, the agreements shall be followed up by the Company's Legal Vice-President. At present, the Legal Vice-President also serves as the Board Secretary.
<i>b. Does the Company issue regular reports to the Board and are these made available to the shareholders?</i>		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
------------------	--------------------------

Responsible		
Name and last name	Position	Area
Gilda Spallarossa Lecca	Legal Vicepresident	Legal Division

PILLAR III: THE BOARD AND TOP MANAGEMENT

Principle 15: Board Structure

Question III.1

	Yes	No	Explanation:
<i>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?</i>	X		

a. Please provide the following information about the Board members during the period.

Name and last name	Professional education (*)	Date		Shareholding int. (****)	
		Start (**)	End (***)	No of shares	Int. (%)
Directors (independent director not included)					
Frank Demaille	Engineer Director of ENGIE Perú S.A.	7/06/2019			
Pierre Devillers	Lawyer Director ENGIE PERÚ S.A.	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.	14/03/2016			
Fernando de la Flor Belaunde	Engineer, director of Grupo Caral; Corporación Media Chakana and GN Brands Chile	14/03/2016			

(*) 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
--------------------------------------	---

Please Indicate the number of company's Directors in each of the following age groups:

Under 35 years of age	From 35 to 55	From 55 to 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 ☒

the answer is yes, please specify the requirements.

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

Yes ☒ No ☐

Question III.2

	Yes	No	Explanation:
<i>Does the Company prevent the appointment of substitute or alternate Directors, especially for quorum reasons?</i>		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:

Full name 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 (She was appointed Alternate Director of Mrs. Mariana Costa Checa, who resigned as Principal Director, as reported with a Significant Event on December 20, 2019).	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

Principle 16: Board duties

Question III.4

	Yes	No	Explanation:
<i>Is it a duty of the Board?:</i>			
<i>a. To approve and lead the corporate strategy of the company.</i>	X		
<i>b. To establish aims, goals and action plans including the annual budgets and business plans.</i>	X		
<i>c. To control and supervise the management and be responsible for the direction and administration of the Company.</i>	X		
<i>To supervise the good corporate governance practices and to establish the policies and measures necessary to a better application.</i>	X		

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.)	Proxies
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.	Proxies

Principle 17: Duties and rights of Board members

Question III.5

	Yes	No	Explanation:
<i>Do Board members have the right to?</i> <i>a. Request the Board the support or assistance from experts.</i>	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.
<i>b. Take part of the induction programs about their powers and responsibilities and to be timely informed about the organizational structure of the Company.</i>	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.
<i>c. Be remunerated for the work performed, combining recognition of professional experience and dedication to the company with criterion of rationality.</i>	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 ☐

If applicable, please indicate whether any of the specialized advisors was related to any member of the Board and/or Top Management (*).

Yes ☐ No ☐

(*) 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	0.0113	Delivery of options	
		Delivery of money	
		Other (please detail)	

Principle 18: Regulation of the Board

Question III.6

	Yes	No	Explanation:
<i>Does the Company have binding Regulations of the Board the noncompliance of which entails liability?</i>	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:
<i>Does at least one-third of the Board of Directors consist of Independent Directors?</i>	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

Question III.8

	Yes	No	Explanation:
<i>a. Does the Board state that the proposed candidate is independent based on inquiries and the statement made by the candidate?</i>		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.
<i>b. Do the applicants to Independent Directors declare their independent condition before the Company, its shareholders and directors?</i>	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 qualified as such.

Yes ☐ No ☒

Principle 20: Board operation

Question III.9

	Yes	No	Explanation:
<i>Does the Board have a work plan that contributes to the efficiency of its roles?</i>	X		The Board has a meeting program including certain proposed items in the agenda.

Question III.10

	Yes	No	Explanation:
<i>Does the company provide its Directors channels and procedures necessary to effectively participate in Board meetings, even remote sessions?</i>	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	21
Number of meetings held without call for meeting (*)	0
Number of meetings where the Chairman of the Board was absent	0
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.

Nombre	% of attendance
Frank Demaille	100
Axel Leveque	90.48
Pierre Devillers	95.24
Marc Verstraete	100
José Luis Casabonne Ricketts	100
Fernando de la Flor Belaunde	100

c. Please indicate how far in advance the information related to the topics to be discussed at a meeting is provided to the Board.

	Less than 3 days	From 3 to 5 days	More than 5 days
Non-confidential information		X	
Confidential information		X	

Question III.11

	Yes	No	Explanation:
<i>a. Does the Board assess at least once a year, its performance as governing body and its members?</i>		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.
<i>b. Is the self-assessment method alternated with the assessment performed by external advisors?</i>	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	Comm. (*)	Date	Responsible entity	Comm. (*)

(*) Answer Yes or No in case the assessment was made known to the shareholders.

Principle 21: Special committees

Question III.12

	Yes	No	Explanation:
<i>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?</i>	X		Some of the Board members are part of the following committees: Committee for the Review of Transactions between Related Companies and Audit Committee.
<i>b. Are the regulations governing each of the special committees created by the Board of Directors subject to Board approval?</i>	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.
<i>c. Are the special committees chaired by Independent Board Members?</i>	X		The Committee for Review of Transactions between Related Companies and the Audit Committee are chaired by independent directors.
<i>d. Are special committees assigned a budget?</i>		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.

Question III.13

	Yes	No	Explanation:
<i>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?</i>		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:
<i>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?</i>	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:	5/05/2006
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:			1
Does it have powers conferred in accordance with article 174 of the General Corporations Law:			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

(*) 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 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 Ricketts	5/10/2016		Chairman
Marc Verstraete	15/04/2019	8/09/2021	Member
Pierre Devillers	15/04/2019		Member
Axel Leveque	8/09/2021		Member
% of Committee Members who are Independent Directors:			33
Number of meetings held during the fiscal year:			4
Does it have powers conferred in accordance with article 174 of the General Corporations Law:			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

(*) Information is to be provided on persons who were Committee members during the reporting year.

(**) Corresponde al primer nombramiento(**) It refers to the initial appointment as Committee member in the reporting company. como

(***) 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 <input type="checkbox"/> No <input type="checkbox"/>
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes <input type="checkbox"/> No <input type="checkbox"/>

(*) 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 <input type="checkbox"/> No <input type="checkbox"/>
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes <input type="checkbox"/> No <input type="checkbox"/>

(*) 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 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 <input type="checkbox"/> No <input type="checkbox"/>
Does the Committee or its Chairman participate in the General Shareholders' Meeting?			Yes <input type="checkbox"/> No <input type="checkbox"/>

(*) 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

	Yes	No	Explanation:
<i>Does the Company take measures to prevent, detect, handle and reveal any conflicts of interest that may arise?</i>	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 which area and/or person is in charge of follow-up and control of possible conflicts of interest. If the responsible party is a person, please also include that person's position and company area.

Responsible Area	Legal Division
------------------	----------------

Responsible person		
Name and last name	Position	Area
Gilda Spallarossa Lecca	Ethics Officer	Legal Division

Question III.16 / Compliance

	Yes	No	Explanation:
<i>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?</i>	X		The Company has an Ethics Charter, 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).
<i>b. Are training programs on compliance with the Ethics Code submitted to the Board of Directors or the General Manager for approval?</i>	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	

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, please also 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 ☒ No ☐

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
---------------------------	---

Question III.17

	Yes	No	Explanation:
<i>a. Does the Company have mechanisms for reporting any illegal or unethical conduct and ensuring the confidentiality of the information?</i>	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).
<i>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?</i>		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:
<i>a. Is the Board responsible for follow-up and control of any potential conflicts of interests within the Board?</i>		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.
<i>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?</i>		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.
<i>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?</i>		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.

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	Related to:			Name and last name of shareholder / Director / Manager	Type of relationship (**)	Additional information (***)
	Shareholder (*)	Director	Senior Mgmt			

(*) 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 (Alternate director)	Legal Vice President	1/04/2015	
Felisa Ros (Alternate director)	Operations Vice President	7/06/2016	4/01/2021

(*) 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
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

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:

Aspects	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

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 (S/.)

(*) 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



No



Principle 24: Roles of Senior Management

Question III.20 / Compliance

	Yes	No	Explanation:
<i>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?</i>	X		Regulated through the General Powers Regime.
<i>b. Are the positions of General Manager and Chairman of the Board of the Company held by different persons?</i>	X		Both positions are appointed by the Board.
<i>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?</i>	X		
<i>d. Is the General Manager responsible for following and enforcing the policy for providing information to the Board and Board Members?</i>	X		
<i>e. Does the Board annually review the General Manager's performance subject to well-defined standards?</i>		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.
<i>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?</i>	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 (includes remuneration of the CEO)	0.1969	0.1015

(*) 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	X	X
Other / Please detail		

c. If the Senior Management's compensation has a variable component, please specify the main aspect considered in order to determine such compensation.

According to the previously determined annual objectives

d. Please indicate if the Board evaluated the performance of the General Manager during the fiscal year

Yes ☒

No ☐

PILLAR IV: Risk and Compliance

Principle 25: Risk Management Environment

Question IV.1

	Yes	No	Explanation:
<i>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?</i>	X		At Board meeting held on November 8, 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.
<i>b. Does the comprehensive risk management policy extend to all of the companies in the group and provide an overall overview of critical risks?</i>	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 ☒

No ☐

Question IV.2

	Yes	No	Explanation:
<i>a. Does the General Manager manage the risks to which the Company is exposed and advises the Board of Directors of these risks?</i>	X		The General Management, through the Executive Committee - Vice Presidents-, monitors the risks to which the Company is exposed and informs the Board accordingly.
<i>b. Is the General Manager responsible for the risk management system, should there be no Risk Committee or Risk Manager?</i>	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 ☒ No ☐

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:
<i>Does the Company have an internal and external monitoring system supervised by the Board of Directors as to effectiveness and suitability?</i>	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, 2021, the internal auditor gave an account of the 2021 Audit Plan and at the Board Meeting held on November 10, 2021, the matters reviewed by the Audit Committee were presented to the Board.

Principle 26: Internal audit

Question IV.4

	Yes	No	Explanation:
<i>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?</i>	X		
<i>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?</i>	X		
<i>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?</i>	X		The Board Regulation establishes that the Company's internal auditor is responsible before the Audit Committee 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

☒

No

☐

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
-------------	---

b. Please indicate if the Company has a Corporate Internal Auditor.

Yes

☒

No

☐

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

	Si	No	Explanation:
<i>Does the Board of Directors appoint and remove the Internal Auditor at the proposal of the Auditing Committee?</i>	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**

	Si	No	Explanation:
<i>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?</i>	X		At the General Shareholders' Meeting held on March 19, 2021, the designation of the Audit Firm was approved for year 2021. 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

☒

No

☐

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

☐

c. Do persons or related entities related to the auditing firm provide services to the Company, other than services performed for auditing accounts?

Yes

☐

No

☒

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.

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:
<i>a. Does the Company maintain a policy for renewing its independent auditor or auditing firm?</i>	X		
<i>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?</i>	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	2017	100	100
Paredes, Burga & Asociados Sociedad Civil de Responsabilidad Limitada	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
Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada	Opinion on financial information	2021	100	100

(*) Include all types of services, such as opinions on financial information, accounting expert appraisal, operating audits, system audits, tax audits or other services.

(**) 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:
<i>In the case of economic groups, is the external auditor the same one for the whole group, including offshore affiliates?</i>	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

☒

No

☐

If the answer is yes, please indicate the following:

Name or Business Name of the company(ies) in the Economic Group
ENGIE PERU S. A.*
ENGIE SERVICES PERU S.A.*, CAM SERVICIOS DEL PERU S.A.* and 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:
<i>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?</i>		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.

a. If applicable, 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 ☒ No ☐

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	X	
Board members and its Regulation	X	
Code of Ethics	X	
Risk policy		X
Corporate Social Responsibility (community, environment, other)	X	
Others / please specify		

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
---	--

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

☐

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 (Integrated 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%	496	5.01
Between 1% and 5%	4	12.52
Between 5% and 10%	3	20.7
More than 10%	1	61.77
Total	504	100

Shares without voting rights (if applicable)	Number of shareholders (at fiscal year-end)	Share interest %
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

Investment shares (if applicable)	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?

Sí

☐

No

X

b. 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 does not prepare a corporate governance report as such. To date, the Board has not given consideration to the application of such practice, since the Annual Report (now Integrated 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

X

No

If the answer is yes, please specify the mechanisms used.

Through the Company website.

SECTION C:

Contents of Company documents

Indicate which of the following Company documents regulate the matters below:

		Principle	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					Reg. of the General Shareholders' Meeting
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					Reg. of the General Shareholders' Meeting
11	Methods in addition to those established by law used by the Company to call shareholder meetings	10					X		
12	Additional mechanisms for shareholders to submit proposals for agenda items to be discussed at General Shareholders' Meetings	11		X					Reg. of the General Shareholders' Meeting
13	Procedures for accepting or rejecting agenda items proposed by shareholders to be included in General Shareholders' Meetings	11		X					Reg. of the General Shareholders' Meeting
14	Mechanisms to allow for shareholders to participate virtually 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	X					Reg. of the General Shareholders' Meeting
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					Reg. of the General Shareholders' Meeting
20	The minimum and maximum number of members in the Company's Board of Directors	15	X						
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					Board Regulation
25	Special requirements to be an Independent Director of the Company	19					X		Independent Directors sign a statement to certify their condition as Independent and refer to the criteria for such capacity.
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		X			Ethics Charter and Practical Ethics Guide Board Regulation Conflict of Interests Prevention Policy
28	Policy defining the procedure for assessing, approving and disclosing operations with related parties	23				X			Terms of Reference of the Committee for Transaction between Related Companies
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			Salary Policy
31	Policy for establishing and evaluating compensation of Senior Management	24				X			Salary Policy
32	Integrated risk management policy	25				X			Internal Procedures
33	Responsibilities of person or area in charge of Internal Auditing	26		X		X			Internal control system Board Regulation Internal Audit Plan (yearly)
34	Policy for designating the External Auditor, the External Auditor's contract term, and criteria for External Auditor renewal	27				X			Policy for external audit firm appointment and external audit process
35	Policy for disclosing and communicating information to investors	28					X		

(*) Includes Regulation of the General Shareholders' Meeting, Board Regulation and others issued by the Company.

(**) Please indicate the name of the document, unless it is the Company Bylaws

ANNEX 5

CORPORATE SUSTAINABILITY REPORT

CORPORATE SUSTAINABILITY REPORT (10180)

Company name:

ENGIE Energía Perú S.A.

Fiscal year:

2021

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		<p>In line with the requirements of certification ISO14001, ENGIE Energía Perú has an Environmental Policy, which follows the guidelines of the ENGIE Group.</p> <p>The Environmental Policy of ENGIE Energía Perú is available at: https://engie-energia.pe/wp-content/uploads/2021/09/Politica-Ambiental-2021.pdf</p> <p>The internal management system includes commitments to protect the environment, prevent contamination and improve company's performance on environmental matters.</p>

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	Date of approval	First year of application
P0200 Environmental Policy	26/11/2020	2004 (Latest update in 2020)

- If the answer to question 1 is yes, specify:

	Yes	No	Explanation:
<i>Has said environmental policy or management system been approved by the Board of Directors?</i>		X	The ENGIE Group has an Environmental Policy applicable to its subsidiaries The Environmental Policy of the ENGIE Group is available at: https://www.engie.com/sites/default/files/assets/documents/2020-07/2020%20-%20ENGIE%20-%20Environmental%20policy%20%2B%20annex%20vdef_0.pdf
<i>Does said environmental policy or management system contemplate risk management, identification and measurement of the environmental impacts of its operations related to climate change(*)?</i>	X		The Environmental Policy of ENGIE Energía Perú considers, inter alia, the commitment with the compliance with the maximum permissible limits and environmental quality standards according to regulations in force. ENGIE Energía Perú has an operating and environmental information compilation platform, where energy inputs and output at each operating plant are entered. Additionally, through the corporate platform, Greenhouse Gas (GHG) emissions are also measured and reported to the ENGIE Group.
<i>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?</i>	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:
<i>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? (*)</i>		X	

(*) 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.

- 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		<p>ENGIE Energía Perú manages climate change through two action lines, (i) the first relating to the sustainable business management model; and (ii) the second relating to compliance with the Group's climate commitments and those relating to the country commitments and its regulatory framework, as applicable.</p> <p>Additionally, ENGIE Energía Perú measures the footprint of their operating sites and administrative office. Such measurement is certified by a consulting/certifying firm.</p> <p>In 2021, the level of CO₂eq emissions from all its activities was 2,103,848 tons.</p>

(*) **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.	<p>Yes, ENGIE Energía Perú reports the footprint of its administrative office through the platform of the Ministry of the Environment under the name "Peru's Carbon Footprint".</p> <p>Additionally, ENGIE Energía Perú measures the footprint of their operating sites and administrative office. Such measurement is certified by a third party (consulting firm).</p>
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	<p>Yes. ENGIE Energía Perú uses the 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 to the ENGIE Group. It was last updated in January 2022.</p>

(*) The total GHG emissions generated by a company are known as the corporate carbon footprint.

b. If the to question 3 is "Yes", please provide the following information corresponding to the last three (3) years:

Fiscal Year	Total GHG Emissions (TM CO ₂ e)		
	Scope 1 (*)	Scope 2 (**)	Scope 3 (***)
2019	58.13	83.98	715.38
2020	26.29	45.55	189.75
2021	16.4	67.20	121.10

(*) **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, personnel transportation, etc.

Question 4

	Yes	No	Explanation:
<i>Does the Company have targets or goals to reduce GHG emissions?</i>	X		ENGIE Energía Perú aims at reducing by 20% the emissions generated by our way of working in administrative activities by 2030.

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	Date of approval	First year of application
Strategic Sustainability Document	25/01/2021	2021

b. If the answer to question 4 is "Yes," please specify:

	Yes	No	Explanation:
<i>Have said reduction targets or goals been approved by the Board of Directors?</i>		X	Approved at the Executive Committee level.

Water:

Question 5	Yes	No	Explanation:
Does the Company measure its water consumption (in m ³) in all of its activities?	X		

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 (m ³)
2019	137,341
2020	141,059
2021	177,627

Question 6	Yes	No	Explanation:
Does the Company measure its water footprint (*)?	X		ENGIE Energía Perú measures its water footprint in all its premises.

(*) 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 Energía Perú'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. ENGIE Energía Perú uses the 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. It was last updated in January 2022.

Question 7	Yes	No	Explanation:
Does the Company have targets or goals to reduce its water consumption?	X		ENGIE Energía Perú has internally evaluated goals to measure the footprint and its reduction and is considering taking part in records on this matter (e.g., the "ANA Water Footprint Program".

- 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	Date of approval	First year of application

- 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	Approved at the Executive Committee level.

Question 8	Yes	No	Explanation:
Does the Company monitor the quality of its effluents (*)?	X		<p>Yes. ENGIE Energía Perú controls that all effluents comply with the Maximum Permissible Limits (MPLs) as regulated by Peruvian laws.</p> <p>It should be noted that 105,702 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.</p>

(*) **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 2021 and 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 Energy Consumption (kWh)
2019	9,817
2020	9,830
2021	9,229

Question 10	Yes	No	Explanation:
Does the Company have targets or goals for the reduction of its energy consumption?		X	However, one of ENGIE Energía Perú's objectives is the efficient use of energy in our ways of working at our administrative offices, e.g., 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	Date of approval	First year of application

- 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>ENGIE Energía Perú undertakes 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 2021, the final disposal of 130 tons of hazardous waste and 206 tons of non-hazardous waste was performed, of which 15% of hazardous waste and 51% 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)
2019	188	225	412
2020	96	170	266
2021	130	206	336

(*) **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:
<p><i>Does the Company have targets or goals to manage (reduce, recycle, or reuse) its solid waste?</i></p>	X		Annual goals for recycling of non-hazardous and hazardous waste are set (for 2021, 31% 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	Date of approval	First year of application
Annual Environmental Management Plan. Objectives and Goals of the Environmental Management System ISO 14001.	07/03/2021	2015 (last updated in 2021)

- b. If the answer to question 12 is "Yes," please specify:

	Yes	No	Explanation:
<i>Have said reduction targets or goals been approved by the Board of Directors?</i>		X	Approved at the Executive Committee level.

II. SOCIAL

Stakeholders:

Question 13

	Yes	No	Explanation:
<i>Does the Company have an action plan to manage the risks and opportunities tied to its stakeholders (e.g., workers, suppliers, shareholders, investors, authorities, clients, community, etc.)?</i>	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. Since the social monitoring is constant, the risks and stakeholder mapping is updated based on the changing social scenario.

a. If the answer to question 13 is "Yes," indicate:

	Yes	No	Explanation:
<i>Does the Company have an action plan to manage risks and opportunities regarding its stakeholders?</i>	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.
<i>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?</i>		X	The action plans and the outputs are reported to the Executive Committee when the risk has been or is deemed high. The most relevant actions of the Plan and the outputs are also reported in the Integrated Report.
<i>Does it publicly report its action plan and progress with regard to its stakeholders?</i>	X		Through the Integrated Report 2021, 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 2021

Question 14

	Yes	No	Explanation:
<i>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 (**)?</i>		X	In 2021, no material dispute or conflict has 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 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

Question 15

	Yes	No	Explanation:
Does the Company include environmental, social, and corporate governance (ESG) aspects in its criteria for the purchase and/or selection of vendors of goods and/or services?	X		<p>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.</p> <p>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.</p>

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 Policy - Process Charter Supplier Management Macroprocess: P0500 Goods and Services Logistics - Environmental Compliance Guideline for Suppliers and Contractors

Labor Rights:

Question 16

	Yes	No	Explanation:
Does the Company have a labor policy?	X		<p>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.</p>

a. If the answer to question 16 is "Yes", indicate:

	Yes	No	Explanation:
<i>Has said labor policy been approved by the Board of Directors?</i>		X	Approved at the Executive Committee Level
<i>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?</i>		X	Informed to the Executive Committee

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	Document name	Last revision date	First year of application
<i>a. Equality and non-discrimination</i>	X		Ethics Charter	November 2016	2009
<i>b. Diversity</i>	X		Salary Policy Personnel Selection Policy ENGIE Group's Commitment to promote Diversity and Inclusion	March 2021 2018	2009 2018
<i>c. Sexual harassment prevention (*)</i>	X		Sexual harassment prevention and sanction policy	January 2020	2020
<i>d. Prevention of crimes of stalking and sexual harassment (**)</i>	X		Sexual harassment prevention and sanction policy	January 2020	2020
<i>e. Freedom of association and right to collective bargaining</i>	X		Salary Policy	March 2021	2009
<i>f. Eradication of forced labor</i>	X		Ethics Charter Human Rights Policy	November 2016 2021	2009 2014
<i>g. Eradication of child labor</i>	X		Ethics Charter Human Rights Policy	November 2016 2021	2009 2014

(*) Scope of Law 27942 to be considered.

(**) Scope of Articles 151-A and 176-B of the Criminal Code, respectively, to be considered.

c. Indicate the number of men and women in the organization and the percentage of the total number of employees they represent.

Employees*	Number	Percentage of total employees
Women	72	14%
Men	470	86%
Total	502	1.00

*Trainees not included

	Yes	No	Explanation:
Question 17			
<i>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?</i>		X	

5. 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

6. 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. Additionally, at the Board Meetings held in March, May, September and November 2021, presentations were given on the Company's results indicators and occupational health and safety indicators.

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. Additionally, at the Board Meetings held in March, May, September and November 2021, presentations were given on the Company's results indicators and occupational health and safety indicators.

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*	2021	2020	2019
No. of direct employees	532	513	503
Total Hours Worked by All Direct Employees During the Fiscal Year	1013753	988039	986135
No. of Minor Accidents (Direct Employees)	0	1	2
No. of Incapacitating Accidents (Direct Employees)	1	0	0
No. of Fatal Accidents (Direct Employees)	0	0	0

*Including trainees

Indicator	Fiscal year	(Fiscal year - 1)	(Fiscal year - 2)
<i>Fiscal year</i>	2021	2020	2019
No. of Contractors' Employees	1092	483	606
Total Hours Worked by All Contractors' Employees During the Fiscal Year	1726516	1044773	1342650
No. of Minor Accidents (Contractors' Employees)	7	0	1
No. of Incapacitating Accidents (Contractors' Employees)	1	0	0
No. of Fatal Accidents (Contractors' Employees)	0	0	0

(*) **Minor Accident:** 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.

Disabling 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		<p>In 2021, the work climate survey ENGIE&ME was conducted to 94% all our employees (the best result in LATAM).</p> <p>On the other hand, the results show the sustainable engagement indicator (from 0 to 100), which is measured by effectively providing workers with internal support, resources and tools, and creating a work environment that promotes worker's physical, emotional and social wellbeing.</p> <p>Sustainable engagement: 93%</p>

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	Date of approval	First year of application
Action plan of the ENGIE&Me survey	An Action Plan resulting from the annual survey is approved every year	2018 (last updated in 2021)

Question 21	Yes	No	Explanation:
Does the Company have a talent management policy for its team members?	X		<p>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.</p> <p>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.</p>

- 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
Performance Assessment Policy

- b. If the answer to question 21 is "Yes," please specify:

	Yes	No	Explanation:
<i>Has said talent management policy been approved by the Board of Directors?</i>		X	Approved at the Executive Committee Level

Question 22	Yes	No	Explanation:
<i>Does the Company have procedures to identify and punish sexual harassment or hostile work environments? (*)</i>	X		Sexual harassment prevention and sanctioning policy. A section on harassment included in the Internal Work Regulation.

(*) 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 sexual harassment and a hostile work environment:

Document name
Sexual harassment prevention and sanctioning policy.

Human Rights:

Question 23

	Yes	No	Explanation:
<i>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?</i>	X		<p>ENGIE Energía Perú has an Ethics Charter, which covers our 4 ethical principles, including respect of human rights where we operate.</p> <p>Additionally, we have a Human Rights Policy, which covers the need to respect the Human Rights, our commitments on this matter and their implementation.</p> <p>On the other hand, ENGIE Energía Perú has a whistleblowing channel and ethical line (RESGUARDA), which can be used to report irregularities or suspected cases of breaches of the Ethics Charter.</p>
<i>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?</i>	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	Date of issuance	Year of implementation
Human Rights Policy	30/06/2014	2014

- b. If the answer to question 23 is "Yes," indicate:

	Yes	No	Explanation:
<i>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?</i>	X		An assessment of the impact of our operation on Human Rights matters is performed every year. If necessary, actions plans are implemented.
<i>Does the Company have a training plan for human rights issues that includes the entire organization?</i>	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.</p> <p>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.</p> <p>In 2021, ENGIE Energía Perú was part of the new index S&P/BVL Perú General ESG 2021/2022 (which replaces the Good Corporate Governance Index (IBGC) of the Stock Exchange (BVL). 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
Integrated Report 2020	https://engie-energia.pe/wp-content/uploads/2021/04/ENGIE-FINAL_BAJA.pdf

ANNEX 6

SUSTAINABILITY INDICATORS

OPERATIONAL INDICATORS	2019	2020	2021
Energy production (GWh)	6,604	6,472	6,710
Renewable energy production (GWh)	1,552	1,360	1472
Installed capacity of electricity generation (MW)	2,496	2,496	2,496
Installed capacity of renewable energies (MW)	288	288	288.2
B2B client satisfaction rate	90	91.4	91.4
Sale of energy to client (TWh)	9	8	8
Contracted power at peak hour (MW)	1,857	1,874	2031
Contracted power at off-peak hour (MW)	1,867.8	1,898.45	2067
Length of transmission grids (km)	293	282	356.1
Number of Cybersecurity incidents (low/medium)	0	1	2
Number of Cybersecurity incidents (high/critical)	0	0	0
Active Directory Security (# pending activities)	0	0	0
Filtered user navigation (Zscaler)	90%	98%	100%
Equipment with Antivirus	100%	100%	100%
Upgraded servers	100%	100%	100%
FINANCIAL INDICATORS			
Sales revenues (MUSD)	536.4	484.1	532.2
Gross profit (MUSD)	205.1	180.4	161.3
EBITDA (MUSD)	250.5	227.0	225.7
Operating income (MUSD)	166.5	153.0	142.4
Net profit (MUSD)	104.2	87.9	65.2
PP&E (Property, Plant, and Equipment) (MUSD)	2465.2	1719.6	1739.2
Cash flow from operations (MUSD)	233.4	196	189.6
Net debt (MUSD)	537.7	484.0	532
ENVIRONMENTAL INDICATORS			
Total CO2 emissions (t CO2 eq)	2,000,498	1,992,021	2,103,848
Energy consumption from the grid (GWh)	35.5	36.6	37.8
Primary energy consumption related to energy production (GWht)	9,818	9,830	10,340
Direct water footprint (m3) - Water consumption (services and cooling systems)	137,241	141,059	175,138
Non-consumed water for cooling in hydropower generation (m3)	9,729,500	8,906,032	9,022,750
Recycled water used for irrigation of green areas (m3)	77,707	85,479	105,702
Total waste generated and managed (T)	413	266	408
Hazardous waste disposal (T)	188	96	135
Non-hazardous waste disposal (T)	225	170	276

Recovery rate of non-hazardous waste (%)	31%	27%	51%
Hazardous waste recovery rate (%)	11%	23%	15%
Dust particle emissions, ton	50.6	32.2	32.9
Sulfur hexafluoride emissions (SF6), ton	0	0	0
Nitrogen oxide emissions (NOx), ton	1210.8	1117.3	1104.2
Sulfur oxide emissions (SOx), ton	146.0	59.7	82.3
Ash and gypsum residues, ton	0	0	0
Direct mercury emissions (HG), kg	0.7	0.3	4.2
Compliance with Environmental Programs and Permissible Limits in Environmental Monitoring (power plants)	100%	100%	100%
SOCIAL INDICATORS			
Number of employees (inc. trainees)	503	513	535
Number of occupational disabling accidents	10	6	10
Number of occupational incidents (contractors)	3	6	45*
Number of minor accidents (workers)	2	1	0
Number of minor accidents (contractors)	1	0	7
Number of disabling accidents (workers and contractors)	0	0	1
Number of fatal accidents (workers and contractors)	0	0	0
Number of occupational diseases (workers and contractors)	0	0	0
Training to suppliers/contractors (total hours)	10,013	8,421	31,321
Purchases to local suppliers (%)	12%	8%	5%
Women in the organization (%)	15.5%	14%	14%
Women in management positions (%)	20%	15%	15%
Women in the Executive Committees (%)	43%	43%	40%
Performance Assessment (%)	100%	100%	99%
Female vs. male pay ratio	-2.2%	-4.6%	-3.07%
Sustainable Engagement - Results of internal survey 2021 (%)	90%	92%	93%
Home office (%)	0.252	43%	42.57%
Trained workforce (%)	95%	97%	100%
Training hours (average per employee)	26	7.85	7.06
Training of employees on OHS (hours)	6134	1332	891
Training of employees on Compliance (ethics and human rights - hours)	260.5	808.5	141
Training of employees on environmental standards (average hours)	50	57	28
Areas of influence 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	38,000	46,000	150,000

Social investment (USD)	1,300,000	1,447,000	2,300,000
CORPORATE GOVERNANCE INDICATORS			
Number of principal directors	6	6	6
Participation rate in the Board of Directors (%)	91.80%	97.44%	97.62
Independence rate of the Board of Directors (%)	33%	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%	50% (Jan-Jun) 33% (Jul-Dec)
Executive Committee trained in corruption issues (%)	100%	100%	100%

* It corresponds to the construction phase of the Punta Lomitas Wind Farm

ANNEX 7

MAIN POLICIES AND PROCESSES IN FORCE IN 2021

ENGIE Energía Perú has 189 active policies or procedures. All our policies and procedures are posted in the intranet of ENGIE Energía Perú and communicated to our stakeholders as applicable. The main policies and procedures are listed in this annex.

INTEGRATED MANAGEMENT SYSTEM ISO 9.001 | ISO 14.001 | OHSAS 18.001

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- 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- Legal requirement compliance identification and verification policy- Contract procedure- Anti-corruption procedure applicable to the selection of partners for projects- Reports and Reported Incidents Response Protocol
Electric power commercialization	<ul style="list-style-type: none">- Manual of the electric power dispatch process- Manual of the electric power commercialization macroprocess- Client engagement process- Process Charter - Sales Process- Process Charter - Post-Sale 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 Finance Policy- Insurance Policy- Policy on Services provided by Non-Domiciled- Books and Records Policy- Policy for Operations with Related Companies- Counterparty Risk Policy- Accounting Policy- Expenses Policy- Guarantees and Securities Policy- General Payment Procedure- Monthly and Annual Accounting Closing Procedure- Suppliers' Invoices and Documents Reception Procedure- Process Charter - Payments- Process Charter - Fixed Assets Management

Logistics of goods and services	<ul style="list-style-type: none"> - Purchasing Policy - Travel Policy - Personnel Transportation Service Policy - Invoice Reception and Distribution Policy - Goods and services logistics policy - Procedure for Purchase and Sale of Natural HGas in the Secondary Natural Gas Market (MSGN) - Procedure for Natural Gas Purchase - Procedure for Service Contracts Administration at Sites - Procedure for Purchases from Related Companies - Process Charter Coal and Oil Purchases - Process Charter Stock Planning - Process Charter Inventory Control - Process Charter General Purchases - Process Charter Suppliers Management - Process Charter Purchases Development Division - BD-EPC - Process Charter Suppliers Management Macroprocess: P0500 Goods and Service Logistics - Environmental Compliance Guide for Suppliers and Contractors - Procedure for suppliers' evaluation (Due Diligence) - List of critical suppliers - List of suppliers with high OHSEQ incidence
Operations and maintenance	<ul style="list-style-type: none"> - Operational Contingency and Emergency Response Plans - Action Plan for Collapses - Action Plan for Fires - Action Plan for Flooding and Mudslides - Action Plan for Earthquakes - Action Plan for Tsunamis - 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 - Port Services Procedure - Maintenance Process Procedure - Protection Critical Devices Procedure
Continuous Improvement Control and Innovation	<ul style="list-style-type: none"> - Single Point of Contact (PUC) - Continuous Improvement Procedure - Management Control Policy - Document and Record Control Procedure - Internal Audit Procedure - Process Charter Innovation - Corporate Identity Card
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 - Process Charter Internal Communication Management - Performance Assessment Procedure - Health Insurance Procedure - Training Procedure - Employment Procedure - Personnel Screening Procedure - Company Benefits Procedure

Occupation Health and Safety (OHS)	<ul style="list-style-type: none"> - Occupational Health and Safety Policy - Internal regulations on occupational health and safety (posted on Engie-energia.pe) - Action Plan for Pandemic - OHSE Guidelines - Occupational Health and Safety Consequences Policy: Acknowledgement and Sanctions - Life Saving Rules Standard - Occupational Health and Safety in projects and acquisitions policy - Contingency plan and emergency response - Warehouse, storage, deposits and workshops security procedure - Hazard and risk identification procedure - Permit to Work Control - Reporting of Accidents, Incidents and Hazardous Events - Procedure to Respond in case of Seizing of Facilities or Non-Authorized Access - Mental Health Plan
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 (posted on 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 - Municipal and Non-Municipal waste minimization and management Plan
Information technology and communications	<ul style="list-style-type: none"> - Information Technology and Communications Policy - Assets acceptance policy - Warranties and support procedure - ITC Operations - Incidents Management Procedure - ITC Operations - ITC Operation Management Procedure - Problem Management Procedure - ITC Operations - Events Management Procedure - ITC Operations - Availability Management Procedure - ITC Operations - Capacity Management Procedure - ITC Operations - Disaster Recovery Plan - ENGIE - Emergency Management Procedure - Asset Management Procedure - ITC Operations - Third-Party Connection to Critical Applications Procedure

Anexo 8

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

#GRI	PAGE # IN THE REPORT	DESCRIPTION
GRI 102-1	2, 10	Name of the organization
GRI 102-2	10, 12, 29	Activities, brands, products, and services
GRI 102-3	2	Location of headquarters
GRI 102-4	15	Location of operations
GRI 102-5	10	Ownership and legal form
GRI 102-6	12, 21	Markets and services
GRI 102-7	15	Size of the organization
GRI 102-8	15, 60	Information on employees and other employees
GRI 102-9	66	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	74	Membership of associations
GRI 102-14	5,7	Statement from senior decision-maker (including the company's sustainability)
GRI 102-15	29-37	Key impacts, risks, and opportunities
GRI 102-16	45	Values, principles, standards, and norms of behavior
GRI 102-17	46	Mechanisms for advice and concerns about ethics
GRI 102-18	47	Governance structure
GRI 102-19	-	Delegating authority
GRI 102-20	-	Executive-level responsibility for economic, environmental and social topics
GRI 102-21	33	Consulting stakeholders on economic, environmental and social topics
GRI 102-22	47	Composition of the highest governance body and its committees
GRI 102-23	47	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	29	Identifying and managing economic, environmental, and social impacts
GRI 102-30	34	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
GRI 102-40	33	List of stakeholders
GRI 102-41	-	Collective bargaining agreements
GRI 102-42	33	Identifying and selecting stakeholders
GRI 102-43	33	Approach to stakeholder engagement
GRI 102-44	32	Key topics and concerns raised
GRI 102-45	-	Entities included in the consolidated financial statements
GRI 102-46	2	Defining report content and topic boundaries
GRI 102-47	32	List of material topics in the report
GRI 102-48	-	Restatements of information
GRI 102-49	-	Changes in reporting
GRI 102-50	1	Reporting period
GRI 102-51	-	Date of most recent report
GRI 102-52	Annual	Reporting cycle
GRI 102-53	2	Contact point for questions regarding the report
GRI 102-54	-	Claims of reporting in accordance with the GRI Standards
GRI 102-55	271	GRI content index
GRI 102-56	90 (only the Financial Statements)	External assurance
GRI 103-1	29,30	Explanation of the material topic and its boundary
GRI 103-2	29, 30, 34	The management approach and its components
GRI 103-3	29, 30, 34	Evaluation of the management approach
GRI 201-1	-	Direct economic value generated and distributed
GRI 201-2	34	Financial implications and other risks and opportunities due to climate change
GRI 201-3	58	Defined benefit plan obligations and other retirement plans
GRI 201-4	-	Financial assistance received from government
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
GRI 203-1	69	Infrastructure investments and services supported
GRI 203-2	69	Significant indirect economic impacts
GRI 204-1	-	Proportion of spending on local suppliers
GRI 205-1	45	Operations assessed for risks related to corruption
GRI 205-2	46	Communication and training about anticorruption policies and procedures
GRI 205-3	-	Confirmed incidents of corruption and actions taken
GRI 206-1	-	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
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)
GRI 301-1	82	Materials used by weight or volume

GRI 301-2	82	Recycled input materials used
GRI 301-3	-	Reclaimed products and their packaging materials
GRI 302-1	79	Energy consumption within the organization
GRI 302-2	-	Energy consumption outside of the organization
GRI 302-3	79	Energy intensity
GRI 302-4	-	Reduction of energy consumption
GRI 302-5	-	Reductions in energy requirements of products and services
GRI 303-1	82	Interactions with water as a shared resource
GRI 303-2	82	Management of water discharge-related impacts
GRI 303-3	82	Water withdrawal
GRI 303-4	82	Water discharge
GRI 303-5	82	Water consumption
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	83	Habitats protected or restored
GRI 304-4	-	Species affected in operating sites
GRI 305-1	79	Direct (Scope 1) GHG emissions
GRI 305-2	79	Energy indirect (Scope 2) GHG emissions
GRI 305-3	79	Other indirect (Scope 3) GHG emissions
GRI 305-4	79	GHG emissions intensity
GRI 305-5	80	Reduction of GHG emissions
GRI 305-6	79 y 262	Emissions of ozone-depleting substances (ODS)
GRI 305-7	263	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
GRI 306-1	-	Water discharge by quality and destination
GRI 306-2	82	Waste per type and disposal method (hazardous and non-hazardous)
GRI 306-3	-	Total volume of spills of hazardous substances
GRI 306-4	82	Transport of hazardous waste (transport volume)
GRI 306-5	82	Waste directed to disposal, in tons
GRI 307-1	-	Non-compliance with environmental laws and regulations
GRI 308-1	66	New suppliers that were screened using environmental criteria
GRI 308-2	-	Negative environmental impacts in the supply chain and actions taken
GRI 401-1	60, 62	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	58	Parental leave
GRI 402-1	-	Minimum notice periods regarding operational changes
GRI 403-1	64	Occupational health and safety management system
GRI 403-2	64	Hazard identification, risk assessment, and incident investigation
GRI 403-3	56, 58, 64	Occupational health services
GRI 403-4	64	Employee participation, consultation, and communication on occupational health and safety
GRI 403-5	59, 64	Employee training on occupational health and safety
GRI 403-6	58, 64	Promotion of employee's health
GRI 403-7	-	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
GRI 403-8	58, 64	Employees covered by an occupational health and safety management system
GRI 403-9	66	Work-related injuries

GRI 403-10	66	Work-related ill health
GRI 404-1	263	Average hours of training per year per employee
GRI 404-2	59	Programs for upgrading employee skills and transition assistance programs
GRI 404-3	62	Percentage of employees receiving regular performance and career development reviews
GRI 405-1	60	Diversity of governance bodies and employees
GRI 405-2	62	Ratio of basic salary and remuneration of women to men
GRI 406-1	-	Incidents of discrimination and corrective actions taken
GRI 407-1	-	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
GRI 408-1	-	Operations and suppliers at significant risk for incidents of child labor
GRI 409-1	-	Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 410-1	-	Security personnel trained in human rights policies or procedures
GRI 411-1	-	Incidents of violations involving rights of indigenous peoples
GRI 412-1	45	Operations that have been subject to human rights reviews or impact assessments
GRI 412-2	46	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	70	Operations with local community engagement, impact assessments, and development programs
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
GRI 414-2	-	Negative social impacts in the supply chain and actions taken
GRI 415-1	-	Political contributions
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 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
GRI 418-1	-	Substantiated complaints concerning breaches of client privacy and losses of client data
GRI 419-1	-	Non-compliance with laws and regulations in the social and economic area



We act

to accelerate the transition
towards carbon neutrality



Avenida República de Panamá 3490, San isidro
Lima, Perú.
T. +51 1 616.7979



www.engie-energía.pe

**#Act
With
ENGIE**

