



PERU  **LNG**

ANNUAL REPORT **2015**



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MESSAGE FROM MANAGEMENT

2015 was a year of important challenges, in which we faced complex conditions both locally and internationally. Nevertheless, one of the greatest challenges was that of major maintenance to the natural gas liquefaction plant, which was carried out between August and September. The work implied necessitated a planned shutdown of the plant for 25 days and involved the faultless participation of almost 1,000 employees.

The maintenance of a plant that has had no precedent in Peru meant careful preparation and training for the personnel involved. This delicate and complex task was carried out by the combined effort of teams from the Human Resources, Quality, Health, the Occupational Security and Environment departments, who made direct contributions to the preparation, care and safety of the employees and contractors working on the plant.



During 2015 the PERU LNG plant reached an efficiency of 92%, enabling it to produce 56 shipments of LNG destined for markets such as Mexico, Spain, France, Japan, India and South Korea. PERU LNG had an impact not only on international markets, but on the domestic market as well. In accordance with the Agreement to Increase and Use the Carrying Capacity of the Main Pipeline, 98,401 MMcfd (million cubic feet per day) were delivered to the domestic market.

The natural gas market continues to expand and PERU LNG supports the development of the industry, respecting and preserving the environment and encouraging the professional development of individuals. To do so, it implemented two training programs for students and recent graduates in 2015. The first of these provides general training in English, leadership skills and technical ability for young people from universities and technical institutes in Chincha, Cañete and Lima. The second is our Graduate Program by which 12 students chosen from the whole country are trained in the operation and maintenance of liquid natural gas plants. The level of specialization achieved by this group has provided Peru with highly qualified professionals working in the PERU LNG plant and other companies in the same sector.

Furthermore, PERU LNG maintains its commitment to making positive contributions to the area in which it works. Over the years in which the plant has been operating, it showed that private company has had many opportunities to promote social development, environmental preservation and knowledge, as it has access to areas not previously studied. One example of this was the discovery of a new species of aquatic frog living in Huancavelica Region. The discovery

occurred as part of the Biodiversity Monitoring and Assessment Program (BMAP) implemented with the active participation of the Smithsonian Institute, the purpose of which is to preserve the biodiversity of the area around the gas pipeline, the plant and the port facility. By promoting this type of work the company seeks to contribute to scientific research and, in turn, form decision-makers to ensure the preservation and survival of biodiversity.

At the same time, the company has continued with its social investment programs that aim to improve the productive skills of people living near the gas pipeline and plant.

PERU LNG has many years ahead of it and we want to continue making progress along this road to growth, set out with a vision for the long term, and we expect to continue working as we have been so far, within a framework of respect, values and corporate citizenship.

IGOR SALAZAR
General Manager
PERU LNG

**DURING 2015 THE PERU
LNG PLANT REACHED
AN EFFICIENCY OF 92%,
ENABLING IT TO
OPERATE AND DISPATCH
56 LNG SHIPMENTS**

DECLARATION OF RESPONSABILITY

This document contains accurate and sufficient information on the performance of the business of PERU LNG S.R.L. (hereinafter PERU LNG) during 2015. Without prejudice to the PERU LNG's responsibility, the undersigned are responsible for its contents in accordance with applicable legislation.



IGOR SALAZAR ZANELLI
General Manager
Officer responsible for the financial
affairs of PERU LNG



ANGÉLICA VALLENAS
Accountant

This Annual Report was drawn up on the 31st of March 2016.

PERU LNG is a limited company having its registered office at Av. Víctor Andrés Belaunde 147, Vía Real 185, Torre Real Doce, office 105, district of San Isidro, province and department of Lima, Peru; its telephone number is (511) 707-2000 and its fax (511) 707-2099. The company was incorporated by public deed on the 24th of March 2003, in the presence of the public notary of Lima Ricardo Fernandini Barreda and is registered under electronic entry N° 11500968 in the Companies Registry at the Public Records Office for Lima and Callao (Lima office).

FUNDAMENTAL PRINCIPLES

VISION

To be world-class producers of LNG in the spheres of operational efficiency, environmental and social performance and industrial safety.

MISSION

To be the most efficient world-class LNG producer providing a workplace free from accidents and environmental incidents, which acts as a responsible investor contributing to the local community, supported by the most talented workforce and employing best practices to achieve continual operational improvements whilst maximizing value for its shareholders.

PART 1

GETTING TO KNOW OUR ORGANIZATION

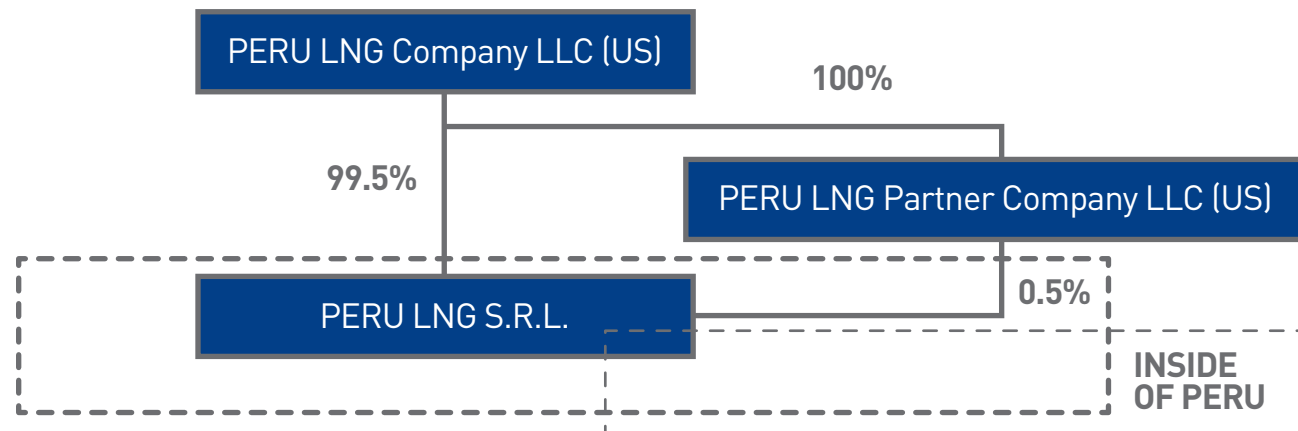


AIMS, TIME-FRAME AND ECONOMIC GROUP

PERU LNG was created on the 24th of March 2003 to develop, build and operate a liquefied natural gas (LNG) plant. The company's infrastructure includes a plant and related installations, a port facility for methane tankers and a gas pipeline (CIU 1119). In accordance with the Companies Act. and other applicable legislation, operating period is indefinite.

PERU LNG Company LLC holds 99.5% of the shares in the company and PERU LNG Partner Company LLC holds 0.5%, in accordance with the Regulations Governing Indirect Ownership, Non-arms-length Companies and Economic Groups approved by SMV Ruling N°019-2015-SMV/01. The principal activities of the economic group made up of the three companies include development, design, engineering, procurement, construction, commissioning, financing, ownership, operation and maintenance in Peru of a LNG plant and exporting installations.

The following table shows the position of PERU LNG within the economic group.



(i) PERU LNG, incorporated ON the 24TH of March 2003 and registered under electronic entry N° 11500968 of the companies register at the Public Records Office for Lima and Callao (Lima office), maintains securities registered with the Public Registry of the Peruvian Securities Exchange (RPMV), code PEP 75460. The business of PERU LNG is to act as concessionaire, via license, service or other types of contracts, in the development, transport, distribution, treatment processing, refining, separation, compression, pumping, storage, dispatch, sales, import and export of hydrocarbons and hydrocarbon derivatives, as well as all activities necessary to operate liquefaction plants, gas pipelines, oil pipelines, aqueducts, mineral pipelines, multiple product pipelines, cable ducts and associated installations. To carry out prospecting, exploration, exploitation and any other mining activity, including those inherent in a mining concessionaire carrying out mining activities. To act as concession holder for public infrastructure and services works. To act as concessionaire in the development of activities relating to natural resources in general, among other related activities.

(ii) PERU LNG Partner Company LLC, a company incorporated and existing under the laws of the State of Delaware, United States of America, is not registered with the RPMV and has no securities registered in any stock market.

(iii) PERU LNG Company LLC, a company incorporated and existing under the laws of the State of Delaware, United States of America, is not registered with the RPMV and has no securities registered in any stock market.

CAPITAL

At the close of 2011, PERU LNG had capital of US\$ 320'099,952, and in that year had received advances from the parent company of US\$1,251'335,125. In June 2012 the first repayment to the parent company was made, amounting to US\$30'000,000. In December 2012 all advance payments from the parent company, amounting to US\$1,221'335,125, were capitalized in accordance with a decision by a general meeting of shareholders on the 21st of December 2012.

As of the 31st of December 2012 the capital of PERU LNG was US\$1,541'435,077, represented by 1,541'435,077 shares, fully subscribed and paid up and having a nominal value of US\$1.00 each

In 2013 the company's capital was reduced by share buybacks approved at general meetings of shareholders held on the 20th of May and 20th of November



2013, the first for US\$40'000,000 and the second for US\$100'000,000. Furthermore, each one of the reductions in capital were registered at Lima Public Records Office on the 20th of August 2013 (first buyback) and the 5th of February 2014 (second buyback).

As of the 31st December 2014 the capital of PERU LNG amounted to US\$1,401'435,077, represented by 1,401'435,077 shares, fully subscribed and paid up and having a nominal value of US\$1.00 each.

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PERU LNG Company LLC is the holder, both directly and indirectly, of 100% of the shares in PERU LNG.

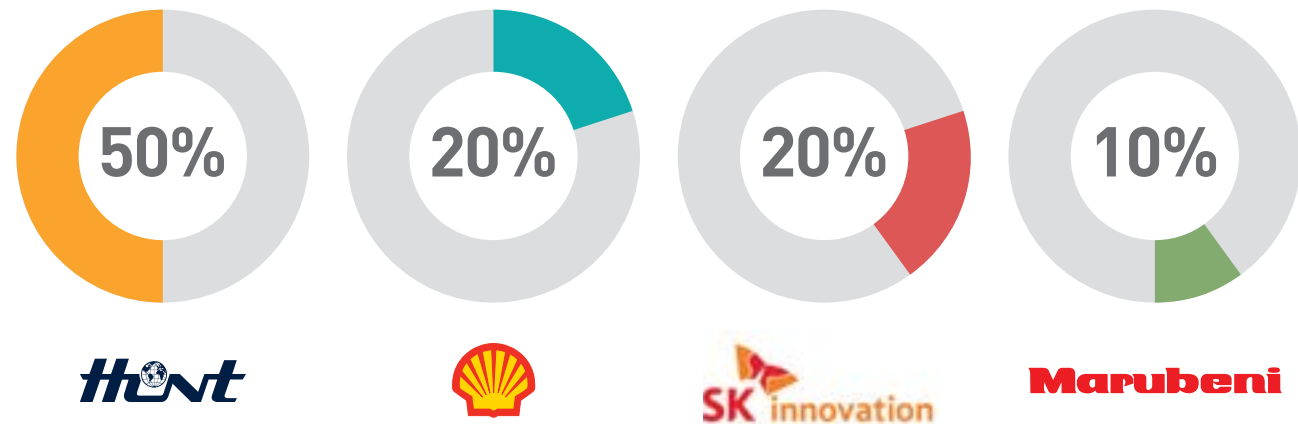
SHAREHOLDINGS IN PERU LNG

Shareholding	Number of shareholders	% shareholding
Less than 1%	1	0.5
Between 1% and 5%	-	-
Between 5% and	-	-
More than 10%	1	99.5
Total	2	100

Source: Own figures

THE PROMOTERS

The promoters: Hunt Oil Company (50%), Shell Gas B.V. (20%), SK Innovation Co. Ltd. (20%) and Marubeni Corporation (10%) are companies with indirect shareholdings in PERU LNG, but do not form part of the economic group.



The promoters provided US\$1,571'435,077 during the construction stage, which represented more than 40% of the total cost of the project: US\$ 3,874'597,513.

PERU LNG is operated by Hunt LNG Operating Company.

**THE PROMOTERS
PROVIDED
US\$1,571'435,077
DURING THE CONSTRUCTION
STAGE, WHICH
REPRESENTED MORE
THAN 40% OF THE TOTAL
COST OF THE PROJECT:
US\$3,874'597,513.**

FINANCING AND CAPITAL CONTRIBUTIONS

In order to finance the project, on the 26th of June 2008 PERU LNG entered into an agreement having common terms, with the principal lenders, valued at US\$2,050'000,000. On the 14th November that year, having met all the conditions, PERU LNG received approximately US\$700,000. Later, in December 2010 the total amount agreed was disbursed.

As at the 31st December 2015, the total value of the debt amounted to US\$ 1,400'285,900. The next repayment of capital and interest will take place In May 2016, in accordance with the established repayment schedule. The balance owed to each institution as at the 31st of December 2015 is shown below:

BALANCE OWED AS AT THE 31ST OF DECEMBER 2015

	Balance (US\$000)
IADBA	297,150
IADBB	269,556
USEXIM	257,144
IFC	222,863
KEXIM	192,858
SACE	160,715
Total	1'400,286

Source: Own figures

Part of the financing for the project was obtained from the Peruvian stock market in a process started in October 2009. The first PERU LNG corporate bond program valued at US\$200'000,000 was approved by ruling N° 064-2009-EF/94.06.3, issued by the Peruvian Securities Exchange Commission (now the Stock Market Regulatory Authority - SMV). On the 19th of November of that year, four simultaneous issues were made and the total value of the program was placed in the following manner:

FIRST CORPORATE BOND PROGRAM PERU LNG – ISSUES

	First(2) emisión	Second(3) emisión	Third issue	Fourth issue
Value of the issue (US\$000)	10,000	40,000	160,000	160,000
Demand (US\$000)	32,068	53,722	341,799	33,080
Amount placed (US\$000)	10,000	30,000	135,325	24,675
Term (años)	2.5	5.0	15.0	15.0
Period of grace	2.0	2.5	5.0	5.0
Coupon	Every six	Every six	Every six	Every six
Currency	US\$	US\$	US\$	US\$
Interest rate	3.44%	4.66%	Libor (6M) + 3.65625%	7.16%
Spread (1)	1.39%	1.22%	2.27%	2.27%

(1) Spread vs. Peruvian global bonds

(2) The first issue was paid in full in May 2012

(3) The second issue was paid in full in November 2014

In May 2012 the first issue of corporate bonds valued at US\$10'000,000 was repaid in full. Furthermore, in November 2014 the second corporate bond issue, valued at US\$40'000,000, was paid in full. It should be noted that PERU LNG's bonds were not traded on Lima Stock Exchange, as shown in the following table:

PERU LNG BONDS - TRADING ON THE BVL IN 2015

Mnemonic	ISIN	Year- Month	Prices 2015				
			Opening	Max	Min	Closing	Average
PLNG1B-C1A	PEP75460M014	2015 12	-	-	-	-	-
PLNG1B-C2A	PEP75460M022	2015 12	-	-	-	-	-
PLNG1B-C3A	PEP75460M030	2015 12	-	-	-	-	-
PLNG1B-C4A	PEP75460M048	2015 12	-	-	-	-	-

During the construction stage the promoters provided US\$1,571'435,077. This contribution represents, proportionally, all the capital necessary for financing the construction cost of the project not covered by the Common Terms Agreement. It also ensured that the debt-capital ratio did not exceed 60:40 during the construction phase.

In June 2014, PERU LNG renewed the working capital line worth US\$ 75'000,000 that it had maintained since 2010 with Scotiabank and the Banco de Crédito del Peru, for an additional two years. This line includes letters of guarantee and letters of credit, in addition to short-term disbursements. Disbursements from the capital line have a maximum term of six months and are used during the operation stage as and when required. As of the 31st December 2015, the amount drawn down from the working capital line was US\$0.



CONTRACTS WITH THE PERUVIAN STATE

On the 12th January 2006 an investment agreement was entered into between representatives of PERU LNG and the Peruvian State represented by the Hydrocarbons Bureau (DGH) and the Central Reserve Bank of Peru (BCR). The aims of this agreement include the following: (i) To establish PERU LNG as the sole owner of the LNG plant and related installations (including the gas pipeline) and the LNG produced in the plant, which may be exported freely. (ii) To establish certain provisions concerning investments by PERU LNG in the construction and operation of the LNG plant and related installations, and (iii) to grant PERU LNG and its shareholders certain guarantees relating to taxes, import duties and foreign currency.

The investment agreement (under the contract-law regime that prohibits the Peruvian Government from unilaterally modifying or amending its terms) was approved in January 2006 by a supreme decree promulgated in accordance with the terms of the Promotion of Investment in Natural Gas Processing Plants Act (the promotion act). By signing the agreement, PERU LNG acquired the right to a stable tax and exchange rate regime and other guarantees set forth in the promotion act when developing the project and for a period of forty years.

Finally, on the 5th of July 2010 the investment agreement was modified by public deed to include as Annex D, the Agreement for the Use and Expansion of the Carrying Capacity of the Main Pipeline, entered into by Transportadora del Gas del Peru S.A. and PERU LNG, according to article 81 of the Regulations Concerning Carriage of Hydrocarbons by Pipeline approved by Supreme Decree N° 081-2007-EM.

SUPPLY OF NATURAL GAS

In accordance with the supply contract, the plant will receive natural gas from the Camisea for 18 years.

A Contract for the Sale of Natural Gas from the Modified and Reformulated Block 88, entered into by PERU LNG and the holders of Block 88 took effect on the 6th of August 2014. Under this agreement the holders of Block 88 undertake to deliver natural gas to PERU LNG for local consumption only or for use in any other manner in PERU LNG's production process.

The same date saw the entry into force of a Contract for the Sale of Natural Gas from the Modified and Reformulated Block 56 entered into by PERU LNG and the holders of Block 56, aimed at including gas supplies acquired by the holders of Block 56 from the holders of Block 57 into the firm delivery undertakings assumed by the holders of Block 56 to PERU LNG.

With these contractual changes PERU LNG maintains its right to a firm commitment to deliveries of 4.2 trillion cubic feet of gas during the term of the contracts, at a rate of 670,000 million BTU (British Thermal Units) per day, in accordance with daily quantity required (CDR).

COMPETITION AND MARKET POSITIONING

Recent years have seen a transformation of world trade in LNG, mainly due to the efforts of several countries to diversify their energy matrices. Some years ago, liquefaction and regasifying projects were developed by the interested parties, with ships supplying specific markets and a limited shipping capacity; alternative markets were occasionally served during periods of low demand in the primary market. At present the LNG market is dynamic and competitive, as can be seen from the growth in the world's LNG tanker fleet.

LNG has become a possible energy solution for many importers of this product, such as Brazil, Argentina and Chile. Furthermore, regasifying installations are cheaper and quicker to build, relatively speaking, than liquefaction plants. Finally there is a worldwide trend towards countries assuming environmental obligations and this favors the search for cleaner sources of energy, such as natural gas.



TARGET MARKETS

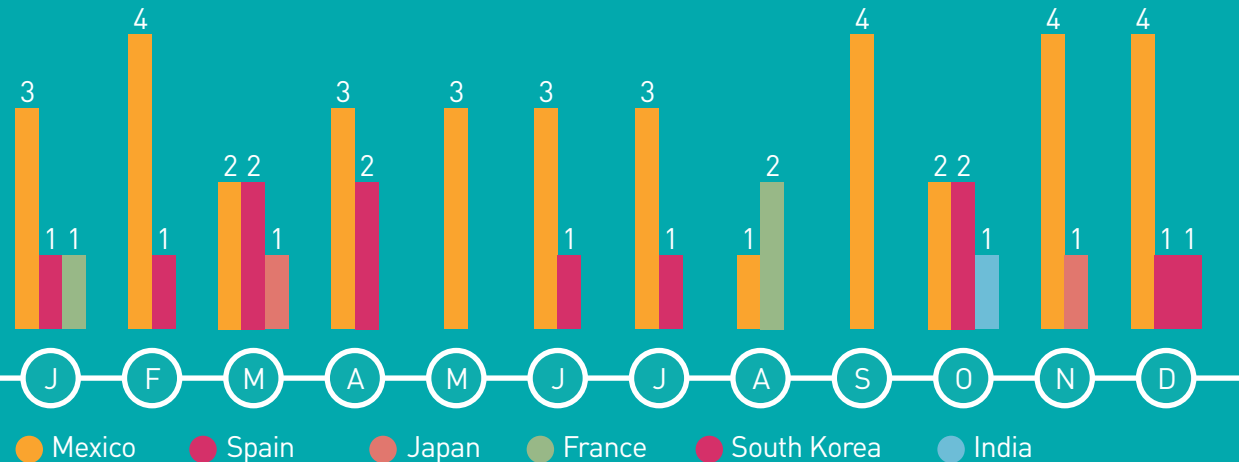
On the 1st of January 2014, Shell International Trading Middle East (SITME) replaced Repsol Comercializadora de Gas S.A. as the off-taker for PERU LNG, by means of the Third Amended and Restated LNG Sale and Purchase Agreement, entered into on the 31st of December 2013. SITME is part of the Royal Dutch Shell (RDS) group, one of the largest oil companies in the world. It is worth mentioning that Shell's LNG businesses include trading and one of the largest fleets in the industry.




During 2015 the LNG produced by PERU LNG and traded by SITME was sent principally to Mexico (67.6%), Spain (19.22%), France (5.8%) and Japan (4.2%), with occasional shipments to India (1.88%) and South Korea (1.44%). It is interesting to note that demand for LNG from Argentina, Brazil and Mexico has increased. This presents an attractive business opportunity for LNG produced in Peru.

Despite the long distances, PERU LNG remains attractive for European and Asian markets. Monthly sales during 2015 are shown below.

MONTHLY SALES IN 2015





**IT IS INTERESTING TO NOTE
THAT DEMAND
FOR LNG FROM ARGENTINA,
BRAZIL AND MEXICO HAS
INCREASED.
THIS REPRESENTS
AN ATTRACTIVE BUSINESS
OPPORTUNITY
FOR LNG PRODUCED
IN PERU.**

THE HYDROCARBONS SECTOR IN PERU

The Hydrocarbons Act - Law N° 26221, which regulates hydrocarbons activities in Peru, applies to PERU LNG. According to the Hydrocarbons Act, the Peruvian State encourages hydrocarbons development based on free competition and free access to economic activities, and guarantees a stable legal regime applicable to contracts, as set forth in article 62 of the Peruvian Constitution.

It also guarantees contractors a stable tax and exchange rate regime.

The Hydrocarbons Act also establishes that exploration and exploitation of hydrocarbons are to be carried out through license contracts and services agreements, as well as other types of contract authorized by the Ministry of Energy and Mines (MEM) and governed by private law. Contracts that have been approved and signed can only be modified by written agreement between the parties and are subject to approval by supreme decree.

PERU LNG's activities are regulated by the following pieces of legislation:

- Hydrocarbons Act.
- Supreme Decree N° 051-93-EM: Regulations Concerning Hydrocarbons Refining and Processing.
- Supreme Decree N° 081-2007-EM: Regulation for the Carriage of Hydrocarbons through Pipelines.
- Supreme Decree N° 032-2004: Regulations Concerning Hydrocarbons Exploration and Extraction.
- Law N° 28176: Promotion of Investment in Natural Gas Processing Plants Act.
- Supreme Decree N° 031-2004: Executive Regulations to the Promotion of Investment in Natural Gas Processing Plants Act.

The institutional environment of the sector consists of the Ministry of Energy and Mines (MEM) and two regulatory authorities: the Supervising Body for Investment in Energy and Mining (OSINERGMIN) and the Environmental Monitoring and Evaluation Authority (OEFA). The MEM is responsible for designing general policies for the sector and, as the grantor, for awarding concessions. Osinergmin, which is a functional dependency of the Office of the Prime Minister, is responsible for establishing tariffs for the transport and distribution of gas, and for monitoring compliance with the concessionaires' obligations stipulated in their contracts and in applicable legislation; at the same time, it supervises the quality of the service provided with reference to the legislation and technical standards applicable to safety in the industry in question.

The OEFA, which reports to the Ministry of the Environment, is responsible for ensuring that individuals and entities both public and private comply with environmental standards, which it does through evaluations, supervision, control, monitoring and penalties in environmental matters.



A photograph of a large industrial facility, likely a refinery or chemical plant. The central feature is a tall, cylindrical distillation column with multiple levels of platforms and ladders. To the left, there's a large building with a red roof and a complex network of pipes and structural steel. The ground is a flat, sandy or dirt-covered area. The sky is blue with some light clouds.

PART 2

INFRASTRUCTURE THAT ASTOUNDS THE WORLD29


GAS PIPELINE

At 408 kilometers long, the PERU LNG gas pipeline is a key achievement in the history of engineering in Peru. This impressive construction crosses one of the most difficult landscapes in the world, numerous rivers and the coastal desert. The pipeline is buried for the whole of its length, except within the plant and port facility. The high-pressure gas pipeline is 34 inches in diameter. It can carry 1,121 MMcfd of dry natural gas.

The pipeline starts approximately at kilometer 211 of the Transportadora del Gas del Peru S.A. gas pipeline, in the community of Chiquintirca the Ayacucho Region, and ends at the PERU LNG liquefaction plant on the Peruvian coast.

In 2011 the capacity of the system was increased from 1,121 to 1,290 MMcfd.





**THIS IMPRESSIVE
CONSTRUCTION CROSSES
ONE OF THE MOST DIFFICULT
LANDSCAPES IN THE WORLD,
NUMEROUS RIVERS AND THE
COASTAL DESERT.**

LIQUEFACTION PLANT

The PERU LNG plant is the first liquefaction plant in South America. It is located between the towns of San Vicente de Cañete and Chincha, approximately 160 km south of Lima. It is built on 521 hectares of land between the Southern Pan American Highway to the east and the Pacific Ocean to the west.



The plant location, which required strict and detailed studies, was a challenge for PERU LNG's engineers. Melchorita meets certain specific characteristics, such as low environmental sensitivity, low population density, soil stability and stable oceanic conditions, among others. Nevertheless, its altitude of 135 m.a.s.l., required roads to be built to the coast.

The installed capacity of the plant is 4.45 million tons a year (MMTpy) and it processes approximately 620 million cubic feet per day (MMcfd). This capacity covers the 4.2 MMTpy of LNG established in the contract.

The plant transforms natural gas into liquid form to facilitate transport. Dry natural gas is sent from Blocks 56 and 57 of the Camisea field and the liquids it contains are removed. The natural gas is measured and its pressure controlled. Carbon dioxide (CO₂) is then removed in the acid gas removal unit. From this stage onwards, the gas is dried using molecular sieves and activated charcoal before being liquefied. The natural gas is then cooled with propane refrigerant and condensed into a liquid in the principal cryogenic heat exchanger.

At the end of the process, the LNG is stored in two tanks, each holding 130,000m³, before being shipped in methane tankers.

In order to guarantee correct operation, it generates its own electricity and other services; it has three generators, one control center, offices, warehouses, workshops, training facilities and living quarters.

**THE PLANT LOCATION,
WHICH REQUIRED STRICT
AND DETAILED STUDIES,
WAS A CHALLENGE FOR
PERU LNG'S ENGINEERS.**

PORT FACILITY

The construction of the port facility was the last great challenge of the project overcome by PERU LNG's engineers. The facility consists of a breakwater 800 m long located at a depth of 16 m, a jetty 1,400 m long to carry the LNG loading equipment, four sets of mooring bitts and six dolphins suitable for vessels from 90,000 m³ to 173,000 m³ and a single-lane entrance channel, together with a tug jetty and other facilities necessary for the LNG loading process.

Like all high technology infrastructure, in 2011 and 2012 the port facility was given ISO9001 classification for its LNG shipment quality management and the provision of basic port services, such as berthing, unberthing, pilotage and towing. This certification was issued by the International Standards Organization through auditor Société Générale Surveillance (SGS).



PART 3

WORKING WITH RESPONSIBILITY AND COMMITMENT

The commissioning of the liquefaction plant in June 2010 marked the start of the operation one of the most significant projects ever implemented in Peru. The PERU LNG liquefaction plant, the first in South America producing liquefied natural gas, is supplied by a gas pipeline 408 kilometers long carrying natural gas from Ayacucho, through Huancavelica, Ica and Lima.

**PERU LNG OPERATES TO
THE HIGHEST INDUSTRY
STANDARDS TO GUARANTEE
STRICT COMPLIANCE WITH
PERUVIAN AND
INTERNATIONAL
LEGISLATION.**

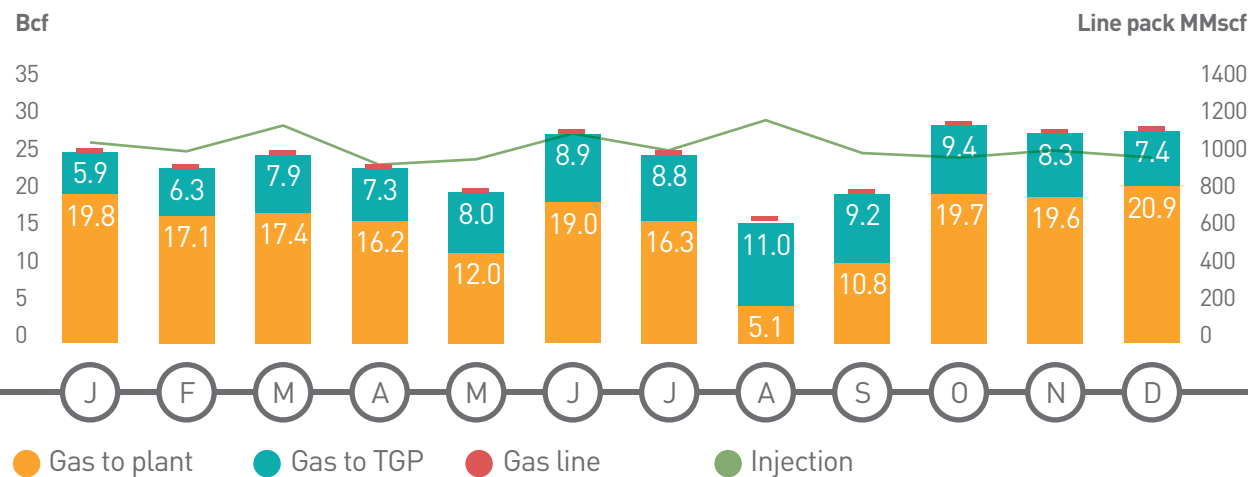
OPERATING TO HIGH QUALITY STANDARDS

GAS PIPELINE

Gas pipeline operations were consolidated in 2015. The pipeline carried an average of 800 MMcfd of gas natural, compared to the average for 2014, which was 853 MMcfd. The figure for 2015 includes the days set aside for major maintenance, which was performed during the year, during which no gas was sent to the PERU LNG plant.

The volume carried in 2015 was distributed as follows: 193,726 MMcf went to the LNG plant and 98,401MMcf to the domestic market, in accordance with the Agreement for Main Pipeline Capacity Increase and Use.

VOLUMES CARRIED (2015)

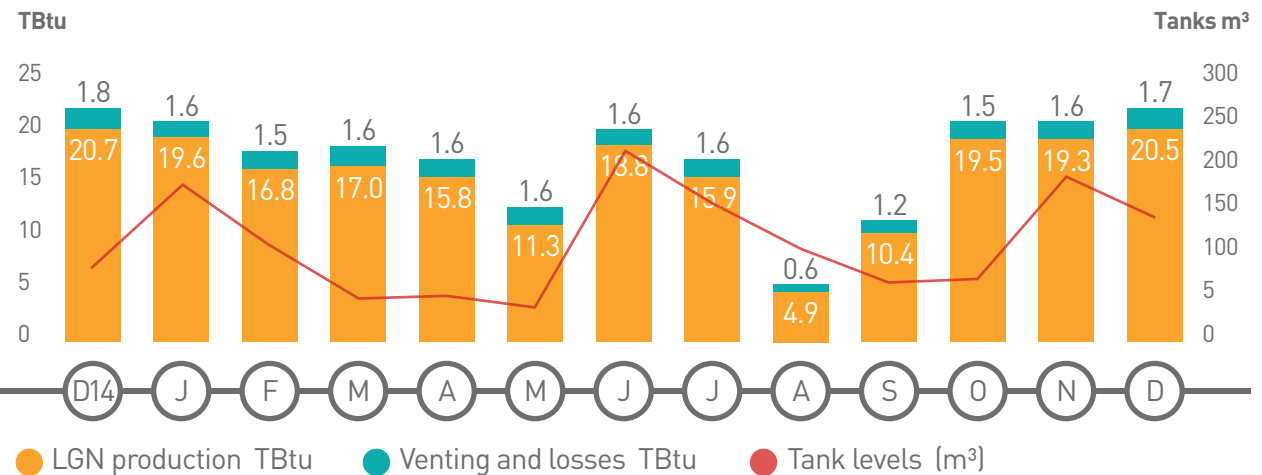


Source: Own figures

LIQUEFACTION PLANT AND PORT FACILITY

The performance efficiency of the plant during 2015 was 92%. In specific figures, 189.9 TBtu of LNG were produced, a figure lower than the 213.8 TBtu produced in 2014 due principally to major planned maintenance of the LNG plant carried out in August and September.

VOLUMES PRODUCED (2015)



Source: Own figures

**THE PERFORMANCE
EFFICIENCY OF THE PLANT
DURING 2015 WAS 92%.**

LNG SHIPMENTS

In 2015, 56 methane tankers berthed at the PERU LNG port facility and loaded 187.8 Tbtu of LNG. Performance in previous years was: 2014: 60 vessels (214.5 Tbtu); 2013, 56 vessels (218.4 Tbtu); 2012, 53 vessels (203.7 Tbtu) and 2011, 55 vessels (209.15 Tbtu). It should be noted that operations commenced in June 2010, and therefore only 24 vessels used the facility.

The destinations of the 56 methane tankers was as follows: 38 to Mexico (68%), 11 to Spain (19%), 3 to France (6%), 2 to Japan (4%) 1 to India (2%) and 1 to South Korea (1%).



**VESSELS LOADED IN
2015: VOLUME IN m³ AND
MMBtu**

Month	Vessels	MMBtu	m ³
January	5	17,317,206	745,140
February	5	18,389,055	791,143
March	5	17,464,892	751,502
April	5	16,672,795	717,151
May	3	11,531,347	495,959
June	4	14,518,555	624,834
July	4	14,343,759	617,344
August	3	8,953,043	385,280
September	4	11,203,278	481,544
October	5	16,211,441	697,683
November	6	19,698,220	848,478
December	7	21,541,449	928,171
Total	56	187,845,040	8,084,229

Source: Own figures

DETAILS OF VESSELS LOADED AND QUANTITY OF LNG (TBTU) BROKEN DOWN BY DESTINATION COUNTRY

SITME was the company responsible for purchasing, carrying and selling the LNG produced in the plant during 2015. The LNG is sold on a FOB basis at a contractual sale price indexed to natural gas prices at the destination of the shipment.



Fuente: Elaboración propia

HUMAN RESOURCES PERSONNEL

PERU LNG's specialist activities require highly-trained professionals who are motivated and committed to the aims of the company. During 2015 PERU LNG's payroll was made up as follows:

PERU LNG PERSONNEL 2014 VS 2015



● Staff ● Employees



PREPARING THE INSTALLATIONS FOR MAJOR MAINTENANCE

Major maintenance of the PERU LNG plant was carried out during August and September. This maintenance required the presence of up to one thousand professionals of various nationalities and industry specialties, and for that reason upgrades and improvements were made to the installations to provide the necessary lodgings, meals, transport and other services before they arrived.



ON-THE-JOB TRAINING FOR WORK EXPERIENCE CANDIDATES

An on-the-job training program began for forty young students or new graduates from different universities and technical institutes in Chincha, Cañete and Lima, who are undergoing their pre-graduation or professional work experience at PERU LNG's plant. The aim of this program is to strengthen the soft skills and technical abilities of the participants, concentrating on three pillars: values, communication and team work, through a series of workshops contributing to their professional development.



TRAINING AND DEVELOPMENT PLAN

Our training and development plans are designed and implemented around three axes: health and safety at work, technical skills and social skills.

In a joint effort with the Quality, Health, Safety and the Environment Department we developed a job-based training program for all of our personnel, enabling them to meet and even exceed the safety and environmental requirements established for operations at our three centers in accordance with current legislation and the most rigorous international standards.



**OUR TRAINING AND
DEVELOPMENT PLANS
ARE DESIGNED AND
IMPLEMENTED AROUND
THREE AXES: HEALTH
AND SAFETY AT WORK,
TECHNICAL SKILLS AND
SOCIAL SKILLS.**

NEW SELF-STUDY PLATFORM

During the year we launched the new version of the Skillsoft self-study platform. This platform is a virtual learning resource used by companies in different sectors, particularly hydrocarbons, and has been used by our company since 2010. The Online Learning Center interface has been improved and provides a more friendly and interactive environment that facilitates searches for more than one thousand learning modules.



ENGLISH PROGRAM IN CONJUNCTION WITH SENATI CHINCHA-CAÑETE

We have joined forces with SENATI to implement an English learning program for students in the Chíncha and Cañete areas in order to improve their language skills and increase their chances of success in the job market. The program started on the 16th of March 2015 with 28 students from the mechanical maintenance and industrial electricity departments.



2015 GRADUATE PROGRAM

Two thousand applicants from different universities and institutes took part in the selection process for our 2015 Graduate Program. 12 graduates were selected. The program lasted one year and during this time they had the opportunity to learn the technical skills inherent in the LNG production process, as well as soft skills and abilities relating to health and safety at work in the LNG industry.



TRAINING AND INDUCTION FOR THE MAJOR MAINTENANCE PROJECT

The training team liaised with the Quality, Health, Safety and Environment and the Maintenance departments to identify the training needs to be provided for the major maintenance proposed for the PERU LNG plant. Furthermore general and specific induction training was started for 800 employees and contractors' personnel, accumulating more than 5,800 man/hours of training.



JUDICIAL, ADMINISTRATIVE OR ARBITRATION

AND OTHER PROCEDURES

As at the end of 2014, PERU LNG was involved in one ongoing court case, implying a contingency in excess of US\$500,000 originating in a claim lodged in March 2011 by PERU LNG against Osinergmin concerning fines that had been imposed (case 01130-2011). The action questions the validity and, therefore, applies for a declaration striking down General Management Rulings N° 004458 and 004666, and Rulings N° 030-2010-OS/TASTEM-S2 and N° 007-2010-OS/TASTEM-S2, imposing fines amounting to approximately US\$912,635 for alleged non-compliance with commitments assumed under the corresponding environmental management instruments. An opinion has been given and PERU LNG has submitted its response to the provisions of this opinion; it also took part in a hearing held on the 15th of January 2015. We are currently awaiting a judicial ruling in the first instance.

PERU LNG ADMINISTRATION

PERU LNG is a limited-liability company and therefore does not have a board of directors. The management is made up of the following people:

Position	Name
General	Igor Salazar
Director of Corporate Affairs and Communications	David Lemor
General Counsel	María Julia Aybar
Commercial Project Development Director	Konrad Rudnicki
Planning Manager	Grant Johnson

IGOR SALAZAR

Mr Salazar is an industrial engineer who graduated from the University of Lima, Peru obtained a master's degree in energy economics from the University of Oklahoma in the United States of America. He started his professional career with Petroperu and Repsol, where he worked in the refining section (planning, marketing and operations). He then worked in the downstream sector with Texas Petroleum Company (Texaco). Thereafter he joined Endesa Internacional in Chile, where he worked in gas / energy trading and the development of new businesses in Latin America (principally Brazil, Argentina, Peru, Colombia and Chile).

In January 2002 he joined Hunt Oil Company to work on the Camisea project and the PERU LNG project as Commercial Manager. On the 1st of January 2011 he was appointed General Manager of PERU LNG.

DAVID LEMOR

An industrial engineer, he graduated with honors from North Carolina State University (NCSU). Before joining the company, Mr Lemor was Minister of State at the Ministry of Production and executive vice president of the National Competitiveness Council during the government of former president Alejandro Toledo.

He was later appointed special representative of the Government of Peru in Washington, where his task was to obtain approval of the Peru - USA Free Trade Agreement.

He was then executive director of Pro Inversión during the government of President Alan García Pérez. At present he is a professor at San Ignacio de Loyola University and Ricardo Palma University and a director of the National Manufacturing Society. In PERU LNG he is the Director of Corporate Affairs and Communications.

MARÍA JULIA AYBAR

Mrs Aybar studied at the Catholic University of Peru's Faculty of Law and pursued postgraduate studies at the University of Lima. She has also taken part in different specialty courses, such as energy and hydrocarbons legislation and the regulation of natural gas. She started working in the oil and gas sector in the legal department of PeruPetro (the government body that administers oil exploration and extraction in Peru). She then became a partner in Estudio Muñiz, Pérez-Taiman & Luna-Victoria law firm for nearly ten years, in which she made use of her experience in the different areas of hydrocarbons activities.

She participated in the exploitation, transport and distribution phases of the Camisea project, included its financing. She has been the General Counsel of PERU LNG since February 2006.

KONRAD RUDNICKI

Before joining Hunt in 2008, Konrad Rudnicki had more than ten years of experience in the energy, oil and gas industries. He started his career with Triton Energy in Dallas, Texas, where he worked in the Finance Department on internal E&P projects; after Triton Energy was acquired by Hess Oil he joined North American Coal as Senior Strategy Analyst and worked with the finance director of the company on short and long term strategies as well as helping in the capital assignment process and financial operations. He then headed the En Cana non-conventional business unit based in Dallas, as adviser to the regional president on the strategic portfolio. At Hunt he was able to lead and work on various initiatives starting with Hunt Energy Horizons as business development manager, then as strategic planning director of Hunt Oil Company and, from June 2014 at PERU LNG as Commercial and Project Development Director.

He holds a MBA and BBA from Southern Methodist University and specializes in finance and accounting.

GRANT JOHNSON

Mr Johnson graduated with honors in finance from the University of Georgia. He holds an MBA from the Southern Methodist University, where he specialized in finance, accounting and energy financing. He has worked in the investment banking department of Citigroup as financial and insurance adviser for clients in the south east and south west United States. He later worked for the planning and strategy group of Hunt Oil Company in Dallas, Texas, where he developed and supervised the short and long term strategic plans for domestic and international operations.

He has been the Planning Manager of PERU LNG since June 2013.



OUR COMMITMENT TO THE COMMUNITY

PERU LNG's social and ethical strategies help to strengthen the confidence and respect of the communities in its area of influence in the Ayacucho, Huancavelica, Ica and Lima regions.

THE COMPANY'S SOCIAL INVESTMENT PROJECTS ARE DESIGNED TO PROMOTE THE SUSTAINABLE DEVELOPMENT OF LOCAL COMMUNITIES.

These projects are implemented in coordination with local communities through a permanent and fluid dialog. Various projects were implemented during 2015, of which the following were particularly important:

PUBLIC INVESTMENT MANAGEMENT TRAINING PROGRAM

This program, which started in March 2012, helps to strengthen the abilities of the technical members of municipal governments who are responsible for drawing up and implementing strategic public investment projects to meet the basic needs of the population. The program provides advice so that municipal officials are capable of preparing technical dossiers and designing strategies in their search for public funds.

Advisers from the Universidad del Pacífico have an important role in this process, helping technicians to draw up profile studies, answering their queries on public affairs and introducing them to the different government bodies responsible for promoting public investment (particularly the different departments of the Ministry of Finance - MEF).

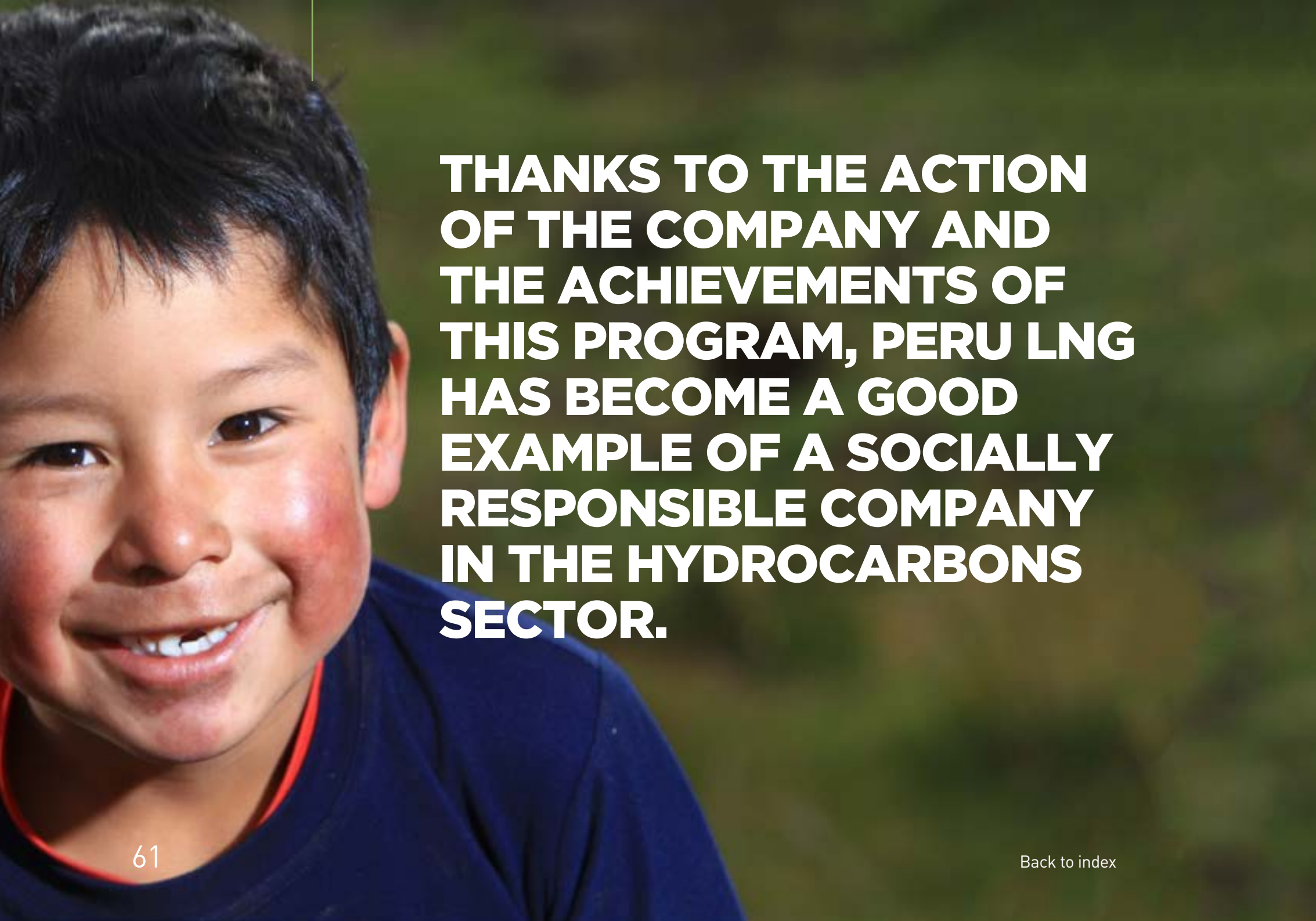
In the second half of 2015 a second contract was signed with the Universidad del Pacífico to carry on with the second stage of the program, which includes technical assistance for the municipalities of Vinchos, Acocro in Ayacucho and Pilpichaca in Huancavelica.

In previous years this project has helped to establish better relations with district authorities, as well as obtaining more than S/. 30 million of government money for social projects aimed at meeting the basic needs of the population. Furthermore, thanks to the actions of the company and the achievements of this program, PERU LNG has become a good example of a socially

responsible company in the hydrocarbons sector, thus demonstrating that world- class investment can contribute to the sustainable development of the communities in its area of influence.

In 2015 the following work was carried out.

Municipality of Acos Vinchos	Municipality of Vinchos	
Improvements to primary health care at healthcare establishments in Huaychao and Urpay, part of the Quinoa sub-network - Huamanga Health Services network - DIRESA Ayacucho, District of Acosvinchos - Huamanga - Ayacucho. District of Acos Vinchos, Huamanga, Ayacucho.	Improvements to basic regular secondary education Justiniano Quicaria Magallanes, Walter Ebertz and Pablo Valeriano Mesahuaman schools. District of Vinchos, Huamanga, Ayacucho.	Flood defense works on the River Vinchos at Casacancha, Anchacc Wasi, San José de Mayobamba, San Luis de Pichay and the urban area of Vinchos-Huamanga-Ayacucho.
SNIP code N° 252147	SNIP code N° 287354	SNIP code N° 288951
INVESTMENT: S/.4'021,357	INVESTMENT: S/.7'675,715.00	INVESTMENT: S/.9'823,681.00
PERU LNG CONTRIBUTION: S/.229,445.66	PERU LNG CONTRIBUTION: S/.330,616.00	PERU LNG CONTRIBUTION: S/.423,145.00



**THANKS TO THE ACTION
OF THE COMPANY AND
THE ACHIEVEMENTS OF
THIS PROGRAM, PERU LNG
HAS BECOME A GOOD
EXAMPLE OF A SOCIALLY
RESPONSIBLE COMPANY
IN THE HYDROCARBONS
SECTOR.**

ALLIN MINKAY

The Allin Minkay program, implemented with TADEPA, has commissioned a series of projects aimed at improving the living standards, competitiveness and incomes of 158 families in the communities of Uras, Santa Magdalena, General Córdova de Socos, Urpaypampa and Pumapuquio in the districts of Vinchos, Acocro and San Miguel, province of Huamanga and La Mar in Ayacucho.

The purpose of the project is to improve the living standards and incomes of the inhabitants in participating communities in the area of influence of PERU LNG in Ayacucho region. The project consists of the following components to achieve its objectives:



To guarantee the sustainability and continuity of the project we are contemplating economically viable farm production that is socially acceptable and environmentally sustainable.

The program obtained the following results in 2015:

1. **93% PROGRESS** with the activities programmed for the year. The remaining 7% covers the technical manuals, which are currently being reviewed and will be provided later to users.
2. **161 PARCELS OF LAND** provided with pressurized spray irrigation systems to ensure optimum use of water during the dry season. The farmers also undertake to look after the irrigation systems and to extend their land under cultivation.
3. **DURING THE SEASON (DRY SEASON) THE AREA UNDER CULTIVATION WAS 79.24** , Has, of which 21.67 has was located principally in San Miguel. Quinoa was the crop that produced the most income for farmers.
4. **THE AREA THAT PRODUCED THE LARGEST RED QUINOA HARVEST WAS PUMAPUQUIO, WITH AN AVERAGE OF 2,200 KG/HA**, by improving its production strategies through the use of specially selected and disinfected seed, good fertilizing and crop management. In earlier seasons the yield was around 1,500 kg/ha.
5. **992 TECHNICAL VISITS WERE MADE** to farmers in order to comply with the three components of the project described below.
 - 522 visits to provide technical aid in crop management of quinoa, peas, potatoes and alfalfa.

- 174 visits covering the environmental management component.
- 296 visits for the organizational and commercial management component.

6. **THE MONITORING RESULTS** from a sample of 155 farmers are as follows:

- 82% of farmers use pressurized irrigation for their crops.
- 56% of farmers employ soil conservation techniques.
- 24% of farmers have increased their use of proper soil preparation techniques.
- 31% of farmers understand seed selection.
- 7% of farmers have improved their sowing procedures.




- 68% of farmers have improved their crop management techniques.
- 20% of farmers have adequate knowledge of phytosanitary treatment.
- 24% of farmers have improved their harvesting practices.
- 22% of farmers employed adequate post-harvest handling of their crops.

7. **48% OF FARMERS UNDERSTAND THE IMPORTANCE OF PROPER MANAGEMENT OF AGROTOXINS.** They have storage and clothing suitable for the use of red and blue label agrottoxins and agricultural chemicals.

- 27% of farmers have improved their practices for the management of agrottoxins.
- 49% of farmers have increased their knowledge of the proper handling of agrottoxic containers.
- 46% of farmers dispose of domestic waste adequately.

8. As far as commercial management was concerned **CONTACTS WERE ESTABLISHED WITH THREE COMPANIES FOR SALES OF RED QUINOA.** A working agenda was prepared and farmers negotiated the sale price. The companies visited the farms.

- 7% of farmers have an adequate understanding of organizational and commercial aspects.
- 5% of farmers have adequate knowledge of transformation alternatives and generating added value to farm products.
- 17% of farmers have adequate knowledge of how to look for market and price information.



**ECONOMICALLY VIABLE,
SOCIALY ACCEPTABLE
AND ENVIRONMENTALLY
SUSTAINABLE FARM
PRODUCTION IS SOUGHT
IN ORDER TO GUARANTEE
THE SUSTAINABILITY
AND CONTINUITY OF THE
PROJECT.**


The Allin Minkay program also includes the following projects:

Improvements to irrigation infrastructure

The construction and improvement of irrigation systems seeks to improve the storage and efficient use of water, as well as increasing crop yields and extending the area of land under permanent irrigation.

During 2015, in coordination with the PSI (Sub-sector Irrigation Program) of the Ministry of Agriculture and Irrigation and the District Municipality of Chiara, two projects were implemented to improve irrigation channels and thus benefit 39 families in the rural communities of Allapachaca and Pantibamba. This was possible thanks to a joint effort by the PSI, the District Municipality of Chiara and PERU LNG.





**THE CONSTRUCTION
AND IMPROVEMENT OF
IRRIGATION SYSTEMS
SEEKS TO SE IMPROVE THE
STORAGE AND EFFICIENT
USE OF WATER.**

Mi Chakra Emprendedora – Haku Wiñay, implementation of farming technologies

In October 2014 an agreement was signed between PERU LNG and FONCODES (Cooperation Fund for Social development), by which PERU LNG would finance 100% of the Mi Chakra Emprendedora - Haku Miñay project in its areas of influence. The project involves the development of productive skills and rural entrepreneurship among 282 families in nine locations: Hatunpallcca, Totorá, Anchihua y Sierra, Osqoqocha, Qollpa, Allpacorral, Pampanhuaylla, Cochas y Putacca, in the districts of Anco and San Miguel in the province of La Mar, Ayacucho region.

The project obtained the following results during 2015:

- 173 farmers achieved 43% completion of their irrigation systems.
- 231 users achieved 43% completion of their organic small-holdings.
- 259 users made 30% progress in implementing their pasture land.
- 272 users made 74% progress in the use of organic fertilizer.
- 243 users progressed 46% in the provision of small animals and poultry.
- 280 users made 23% progress in the implementation of improved cookers and stoves.
- 282 users made 43% progress in the installation of running water in their homes.

IMPROVEMENTS IN READING COMPREHENSION

The 'Leer es Estar Adelante' (Reading is Progress) project has been working since 2014 together with Fundación BBVA, and serves 1,182 pupils in sixth grade primary education in 24 public schools in communities in the provinces of Huamanga.

The activities carried out in 2015 consisted of the following four components:

- Provision of educational materials: Teaching guides were provided for



teachers and reading comprehension practice texts for pupils. The contents of these books use local information and characteristics to encourage diversification of the curriculum in the context of Peruvian public schools. During 2015 educational materials were provided to 66 teachers and 1,182 pupils of the participating schools.

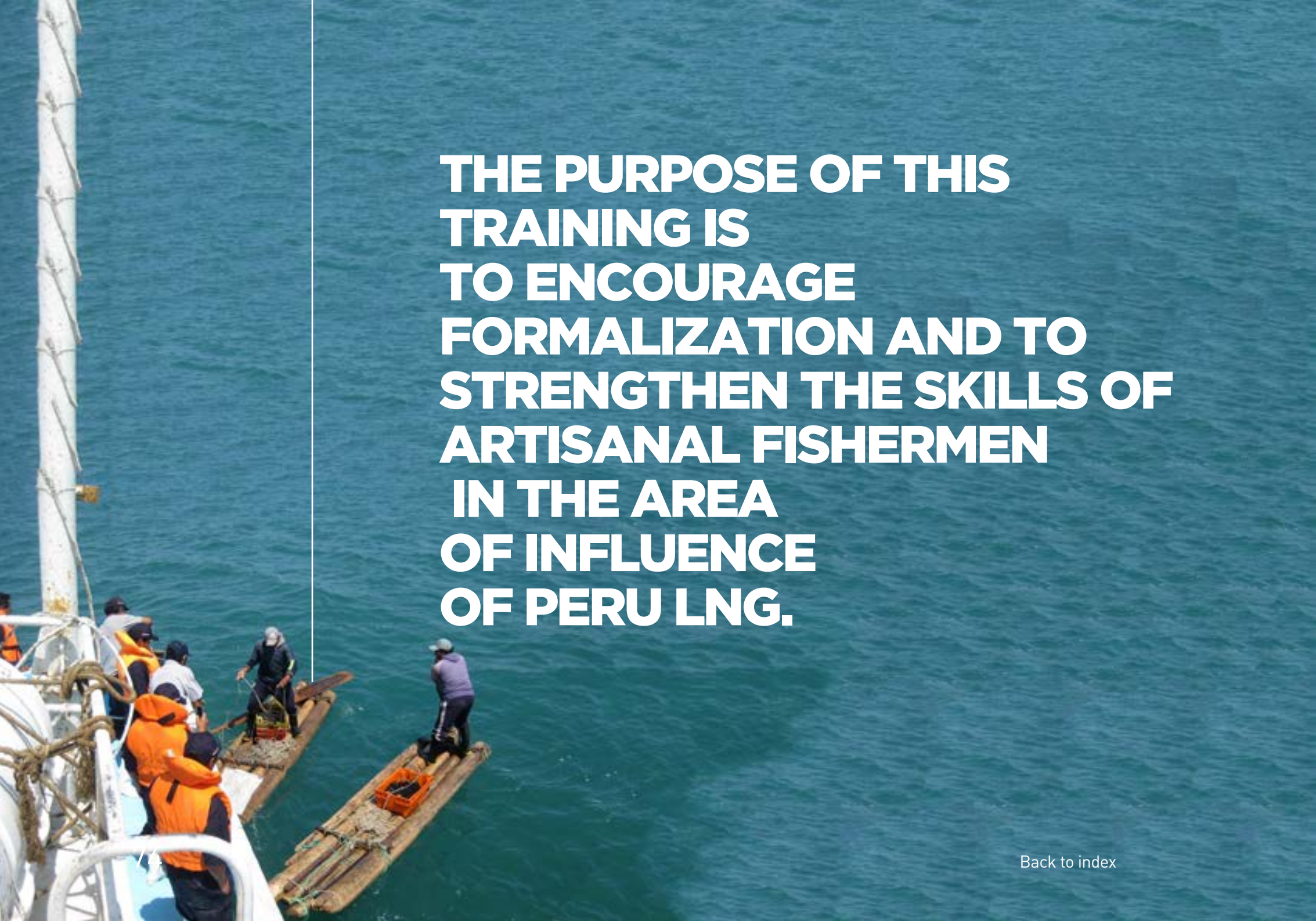
- Training and accompaniment: Three training workshops for teachers and 396 class teaching assistants (six per teacher) were supplied to provide feedback on the practical implementation of the methodologies taught, in order to develop skills at teaching reading comprehension.
- Measurement of the effectiveness of the program in the participating school population: Evaluations were carried out to measure the progress of pupils at different times (entry, intermediate and leaving) using the ECE student evaluation method. The results were shared with the Ministry of Education's Education Quality Measuring Unit and other departments making policy and research decisions concerning education. This evaluation was carried out in November 2015 and the results will be published in February 2016 before the start of the new school year.
- Institutionalization: Arrangements were made with different parts of the education sector to ensure participation by public and/or private bodies, thus establishing synergies and other alliances and helping to achieve the aims of the program.

In 2016 it is planned to extend the project to five schools in Huancavelica.

Furthermore, to improve teaching conditions, 47 nursery and primary schools have received more than one thousand desks, chairs, desks for teachers, shelving and blackboards.



**TEACHING GUIDES
AND READING
COMPREHENSION
PRACTICE BOOKS
PROVIDED
FOR PUPILS.**

The background image shows a group of people on a boat, likely a fishing vessel, with several individuals wearing orange life jackets. Two small, narrow rafts are visible on the water, each with a person on board. The water is a deep blue-green color. The text is overlaid on the right side of the image.

**THE PURPOSE OF THIS
TRAINING IS
TO ENCOURAGE
FORMALIZATION AND TO
STRENGTHEN THE SKILLS OF
ARTISANAL FISHERMEN
IN THE AREA
OF INFLUENCE
OF PERU LNG.**

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HEALTH, SAFETY AND THE ENVIRONMENT

With a view to benefiting its employees, contractors and consultants, PERU LNG has developed and implemented a set of practices and requirements in all of its departments. These measures also help to strengthen the occupational health and safety of employees, protect the environment and avoid impacts on the communities in the area of influence of the gas pipeline, the plant and the port facility.

PERU LNG is committed to protecting the environment and natural resources, and works to the highest industry standards while guaranteeing strict compliance with Peruvian and international legislation. This is shown by the ISO 14001 and OHSAS 18001 certificates granted to its Integrated Management System (GIS) in November 2013, which are renewed annually after external audits performed by Tuv Rheinland, a world leader in technical services, thus guaranteeing compliance with the inspection regulations applicable to products, processes and services.

In this way we verify that the environmental and safety management systems are properly implemented throughout PERU LNG's operations from KP 0 (the starting point) of the gas pipeline at Chiquintirca, to the LNG plant and the port facility. The scope of the certification covers all activities, processes and premises of PERU LNG, including the offices. The SIG is designed to create safe working conditions for all employees and contractors of PERU LNG and, furthermore, to establish a commitment to serve as social and environmental guardians for the communities in which operates.



**PERU LNG, COMMITTED
TO PROTECTING THE
ENVIRONMENT AND
NATURAL RESOURCES BY
MEETING THE HIGHEST
INDUSTRY STANDARDS
AND GUARANTEEING
STRICT COMPLIANCE
WITH PERUVIAN AND
INTERNATIONAL
LEGISLATION.**

ENVIRONMENTAL MANAGEMENT IN THE PLANT

Environmental and safety standard assurance inspections

To guarantee compliance with quality, occupational safety and environmental protection standards, during 2015 the PERU LNG plant installations were inspected 43 times, producing 432 observations contributing to the process of continual improvement.

Environmental authority audits of the plant

Audits by the environmental authorities helped to maintain high operational standards. In 2015 the Environmental Evaluation and Monitoring Authority (OEFA) and the National Water Authority (ANA) carried out two audits. It should be pointed out that they made no observations.

Responsible water management

Carrying out our activities in harmony with the environment and with the inhabitants of our area of influence is a priority for PERU LNG, and we give special attention to the sensitive subject of water. The plant uses water in a sustainable manner in order to reduce its impact on the environment to a minimum. To do so we draw off sea water which is turned into potable water by reverse osmosis. Thus no water is extracted from rivers or local wells and there is no impact on water sources in the zone.

The environmental impact assessment defines the Peruvian and international standards for water use applicable to the plant, camps and offices.

All used water is subject to stringent treatment in the waste water treatment plant. Once treated, domestic waste water is not discharged into the sea, but is reused (51,248 m3) to irrigate parks and gardens and to control dust on the roads inside the plant.

Monitoring: guaranteeing compliance with the highest industry standards

The environmental monitoring programs gather information on the effects that PERU LNG's operations may have on the environment, as well as mitigating any environmental effects and preserving the nature of its areas of influence. The following tables give the results of two types of monitoring carried out in 2015.

**MONITORING OF
DISCHARGES AND
EMISSIONS**

Monitoring	Number of samples taken annually	Results
1 annual emissions sample: 8 chimneys	48	All meet the standards
12 effluent samples: 4 monitoring points	948	All meet the standards
70 vessels provided samples (water ballast)	280	All meet the standards
4 measurements of environmental noise, 10 monitoring points	80	All meet the standards

**THE PLANT USES WATER
IN A SUSTAINABLE
MANNER, IN ORDER TO
REDUCE ITS IMPACT ON
THE ENVIRONMENT TO A
MINIMUM. TO DO SO
WE DRAW OFF
SEA WATER WHICH IS
TURNED INTO POTABLE
WATER BY
REVERSE OSMOSIS.**

MONITORING ENVIRONMENTAL OF RECEIVING WATER BODIES

Monitoring	Number of samples taken annually	Results
4 air quality samples, 5 monitoring points	20	All meet the standards
4 samples of sea water plankton, 1 sampling point	4	No invasive or new species were found
4 sea water quality samples, 40 sampling points	5,280	The resulting values are similar to those reported in the environmental baselines of 2002 and 2006
2 marine sediment samples, 14 monitoring points	700	The resulting values are similar to those reported in the environmental baselines of 2002 and 2006

In addition, 9 marine monitoring campaigns were carried out in which representatives of fishermen's associations and government authorities took part, as well as 2 surveys of the coastal morphology (9 km of beaches evaluated in each survey) and 4 geographical surveys.

**ENVIRONMENTAL
MONITORING PROGRAMS
GATHER INFORMATION
ON THE EFFECTS
PERU LNG'S
OPERATIONS
MAY HAVE ON
THE ENVIRONMENT.**



Responsible waste management

Planned action has reduced the quantity of waste produced per employee and increased the amount of waste per capita re-used and recycled. 1,471 tons of waste were generated in 2015. This was managed giving priority to reduction, recycling and re-use. We also continued to compost food waste. This significantly reduced the amount of waste sent to landfill and helped to improve integral management and application of a hierarchy of sustainable management of solid waste. The compost obtained was used to fertilize the parks and gardens around the camps and plant offices.

The recycled waste included paper, cardboard, timber, plastic, metal, glass, Tetrapak containers, used oil, batteries and toner.

ENVIRONMENTAL MANAGEMENT OF THE GAS PIPELINE

Workplace inspections

The GIS, which covers aspects of occupational health, industrial safety, environmental management and community relations, also includes all activities involving the PERU LNG gas pipeline.

This system consists of inspections and internal audits, the purpose of which is to verify proper compliance with commitments and standards along the 408 km length of the

pipeline right of way, including work sites, surface installations, access, roads, camps and others.

44 inspections were carried out in 2015 and 227 opportunities for improvement noted, which were promptly addressed. The actions deriving from these opportunities for improvement are corrective and preventive and aim to guarantee that the risks and potential impacts of the operations are managed in a timely fashion and in accordance with PERU LNG procedures and standards.


River monitoring

The PERU LNG gas pipeline crosses numerous rivers. It is therefore important to monitor river crossings continually in the different seasons of the year. 65 monitoring activities were carried out in 2015 of 13 river crossings with right of way (RoW), in January, February, March and December (rainy season) and in September (dry season).

This work was done where the pipeline crosses the rivers Alfarpampa, Sachapampa, Torobamba, Altomayo, Yucay, Vinchos, Palmitos, Pampas, Leche Leche, Pisco, Matagente, Chico and Topará.

Noise monitoring at surface monitoring stations

As part of our care for the environment and respect for obligations assumed in the Environmental Impact Assessment for the gas pipeline, in April and October 2015 we carried out day and night-time noise monitoring at 43 points of the 17 surface monitoring stations (14 relief valves. 1 meter station, 1 scrapper and 1 PCS). We comply 100% with standards for noise.

A close-up, profile view of a man wearing a white hard hat and safety glasses. He is holding a black sound level meter with a large black foam windscreen. He is wearing an orange safety vest over a dark blue shirt. The background is a blurred chain-link fence and some industrial structures.

**WE VERIFY PROPER COMPLIANCE
WITH COMMITMENTS AND
STANDARDS THROUGHOUT THE
408 KM LENGTH
OF THE GAS PIPELINE.**

Audits of contractors

Contractors are essential for the maintenance and operation of the gas pipeline, so we must ensure that their performance in environmental and health and safety matters complies with PERU LNG's standards and procedures. Continual audits and inspections are carried out at all sites. We can thus identify promptly any conditions and actions that our contractors need to improve.

In 2015 compliance audits were performed on contractors Pro Naturaleza, COGA, Securitas and RCP.

In 2016 we plan to introduce an indicator to measure the HSE management of contractors in an integral manner, in order to encourage best practices, reinforce the continual improvement process and ensure that all contractors comply fully with the standards and procedures defined in PERU LNG's GIS.

OEFA audits

During 2015 the gas pipeline installations were audited three times by the Environmental Evaluation and Monitoring Authority (OEFA), with no observations being made.

Participatory Socio-Environmental Monitoring Program (PMSAP)

The PMSAP is a tool that facilitates active participation by communities and villages in the direct area of influence of PERU LNG. According to the program, communities appoint representatives known as 'monitors', who are responsible for monitoring possible social and environmental impacts relating to the

operation of the gas pipeline, for example, identifying incidents and reporting them to their own communities and to the company. On receipt of these reports, PERU LNG analyzes them and takes prompt corrective action to ensure the continual improvement of its operations.

11 evaluations in the field were carried out in 2015 and 71 findings reported. Furthermore, 78 findings (40 from 2015 and 38 from 2014) were dealt with appropriately while 31 findings classified according to the PMSAP as 'observations' are outstanding; these will be duly addressed in the first quarter of 2016.

The results of the PMSAP and making good the findings and observations can be seen in detail on the program's website: www.pmsap.pe.



Biodiversity Monitoring and Evaluation Program (BMAP)

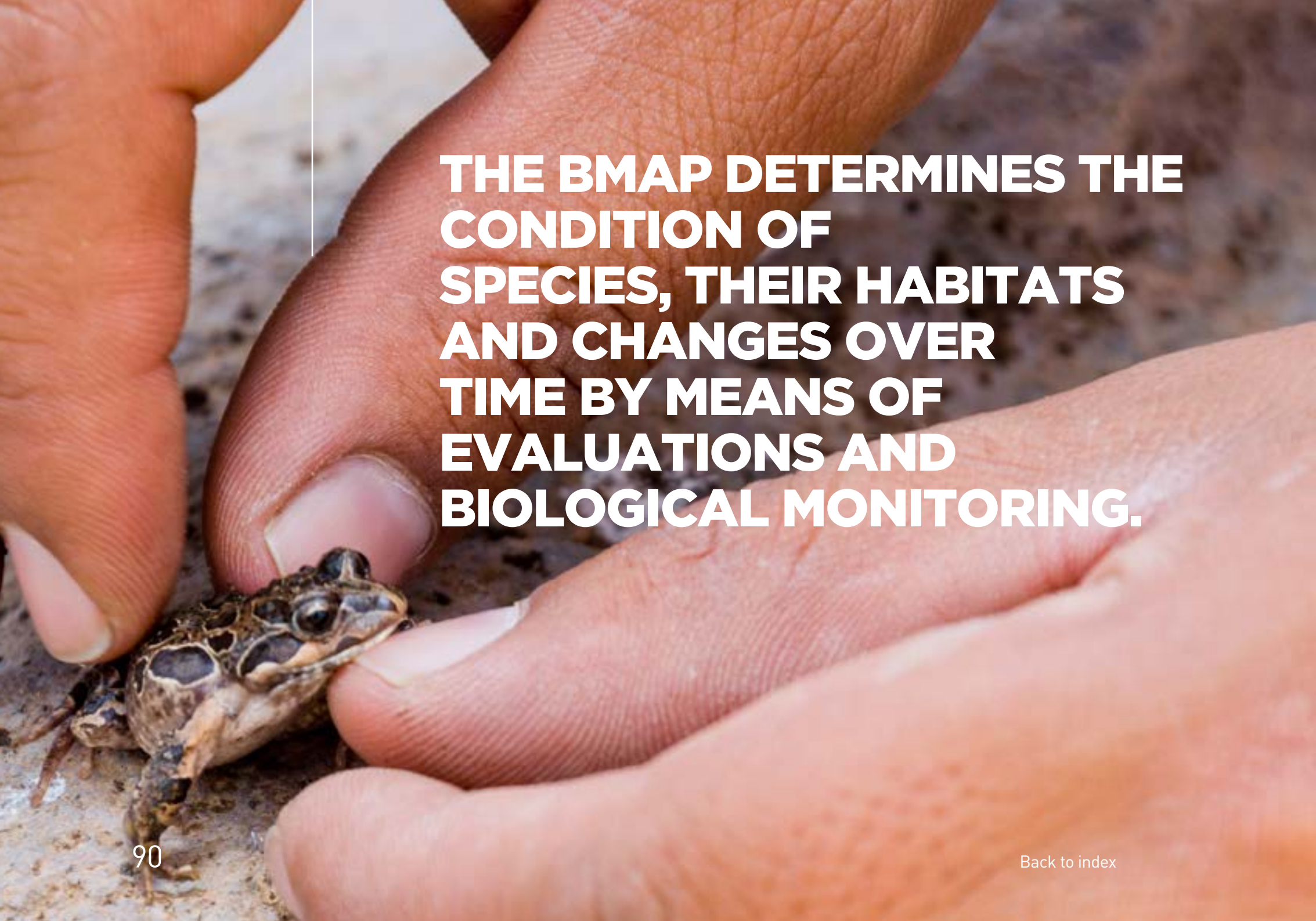
This program was conceived by PERU LNG together with the Center for Conservation, Education and Sustainability (CCSE) of the Smithsonian Conservation Biology Institute (SCBI), with the aim of preserving biodiversity during project construction and the operation of the gas pipeline, the plant and the port facility.

The BMAP determines the condition of the different species, their habitats and changes over time, through evaluations and biological monitoring. This information was used to draw up guidelines so that PERU LNG can make decisions that help to mitigate any impact on biodiversity.

In 2015 a number of monitoring campaigns were implemented in accordance with the annual plan in the BMAP, which includes monitoring of the following research protocols:

- Cacti and biodiversity in the desert.
- The Titicaca Water Frog - *Telmatobius*.
- Squamata (lizards).
- Wetland vegetation and birds.
- Bio-restoration along the right of way.
- Fresh water ecosystems.
- The marine benthos.

Furthermore, as a result of the BMAP monitoring and investigation work, a new species of Andean frog was discovered at 3,900 m.a.s.l. in a tributary of the River Pisco, a few kilometers from Huaytará, Huancavelica. This research was carried out by Dr Alessandro Catenazzi from Southern Illinois University Carbondale.



**THE BMAP DETERMINES THE
CONDITION OF
SPECIES, THEIR HABITATS
AND CHANGES OVER
TIME BY MEANS OF
EVALUATIONS AND
BIOLOGICAL MONITORING.**

A number of Peruvian specialists also took part, particularly the biologist Víctor Vargas from San Cristóbal de Huamanga University, joint author of the description of this new species.

This new species of Andean frog is unique: yellow with an orange underbelly when adult. That is why it has been given the name *Telmatobius ventriflavum*, from the Latin *ventrum*, meaning belly, and *flavus* meaning yellow.

The results of the BMAP can be seen in detail in the program's website (www.bmap.com.pe).




Bio-restoration

The purpose of bio-restoration work, which is carried out continually, is to restore areas affected by the installation of the gas pipeline. The 2015 bio-restoration campaign addressed 55.45 Km of the RoW and included the transfer of native species, soil improvement and manuring. It has thus improved the state and condition of the vegetation.

Training for contractors

Contractor training is an important activity for transmitting basic knowledge of environmental management and guaranteeing compliance with PERU LNG's standards. During 2015 contractors' staff were given training in the following subjects:

Subjects 2015	
<ul style="list-style-type: none">• Management of solid waste, fuel and chemical products• Hydrocarbon spillages and the response to them• Spillage retention equipment• Environmental incident reports• Environmental inspections• Use of water for construction / maintenance• Effluent management• Dust control	<ul style="list-style-type: none">• Prevention of contamination and environmental commitments• Maintenance and emissions from equipment and vehicles• Cultural heritage protection policy• Biorestation• Erosion control and rehabilitation• Management of tops oil• Environmental aspects and impacts of the pipeline

A photograph of several young plants in black plastic nursery bags. The plants have green and yellowish leaves, some with water droplets. The background is a soft-focus green field.

**THE PURPOSE OF
THE BIORESTORATION
WORK IS
TO RESTORE AREAS
AFFECTED BY THE
INSTALLATION
OF THE GAS
PIPELINE.**

COMMUNICATIONS

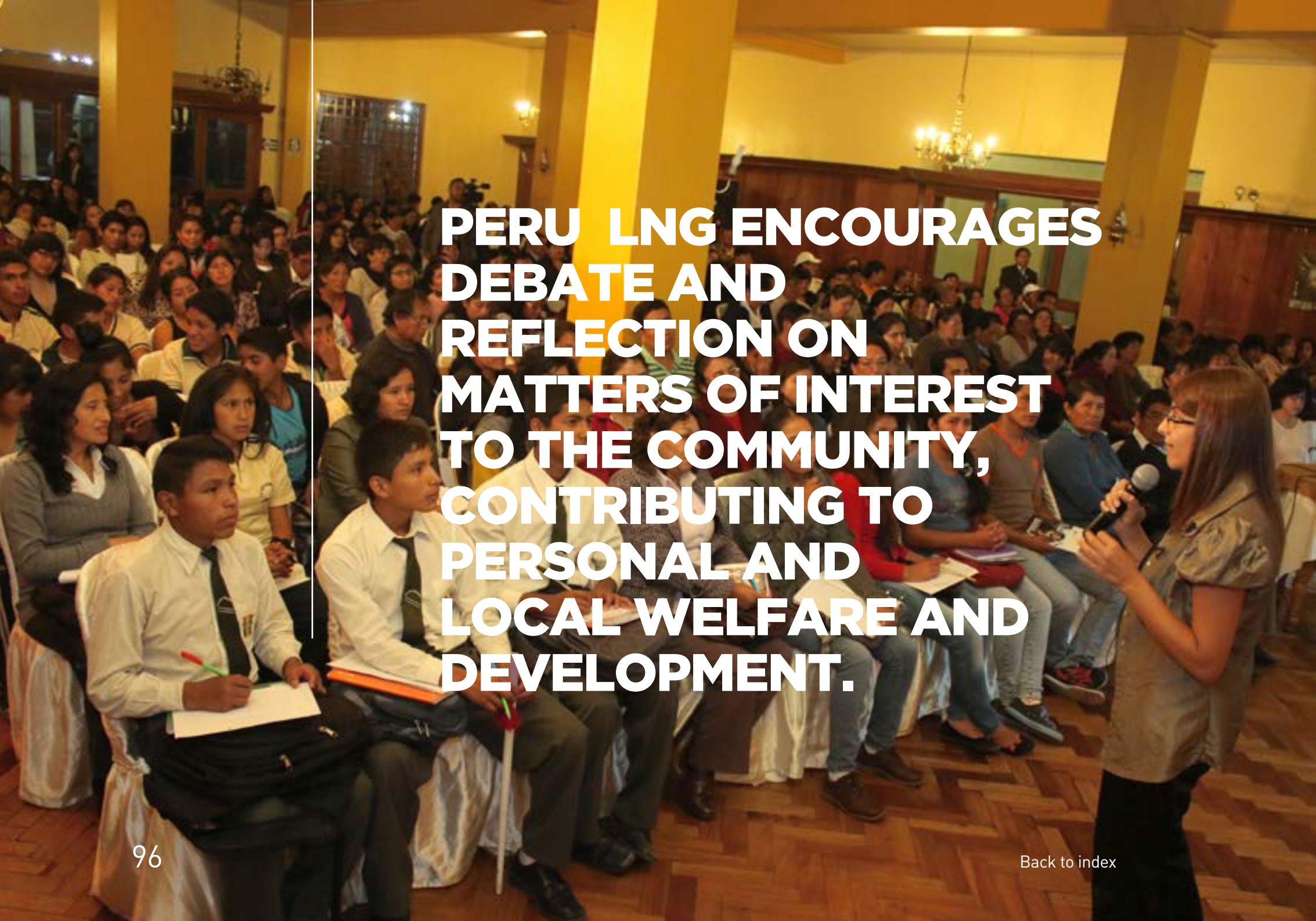
The events and campaigns described below were organized in 2015 by the Corporate Affairs and Communications Department, in order to strengthen relations between PERU LNG and the local population and authorities, especially areas adjacent to the gas pipeline and PERU LNG's plant.

CULTURAL CONFERENCE CYCLE

The purpose is to encourage debate and reflection on matters of interest to the community. Ideas are proposed to contribute to welfare and personal and local development, and address concepts such as health, food, culture and sport.

March 2015 saw the start of a cycle of conferences with talks by the well-known nutritionist and RPP announcer Sara Abu-Sabbah, who visited the cities of Chincha, Cañete and Ayacucho. In her talks entitled 'Meals for Growth and School Performance' she shared advice on maintaining an adequate diet for children so that they get the nutrients they need for best performance at school.

We also staged a conference entitled 'How do Children Learn? Towards Individualized Teaching' in June, given by teaching specialist Leon Trahtemberg, in Chincha, Cañete and Ayacucho. During the conference Mr Trahtemberg shared information with dozens of parents on learning problems such as ADHD (attention deficit hyperactivity disorder),



**PERU LNG ENCOURAGES
DEBATE AND
REFLECTION ON
MATTERS OF INTEREST
TO THE COMMUNITY,
CONTRIBUTING TO
PERSONAL AND
LOCAL WELFARE AND
DEVELOPMENT.**

STRENGTHENING PERUVIAN TALENT

PERU LNG is committed to training new leaders, thus helping to develop the skills of talented youngsters and contributing to the country's development. It therefore reached agreement with the National Engineering University to award an annual PERU LNG Scholarship.

The idea is to provide financial assistance to enable young students to continue their professional training at internationally recognized academic institutions. In 2015, the fourth year of the program, National Engineering University student Bryan Kevin Aylas Paredes was chosen to study for one year at the University of Oklahoma (USA), one of the foremost institutions in the world in the oil and gas industry. When he finishes his course Bryan will be able to carry out his pre-graduation work experience at PERU LNG and then to join the company. Meanwhile scholarship student Paul Martín Calle Contreras, who studied there in 2014 and 2015, returned and is now one of PERU LNG's operations team.

The evaluation process is backed by the Commission for Student Exchanges between Peru and the United States of America, (the Fulbright Commission)

VOLUNTARY SERVICE

To promote solidarity and the company's values among its collaborators, the Melchorita Volunteers Program was given a boost. The program involves employees from the company's different departments.

It provides support for the Hogar de las Bienaventuranzas, led by Father Omar Sánchez, which takes in abandoned children and provides them with a home and attention.

Throughout the year a team of employees from PERU LNG and its operating company Hunt LNG Operating Company, has provided the means necessary to collect funds and provide time and dedication. To do so it has organized raffles and collections of food and diapers; furthermore the team helps in the home, spends time with the children and helps to maintain the building.



PART 4

FINANCIAL INFORMATION

THE FINANCIAL INFORMATION ON PERU LNG GIVEN BELOW WAS OBTAINED FROM THE AUDITED FINANCIAL STATEMENTS OF PERU LNG AND THEIR RESPECTIVE EXPLANATORY NOTES. THE FINANCIAL STATEMENTS OF PERU LNG FOR FISCAL YEARS ENDING ON THE 31ST DECEMBER 2015 AND 2014 WERE AUDITED BY CAIPO Y ASOCIADOS SOCIEDAD CIVIL, A MEMBER FIRM OF KPMG INTERNATIONAL.

PERU LNG's financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS).

This summary of PERU LNG's financial information should be read in conjunction with the audited financial statements of PERU LNG and their accompanying notes, upon which they depend.

**FINANCIAL POSITION
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS
ENDING ON THE 31ST
DECEMBER 2015 AND
2014 (EXPRESSED IN
THOUSANDS OF UNITED
STATES DOLLARS)**

	As at the 31st of December 2015	As at the 31st of December 2014
Current assets:		
Cash and cash equivalents	101,300	151,774
Other financial assets	188,334	186,585
Trade accounts receivable	0	331
Other accounts receivable	24,332	18,308
Accounts receivable from non-arms-length entities	27,052	55,221
Inventories	14,789	13,353
Other non-financial assets	10,023	4,216
Total current assets	365,830	429,788
Non-current assets:		
Real estate, plant and equipment, net	2'636,573	2'755,832
Assets arising from deferred taxes	408	0
Current part of other non-financial assets	4,751	4,758
Total non-current assets	2'641,732	2'760,590
Total assets	3'007,562	3'190,378
Current liabilities:		
Trade accounts payable	42,931	50,240
Other accounts payable	5,949	6,046
Accounts payable to non-arms-length entities	7,908	134
Other financial liabilities	181,381	183,209
Total current liabilities	238,169	239,629
Non-current liabilities:		
Liabilities arising from deferred taxes	0	18,363
Other financial liabilities	1'386,131	1'539,106
Accounts payable to non-arms-length entities	44,660	0
Total non-current liabilities	1'430,791	1'557,469
Total liabilities	1'668,960	1'797,098

	As at the 31st of December 2015	As at the 31st of December 2014
Equity		
Capital issued	1'401,435	1'401,435
Other equity reserves	(44,205)	(51,928)
Accumulated results	(18,628)	43,773
Total equity	1'338,602	1'393,280
Total liabilities and equity	3'007,562	3'190,378

**STATEMENT OF RESULTS
FOR THE FISCAL YEARS
ENDING ON THE 31ST
DECEMBER 2015 AND
2014 (EXPRESSED IN
THOUSANDS OF UNITED
STATES DOLLARS)**

	As at the 31st of December 2015	As at the 31st of December 2014
Income	515,855	788,866
Sales cost	(461,921)	(561,543)
Gross Margin	53,934	227,323
Sales and distribution costs	(25,390)	(55,315)
Management costs	(35,818)	(32,309)
Other operating income	39	91
Financial income	360	517
Financial expenses	(77,334)	(83,209)
Exchange rate differences, net	(273)	(433)
Earnings before income tax	(84,482)	56,665
Income tax	22,081	(13,486)
Net (loss) profit for the fiscal year	(62,401)	43,179

MAIN FINANCIAL INDICATORS

	Al 31 de diciembre 2015	Al 31 de diciembre 2014
Liquidity indices		
Liquidity	1.54x	1.79x
Available assets / current liabilities ratio test	1.49x	1.78x
Management indices		
Gross profit margin	10%	29%
Operating margin	-1%	18%
Solvency indices		
Liabilities / equity	1.17x	1.28x
Ratio of current-capital	0.49x	0.52x
non-current liabilities / net equity	1.00x	1.10x
Profitability indices		
Return on capital	-4.7%	3.1%
Retorno sobre las ventas	-12.1%	5.5%

MANAGEMENT ANALYSIS AND DISCUSSION

The following management analysis and discussion of the issuer's financial position and results should be read together with the issuer's financial statements and accompanying notes. The financial statements have been drawn up in accordance with IFRS.

COMPARISON OF FISCAL YEARS ENDING ON THE 31ST DECEMBER 2015 AND 2014 (EXPRESSED IN THOUSANDS OF US DOLLARS)

RESULTS

Income

Income as at December 2015 amounted to US\$515.9 MM. These mainly represent LNG sales to Shell International Trading Middle East Limited (Sitme), as a result of 56 export shipments in fiscal year 2015. Income fell by US\$273 MM (35%) compared with December 2014. This fall was due principally to a lower number of shipments sold compared with December 2014 (60 shipments), the result of the programmed stoppage of the plant in September 2015 for major maintenance, unprogrammed stoppages caused by force majeure events (declared by the Peruvian Government in May and September 2015) and a fall in the price of HH and NBP markers of approximately 46% and 24%, respectively, compared with the reference value during the periods from January to December 2015 and 2014.

Sales cost

The cost of sales for the period January to December 2015 amounted to US\$461.9 MM, corresponding to the manufacturing cost of LNG sold during the period. It fell 18% compared with December 2014, the product of a lower unit cost, which was directly related to lower prices for HH and NBP markers. The cost of sales is made up of the variation in finished products of US\$ (1.3) MM (0.3%), natural gas purchases and inputs used in production of US\$241.7 MM (52.3% of the total), depreciation of US\$125.2 MM (27.1% of the total), operator services of US\$30.8 MM (6.7%) and other indirect costs of US\$65.6 MM (14.2% of the total).

Administrative expenditure

Administrative expenditure between January and December 2015 increased 11% compared with the same period in fiscal year 2014, reaching US\$35.8 MM (US\$32.3 MM in 2014), representing an increase of US\$3.5 MM. This increase was generated principally by a payment to contractor Wood Group on expiry of its service agreement.

Financial expenses

Financial expenses fell 7% to December 2015 (US\$77.3 MM) compared with December 2015 (US\$83. MM), due principally to a fall in the interest paid on Senior Debt and local bonds, resulting from repayments made.

Net results

By the end of December 2015, the loss before income tax amounted to US\$ (84.5) MM, a fall of US\$141.1 MM compared with the same period in fiscal year 2014, the result of lower income recorded in the period. Deferred income tax as of the 31st December 2015 had an impact on the net results amounting to US\$22.1 MM, which reduced the net loss of the fiscal year to US\$ (62.4) MM. As at December 2014 profit net of deferred tax was US\$43.2 MM. Furthermore, Ebitda at December 2015 was US\$136.3 MM, an increase of US\$145.2 MM compared with December 2014, when Ebitda was US\$281.5 MM.

Statement of financial position

Current assets recorded at the end of December 2015 amounted to US\$365.8 MM, a 15% fall compared with the close of 2014 (US\$429.8 MM), the product of a fall in cash and cash equivalent accounts, trade accounts receivable and accounts receivable from non-arms-length entities. The principal accounts include:

- (i) Cash and cash equivalents of US\$101.3 MM, deriving from payments by Shell International Trading Middle East (Sitme) for sales of liquefied natural gas (LNG) during the fiscal year, held in overnight deposits and freely-available current accounts.
- (ii) Other financial assets amounting to US\$188.3 MM from the reserve accounts. In accordance with the provisions of the finance agreements, these accounts were established to pay financial obligations and third parties. The main reserve accounts include the debt service reserve account, which contains the total debt repayment (capital plus interest) due on the following payment date. It should be remembered

that debt payments are made every six months, in May and November of each year, since May 2011.

Other reserve accounts include the accumulated debt service account, into which an amount equivalent to 1/6 of the total debt repayment due on the following payment date is transferred every month; the maintenance reserve account and the TGP payment reserve account.

(iii) Accounts receivable from non-arms-length entities consist of the account receivable from Sitme, which amounted to US\$27.1 MM, a 51% drop compared with the close of 2014.

(iv) Other accounts receivable increased from US\$18.3 MM to US\$24.3 MM, due principally to a recovery of VAT in the period (because of the sales destination). This account consists principally of the reimbursable VAT account, which increased by 33% compared with the end of December 2014. The amount generated at the close of 2015 is US\$22.3 MM, originating from the acquisition of new intermediate assets, capital goods and services used in the company's operations.

(v) The inventory account amounts to US\$14.8 MM for fiscal year 2015. This account consists principally of spare parts (62%) and liquefied natural gas (28%).

Total assets amounted to US\$3,008 MM at the end of December 2015. The principal account is the net property, plant & equipment account, which stands at US\$2,637MM,

a fall of US\$119.3 MM compared to the close of 2014, due to the net effect of an increase in accumulated depreciation to December 2015 and additions during the year.

The current liabilities account as at the close of December 2015 amounted to US\$238.2 MM, less than at the close of 2014 (US\$239.6 MM). This consists mainly of trade accounts payable, which fell by 15% to US\$42.9 MM, and other accounts payable, which fell by 2% to US\$5.9 MM at the close of December 2015.

Total liabilities fell US\$128.1 MM (7%) from US\$1,797 MM at the end of fiscal year 2014 to US\$1,669 MM at the close of December 2015. This was principally because of repayments of senior debt and local bonds during fiscal year 2015.

Finally, total equity fell US\$54.7 MM to a balance of US\$1,339 MM at the end of December 2015.

The accumulated results account fell US\$62.4 MM from an accumulated profit of US\$43.8 MM at the end of fiscal year 2014 to an accumulated loss of US\$(18.6) MM at the close of December 2015. Furthermore, the loss of other equity reserves arising from unrealized interest rate swaps, fell by US\$7.7 MM, thus reducing the accumulated loss from US\$51.9 MM as at the close of fiscal year 2014 to US\$44.2 MM by the close of December 2015.

There were no variations in capital compared to the close of fiscal year 2014 and at the close of 2015.

Changes in those responsible for drawing up and revising financial information

During the last two fiscal years (2015 and 2014) no changes have been made in the people responsible for preparing and reviewing the financial information of PERU LNG.

PART 5

GOOD CORPORATE GOVERNANCE



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

Name:	PERU LNG S.R.L.
Fiscal year:	2015
Website:	www.perulng.com
Name or trading name of the reviewing company: (1)	
RPJ	Item 11500968

(1) Only applicable if the information contained in this report has been checked by a specialist company (for example: auditing company or consultant).

	Completo
PILLAR I: Shareholders' rights	
Principle 1: Equal treatment	Yes
Principle 2: Shareholdings	Yes
Principle 3: No dilution of shareholdings	Yes
Principle 4: Information and communications with shareholders	Yes
Principle 5: Company dividends	Yes
Principle 6: Change or taking control	Yes
Principle 7: Arbitration for dispute settlement	Yes
PILLAR II: General meeting of shareholders	
Principle 8: Function and competence	Yes
Principle 9: Regulations concerning the general meeting of shareholders	Yes
Principle 10: Mechanisms for calling meetings	Yes
Principle 11: Proposed points on the agenda	Yes
Principle 12: Voting procedures	Yes
Principle 13: Delegation of votes	Yes
Principle 14: Monitoring of agreements at the AGM	Yes
PILLAR III: The board of directors and senior management	
Principle 15: Board of directors	Yes
Principle 16: Functions the board of directors	Yes
Principle 17: Rights and duties of the directors	Yes
Principle 18: Regulations concerning the board of directors	Yes
Principle 19: Independent directors	Yes

	Completo
Principle 20: Operability of the board of directors	Yes
Principle 21: Special committees	Yes
Principle 22: Code of ethics and conflicts of interest	Yes
Principle 23: Operations with non-arm's-length parties	Yes
Principle 24: Functions of the senior management	Yes
PILLAR IV: Risk and compliance	
Principle 25: Risk management environment	Yes
Principle 26: Internal auditing	Yes
Principle 27: External auditors	Yes
PILLAR V: Information Transparency	
Principle 28: Information policy	Yes
Principle 29: Financial statements and annual report	
Principle 30: Information on shareholdings and agreements between the shareholders	Yes
Principle 31: Corporate governance report	Yes
SECTION C	

SECTION B:

EVALUATION OF COMPLIANCE WITH THE PRINCIPLES OF THE CODE OF GOOD CORPORATE GOVERNANCE FOR PERUVIAN COMPANIES

PILAR I: SHAREHOLDERS' RIGHTS

Principle 1: Equal treatment

Question I.1

	Yes	No	Explanation:
Does the company give equal treatment to shareholders of the same class and maintain the equal conditions (*)?	X		

(*) The same conditions means those that distinguish the shareholders or give them a common characteristic in their relationship with the company (institutional investors, non-controlling investors, etc.) It should be remembered that under no circumstances does this imply that the use of privileged information is allowed.

Question I.2

	Yes	No	Explanation:
Does the company have only voting shares?	X		

a. With regard to the company's capital, specify:

Subscribed capital at the close of the fiscal	Paid up capital at the close of the fiscal year	Total number of shares representing the capital	Number of shares carrying the right to vote
US\$ 1,401'435,077	US\$ 1,401'435,077	US\$ 1,401'435,077	US\$ 1,401'435,077

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

Class	Number of shares	Nominal Value	Fees(*)

(*) This field should indicate the particular rights of the class that distinguish it from the others

Question I.3

	Yes	No	Explanation:
If the company has investment shares, does it encourage a policy of redemption or voluntary exchange of investment shares for ordinary shares?			Not applicable

Principle 2: Shareholdings

Question I.4

	Yes	No	Explanation:
a. Do the company documents establish the form in which the shares are represented and the person responsible for recording them in the share registry?		X	Not applicable, the company does not have a share register as it is a limited liability company (Sociedad de Responsabilidad Limitada - S.R.L.) however the shares in PERU LNG SRL are duly registered in the Public Registry.

	Yes	No	Explanation:
b. Is the share register always kept up to date?		X	Not applicable. Any change in shareholdings is reflected in the Public Registry.

Indicate how often the share registry is updated, after the company becomes aware of any change.

Frequency:	Within forty eight hours	
	Weekly	
	Others / Details (in days)	Not applicable

Principle 3: No dilution of shareholdings

Question I.5

	Yes	No	Explanation:
a. Does the company have a policy by which proposals from the board of directors regarding corporate operations that may affect the right of shareholders not to have their shareholdings diluted (i.e., through mergers, splitting, capital increases, among others) should be explained in advance by the board in a detailed report, including the independent opinion of an external adviser of recognized professional probity appointed?.		X	Not applicable. Being a SRL, the company has shares.
b. Does the company have a policy by which the said reports are made available to the shareholders?		X	Not applicable.

If during the fiscal year corporate operations have taken place that are covered by paragraph a) of question I.5, and the company has independent directors (*), please say whether in all cases:

	Yes	No
Did all of the independent directors vote in favor of the appointment of the external adviser?		
Did all of the independent directors clearly express their acceptance of the said report and give reasons, if applicable, for their disagreement?		

(*) The independent directors are chosen for their professional trajectory, honesty, sufficiency and economic independence and because they have no links with the company, its shareholders or its directors.

Principle 4: Information and communications with shareholders

Question I.6

	Yes	No	Explanation:
Does the company determine those responsible or the media through which shareholders receive and request prompt, reliable and truthful information?	X		

a. Indicate the media by which the shareholders receive and/or request information from the company..

Means of communication	Receive information	Request information
E-mail:	X	X
By telephone	X	X
Corporate website		
By mail	X	X
Informative meetings	X	X
Others / Details	Directly in the company through weekly and monthly management reports.	

b. Does the company have a maximum period for answering requests for information from shareholders? If so, what is this period:

Maximum period (days)	
-----------------------	--

Question I.7

	Yes	No	Explanation:
Does the company have a mechanism by which the shareholders can express their opinions on its performance?	X		

If the answer is yes, describe the company's mechanisms for shareholders to express their opinions on its performance.

The mechanisms are established in the company by-laws

Principle 5: Participation in company dividends

Question I.8

	Yes	No	Explanation:
a. Is compliance with the dividends policy subject to evaluation from time to time?	X		
b. Are the shareholders informed of the dividend policy through the corporate website, among other means?		X	The information is made available to shareholders at general meetings of shareholders.

a. Describe the dividend policy of the company applicable to the fiscal year.

Date of approval	24/08/2009
Dividend policy (profit distribution criteria)	(i) Dividends may only be declared and paid as and when established by legislation. Dividends shall be paid from profits obtained or freely available reserves, provided that its net equity is not less than its paid-up capital or would become so as a result of the dividend payments. (ii) if the company has freely-available reserves or distributable profits in accordance with the provisions of the (i) previous point, the company may declare and pay dividends. However, the declaration of dividends is subject to a decision by the general meeting of shareholders, which shall decide based on factors such as liquidity, debt levels, investments and other factors that it deems relevant at the time. Nevertheless, agreements adopted by the company shall under no circumstances imply any compliance with its financial obligations contained in the financing documents. (iii) The AGM may also agree to pay dividends on account based on the criteria described in the (ii) previous point, complying with the legal requirements established for such a payment. should be pointed out that the AGM held on the 14th of January 2016 approved the incorporation of certain changes to the dividend policy, and also ratified its terms and conditions.

b. Indicate the dividends in cash and shares distributed by the company during the fiscal year and the previous fiscal year.

Per share	Dividends per share			
	Fiscal year covered by this report		Fiscal year prior to the year covered by this report	
	In cash	In shares	In cash	In shares
Class				
Class				
Investment shares				

Principle 6: Change or taking control

Question I.9

	Yes	No	Explanation:
Does the company have policies or agreements not to adopt mechanisms to prevent takeovers?		X	The by-laws do not include agreements to limit takeovers.

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

	Yes	No
Minimum share requirements for directors		X
Minimum number of years as a director before being chosen as president of the board of directors		X
Agreements to indemnify executives / officers as a consequence of changes after a takeover.		X
Others of a similar nature / Details	The company does not have a board of directors as it is a SRL, nevertheless the shareholders' wishes are respected.	

Principle 7: Arbitration for dispute settlement

Question I.10

	Yes	No	Explanation:
a. Do the company's by-laws include an arbitration agreement submitting to legal arbitration any dispute between shareholders, between shareholders and the board of directors and objections to the agreements of the AGM and board of directors by shareholders in the company?	X		They include an arbitration clause, which states that all disputes or disagreements between shareholders and the company and its managers, during the company's existence or winding up, concerning the interpretation or application of these by-laws, shall be submitted to the binding decision of an arbitration panel.
b. Does this clause enable an independent third party to resolve disputes, other than the right to resort to the normal courts?	X		Yes, resolution by an independent third party.

Give the number of objections to agreements made at the AGM by shareholders or other stakeholders in the company during the fiscal year.

Number of objections to AGM agreements	0
Number of objections to agreements by the board of directors	0

PILAR II: GENERAL MEETING OF SHAREHOLDERS

Principle 8: Function and competence

Question II.1

	Yes	No	Explanation:
Is the AGM exclusively responsible for approving the board of directors' distribution policy?		X	Not applicable. The company does not have a board of directors. Nevertheless, the AGM is responsible for approving the distribution policy applicable to the company's officers.

Indicate whether the following functions are the exclusive competence of the AGM, if not state which entity exercises this function.

	Yes	No	Órgano
Order special investigations and audits	X		
Agree modifications to the by laws	X		
Agree increases in the capital	X		
Agree interim dividends	X		
Appoint the external auditors	X		

Principle 9: Regulations concerning general meetings of shareholders

Question II.2

	Yes	No	Explanation:
Does the company have a regulation applicable to the AGM that is binding and includes responsibility for non-compliance?		X	Nevertheless, Chapter I, Heading III of the company's by-laws includes the procedure to be followed to call and hold a meeting, the matters for discussion, the chairman and other points.

If there is a regulation concerning the AGM state whether it includes procedures for:

	Yes	No
Calling an AGM		
Incorporating shareholders' points on the agenda		
Provide additional information on the AGM to shareholders		
The progress of the meeting		
Appointment of members of the board of directors		
Others / Details		

Principle 10: Mechanisms for calling meetings

Question II.3

	Yes	No	Explanation:
In addition to the mechanisms for calling meetings established in law, does the company have such mechanisms that enable it to contact shareholders, particularly those that do not take part in the control or management of the company?		X	We believe that no additional mechanisms are necessary, other than those established in the Companies Act, which are sufficient to protect the shareholders' rights.

a. Complete the following information for each one of the meetings held during the fiscal year:

Fecha de aviso de convocatoria	Date of meeting	Location of the meeting	Type of meeting		Full meeting of shareholders		Quórum %	Nº of shareholders Attendee	Shares represented as a % of all voting shares		
			Extraordinary	General	Yes	No			Through powers of attorney	Directly(*)	Did not exercise right to vote
	27/03/2015	Registered office		X	X			2	100%		
	14/10/2015	Registered office		X	X			2	100%		
	19/10/2015	Registered office		X	X			2	100%		

(*) Direct exercise of this right includes voting by any means or method other than using a proxy.

b. What means, other than those included in article 43 of the Companies Act and in the Regulations Concerning Significant Events and Reserved Information, did the company use to publish the calling of general meetings during the fiscal year?

E-mail:		Mail	
By telephone		Social networks	
Corporate website		Others / Details	Directly in the company

Question II.4

	Yes	No	Explanation:
Did the company make available to shareholders all information on the points contained in the agenda for the AGM and the motions proposed?	X		

Did the notices of calling issued by the company during the fiscal year:

	Yes	No
state where the information on the agenda for the meetings could be found?		
Were the following included as points on the agenda: "other subjects", "general points" or similar?		

Principle 11: Proposed points on the agenda

Question II.5

	Yes	No	Explanation:
Do the Regulations Concerning the AGM include mechanisms enabling shareholders to exercise their right to propose points on the agenda to be discussed at the AGM and procedures for accepting or rejecting such proposals?		X	Not applicable, we have no regulation. Nevertheless, the provisions of the CA apply, enabling shareholders to exercise the rights described above.

a. Indicate the number of applications submitted by shareholders during the fiscal year points to be included in the agenda of the AGM, and how these were resolved:

Number of applications		
Received	Accepted	Denied
0		

b. If applications to include matters in the agenda of the AGM have been denied during the fiscal year, indicate whether the company reported the reasons for the denial to the applicant shareholders.

Yes ☐

No ☐

Principle 12: Voting procedures

Question II.6

	Yes	No	Explanation:
Does the company have mechanisms allowing shareholders to vote when not present at the meeting by secure electronic or postal means that guarantee that the voter is indeed a shareholder?	<input type="checkbox"/>	X	In accordance with the company's by-laws, shareholders shall be present either personally or through proxies.

a. If applicable, indicate what means or mechanisms the company employs for distance voting.

Electronic votes		Postal votes	
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b. If distance voting took place during the fiscal year give the following information

Date of meeting	% distance votes				% distance votes / total
	E-mail	Corporate website	Mail	Others	

Question II.7

	Yes	No	Explanation:
Does the company have documents that specify clearly that shareholders can vote separately on matters that are substantially independent, such that they may exercise their preferences separately?	<input type="checkbox"/>	X	Votes are governed by the company's by-laws

Indicate whether the company has documents that specify clearly that shareholders can vote separately for:

	Yes	No
The appointment or ratification of the directors by an individual vote for each one.		X
Modification of the by-laws by article or group of articles, that are substantially independent.		X
Others / Details	The matters subject to a vote are clearly defined in the agenda for the meeting.	

Question II.8

	Yes	No	Explanation:
Does the company allow proxies acting on behalf of several shareholders to cast different votes for each shareholder, thus complying with the instructions of each principal?	X		

Principle 13: Delegation of votes

Question II. 9

	Yes	No	Explanation:
Do the company by-laws enable its shareholders to vote by proxy?	X		

If the answer is no, indicate whether the by-laws restrict the right of representation to any of the following people:

	Yes	No
Another shareholder		
A director		
A manager		

Question II.10

	Yes	No	Explanation:
a. Does the company have procedures detailing the conditions, ways and means to be complied with when proxy voting is required?	X		
b. Does the company provide a model power of attorney to shareholders, including proxy's data, matters on which the shareholder delegates his vote and, if applicable, the vote to be cast on each proposal?		X	There is no model letter but this does not limit the shareholders' right to request representation.

Give the requirements and formalities by which a shareholder can be represented at a meeting:

Formality (indicate whether parent requires a letter, notarized letter, public deed or other document).	SIMPLE LETTER
Advance notice (number of days in advance of the meeting that the powers of attorney must be submitted).	UP TO THE PREVIOUS DAY
Cost (indicate whether parent demands payment and the amount payable).	NO PAYMENT REQUIRED

Question II.11

	Yes	No	Explanation:
a. Does the company have a policy establishing limits on the percentage of members of the board of directors or senior management chosen as proxies?		X	The company's by-laws do not limit the right to a proxy.
b. With regard to members of the board of directors or senior management chosen as proxies, does the company have a policy by which shareholders voting by proxy can clearly establish how these votes are to be cast?		X	There is no such policy, shareholders have complete freedom to choose proxies.

Principle 14: Monitoring of agreements at the AGM

Question II.12

	Yes	No	Explanation:
a. Does the company monitor the agreements adopted by the AGM?	X		

	Yes	No	Explanation:
b. Does the company issue periodic reports to the board of directors and are they made available to shareholders?		X	Not applicable. The company does not have a board of directors. Nevertheless the company immediately informs the shareholders of agreements reached at the AGM.

if applicable, indicate the department and/or individual responsible for monitoring the agreements adopted at the AGM. If an individual is responsible, also give his position and the department in which he works.

Department responsible	RESERVE	
Person responsible		
Given names and surnames	Position	Department

PILAR III: EL DIRECTORIO Y LA ALTA GERENCIA

Principle 15: Board of directors

Question III.1

	Yes	No	Explanation:
Does the board of directors consist of people with different specialties and skills, with prestige, probity and economic independence, who are available to attend meetings and possess other qualities relevant to the company, such that there is a variety of opinions and viewpoints?		X	Not applicable. The company does not have a board of directors.

a. Give the following information on the members of the company's board of directors during the fiscal year.

Full name:	Professional training(*)	Fecha		Part. Accionaria (****)	
			Término (***)	Nº de acciones	Part. (%)
Directors (not including independent directors)					

Full name:	Professional training(*)	Fecha		Part. Accionaria (****)	
			Término (***)	Nº de acciones	Shareholding (%)
Independent directors					

(*) Also state whether directors sit on other boards, give the number of such directorships and whether the companies in question are part of the economic group of the reporting company. Please use the definition of economic group contained in the Regulations Concerning Indirect Ownership, Association and Economic Groups.

(**) First appointment by the reporting company.

(***) To be completed only if the directorship became vacant during the fiscal year.

(****) Obligatory only for directors who hold 5% or more of the shares of the reporting company.

% of total shares held by the directors	
---	--

Indicate the number of directors of the company in each of the following age ranges:

Under 35	35 to 55	55 to 65	Over 65

b. Indicate whether there are specific requirements to be appointed president of the board of directors, other than those required to be appointed a director.

Yes ☐

No ☐

If the answer is yes, please describe those requirements.

c. Does the president of the board of directors have a casting vote?

Yes ☐

No ☐

Question III.2

	Yes	No	Explanation:
Does the company avoid appointing deputy directors, especially for reasons of the quorum?		X	Not applicable. The company does not have a board of directors.

If it has deputy directors, please state:

Given names and surnames of deputy director	Start(*)	End(**)

(*) First appointment as deputy director of the reporting company.

(**) To be completed only if the deputy directorship became vacant during the fiscal year..

Question III.3

	Yes	No	Explanation:
Does the company publish the names of the directors, whether they are independent and their curricula vitae?		X	Not applicable. The company does not have a board of directors.

Indicate how the company divulges the following information about the directors:

	Correo electrónico	Página web corporativa	Correo postal	No informa	Otros / Detalle
Directors' names					
Independent or not					
Curricula Vitae					

Principle 16: Functions of the board of directors

Question III.4

	Yes	No	Explanation:
Does the board of directors have the following functions?: a. To approve and conduct the company's corporate strategy.		X	Not applicable. The company does not have a board of directors. This function, notwithstanding, is the responsibility of the general meeting of shareholders.
b. To establish objectives, goals and action plan, including annual budgets and business plans.		X	Not applicable. The company does not have a board of directors. Notwithstanding the above, this function is the responsibility of the general meeting of shareholders.

	Yes	No	Explanation:
c. To control and supervise the management and to be responsible for the governance and administration of the company.		X	Not applicable. The company does not have a board of directors. Notwithstanding the above, this function is the responsibility of the general meeting of shareholders.
d. To supervise good corporate governance and establish the policies and measurements necessary for its application.		X	Not applicable. The company does not have a board of directors. Notwithstanding the above, this function is the responsibility of the general meeting of shareholders.

a. Give details of other relevant functions of the company's board of directors. NA

NA

b. Does the board of directors delegate any of its functions?

Yes ☐

No ☐

If applicable, indicate the main functions that have been delegated and to which entity:

Functions	Entity / department to which functions have been delegated

Principle 17: Rights and duties of the directors

Question III.5

	Yes	No	Explanation:
Do the directors have the right to: a. Request that the board seeks expert help or support.		X	Not applicable. The company does not have a board of directors. Notwithstanding the above, this right is exercised by the general meeting of shareholders.
b. Take part in induction programs about their powers and responsibilities and to be informed of the company's organization structure in a timely manner		X	Not applicable. The company does not have a board of directors. Notwithstanding the above, this right is exercised by the general meeting of shareholders.

	Yes	No	Explanation:
c. Receive payment for their work, which combines recognition of their professional experience and dedication to the company, using rationality as a criterion.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable. The company does not have a board of directors.

a. If specialist advisers have been engaged during the fiscal year, indicate whether the board of directors' list of specialist advisers who have provided their services during the fiscal year has been made known to the shareholders

Yes ☐ No ☐

If applicable, state whether any of the specialist advisers have any links with a member of the board of directors and/or senior management (*)

Yes ☐ No ☐

(*) In accordance with the criteria contained in the Regulation Concerning Indirect Ownership, Associates and Economic Groups.

b. If applicable, indicate whether the company holds induction programs for new members

Yes ☐ No ☐

c. Indicate the total amount of the directors' annual remuneration and bonuses as a percentage of gross earnings as shown in the company's financial statements

Total	(%) Gross income	Bonuses	(%) Gross income
Directors (not including independent directors)		In shares	
Independent directors		In options	
		In cash	
		Others (give details)	

Principle 18: Regulations concerning the board of directors

Question III.6

	Yes	No	Explanation:
Does the company have regulations covering the board of directors that is binding and leads to repercussions in the event of non-compliance?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable. The company does not have a board of directors.

Indicate whether these regulations contain:

	Yes	No
Policies and procedures its application		
Organizational structure of the board of directors		
Functions and responsibilities of the president of the board of directors		
Procedures for identifying, evaluating and appointing candidates for directorships, proposed to the AGM.		
Procedures for vacant directorships and for dismissing and replacing directors.		
Others / Details		

Principle 19: Independent directors

Question III.7

	Yes	No	Explanation:
Do independent directors make up at least one third of the board?		X	Not applicable. The company does not have a board of directors.

Indicate which of the following conditions are taken into account by the company in classifying its directors as independent.

	Yes	No
Not being a director or employee of a company in the same business group, unless three (3) or five (5) years respectively have elapsed since they ceased to be such.		
Not being an employee of a shareholder who holds five percent (5%) or more of the company's shares.		
Not being an independent director of the company for more than eight (8) consecutive years.		
Not having a significant (*) business or contractual relationship in the last three (3) years, either directly or indirectly, with the company or any other company in the same group.		
Not being the spouse or having a family relationship of the first or second degree of consanguinity with shareholders, directors or the senior management of the company.		
Not being a director or member of the senior management of any other company in which any director or member of the senior management of the company is a director.		

	Yes	No
Not having been in the last eight (8) years a member of the senior management or an employee of the company, companies belonging to the same group or companies holding shares in the company.		
Not having been, during the last three (3) years a partner or employee of an external auditor or auditor of any company in the same group.		
Others / Details		

(*) A business relationship shall be assumed to be significant when either of the parties has issued invoices or payments for an amount greater than 1% of its annual earnings.

Question III.8

	Yes	No	Explanation:
a. Does the board of directors declare that a candidate is independent based on its own investigation and the candidate's declaration?		X	Not applicable. The company does not have a board of directors.
b. Do candidates for independent directorships declare their independence to the company, its shareholders and directors?		X	Not applicable. The company does not have a board of directors.

Principle 20: Operability of the board of directors

Question III.9

	Yes	No	Explanation:
Does the board of directors have a working plan that helps to make its operation more efficient?		X	Not applicable. The company does not have a board of directors.

Question III.10

	Yes	No	Explanation:
Does the company provide its directors with the channels and procedures necessary for them to take effective part in meetings of the board, including when they are not physically		X	Not applicable. The company does not have a board of directors.

a. Give the following information on meetings of the board of directors held during the fiscal year:

Number of meetings	
Number of meetings held without a notice of calling(*)	

Number of meetings at which the president of the board was not present	
Number of meetings in which one or more directors were represented by deputy directors or proxies	
Number of directors represented on at least one occasion	

(*) In this field include information on the number of meetings held in accordance with the provisions of the final paragraph of article 167 of the Companies Act.

b. Indicate the percentage attendance of the directors at board meetings during the fiscal year.

Name	% attendance

c. Indicate how long before a board meeting the information on the matters to be discussed is made available to the directors.

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

Question III.11

	Yes	No	Explanation:
a. Does the board objectively evaluate its own performance and that of its members at least once a year?		X	Not applicable. The company does not have a board of directors.
b. Are self-assessments used alternately with evaluations by outside advisers?		X	Not applicable. The company does not have a board of directors.

a. Indicate whether performance evaluations of the board of directors have been carried out during the fiscal year.

	Yes	No
As a collegiate body		
Individual members		

If either of the above answers is yes, give the following information for each evaluation:

Evaluation	Self-assessment		External evaluation		
	Date	Publication (*)	Date	Entity responsible	Publication (*)

(*) Indicate whether or not the evaluation was made known to the shareholders.

Principle 21: Special committees

Question III.12

	Yes	No	Explanation:
a. Does the company's board of directors create special committees to analyze the most relevant aspects of the company's performance?		X	Not applicable. The company does not have a board of directors. Notwithstanding the above, this function is exercised by the general meeting of shareholders.
b. Does the board of directors approve the regulations governing each of the special committees it creates?		X	Not applicable. The company does not have a board of directors.
c. Are the special committees chaired by independent directors?		X	Not applicable. The company does not have a board of directors.
d. Do the special committees have a budget assigned to them?		X	Not applicable. The company does not have a board of directors.

Question III.13

	Yes	No	Explanation:
Does the company have an appointments and remuneration committee responsible for proposing candidates for directorships to the AGM and for approving the remuneration and incentives system for the senior management?		X	Not applicable. The company does not have a board of directors. Nevertheless, the AGM is responsible for determining the system of remuneration and incentives for the company's officers, in coordination with the Human Resources Department.

Question III.14

	Yes	No	Explanation:
Does the company have an audit committee to supervise the effectiveness and suitability of the company's internal and external controls, the work of the audit firm or independent auditor and compliance with the regulations concerning legal and professional independence?	X		One of the functions of the Operator is internal auditing.

a. State whether the company also has the following special committees:

	Yes	No
Risks committee:		X
Corporate governance committee		X

b. If the company has special committees, give the following information about each committee:

COMMITTEE 1				
Appointment of the committee:				
Date created:				
Main functions:				
Members of the committee (*): Given names and surnames	Date		Position within the committee	
	Start(**)	End(***)		
Independent directors as a % of the total number of committee members				
Number of meetings held during the fiscal year:				
The committee has powers delegated in accordance with article 174 of the Companies Act:			Yes	No
Does the committee or its president take part in the AGM?			Yes	No

(*) Provide information on the members of the committee during the fiscal year.

(**) First appointment as a committee member in the reporting company.

(***) To be completed only if the position became vacant during the fiscal year.

COMMITTEE 2	
Name of the committee:	
Date created:	
Main functions:	

Members of the committee (*): Given names and surnames	Date		Position within the committee	
	Start(**)	End(***)		
Independent directors as a % of the total number of committee				
Number of meetings held during the fiscal year:				
The committee has powers delegated in accordance with article 174 of the Companies Act:			Yes	No
Does the committee or its president take part in the AGM?			Yes	No

(*) Provide information on the members of the committee during the fiscal year.

(**) First appointment as a committee member in the reporting company.

(***) To be completed only if the position became vacant during the fiscal year.

COMMITTEE 3	
Name of the committee:	
Date created:	
Main functions:	

Members of the committee (*): Given names and surnames	Date		Position within the committee	
	Start(**)	End(***)		
Independent directors as a % of the total number of committee members				
Number of meetings held during the fiscal year:				

Members of the committee (*): Given names and surname	Date		Position within the committee			
	Start(**)	End(***)				
The committee has powers delegated in accordance with article 174 of the Companies Act:	Yes		No			
Does the committee or its president take part in the AGM	Yes		No			

(*) Provide information on the members of the committee during the fiscal year.

(**) First appointment as a committee member in the reporting company.

(***) To be completed only if the position became vacant during the fiscal year.

COMMITTEE 4	
Name of the committee:	
Date created:	
Main functions:	

Members of the committee (*): Given names and surname	Date		Position within the committee			
	Start(**)	End(***)				
Independent directors as a % of the total number of committee members						
Number of meetings held during the fiscal year:						
The committee has powers delegated in accordance with article 174 of the Companies Act:	Yes		No			
Does the committee or its president take part in the AGM?	Yes		No			

(*) Provide information on the members of the committee during the fiscal year.

(**) First appointment as a committee member in the reporting company.

(***) To be completed only if the position became vacant during the fiscal year.

COMMITTEE 5	
Name of the committee:	
Date created:	
Main functions:	

Members of the committee (*): Given names and surname	Date		Position within the committee			
	Start(**)	End(***)				
Independent directors as a % of the total number of committee members						
Number of meetings held during the fiscal year:						
The committee has powers delegated in accordance with article 174 of the Companies Act:			Yes		No	
Does the committee or its president take part in the AGM?			Yes		No	

(*) Provide information on the members of the committee during the fiscal year.

(**) First appointment as a committee member in the reporting company.

(***) Complete only if the person ceased to be a part of the committee during the fiscal year.

Principle 22: Code of ethics and conflicts of interest

Question III.15

	Yes	No	Explanation:
Does the company adopt measures to prevent, detect, manage and reveal conflicts of interest?	X		The AGM delegates the powers necessary to monitor and control possible conflicts of interest to the general management.

if applicable, what department and/or individual is responsible for the monitoring and control of possible conflicts of interest. If an individual is responsible, also give his position and the department in which he works.

Department responsible	General Management, Human Resources and Legal
------------------------	---

Person responsible		
Given names and surnames	Position	Department

Question III.16 / compliance

	Yes	No	Explanation:
a. Does the company have a Code of Ethics (*) that is binding upon its directors, managers, officials and other collaborators (**) of the company, containing ethical and professional responsibility criteria, including the management of potential conflicts of interest?	X		
b. Do the board of directors or general management approve training programs for compliance with the Code of Ethics?	X		

(*) The Code of Ethics may be included in the Internal Conduct Regulations.

(**) The term collaborator covers all those with any labor relationship with the company, regardless of contract type.

If the company has a Code of Ethics, indicate the following:

a. It is available to:

	Yes	No
shareholders	X	
Others to whom it is applicable	X	
The general public		X

b. Indicate the department and/or individual responsible for monitoring and compliance with the Code of Ethics. If an individual is responsible, also give his position, the department in which he works and his immediate superior.

Department responsible	Human Resources
------------------------	-----------------

Person responsible			
Given names and surnames	Position	Department	Immediate superior

c. Are records kept of non-compliance with the Code?

Yes ☐

No ☒

d. Indicate the number of non-compliances with the provisions of the Code detected or reported during the fiscal year.

Number of non-compliances	
---------------------------	--

Question III.17

	Yes	No	Explanation:
a. Does the company possess mechanisms for reporting any illegal or unethical conduct and guaranteeing the confidentiality of the person reporting?	X		
b. Are incidents of non-compliance reported directly to the Audit Committee when they are related to accounting aspects or when the General Management or Financial Department are involved?		X	No, reports of illegal or unethical conduct are evaluated by the Human Resources Department.

Question III.18

	Yes	No	Explanation:
a. Is the board of directors responsible for monitoring and controlling possible conflicts of interest that may arise within the board?		X	Not applicable. The company does not have a board of directors. Nevertheless, the General Management and Human Resources Department are responsible for such monitoring.
b. If the company is not a financial institution, does it have a policy by which the directors are prohibited from receiving loans from the company or any company of its economic group without prior authorization from the board of directors?		X	Not applicable. The company does not have a board of directors.
c. If the company is not a financial institution, does it have a policy by which the senior managers are prohibited from receiving loans from the company or any company of its economic group without prior authorization from the board of directors?		X	Not applicable. The company does not have a board of directors

a. Give the following information on senior managers who hold 5% or more of the company's shares.

Given names and surnames	Position	Number of shares	% of total number of shares
% of all shares in the possession of senior management			0%

b. Indicate whether any director or senior manager of the company is the spouse, family member to the first or second degree of consanguinity or family member to the first degree of affinity of:

Given names and surnames	Connection with:			Given names and surnames of shareholder / director / manager	Type of relation (**)	Additional information (***)
	Shareholder(*)	Director	Senior management			

(*) Shareholders holding 5% or more of the company's shares.

(**) In accordance with the criteria contained in the Regulation Concerning Indirect Ownership, Associates and Economic Groups.

(***) If there is a connection with any shareholder include his shareholding. If there is a connection with any manager, include his position.

c. If any member of the board of directors occupies or has occupied any management position in the company during the fiscal year covered by this report, give the following information:

Given names and surnames	Management post occupied now or previously	Time in that post	
		Start(*)	End(**)

(*) First management appointment in the reporting company.

(**) To be completed only if the management position became vacant during the fiscal year.

d. If, during the fiscal year, any member of the board of directors or senior management has had a commercial or contractual relationship with the company that was significant because of its value or for other reasons, please give the following information.

Given names and surnames	Type of relationship	Brief description

Principle 23: Operations with non-arm's-length parties

Question III.19

	Yes	No	Explanation:
a. Does the board of directors have policies and procedures for valuing, approving and revealing certain transactions between the company and non-arm's-length parties, and for revealing commercial or personal relationships, either direct or indirect, between the directors, between directors and the company, suppliers or clients and other stakeholders?	X		The company does not have a board of directors. Nevertheless the company has a procedure for approving transactions between non-arm's length parties.
b. In the event of operations that are especially relevant or complex, is valuing by independent external advisers external contemplated?		X	The company can contract such advisers as it deems necessary to evaluate special operations, with the approval of the AGM.

a. If the company complies with paragraph a) of Question III.19, indicate the company department(s) responsible for the following aspects of transactions with non-arm's-length parties:

Aspects	Department responsible
Valuation	GM and general meeting of shareholders
Approval	GM and general meeting of shareholders
Revelation	GM and general meeting of shareholders

b. Indicate the pre-established procedures for approving transactions between related parties:

Reporting transactions between non-arms-length parties to the General Manager of the company.
The General Management evaluates such transactions and if necessary this requires approval by the AGM.

c. Give details of transactions between the company and non-arm's-length parties during the fiscal year that were important because of their value or for other reasons

Name or trading name of the non-arm's-length party	Nature of the relationship(*)	Type of transaction	Value (S/.)

(*) In accordance with the criteria contained in the Regulation Concerning Indirect Ownership, Associates and Economic Groups.

d. Say whether the company sets limits on transactions with non-arm's-length parties:

Yes ☐

No ☒

Principle 24: Functions of the senior management

Question III.20 / compliance

	Yes	No	Explanation:
a. Does the company have a clear policy separating the functions exercised by the board of directors, ordinary management exercised by the senior managers and the leadership of the General Manager?	X		
b. Are General Manager and president of the board of directors different people?		X	The general management is appointed by the general meeting of shareholders.
c. Does the senior management have sufficient autonomy to perform the functions assigned to it within the policies and guidelines defined by the board of directors, and under its control?	X		The company does not have a board of directors, nevertheless this function is exercised through the general meeting of shareholders.
d. Is the general management responsible for complying with and ensuring compliance with the policy for providing information to the board and to the directors?	X		The company does not have a board of directors, nevertheless this function is exercised through the general meeting of shareholders.
e. Does the board of directors carry out an annual evaluation of the performance of the general management as a function of well-defined standards?	X		The company does not have a board of directors, nevertheless this function is exercised through the general meeting of shareholders.
f. Does the remuneration of the senior management have a fixed component and a variable component that takes into account the company's results based on prudent forecasting, responsible risk-taking and compliance with the goals set forth in the respective plans?		X	It should be noted that although the company does not have a bonus plan for its management personnel, it does have guidelines that ensure compliance with the company's aims and enable performance bonuses to be paid to all members of the organization.

a. Give the following information on the remuneration paid to the General Manager and managers (including bonuses).

Position	Remuneration (*)	
	Fixed	Variable
GENERAL MANAGER	100%	0%
MANAGEMENT	100%	0%

(*) Indicate the total annual remuneration of senior managers as a percentage of gross earnings according to the company's financial statements.

b. If the company pays bonuses or indemnifications to senior managers other than those required by law, say how these are paid.

	General Manager	Managers
In shares		
In options		
In cash		
Others / Details		

c. If there is a variable component to remuneration, what are the principal aspects used to determine it.

d. Indicate whether the board of directors evaluated the performance of the General Management during the fiscal year.

Yes ☐

No ☐

PILAR IV: RISK AND COMPLIANCE

Principle 25: Risk management environment

Question IV.1

	Yes	No	Explanation:
a. Does the board of directors approve an integrated management policy for risks according to their size and complexity and encourage a risk management culture within the company from the board of directors and senior management down to the employees?	<input type="checkbox"/>	X	Not applicable. The company does not have a board of directors. Nevertheless the company does have systems of control, specifically financial and non-financial risk control and compliance.

	Yes	No	Explanation:
b. Does the integrated risk management policy cover all the companies belonging to the group and produce a global view of critical risks?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The company does have systems of control, specifically financial and non-financial risk control and compliance.

Does the company have a policy of delegating risk management that establishes limits for the risk that can be handled at each level of the company?

Yes ☒ No ☐

Question IV.2

	Yes	No	Explanation:
a. Does the General Management manage the risks to which the company is exposed and report them to the board of directors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Is the General Management responsible for the risk management system if there is no risks committee or risks department?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The company does not have a risk committee or department, however in 2015 a Tax, Legal and Risk Manager was appointed through the PERU LNG S.R.L. operator.

Does the company have a risks manager?

Yes ☐ No ☒

If yes, indicate the following:

Given names and surnames	Date appointed		Department / entity to which he reports
	Start(*)	End(**)	

(*) First appointment by the reporting company.

(**) To be completed only if the position became vacant during the fiscal year.

Question IV.3

	Yes	No	Explanation:
Does the company have an internal and external control system, the suitability and efficiency of which are supervised by the company's board of directors?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable. The company does not have a board of directors.

Principle 26: Internal auditing

Question IV.4

	Yes	No	Explanation:
a. Does the internal auditor carry out audit work exclusively, does he have autonomy and experience and is he a specialist in the matters he evaluates, as well as the independence required for monitoring and evaluating the effectiveness of the risk management system?	X		
b. Is the internal auditor responsible for continually ensuring that all the financial information generated or recorded by the company is valid and reliable, as well as for verifying the effectiveness of regulatory compliance?	X		
c. Does the internal auditor report directly to the Audit Committee on its plans, budget, activities, progress, results obtained and action taken?		X	Not applicable. The company does not have an audit committee.

a. Indicate whether the company has an independent department responsible for internal auditing

Yes ☒

No ☐

If the answer to the above question is yes, indicate who is responsible for the audit within the organizational hierarchy of the company.

Responsible to:	Finance and Control Department of HUNT LNG OPERATING COMPANY S.A.C. (PERU LNG's operator)
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b. Indicate whether the company has a corporate internal auditor:

Yes ☒

No ☐

Give the main responsibilities of the person responsible for internal auditing and whether he has other functions apart from the internal audit.

The Internal Audit Department is responsible for ensuring the establishment, understanding and maintenance of effective business controls, through an independent evaluation for the management on the suitability of all the company's business control systems. These functions include but are not limited to the following: evaluating compliance with laws and regulations; evaluating whether politics and procedures are being followed; making recommendations for improvements to the controls, processes, procedures and performance of the business and risk management, and suggesting ways to increase efficiency and reduce errors in business processes; recommending ways of designing and improving information technology and business controls.

Question IV.5

	Yes	No	Explanation:
Is the internal auditor appointed and dismissed by the board of directors at the suggestion of the audit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable. The company does not have a board of directors.

Principle 27: External auditors

Question IV.6

	Yes	No	Explanation:
Does the AGM act on the recommendation of the board of directors to appoint the audit firm or independent auditor, and do they remain clearly independent of the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Given that the company does not have a board of directors, the AGM appoints the external auditors.

a. Does the company have a policy for appointing the external auditor?

Yes ☐ No ☒

If the answer to the previous question is affirmative, describe the procedure for contracting the audit firm responsible for giving an opinion on the annual financial statements (including identification of the company body responsible for choosing the audit firm).

b. If the audit firm has provided services other than auditing the accounts, indicate whether the AGM was informed of this and include the value of these services as a percentage of the company's total turnover.

Yes ☐ No ☐

c. Do any of the audit firm's non-arm's-length entities or individuals provide services to the company other than auditing the accounts?

Yes ☐ No ☒

If the answer to the above question was yes, give the following information about the additional services provided by the audit firm's non-arm's-length entities or individuals during the fiscal year.

Name or trading name	Additional services	% of remuneration (*)

(*) Value of the additional services over the value of the audit services

d. Indicate whether the audit firm used different people, if it provided services other than auditing the accounts.

Yes ☐ No ☐

Question IV.7

	Yes	No	Explanation:
a. Does the company have a policy of renewing its independent auditor or audit firm?	<input type="checkbox"/>	X	There is no policy governing this matter
b. If the policy establishes a longer period for replacement of the audit firm, is the audit team rotated at least every five (5) years?	<input type="checkbox"/>	X	There is no policy governing this matter

Give the following information on the audit companies that have provided services to the company over the last five (5) years.

Name of audit company	Service(*)	Period	Payment (**)	% of the earnings of the audit firm
KPMG CAIPO Y ASOCIADOS	OPINIONS ON FINANCIAL INFORMATION	2015	100%	

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

(**) Of the total amount paid to the audit company for all concepts, indicate the percentage paid for financial auditing services.

Question IV.8

	Yes	No	Explanation:
With regard to economic groups, is the external auditor the same for the whole group, including offshore associates?	X	<input type="checkbox"/>	

Indicate whether the audit company contracted to give an opinion on the company's financial statements for the fiscal year covered by this report also gave an opinion on the financial statements for the same fiscal of other companies in the economic group.

Yes ☒ No ☐

En caso su respuesta anterior sea afirmativa, indique lo siguiente:

Denominación o Razón Social de la (s) sociedad (es) del grupo económico
PERU LNG COMPANY LLC AND SUBSIDIARIES

PILLAR V: INFORMATION TRANSPARENCY

Principle 28: Information policy

Question V.1

	Yes	No	Explanation:
Does the company have an information policy for shareholders, investors, other stakeholders and the market in general, which defines, in a formal, orderly and integral manner the guidelines, standards and criteria to be applied in managing, compiling, drawing up, classifying, organizing and/or distributing the information generated or received by the company?	X		

a. If applicable, indicate whether the company makes available the following in accordance with its information policy:

	Yes	No
Objectives of the company	X	
List of directors and senior managers	X	
Share structure	X	
Description of the economic group to which it belongs	X	
Financial statements and annual report	X	
Others / Details		

b. Does the company have a corporate website?

Yes ☒

No ☐

Does the corporate website include:

	Yes	No
Objectives of the company	X	
List of directors and senior managers	X	
Share structure	X	
Description of the economic group to which it belongs		X
Financial statements and annual report		X
Others / Details		X
Código de Ética		X
Política de riesgos		X
Responsabilidad Social Empresarial (comunidad, medio ambiente, otros)	X	
Otros / Detalle		

Question V.2

	Yes	No	Explanation:
Does the company have an investor relations office?		X	The company does not consider an investor relations office to be necessary as contact is direct.

If it has an investor relations office, indicate who is responsible for it.

Responsible for the investor relations office	
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If the company has no investor relations office, indicate the unit (department / branch) or person responsible for receiving and processing applications for information from the company's shareholders and the general public. If an individual, also indicate his position and the department in which he works.

Department responsible	
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Person responsible		
Given names and surnames	Position	Department

Principle 29: Financial statements and annual report

If the external auditor's report contains qualifications, have these qualifications been explained and/or justified to the shareholders?

Yes ☐

No ☒

Principle 30: Information on shareholdings and agreements between the shareholders

Question V.3

	Yes	No	Explanation:
Does the company reveal its ownership structure, different share classes and, if applicable, joint ownership by a given economic group?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	All shares are voting shares, they are indivisible and can be represented.

Indicate the composition of the company's shareholdings at the close of the fiscal year:

Voting shareholdings	Number of shareholders (at close of fiscal year)	% participation
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

Non-voting shareholdings (if applicable)	Number of shareholders (at close of fiscal year)	% participation
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

Investment shareholdings (if applicable)	Number of shareholders (at close of fiscal year)	% participation
Less than 1%		
Between 1% and 5%		

Investment share holdings (if applicable)	Number of shareholders (at close of fiscal year)	% participation
Between 5% and 10%		
More than 10%		
Total		
Shares as percentage of capital:		

Question V.4

	Yes	No	Explanation:
Does the company report agreements between shareholders?		X	The company does not have a shareholders agreement.

a. Does the company record current agreements between shareholders?

Yes ☐

No ☒

b. If the company has been informed of any agreements between shareholders during the fiscal year, indicate the subject matter of each such agreement.

Election of directors	
Use of voting rights at meetings	
Restrictions on the free transfer of shares	
Changes in the internal regulations of by-laws of the company	
Others / Details	

Principle 31: Corporate governance report

Question V.5

	Yes	No	Explanation:
Does the company divulge its corporate governance standards in an annual report whose content is the responsibility of the board of directors, after informing the Audit Committee and Corporate Governance Committee if applicable?		X	Not applicable. The company does not have a board of directors.

a. The company has mechanisms for divulging its corporate governance practices both internally and externally.

Yes ☐

No ☒

If the answer to the above question is yes, specify the mechanisms employed.

SECTION C:

CONTENT OF COMPANY DOCUMENTS

In which of these documents does the company regulate the following matters:

		Principle	By-laws	Internal regulations(*)	Manual	Others	Not regulated	Not applicable	Name of document (*)
1	Policy for redeeming or exchanging non-voting shares	1						X	
2	Method of recording share ownership and person responsible for registration	2						X	
3	Procedures for choosing the external adviser to give an opinion on the board's proposals for corporate operations that could affect the shareholders' right not to have their shareholding diluted.	3						X	
4	Procedure for receiving and processing applications for information and opinions from shareholders	4	X						
5	Dividend policy	5	X			X			Minutes of general meetings of shareholders

		Principle	By-laws	Internal regulations(*)	Manual	Others	Not regulated	Not applicable	Name of document (*)
6	Policies or agreements not to adopt anti-takeover mechanisms	6						X	
7	Arbitration agreement	7	X						
8	Policy for choosing the company's directors	8						X	
9	Policy for evaluating the directors' remuneration	8						X	
10	Mechanisms making available to shareholders information on Points contained on the agenda of the AGM and proposed agreements	10	X						
11	Methods other than those established in law used by the company to call the AGM	10					X		
12	Additional mechanisms by which shareholders can add items to the agenda of the AGM	11					X		
13	Procedures for accepting or rejecting shareholders' proposals for points to be included in the agenda or for discussion at the AGM	11	X						
14	Mechanisms to enable shareholders to take part from a distance	12					X		
15	Procedures for differential voting by shareholders	12					X		

		Principle	By-laws	Internal regulations (*)	Manual	Others	Not regulated	Not applicable	Name of document (**)
16	Procedures to be used for proxy voting	13					X		
17	Requirements and formalities by which a shareholder may appoint a proxy at an AGM	13	X						
18	Procedures appointing directors or senior managers as proxies	13						X	
19	Procedure for monitoring the agreements reached at the AGM	14				X			Legal Department
20	Minimum and maximum numbers of directors on the company's board of directors.	15						X	
21	The rights, duties and functions of the company's directors	17						X	
22	Indicate the type of bonuses paid to the board of directors for reaching the company's targets	17						X	
23	Policy for contracting advisers to the directors	17						X	
24	Induction policy for new directors	17						X	
25	Special requirements for independent directors of the company	19						X	
26	Criteria for evaluating the performance of the board of directors and its members	20						X	

		Principle	By-laws	Internal regulations (*)	Manual	Others	Not regulated	Not applicable	Name of document (**)
27	Policy for determining, monitoring and controlling possible conflicts of interest;	22		X					Code of conduct
28	Policy for the valuation, approval and revelation procedure for transactions with non-arm's-length entities	23				X			General meeting of shareholders and general management
29	Responsibilities and functions of the president of the board of directors, executive president, general manager and other senior managers	24	X			X			Powers of attorney granted by the general meeting of shareholders.
30	Criteria for evaluating the performance of the senior managers	24				X			Procedure for setting and evaluating targets
31	Policy for setting and reviewing the remuneration of senior managers	24				X			Procedure for setting and evaluating targets
32	Integrated risk management policy	25					X		
33	Responsibilities of the internal auditor.	26				X			Job description
34	Policy for appointing the external auditor, duration of the contract and renewal criteria.	27					X		
35	Policy on the revelation and communication of information to investors	28					X		

(*) Includes the regulations governing the AGM, regulations concerning the board of directors or others issued by the company.

(**) Indicate the name of the document if not the company by-laws

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