



Annual Report 2022



Index

1. Chapter 1 - Introduction	04	2. Chapter 2 - Workforce	20
1.1. Letter from the Management	05	2.1. The relevance of our people to PERU LNG and our strategy for developing a productive working environment that encourages collaborator's personal development	21
1.2. World-class operations	06	2.2. A diverse, inclusive and respectful working environment	22
1.2.1. Mission and Vision	06	2.2.1. The importance of inclusion and diversity	22
1.2.2. The PERU LNG operator "Hunt LNG Operating Company"	07	2.2.2. Inclusion and Diversity	23
1.2.3. Contracts with the State	07	2.2.3. Our culture	24
1.2.4. Supply of natural gas	08	2.2.4. Metrics	24
1.3. Infrastructure to astound the world	09	2.2.5. Integrated benefits	26
1.3.1. PERU LNG natural gas processing plant	09	2.2.6. Voluntary Service	27
1.3.2. Pipeline: Description	11	2.3. Innovation	28
1.3.3. Port terminal	13	2.4. Effective personal safety management	29
1.3.4. Destination markets and monthly sales	14	2.4.1. Tenet 1: Encouragement of industrial health and safety	29
1.3.5. LNG truck refuelling station (TLF)	15	2.4.2. Tenet 2: Maintenance and strengthening of the industrial safety culture	30
1.3.6. Contributing to the global economy and servicing the local market	16	2.4.3. Tenet 3: The use of a process-based management system	31
1.3.7. Our approach to sustainability	16	2.4.4. Tenet 4: Maintaining and strengthening leadership in industrial safety	36
1.3.8. Contribution to the SDGs (Sustainable Development Goals)	17	2.4.5. Industrial safety performance indicators	37

2.5. Corporate model for community relations	39
2.5.1. Tenet 1: Effective communication and prompt attention to queries	39
2.5.2. Tenet 2: Analysis of our surroundings and management of risks and opportunities	40
2.5.3. Tenet 3: Contributing to the development of our neighbouring communities	40
2.6. Communications: Radio programs and sports sponsorships	51

3. Chapter 3 - Planet 52

3.1. Environmental management as part of the plant and pipeline operation	53
3.1.1. Sustainable water management at PERU LNG	53
3.1.2. Responsible waste management	55
3.1.3. Emissions	56
3.1.4. Environmental monitoring programme	57

4. Chapter 4 - Management 62

4.1. Leaders of PERU LNG and Hunt LNG Operating Company	63
4.2. Leadership in Peru	64

4.3. Ethical and anti-corruption commitments	65
4.4. Integrated management system	66
4.5. Managing suppliers	67
4.6. Global Security	68

5. Chapter 5 - Financial Management 69

5.1. Fundamental principles of management based on 3 tenets	70
5.1.1. Liquidity: Treasury and working capital management	70
5.1.2. Solvency: Establishment of indicators and policies for indebtedness and cash distribution	70
5.1.3. Performance: Making available funds profitable	70
5.2. Capital contributions, financing and working capital	71
5.3. Executive Summary 2022	73
5.4. Financial information	75
5.5. 2022 results	78



Chapter 1

Introduction

1.1. Letter from the Management



In financial year 2022, to which this Annual Report refers, we have achieved great results from every point of view. Our teams and company culture have once again demonstrated their ability to face any challenge, no matter how complex, and to overcome any difficulty, as they have done since the beginning of our operations.

Throughout these twelve months our operational performance has been excellent, particularly demonstrated by the Plant Shutdown from the 28th June to the 26th July 2022. We met all of our established goals and in an unprecedented move our four shifts all worked together, and they did an impeccable job.

We passed a vitally important milestone on the 15th April 2022, when PERU LNG's Port Terminal was the first in the world to install integrated vertical ShoreTension units. When this system was proposed our goal was to improve the availability of the terminal using an innovative and economical solution that would have no impact on the environment and would not affect regular loading operations. This success cannot be explained without mentioning the talent and creativity of our team, and highlighting the fact that we are the first in the world to use this technology vertically, which has been a great achievement.

Furthermore, we continue to support the widespread use of natural gas by processing it for the domestic market, having dispatched 4,523 LNG tankers to concessions in the north and south of the country. This growth in demand for LNG in the domestic market encourages us to continue the effort and so, in November 2022, approval was given for the implementation of a second LNG dispatch bay.

We are aware of our responsibility and leadership in making our sector increasingly sustainable. We believe that innovation, which is part of our culture, is one of the main tools for doing so, and that teamwork is the most appropriate strategy. During

2022 we have promoted many initiatives of this type and worked intensively on others that will give us important results in the immediate future.

Our main focus is people: those that are part of our environment, with whom we relate in one way or another as collaborators, suppliers or the communities in the areas of influence of our activities. For this reason, sustainability is one of our strategic pillars and a commitment shared by all professionals who work at PERU LNG. With this in mind, every year we continue to invest in sustainable projects, hand in hand with the communities that accept us as their strategic ally. Similarly, developing our collaborators is important for us; we make an effort to support them and are able to share tools that allow them to boost their skills and enhance their leadership. This allows us to develop the capabilities necessary to generate the economic, social and environmental conditions for our operations today and in the future, in harmony with our environment.

Finally, we achieve nothing if we do not do it safely. We are happy to say that since the beginning of our operations -and this year has been no exception- we have had no incidents involving lost time. We know that the commitment to health and safety requires more than that, it is part of our mission as a company to have an incident-free working environment for everyone.

We know we must do more to make our workplaces safe and inclusive for everyone. I am confident that the decisions we are making with an eye to the present and future, together with solid operational performance and commitment to those who trust us, will make PERU LNG continue to grow and create value for all our stakeholders in the coming years.

Maria Julia Aybar

VP, General Manager

1.2. World-class operations

PERU LNG is a Peruvian company that has positioned Peru as a leader in the region’s liquefied natural gas industry. It was incorporated in 2003 and owned by four corporations recognised worldwide for their stability and ability to innovate.

Our aim is to contribute positively and over the long term to the socioeconomic growth of the country and our surrounding communities. We thus reaffirm our commitment to meeting the highest environmental and safety standards, as well as respect for national legislation.



	50%		20%
	20%		10%



1.2.1. Mission and Vision

Mission

To be the most efficient world-class LNG producer, providing an incident-free workplace for people and the environment, and acting as a responsible investor and contributor to the local community, supported by a very talented team with skillful practices to achieve continuous operational improvement while maximizing shareholder value.

Vision

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

Operating to the highest global standards

PERU LNG’s goal is to have a positive impact on mankind by delivering energy, exceeding industry standards and acting in line with its corporate values.

We have built and are operating a Plant that is unique in South America and continues to be a benchmark that inspires people and companies throughout the world.

When investors understood what was implied in building a pipeline across the mighty Andes, as well as a liquefaction Plant and port facility on one of the most biodiverse coastlines in the world, they knew that this was a unique and extraordinary feat. It was a challenge that we had to overcome with the best people and the most advanced technology, and meant operating in an exemplary manner and meeting the highest environmental, social and technological standards.

1.2.2. The PERU LNG operator “Hunt LNG Operating Company”

On the 12th January 2006 we entered into an Investment Agreement for the Construction, Operation and Maintenance of a Natural Gas Processing Plant (the “Investment Agreement”) with the Peruvian State. This special legal framework applicable to our company specifically stated that PERU LNG may conduct its activities through an operator. PERU LNG’s operations are carried out by Hunt LNG Operating Company S.A.C. “Hunt LNG”.¹

¹ In this document, ‘Operator’ refers to Messrs. Hunt LNG.

1.2.3. Contracts with the State

On the 12th January 2006, PERU LNG and the Peruvian State² entered into an Investment Agreement for the Construction, Operation and Maintenance of a Natural Gas Processing Plant (hereinafter the Investment Agreement) valid for a period of 40 years; this was approved by Supreme Decree N° 005-2006-EM pursuant to the terms of the Investment in Natural Gas Processing Plants Enabling Act (the “Enabling Act”).

Pursuant to the *Hydrocarbons Act*, the Investment Agreement was entered into as a contract having the status of legislation; it therefore enjoys the special protection granted by the *Peruvian Constitution*, which prohibits unilateral modification or amendment of its terms.

As a result, the Investment Agreement contains the following, among other terms: (i) PERU LNG will enjoy exclusive ownership of the natural gas processing Plant (hereinafter the Plant) and related facilities (including the gas pipeline), and shall be free to export and otherwise dispose of the liquefied natural gas (LNG) produced. (ii) Provisions concerning investment by PERU LNG in the construction and operation of the LNG Plant and related installations. (iii) Guarantees to PERU LNG and its shareholders, granting them the right to a stable tax regime and exchange-rate, the right to import foreign currency and other guarantees established in the “Enabling Act” and its executive regulations approved by Supreme Decree N° 031-2004-EM.

² The Peruvian State, represented by the Hydrocarbons Bureau (DGH) of the Ministry of Energy and Mining, with participation by the Central Reserve Bank of Peru (BCR).





1.2.4. Supply of natural gas

In 2006, PERU LNG entered into two natural gas supply contracts with the holders of Block 88 and Block 56, by virtue of which the Plant will receive natural gas from the Camisea fields for a period of eighteen years.

On the 6th August 2014, the natural gas supply contracts for Block 88 and Block 56 were amended.

In accordance with the modified and redrafted natural gas sale contract for Block 88, entered into between PERU LNG and the holders of Block 88, PERU LNG acquires natural gas exclusively used for local consumption in Peru.

An amended contract for the sale of natural gas from Block 56 between PERU LNG and the holders of Block 56 took effect on the same date. This contract permits the holders of Block 56 to acquire gas from the holders of Block 57 in order to meet their obligation to supply PERU LNG.

The contracts support a firm commitment to supply 4.2 trillion cubic feet of gas to PERU LNG over the period stipulated in the contracts, at a rate of 670,000 million BTU (British Thermal Units) per day, in accordance with the daily quantity required.



1.3. Infrastructure to astound the world

1.3.1. PERU LNG natural gas processing Plant

The liquefied natural gas (LNG) processing Plant is the first and only one of its kind in South America. This Plant's operation exceeds the highest national and international standards and employs best technical, safety, social and environmental practices.

In the Plant natural gas is cooled using a mixture of refrigerants and liquefied in the main cryogenic heat exchanger at a temperature of -163°C . The LNG is then stored before shipment on board methane tankers in two tanks of 130,000 cubic meters each.

Production

The Plant achieved 91.8% efficiency during 2022. Despite turnaround times, unprogrammed stoppages, periods of poor weather affecting the port facility and force majeure events, the Plant produced 184.4 TBtu of LNG compared with 140.7 TBtu in 2021. This represents an increase of 31.1%.

Plant Shutdown 2022

Plant Shutdown is a maintenance activity carried out every 4 years, during which LNG production is stopped in a programmed manner in order to carry out inspections, repairs and updates that cannot be performed during normal operation.

During the 2022 Plant Shutdown, which took place from the 28th June to the 26th July 2022, a series of critical activities were carried out, the most important being:

- Major inspection of the MR and PR turbines.
- High pressure test and repair of the main cryogenic heat exchanger (MCHE).
- UV-114040 anti-surge valve repairs.
- Flare burner maintenance.
- Replacement of grids and molecular sieves in the natural gas dehydrators.
- Replacement of segments of process pipework.

All these activities were necessary to increase the reliability and availability of our Plant.

PERU LNG had to overcome some challenges during the 2022 Plant Shutdown, principally:

- Long delivery times for necessary materials and spare parts due to a global container shortage.
- High demand for accommodation and lodgings for external personnel, due to the capacity limitations of the camp and COVID-19 protocols.
- The complexity of the operations carried out simultaneously on the MR and PR compression trains.

HISTORY: Plant Shutdown (Turnaround) 2022

The 2022 Plant Shutdown has been an important milestone for our organization; in a manner hitherto unprecedented, we were able to bring together our four shifts to achieve the objectives of the turnaround in an impeccable manner. The key to success was teamwork and the commitment shown by the various departments involved.

Around 900 people (including collaborators and contractors) took part in this important event).

Improvement projects

A) Ethane recovery Plant

The purpose of the *Ethane Recovery Unit (ERU)* project is to recover enough ethane from liquefied natural gas for use as an input for the mixed refrigerant, replacing ethylene. This unit will operate intermittently with a production capacity of 97% pure liquid ethane of 15 cubic meters per day. The recovered ethane will be stored in the existing ethylene storage tanks.

The benefits of this project are:

- Control over the process for obtaining ethane as a component of the mixed refrigerant used in the operation. Thus transport by third parties to supply the Plant -with all of its associated risks- is avoided.
- Greater operational reliability by not depending on ethylene imported from abroad, with all the risks that this involves, such as weather, availability and cost variability, among others.
- Increased thermodynamic efficiencies associated with ethane instead of ethylene.

B) Solar panels generation

The solar power generation for the Plant to reduce fuel gas consumption by the GTGs, and consequently, also reduce CO2 emissions. The test project: *Installation of Solar Panels for the Induction Building* aims to validate the effectiveness and efficiency of electric power generation through the use of renewable resources.



1.3.2. Pipeline: Description

The PERU LNG Main Pipeline is 408 kilometres long and runs from the community of Chiquintirca in Ayacucho Region to Pampa Melchorita on the Peruvian coast, where the natural gas processing Plant is located.

At Chiquintirca the pipeline receives dry natural gas from Camisea Blocks 56 and 57, as well as from Block 88 (which is used for fuel gas at the Plant).

The main pipeline traverses a zone whose geography is one of the world's

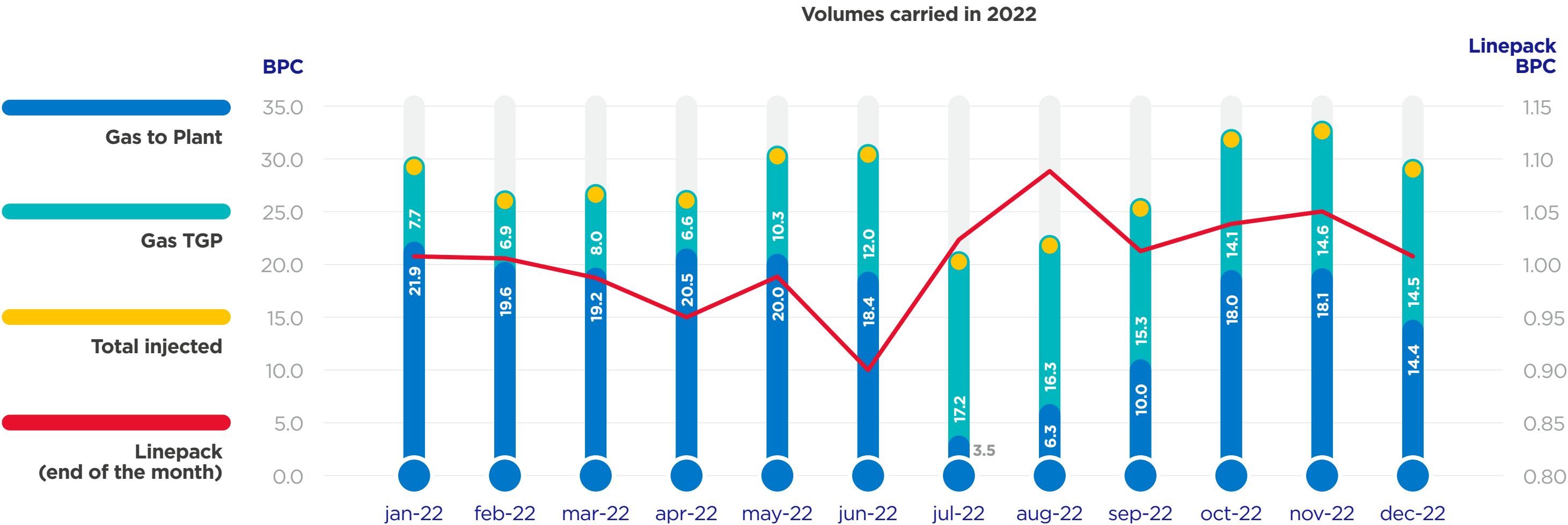
most diverse (it includes mountains, ravines, numerous river crossings, and the coastal desert of Peru). Its highest point is more than 4,900 metres above sea level, earning it a place in the Guinness Book of Records, as “the highest pipeline in the world”.

The main pipeline is underground throughout its entire length, except where surface facilities are located.

Transport

During 2022, our main pipeline carried a total of 189,172.79 MMcf to the natural gas processing Plant and a total of 143,345.73 MMcf destined for the domestic market, in accordance with the agreement to increase the carrying capacity of the pipeline. This took place in a difficult context, due to different events such as the Plant maintenance carried out in June and July (Plant Shutdown 2022), operational problems at the Pluspetrol Plant in Malvinas during

the months of August, September and October, and social unrest in December, which caused the Transportadora de Gas del Perú (TGP) compression Plant in Kamani, Cusco to be shut down. As far as TGP was concerned, an average of 393 MMcfd of gas was carried by the main pipeline for the local market, with peaks of up to 652 MMcfd.



Activities on the main pipeline during 2022

During 2022 a susceptibility evaluation of the main pipeline was carried out to assess the risk of cracking arising from stress corrosion, which resulted in a very low level of susceptibility due to the current condition of the pipeline and the maintenance carried out during the year.

Similarly, the first overflight of the right of way was successfully completed using remotely piloted aircraft. This provided us with high-resolution images and videos and georeferenced information on the 408 km of the main pipeline, which will help us to identify events on the right of way, monitor threats, action by third parties, and others.

This year we also successfully completed the update of the SCADA system with the most recent version of this software, used for data acquisition and remote operation of the pipeline. This system offers improvements in cybersecurity, digital surveillance servers (DSS) and redundant engineering.

All of this work was carried out under close supervision by Ayacucho Operations personnel and completed on time and in budget.



1.3.3. Port terminal

Protected by an 800 meter long breakwater, the Port Terminal is equipped with state-of-the-art systems allowing loading operations to be scheduled and executed safely.

It should also be noted that the terminal had its ISO 9001:2015 certification renewed by TÜV Rheinland in 2021 to cover its quality assurance systems for LNG shipments and the provision of basic port services: berthing, unberthing, pilotage and towing.

Cargoes – Dispatches

Fifty-one methane tankers berthed at the PERU LNG Port Terminal in 2022, to load 179.05 TBtu of LNG. This represented a 34% increase in the number of vessels and a 35% increase in the volume carried, compared with 2021, when thirty-eight vessels berthed to load 132.9 TBtu.

It should be noted that in 2020 fifty-five ships (with a volume of 204.8 TBtu) berthed, in 2019 fifty-eight ships (with 209.3 TBtu), in 2018 fifty-seven ships (196.1 TBtu), in 2017 sixty-four ships (213.9 TBtu), in 2016 seventy (225.1 TBtu), in 2015 fifty-six (187.8 TBtu), in 2014 sixty (214.4 TBtu), in 2013 fifty-seven (222.4 TBtu), in 2012 fifty-three (203.6 TBtu) and in 2011, fifty-five (209.2 TBtu). In 2010, because operations began in June, only twenty-three vessels entered the port.

The destinations of the fifty one methane tankers in 2022 were as follows:

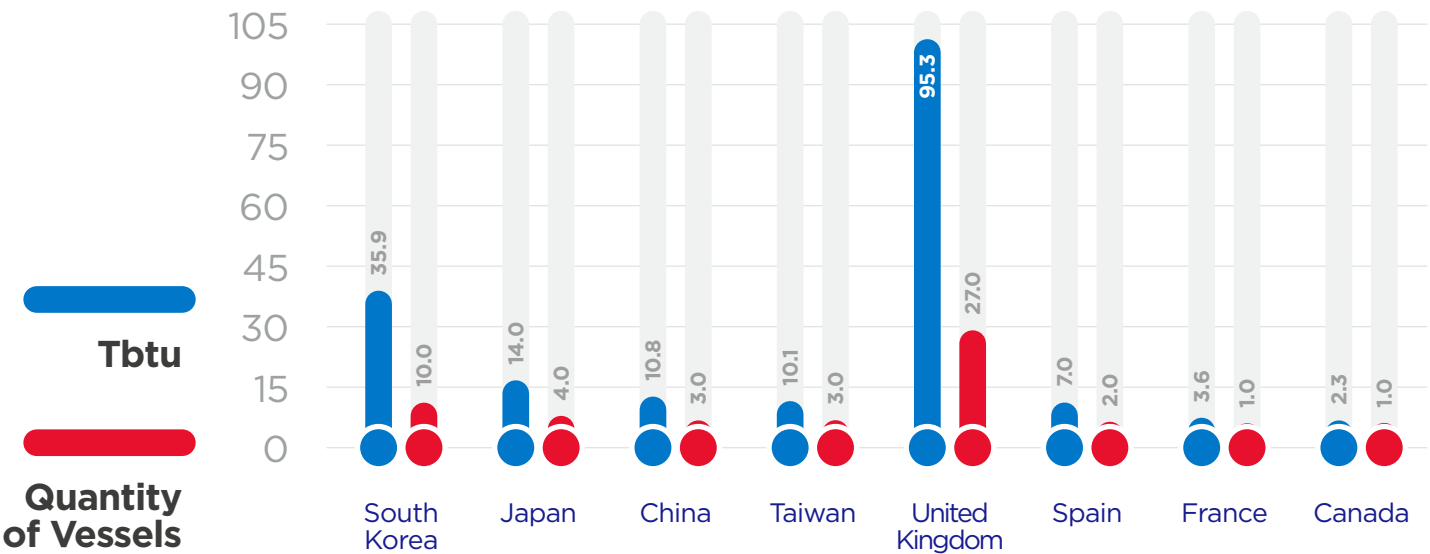
Vessels loaded in 2022 - Volume in MMBtu and in m³

Month	Number of vessels	MMBtu	m³
January	6	21,906,761	945,103
February	5	17,141,421	739,769
March	5	17,761,511	766,183
April	6	22,525,287	971,511
May	5	18,750,903	808,864
June	5	17,271,728	744,829
August	3	9,002,948	388,438
September	3	6,326,672	272,555
October	5	17,757,571	765,555
November	4	15,753,426	679,221
December	4	14,849,582	640,085
Total	51	179,047,810	7,722,113

SITME was the company responsible for purchasing, carrying and selling the LNG produced in the Plant during 2022. LNG is sold on a FOB basis at a contractual sale price indexed to natural gas prices at the shipment destination.

Destination	Number of vessels	TBTU	%
South Korea	10	35.9	20%
Japan	4	14.0	8%
China	3	10.8	6%
Taiwan	3	10.1	6%
United Kingdom	27	95.3	53%
Spain	2	7.0	4%
France	1	3.6	2%
Canada	1	2.3	1%
Total	51	179.0	100%

Vessels loaded and quantity of LNG (TBtu) by destination

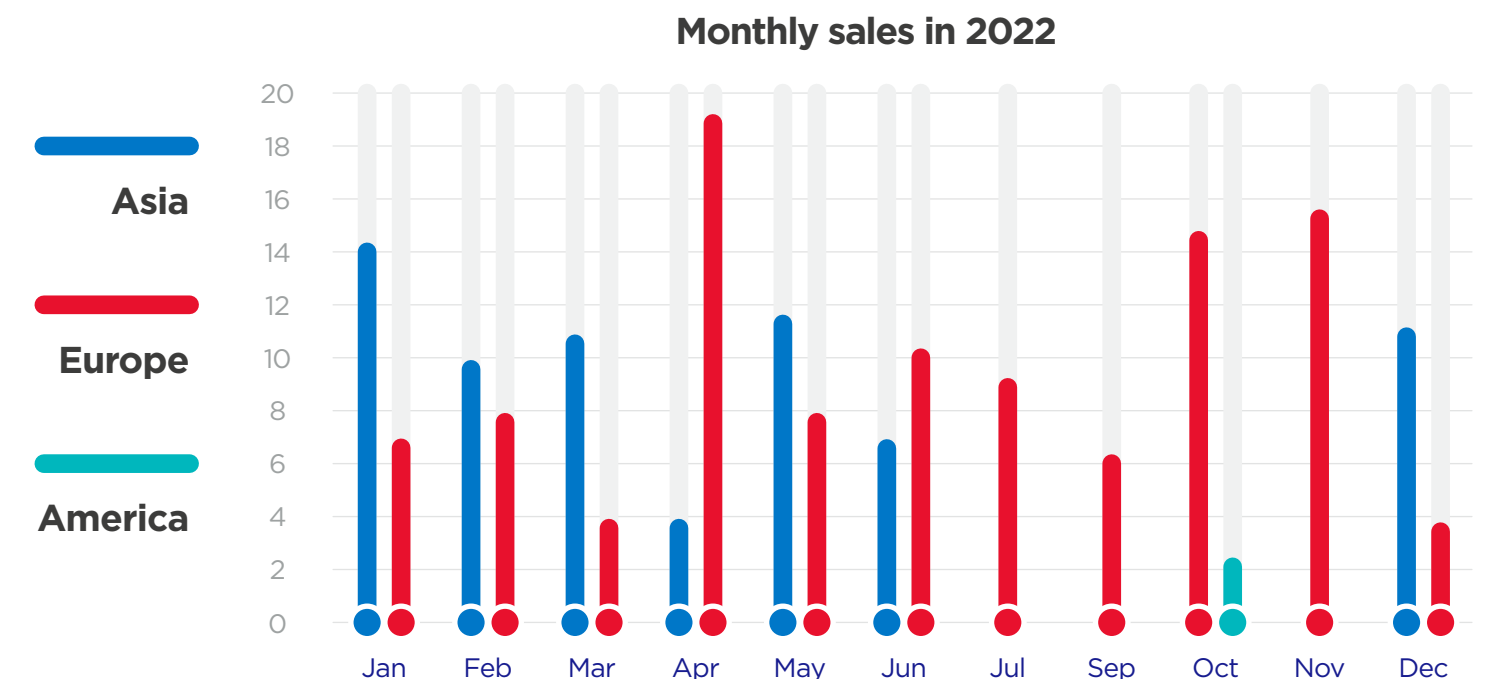




1.3.4. Destination markets and monthly sales

The LNG produced in 2022 by PERU LNG and sold by SITME went principally to the United Kingdom (53%), South Korea (20%), Japan (8%), The China (6%), Taiwan (6%), other European destinations (6%) and Canada (1 %).

Despite the long distances involved, PERU LNG remains an attractive source of gas for European and Asian markets. Monthly sales during 2022 are shown below:



HISTORY: Vertical Shore Tension Unit

In April 2020, PERU LNG signed a contract with the Dutch company ShoreTension BV. for the manufacture and acquisition of six vertical dynamic tension units, integrated with quick release mooring hooks (integrated vertical Shoretension units). This is part of a project to renew and improve the terminal's berthing system, the aim of which is to make cargo operations safer when an unusual swell occurs. At the end of 2021, the new dynamic tension vertical units were delivered to the port of Rotterdam - The Netherlands, and were installed during 2022. On April 15, 2022, the PERU LNG Port Terminal was the first in the world to use this new mooring technology, staying ahead in the use of new technologies and innovation.

1.3.5. LNG truck refuelling station (TLF)

In March 2018, the LNG truck loading terminal (located in the Plant) obtained the final permits from Osinergmin needed to start operating.

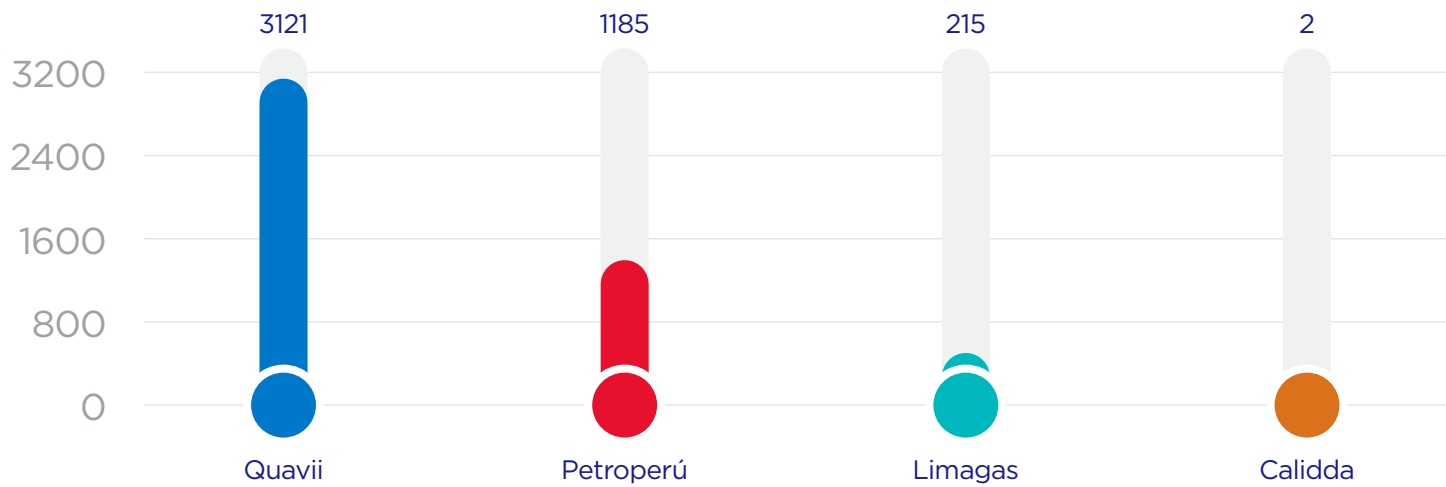
Since then the “truck loading station” has supplied LNG in tanker trucks, to regasification stations in the north and south-west of the country, through the LNG wholesaler Shell GNL Peru S.A.C. (Shell GNL). In the north, gas is sent to the cities of Cajamarca, Lambayeque, Chiclayo, Pacasmayo, Trujillo, Chimbote, Huaraz and San Martin; in the south to

Arequipa, Moquegua, Ilo and Tacna; and in the centre, to Cusco.

Loads Dispatched

During 2022, 4,523 (four thousand five hundred and twenty three) LNG trucks were dispatched, equivalent to 5,134,454 MMBtu (5.13 TBtu).

LNG trucks loaded in 2022



1.3.6. Contributing to the global economy and servicing the local market

PERU LNG continues to help improve the local market. 2022 saw the completion of negotiations for an agreement with Shell GNL, consisting of the construction of a second truck loading bay with the aim of doubling the LNG loading capacity and contributing to the Peruvian Government’s policy to encourage widespread use of natural gas.

1.3.7. Our approach to sustainability

Sustainability for us is essential for generating value and is present in all areas of our operations, from the start of the main pipeline to the end of the Port Terminal jetty.

Our approach to sustainability is based on the following tenets:

Individuals

Working towards the development of everyone involved in the operation, neighbouring communities and stakeholders, while prioritising safety in all our activities.

Looking after the planet

Operating responsibly and to the highest industry standards, minimising and mitigating any environmental impact of our activities.

Management

Making decisions based on expert knowledge, risk and opportunity management and business ethics.

From this perspective and based on the three tenets mentioned above, PERU LNG carried out its operations to the highest international standards for environmental protection and local development, including guidelines published by the International Finance Corporation (IFC) and Inter-American Development Bank (IDB).



1.3.8. Contribution to the SDGs (Sustainable Development Goals)

In 2015, the member states of the United Nations agreed on an ambitious and universal agenda, by adopting *17 Sustainable Development Goals (SDGs)*, in response to growing global awareness of the need to shift towards a more sustainable and equitable future.

The SDGs aim to create a better future for all, regardless of race, gender, age or socioeconomic status, focusing on the fundamental tenets of sustainable development: **eradicating poverty, ensuring access to quality education,**

promoting health and well-being to create sustainable communities.

Achievement of the SDGs requires unprecedented effort and coordination between the public sector, private sector and civil society. For that reason PERU LNG continually and voluntarily evaluates different creative and innovative ways of making a significant contribution to the SDG, both within its business model and together with its stakeholders.





Since the beginning, we have contributed with:

SDG 2: Zero hunger

- Implementing projects to combat malnutrition in impoverished communities in Peru such as *Haku Winay*, in alliance with the National Fund for Compensation and Social Development (FONCODES) and our initiative *Together to Reduce Anaemia* in alliance with Caritas of Peru.
- Providing technical assistance for seed potato production, guinea pig breeding, cattle breeding and trout production and farming.

SDG 3: Good Health and Well-being

- Promoting occupational health and safety programmes among our activities, in addition to offering health and wellness benefits for our collaborators.
- Promoting social projects to improve infrastructure and health services in the neighbouring communities of Ayacucho and Huancavelica.
- Implementing food safety projects, such as *Together to Reduce Anaemia*.
- Strengthening our program *Resilient Meal Centres*.

SDG 4: Quality education

- Through our program *Reading to Get Ahead (LEEA)*, we provide training to public school teachers in Peru, to improve the quality of education for children residing in rural areas of Ayacucho and Huancavelica.
- Promoting improved mathematics performance among school students and promoting sports.
- Supporting on various initiatives for the improvement of state school infrastructure and equipment, as well as providing higher education scholarships for outstanding students.

SDG 6: Clean water and sanitation

- Facilitating the storage and efficient use of water for agriculture and human consumption in remote rural areas of Ayacucho and Huancavelica.
- Improving sanitary infrastructure in alliance with the local authorities of Ayacucho.
- Making use of seawater in our operations.
- Managing waste water in the regular cycle of the Plant, avoiding discharges into bodies of water by reusing 100% of treated domestic effluent for irrigation and dust control.

SDG 7: Clean and affordable energy

- Working on the continuous improvement of our internal processes, facilities and technologies to boost production efficiency.
- Researching and supporting on renewable energies. We have us solar energy on the route and also have a pilot Plant of 20 kwp solar panels.

SDG 8: Decent work and economic growth

- Offering adequate employment opportunities in safe and motivating environments, with competitive salaries.
- Hiring local suppliers and helping our contractors to improve their skills.
- Supporting small local entrepreneurs in developing their skills and gaining access to new markets such as the *Allin Ruray* project.
- Through our dairy production and marketing project for cheese, yoghurt, butter and manjar blanco.

SDG 11: Sustainable cities and communities

- Through the documentation of cultural heritage and care for archaeological sites in areas close to our operations.
- Working on diagnosing the potential for tourism in the community of Vinchos.



SDG 12: Responsible production and consumption

- We have a broad and well-structured waste management program following the circular economy model, to make the most of waste and reuse it in the productive value chain (i.e. paper, plastics, metals, construction waste).
- Evaluating suppliers of materials and services, controlling their environmental impacts (ISO 14001) and studying the life cycle of each process.

SDG 13: Climate Action

- Estimating our global carbon emissions and establishing operational controls for their reduction and proper management.
- Investing in research into new emissions-reducing technologies.
- Investing in nature-based initiatives (carbon credit purchases).

SDG 14: Underwater life

- Monitoring marine biodiversity at the PERU LNG breakwater has shown a net positive impact on biodiversity. Monitoring tactics include observation of fishermen and support from national and international marine specialists.
- Generating scientific knowledge based on biodiversity monitoring data, shared with the world scientific community. Agreements with the Smithsonian and MarineGEO.

SDG 15: Life of terrestrial ecosystems

- Establishing standards and procedures for the management and monitoring of biodiversity, with the participation of nearby communities.
- Fostering research and documentation of species.
- Developing initiatives for the sustainable use of natural resources.

SDG 16: Peace, justice and strong institutions

- Establishing policies and procedures to prevent corruption and/or any other unethical action in our operations.

SDG 17: Partnerships for the goals

- We are partnering with NGOs, universities and various public and private organizations to promote sustainable social and environmental initiatives.



Chapter 2

Workforce



2.1. The relevance of our people to PERU LNG and our strategy for developing a productive working environment that encourages collaborators' personal development

The force that drives PERU LNG comes from the people making up its workforce, who are essential for the company to meet its goals. On the one hand, the company's team of collaborators and those of its contractors, and on the other that of the Operator, whose role is transcendental.²

PERU LNG values their contributions and promotes a harmonious atmosphere at work where constant motivation attracts, keeps and strengthens the skills of a highly-qualified team.

Given the nature of the relationship between PERU LNG and its Operator,

for illustrative purposes only the information published in this report covers all collaborators in the two organisations, without prejudice to the independence and autonomy of each one.

With this in mind initiatives are developed to focus on:

- A diverse, inclusive and respectful workplace.
- Identifying, developing and retaining the best talent, and strengthening their capabilities.
- Offering competitive benefits and compensation.



2.2. A diverse, inclusive and respectful working environment

We are committed to encouraging, cultivating and preserving a culture of diversity, equity and inclusion. For that reason it we promote equality of opportunity in all the aspects -contracting, promotion, training, personal and professional development- without discrimination for reasons of sex, origin, race, religion, sexual orientation or disability. Diversity among the collaborators of PERU LNG and its Operator is the companies' most valuable asset and is fundamental to creating an enriched working environment that adds value to each organisation.

The sum of the individual differences, life experiences, knowledge, innovation, self-expression, unique skills and talents of collaborators represents an important

part of the company's business culture, but is also a manifestation of their reputation and achievements.

Our diversity initiatives apply, but are not limited to the companies' recruitment and selection policies and practices, compensation and benefits, professional development and training and social and recreational programmes, as well as to continual development in a working environment based on gender equality and diversity.

Our commitment to encouraging diversity and inclusion is shown in the following illustrations of our employees broken down by gender, the percentage of women in management positions, age and nationality.

2.2.1. The importance of inclusion and diversity

We have an incredibly diverse global base of collaborators, built over many decades. All our people without distinction are the keys to our success; their hard work and contributions are and always will be what carry us towards even greater success in the future.

We have developed an intentional focus on "inclusion," which we have defined as fostering a collaborative, supportive, and respectful environment that increases participation and contribution among all collaborators, regardless of their individual differences. In other words, inclusion consists of making sure that each person feels seen, heard and valued in the company. We see inclusion as the magic ingredient to unleash the potential of our diverse workforce, including contractors, neighbouring communities and other stakeholders.





2.2.2. Inclusion and Diversity

Recognising that inclusion and diversity are fully aligned with our core values as a company and are important business drivers, an Inclusion and Diversity Committee was formed in 2021.

The mission of this *committee* is to foster an intentional and authentic culture of diversity, equity and inclusion consistent with our core values, which enables our community to harness the unique strengths and capabilities of each individual, enhance collaboration, drive innovation, and improve business performance. Thus the committee:

- Raises awareness throughout the organisation about the importance of inclusion and diversity for the continuity of our sustainable operations.
- Trains our people to take advantage of the unique strengths and abilities of each individual, in order to make optimal business decisions, as well as to generate new ideas and creative solutions.
- Fosters a collaborative, respectful and supportive working environment, which is fundamental to promoting innovation and improving business performance.

Actions 2022

Two key initiatives were implemented in 2022:

- Quarterly debates by international experts that stimulated discussion on topics such as the importance of maintaining an inclusive approach in work environments, and the benefits of such an approach, led by Dr. Maria Dixon-Hall, head of Diversity at Southern Methodist University (SMU); the impact of opening doors to the youth of our community through pre-professional internship programs, led by Antoine Joyce, Director of Diversity at SMU; integrative leadership, its meaning and value within organizations by Marsha Clark, consultant, executive coach and renowned writer.
- The leadership training programme designed to promote and develop leadership behaviours that allow maximum value to be obtained from the contributions of each employee in the company. The programme consists of four full days of face-to-face training, as well as individual coaching sessions for PERU LNG executives, with the participation of the operating company.

The buy-in and enthusiasm from participants for inclusion and diversity initiatives in 2022 was energising for all and will continue in 2023.

2.2.3. Our culture

For PERU LNG the company’s organisational culture is an interlocking fabric of standards, values and principles that constitute the essence of the organization and strengthen confidence between collaborators, which is without doubt a key factor in feedback and consolidation of this culture.

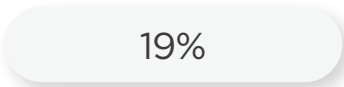
The development and coherence of our culture is of vital importance and is based on fundamental values that constitute a competitive advantage. This means a valuable team who upholds these tenets and works to ensure that our collaborators consider us good employers and that we continue to attract the most outstanding talents from Peru and abroad.

2.2.4. Metrics

Percentage of employees by gender:



Percentage of women in leadership positions:



Percentage of employees by age:

Age	<30	31-50	>50
Total	11%	73%	16%

Attracting the best talent: Number of new hires (gender/age):

We constantly encourage the incorporation of new talent, and the skills and values of each collaborator can help to build our business culture and achieve recognition from the sector and from society. Thus we aim to identify the best professionals and develop their skills in line with their needs, aspirations, safety and the characteristics of each workplace.

Similarly, both PERU LNG and the operator have obtained ABE certification for their good employment practices, thanks to the company’s continual efforts to create policies and programmes that will benefit its employees. For several years now, the company has been a member of the Association of Good Employers (ABE).



The ABE is an institution of the American Chamber of Commerce of Peru that promotes and certifies responsible employment practices. It also programmes activities aimed at improving the current or future performance of collaborators in the organisation by boosting their knowledge, skills or attitudes.

The companies, with contributions from their leaders, seek and identify talented people and facilitate their incorporation and adaptation to our corporate culture; They also encourage their personal and professional development so that they can realise their maximum potential in the organisation.

New hires by gender:

Male	78%	Female	22%
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New hires by age range:

Age	<30	31-50	>50
Percentage	20%	68%	12%

Professional work experience program:

5 new people were hired in 2022 as trainees in the following careers:

Careers	Admin. y Account.	Science & eng.	Total
New hires	2	3	5

Participants in the professional work experience program have the option of joining Peru LNG or its operator, depending on the organisation’s requirements.

Years of service with the company:

The company fosters an environment of respect and horizontal treatment with the entire team taking part in the operation. This is reflected mainly in years of service.

Years of service			
De 0 a 5	De 6 a 10	De 11 a 15	De 16 a 20
36%	15%	43%	6%



2.2.5. Integrated benefits

Our collaborators' quality of life is relevant to us, which is why we offer them a series of benefits. In 2022 we incorporated the following new benefits, among others:

- Hybrid work scheme.
- Leave for the death of a family member.
- Corporate agreement with Oncosalud.
- Corporate agreement with the Auna clinic network.

Main benefits

Health and personal insurance

- EPS health plan and cancer plan
- Family health cover.
- Health cover for same-sex couples.
- Medical plan for parents
- Life insurance and group life insurance, from the first day of employment.
- Preferential rates for vehicle insurance.
- Annual influenza vaccination, free of charge.
- Day4me: two free days every year and an additional free day for every five years of service. Progressive return to work for
- Others, such as: Massage sessions, nutritional advice, health and wellness talks.

Developing skills as a function of the companies' needs

- Specialist training in Peru and abroad.
- Participation in seminars and congresses, both local and international.
- Financial help for undergraduate and postgraduate education.
- Financial help for certification and membership of professional colleges.
- English courses paid in full by each company.
- On-line education platform with more than 2,500 courses.

Working conditions

- Road and air transport (to the Plant and our installations in Ayacucho).
- Lodgings, food and recreation at the Plant and in Ayacucho.
- Parking at the administration offices (Lima).
- Assignment to cover transport for collaborators in Lima and provinces.
- Assignment for night working and staying overnight at the Plant and in Ayacucho.
- Assignment to cover school fees for collaborators with children aged between two and eighteen.

Compensation

PERU LNG and the Operator have set up a competitive, equitable and flexible compensation program linked to the performance of their collaborators and the operation, which also upholds the corporate mission and values. Its purpose is to recruit and retain first class talent through competitive remuneration for the sector, rewarding collaborators for their achievements and, at the same time, guaranteeing their quality of life and individual development. Furthermore, our compensation practices are a means of communicating performance goals and standards and motivating our collaborators.

With a view to keeping our remuneration competitive, we carry out annual surveys of our collaborators and these, together with a comparative analysis of the remuneration paid by the most representative companies in the sector, give PERU LNG and the operator the information necessary for reviewing and adjusting wages and salaries and for analysing internal equality.

In 2021 an income protection plan was implemented in each organisation in response to variations in the dollar exchange rate and its impact on purchasing power. The plan will be in force for two years and its purpose is to adjust wages and salaries in line with the dollar exchange rate in the local market, in order to protect employees' purchasing power.

2.2.6. Voluntary Service

PERU LNG encourages voluntary service, as valuable and having a significant short-term impact on the vulnerable sectors of society, as well as on the attitude and motivation of our collaborators.

Collaborators from different departments and sites belonging to PERU LNG and its operating company

support many social causes and this, in addition to serving others, promotes a culture of social commitment within each company.

In 2022, volunteers continued to support the *Asociación de Bienaventuranzas* with financial donations for the management of the shelter, aimed at covering the material,

educational, medical and affective needs of the children, adolescents, young people, adults and the elderly living there.

Assistance was also given to the residents of PERU LNG's direct area of influence in Cañete. Furthermore, donations were made through Caritas and the Yauyos Prelature, to the parish

diners of Cañete, as well as to the *Juan Andrés Vivanco Amorín Orphanage*, *Padre Saturnino Care Home* and *SOS Children's Villages* (all located in Ayacucho) to combat the hard frosts affecting that part of the country during the months of July and August.



2.3. Innovation

We define innovation as any change that generates a positive impact. We have three ways of promoting innovation, whether small or large:

Bottom-up (innovation by employees)

All employees are invited to contribute ideas and solution to the challenges facing the business. These challenges are aligned with the company's strategy and/or with the problems that employees seek to solve in their departments. These ideas are entered into an online platform called *Innlab* (which is part of Edison 365), from which progress with the proposals is also monitored. Innlab can be used to interact online with ideas and their updates thanks to the integrated connection with Yammer, the company's internal social network.

The year 2022 ended with 350 published ideas, of which 130 were approved and 120 are in the review, ideation or experimentation phase.

Business-based innovation

This involves the creation of teams chosen for their technical and soft skills, who work on challenges proposed by the

senior management. These groups are accompanied by experts in innovation, who facilitate the development of their work using different methodologies such as Design Thinking, Agile and others.

During 2022, six teams worked on challenges relating to risk analysis, improving the efficiency of the purchasing process using Category Management, data governance, generalised use of gas, the energy transition and LNG bunkering (which means storing LNG for future use). The results of this interesting the work were submitted to senior management and validated for implementation.

Operational excellence and process improvements

Together with the departments responsible, we seek continual improvement of the company's processes using the Lean and Six Sigma methodologies. In 2022 we validated

the corporate process map, process owners were trained, and work was done on 50 priority processes. For this purpose a flow chart was developed and the main indicators and risks defined, and a continual improvement plan and timeline drawn up.

A team of 48 "Innovation Masters" - collaborators from different departments with a passion for innovation, boosted the desire to innovate in our collaborators, helping to raise barriers. This group received more in-depth training in innovation methodologies, new technologies, virtual reality, and industry trends.

In order to improve support area processes, a campaign called "Innovative Ideas" was developed in Lima for the first time. The campaign produced 3 winning projects, which were previously chosen by the collaborators and evaluated by a jury. To promote this programme various face-to-face workshops were held, including Innovation Breakfasts, Brainstorming Sessions, Innovation

Speed Dating, Innovation After Office, among other activities.

Similarly, a digital training programme was developed on the company's e-learning platform, which was complemented with short voluntary training courses. Exchanges were also organised with other companies on specific topics such as green hydrogen, new sustainable technologies and renewable energy. The first Hunt chatbot was created and virtual reality glasses were tested for security training.

Finally, our first Innovation Day was held, in which 95% of connected collaborators took part together with 3 external speakers, and 5 start-ups were introduced. 24 collaborators were given awards for their successes in innovation.

2.4. Effective personal safety management

PERU LNG believes that personal safety is the most important part of its operations management. It therefore rigorously analyses all activities to identify the associated risks, and implements controls to guarantee the safety of its collaborators and those of its operator, contractors, stakeholders and the communities in which it operates.

Safety is non-negotiable in all of the company's operations and is an integral component of the day to day activities of all collaborators. For that reason efforts are made to ensure that all employees involved in the operation (including the operator and contractors) carry out their activities efficiently and safely, enabling us to achieve a low level of incidents.

PERU LNG's industrial health and safety model

PERU LNG has four fundamental tenets with which it seeks to achieve effective health and safety management. The company carries out activities applicable to all of these tenets, and seeks to achieve the goals of each one.



2.4.1. Tenet 1: Encouragement of industrial health and safety

PERU LNG recognises that industrial health and safety is everyone's responsibility. It therefore trains its collaborators continually in aspects of industrial safety and also has specific programs for departmental leaders, who are considered the main promoters of safe practices at work.

Leaders attend various training sessions that enable them to connect effectively with the collaborators of PERU LNG, its operator and contractors, to encourage safe practices at work.

Their duties and training include:

Training leaders to strengthen their leadership skills in industrial safety

- Leader training focuses on:
- Being present where the work is done to observe and understand

- the conditions under which tasks are performed.
- Communicating effectively with others.
 - Promptly identifying and reporting conditions with a high potential for causing injury.
 - Repeating to collaborators that they are responsible for their own safety and that of their workmates.

Conversations on industrial safety

Led by the sustainability and Plant operations directors and area managers, these periodic talks promote discussion around safety at work, help define what is acceptable regarding safe performance and behaviour and raise awareness of industrial safety.

In the sessions held in 2022, with small groups of PERU LNG collaborators, the

operator and contractors, a recount of the high potential events that occurred during the year was made and a review carried out of the lessons learned.

Employees were also taught the importance of putting their health first, urging them to go to the medical centre immediately if they feel unwell, not to self-medicate and report to their doctor if they are taking any medication.

In total, 35 discussions were held in which 635 employees took part, from PERU LNG, the operator and contractors.

Training (various)

Training for leaders in observing safe and unsafe acts and conditions. These training sessions allow them to effectively identify and highlight good practices, as well as stop unsafe behaviour.

Turn-around (Plant shutdown) 2022 safety issue information

During Turn Around 2022, daily meetings were held with the Health, Safety and Environment (HSE) leaders of the main participating contractors in order to share lessons learned from each day and to take immediate action. During this period, no recordable incidents (lost time events or medical treatments) were reported).

2.4.2. Tenet 2: Maintenance and strengthening of the industrial safety culture

Security is one of the attributes that define the PERU LNG culture. Therefore, although tools, training and initiatives are provided to create a culture of safety in PERU LNG, its operator and contractors, individual decisions and the conscious application of the principles of safety are what reinforce this culture.

Action taken to uphold this culture

We do the following to keep our safety culture current and consolidated:

- Encourage committed participation by the operator and contractors in all industrial safety activities carried out by PERU LNG and its operator. PERU LNG encourages the contractors themselves to implement similar initiatives.
- Different activities to raise awareness of industrial safety and encourage a safe working environment for the collaborators of PERU LNG, its operator and contractors.

This is achieved through:

- A diverse, inclusive and respectful workplace.
- Creation of a contractors committee headed by the contractors themselves.
- Active participation by contractors in safety management.
- Development of coordinated strategies.

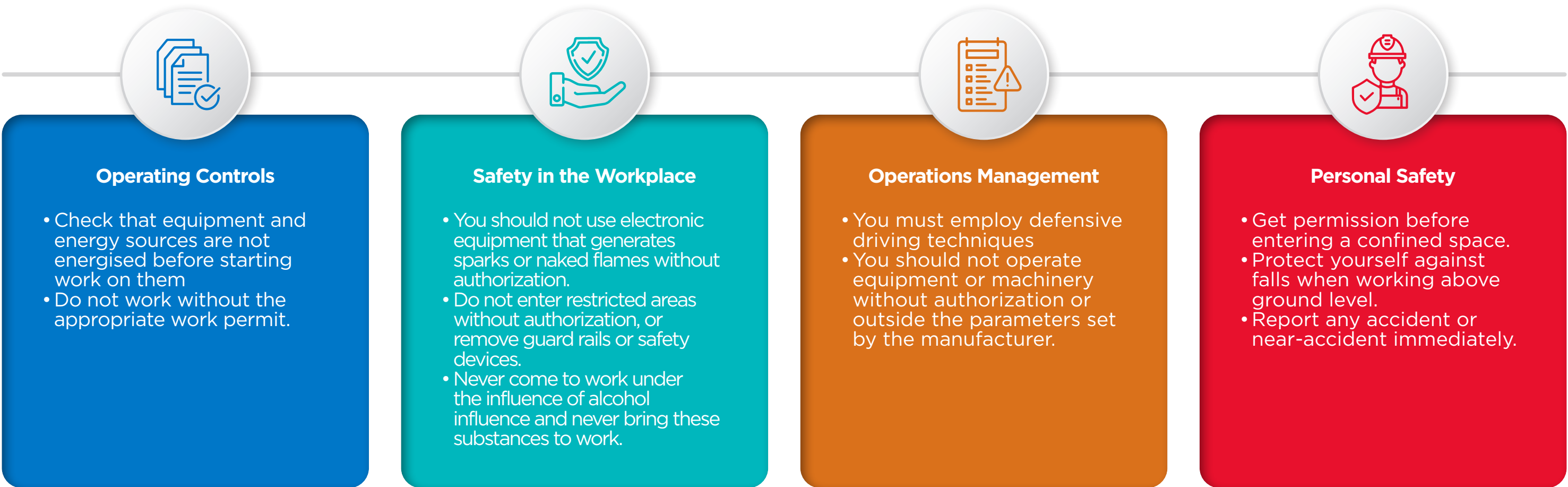
Rules that save lives

“They have the right and the obligation to stop a job that is not safe” is the main slogan of this campaign.

Continued emphasis on the rules that save lives

PERU LNG has identified ten rules of safe behaviour at work, which are published and discussed in different forums for interaction between collaborators of PERU LNG, its operator and contractors. During 2022, 10 Rules were published, divided into 4 groups, one for each quarter. As a result, more than 3,600 Plant and pipeline employees took part in publishing these rules throughout the year. These rules are mandatory.

The rules are:





2.4.3. **Tenet 3:** The use of a process-based management system

PERU LNG's Integrated Management System (IMS) describes a series of practices aimed at ensuring the efficient management of processes and resources in order to guarantee a safe working environment for the collaborators of PERU LNG, its operator and contractors, and to protect company assets. It also establishes the company's commitment to conduct its activities in a manner that is friendly towards the environment and neighbouring communities, reliable and efficient. This system also involves activities that ensure the integrity of our assets.

The IMS is the support and reference framework for the activities described for the model's four tenets. It also helps to create a culture of prevention in matters of industrial safety.

Similarly, the process safety management system is made up of a series of activities that seek to ensure the integrity of our assets and allow safe and efficient operation.

Maintenance and improvements to the Integrated Management System

A) ISO 9001, ISO 14001 & ISO 45001 certification

In January 2012 the IMS obtained ISO 9001 certification (quality management) for the port facility, by meeting the requirements established by the Peruvian Port Authority. In November 2013 it obtained ISO 14001 certification (environmental management), and in November 2021, ISO 45001 certification for occupational health and safety management, applicable to all activities and locations. These certifications have been renewed continually every three years by internationally recognised institutions. At present these certifications are issued by TÜV Rheinland. During this period, follow-up audits are carried out annually; the last one was performed in December 2022.

B) TDC: main actions 2022

During 2022, the Emergency Response Plan (PRE) for the PERU LNG Plant and Pipeline was documented and approved by OSINERGMIN in May that year. The Plant and Pipeline Risk Studies were also updated and submitted to OSINERGMIN for approval.

Furthermore, PERU LNG has been adapting its plan for implementing a process safety management system in accordance with Management Council Ruling N° 203-2020-OS/CD, published in November 2020 by OSINERGMIN. By the end of 2022, this process was 73% completed.

C) Emergency response preparation

In 2022 virtual first aid training was given to 385 collaborators from PERU LNG and its operator who work in the Plant, on the pipeline and in the Lima offices. 100% of scheduled emergency drills were also performed in all operations.

In addition, face-to-face fire brigade training was given to 100 production and maintenance technicians. The took place at a training establishment in Chilca, specially prepared for the purpose.

In addition, monthly training was carried out at the Plant's medical centre in order to prevent and provide timely attention to cases of COVID-19 and those pathologies that are most prevalent in our operations.

D) Action carried out in 2022 (training and others)

During 2022, specific virtual training sessions were also held during the Plant Shutdown. These included a specific induction on the main activities and risks, aimed at all PERU LNG collaborators, the operator and contractors, as well as reinforcement training for working above ground and in confined spaces, for operating personnel.

E) Work Permit System

Activities in the Plant and on the pipeline require work permits that are granted based on an analysis of safety conditions applicable to the activities.

As the conditions could vary after a work permit is granted, subsequent inspections verify that they are maintained; otherwise, additional measures are taken to guarantee the safety of employees. A total of 27,686 work permits were issued in 2022.





F) Occupational health

The integrated management system includes occupational health among its most important components. The health conditions of PERU LNG, operator and contractor personnel are monitored, as are their working environments.

This process includes the following programmes:

1. Industrial hygiene programme, main focus

In accordance with the Annual Hygiene Monitoring Program, in 2022 we continued to supervise exposure to occupational hazards (physical, chemical, biological, ergonomic and psychosocial) in order to ensure that working conditions are kept up to standard and meet regulatory requirements. The results are reported to the competent authority.

2. Health surveillance programme

There is a health surveillance programme for employees of PERU LNG, the operator and contractors, which includes a series of activities:

- **Occupational medical fitness certificate (CAMO):** We ensure that our contractors monitor the health of their employees and that they hold occupational medical fitness certificates (CAMO) that comply with the medical standards required by PERU LNG.
- **Medical examinations:** 2022 saw fifty medical examinations carried out on new employees and seven on retiring employees, as well as examinations for those changing jobs and returning to work after suffering COVID-19. Three hundred and sixty one (361) periodic occupational medical evaluations were carried out.
- **Training:** Due to the “health emergency”, training was given on preventive measures, nutrition, stress management and active breaks (to prevent musculoskeletal injuries) in compliance with our legal obligations.

All employees received the results of their occupational medical evaluations for 2022. No occupational illnesses were reported. It should be noted that these results are confidential and are provided through the virtual platform “EMO Delivery” developed for this purpose.

3. Health monitoring of contractors and visitors

The entry control application (PAC) was used to review the medical aptitude certificates (CAMO) of all contractor personnel entering the Plant and pipeline facilities.



4. Illness prevention programmes

Health surveillance programme (COVID-19)

Preventive and control measures against SARS-CoV-2 have been implemented since March 2020, based on the COVID-19 Surveillance, Prevention and Control Plan approved by the Peruvian Ministry of Health and the Health and Safety at Work Committee, as appropriate, in accordance with current regulations. These actions are described below.

Before entry to our installations:

- 441 telephone calls were made to collaborators when entering and leaving work, to identify COVID-19 symptoms or contact risks and this enabled us to pick up suspected cases. This was continued until February.

- 3,436 COVID-19 antigen tests were carried out on collaborators of PERU LNG, its operator and contractors on entry to our installations, enabling us to detect positive cases and take appropriate action. After the 7th March 2023, entry into our operations was allowed without an antigen test.
- Records were kept of symptoms and epidemiological data from collaborators of PERU LNG, its operator and contractors.

While on our premises:

- An obligatory triage system was established for entry to the installations and random testing inside the Plant, consisting of temperature, heart rate and oxygen saturation tests. In total, 60,767 checks were carried out up to the month of August, the date on which mandatory triage was discontinued.
- Information was provided on the transmission of COVID-19, its symptoms and preventive measures (social distancing in workplaces such as canteens and vehicles, the mandatory use of a surgical and/or KN95 masks, frequent hand washing, use of alcohol or hand gel), while vaccination against this disease was encouraged. A comprehensive communication campaign was carried out through physical notices, e-mailing, signage and newsletters.
- Similarly, remote medical and psychological checks were carried out on employees diagnosed with and/or suspected of having COVID-19 until their medical discharge, as well as on employees with comorbidity and those who were in the Plant until August, prior to entering the site. This initiative included family members. In total, 7,427 follow-up calls were made (between collaborators and family members) and 198 positive cases were detected in collaborators' homes.
- CO2 measurements were carried out at the Lima offices, Plant and pipeline facilities, in accordance with current regulations. The findings were reported and action coordinated for the control and use of the findings.

Additional information (COVID-19)

- A marquee was erected outside the medical centre, containing the equipment necessary to treat collaborators of PERU LNG and its operator who were suspected of having COVID-19, in accordance with current legislation.
- In 2022, treatment was given to a total of **404** workers and contractors suspected of having COVID-19 at the medical centre, who were then sent home or to medical centres in Lima for treatment. A total of **129** cases were confirmed by molecular testing.
- Medical examinations were carried out on collaborators and contractors who had recovered from COVID-19 when they returned to work, in order to guarantee that they were in a condition to do so.

Time lost through illness

Absenteeism was checked (monthly) in order to obtain an epidemiological indicator of employee health. The objective was to design intervention programmes (by risk groups) to prevent ailments and reduce the rate of absenteeism.

Medical treatment

The Plant medical centre will treat collaborators and visitors in urgent cases and medical emergencies. In 2022 medical treatment was given 1,493 times.

With a view to promoting good health among collaborators of PERU LNG, our operator and contractors, in 2022 we introduced respiratory protection, protection from the sun and health and welfare programs as part of our healthcare-at-work risk prevention and control effort.

Information was also published on the COVID-19 vaccine and vaccination was encouraged among collaborators and contractors as a preventive measure. By the end of 2022, more than 99% of collaborators of PERU LNG and the operator had received the full set of vaccinations.

Contractor management

The contractor selection process includes health, safety and environmental (HSE) evaluations of candidates. All contractors working in PERU LNG’s installations must have a management system that meets or exceeds our corporate requirements. In this regard, HSE audits of contractors are carried out to verify compliance and adherence to the standards. In 2022, 14 audits were carried out on Plant and pipeline contractors.



2.4.4. **Tenet 4:** Maintaining and strengthening leadership in industrial safety

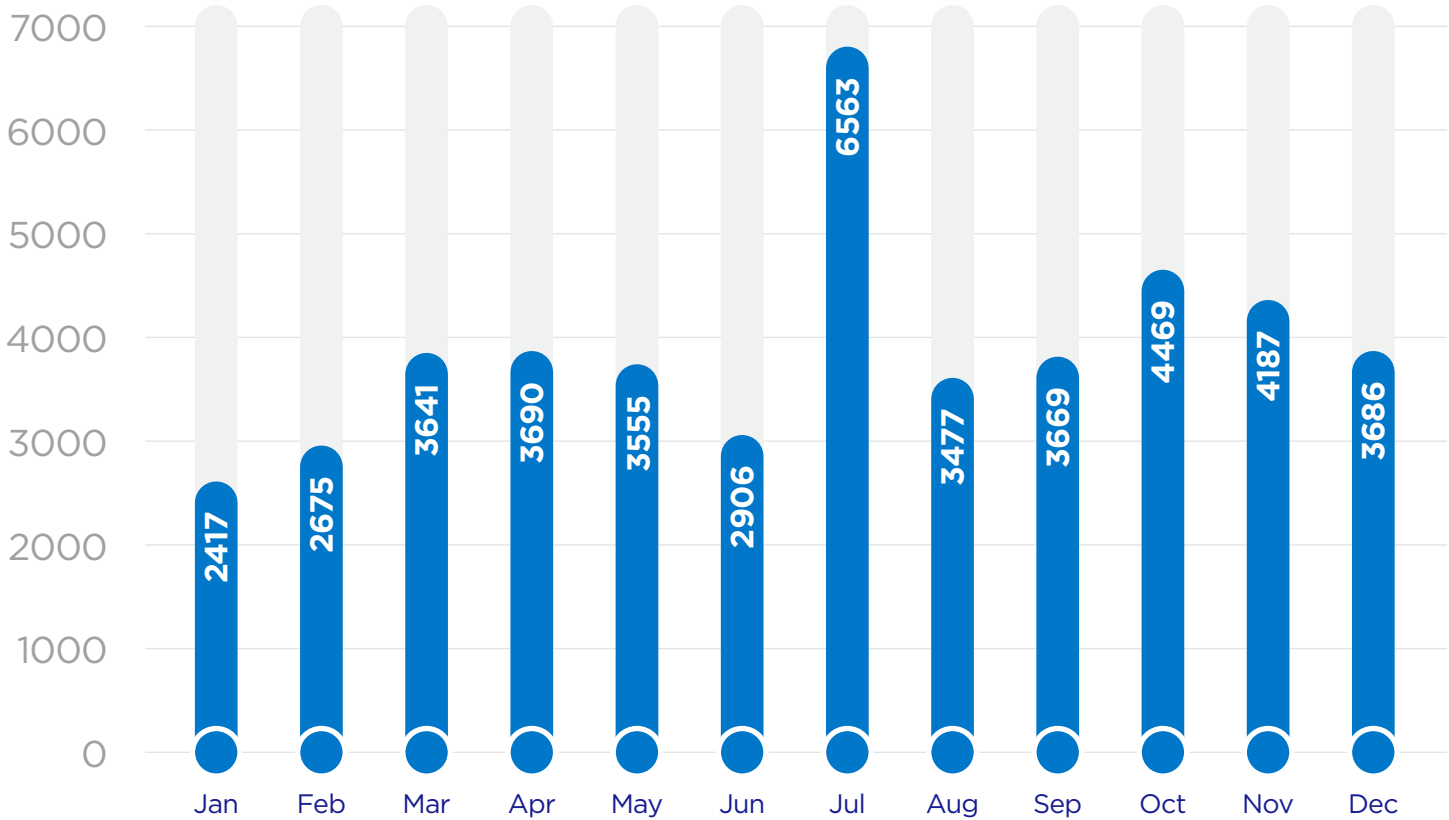
Contracting companies in the Plant and on the pipeline belong to and lead a HSE committee that meets monthly at each site. During each meeting this committee reviews safety statistics, lessons learned from events and the results of HSE campaigns organised by the contractors themselves.

Maintaining safe behaviour at all times requires trained and empowered leaders. For this reason, a series of activities have been developed to reinforce safety skills and knowledge:

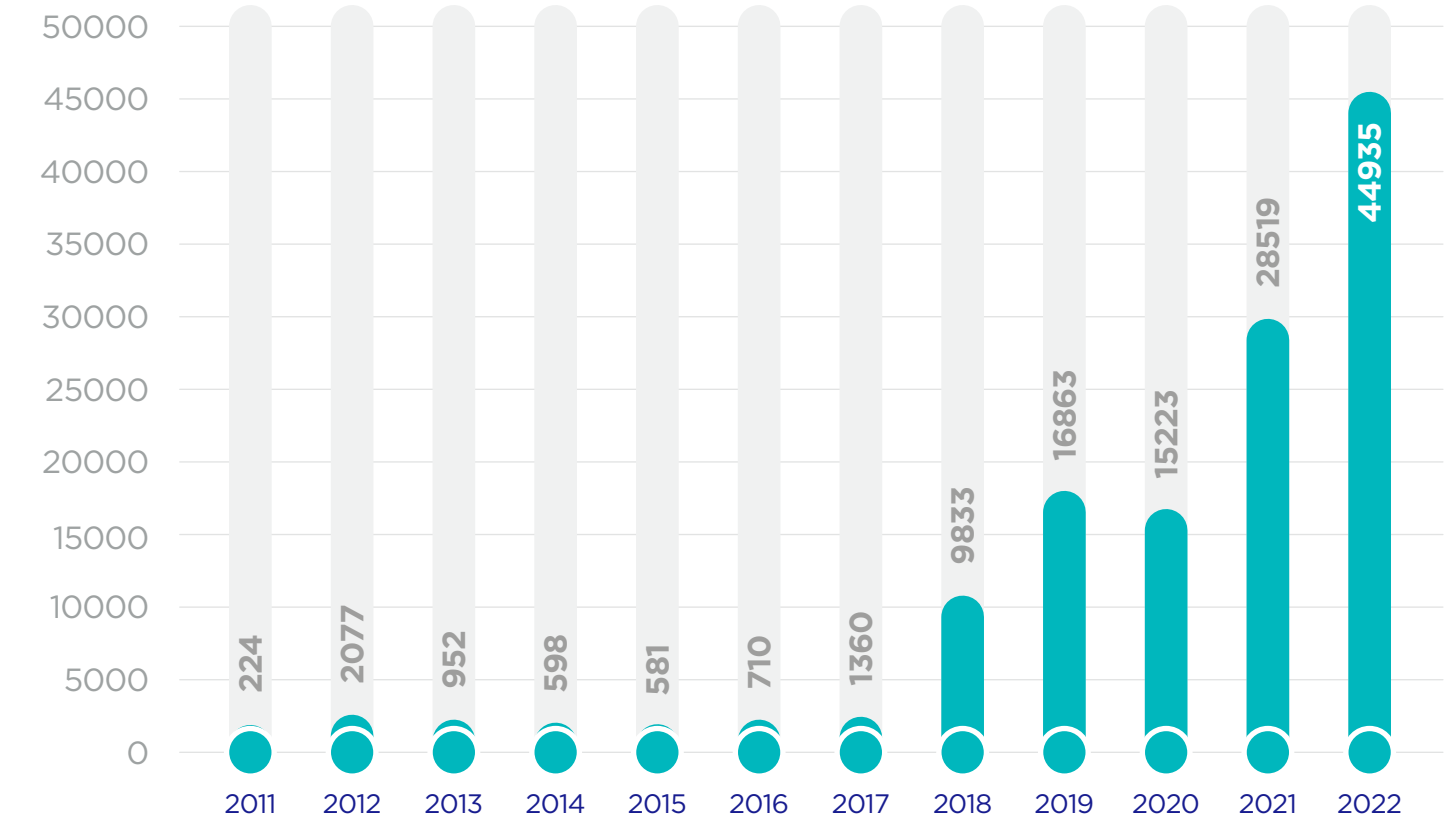
- **Training in recognising safe and unsafe acts and conditions:** The aim is to identify, highlight and recognise good safety practices and to eliminate unsafe behaviour. Collaborators help to solve aspects of industrial safety that should be improved.

- The **Safety Talks Programme** has been one of the most successful of these efforts. The programme, implemented in 2019, promotes dialogue between collaborators **to warn** of an unsafe act or condition, and encourages reflection and immediate action. Furthermore, if the act or condition is safe, the dialogue seeks to recognise good performance and encourage good practice. The talks are recorded on a form known as a **WATCH card**.
- There has been a notable increase in **WATCH cards** issued during the programme, with 2022 seeing the largest number of reports. The programme has helped to change employees' attitudes to safety, making self-care and care of one's workmates a mandatory practice and a permanent responsibility.

WATCH cards issued per month 2022



WATCH cards issued each year





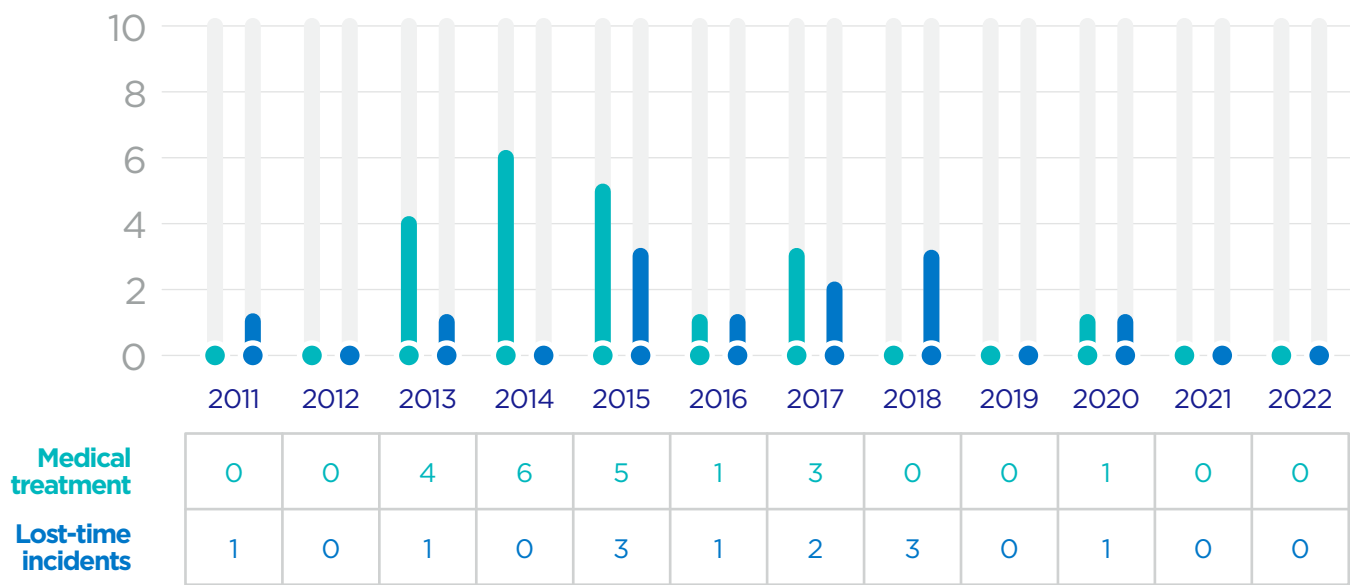
2.4.5. Industrial safety performance indicators

The activities carried out by PERU LNG people as part of its industrial health and safety policy have resulted in the best management indicators in the made it possible to obtain the best management indicators in the history of PERU LNG.

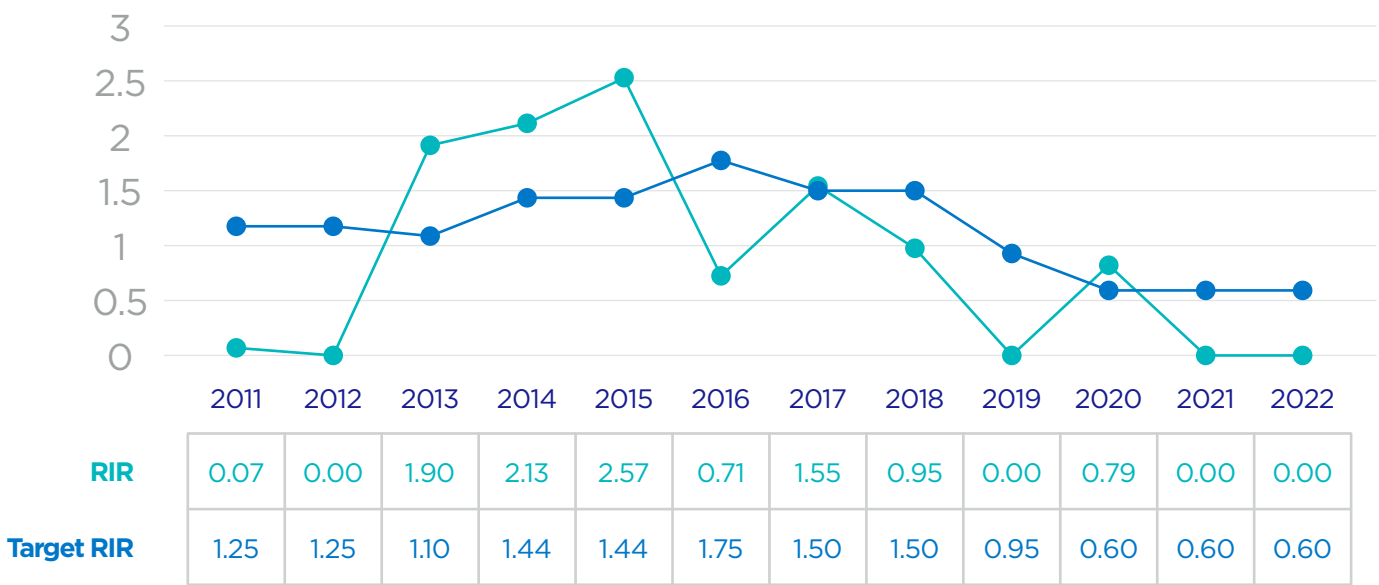
Incident: An incident is an undesired event that can result in an accident or near miss.
Accident: Undesired event that results in damage to property, processes, persons or the environment.
Events: First aid treatment, incidents involving vehicles, medical treatment, LTIs, damage to property, etc.

Total Lost Time Incidents: 0 lost-time incidents
 332 perfect days (days with no events of any kind)

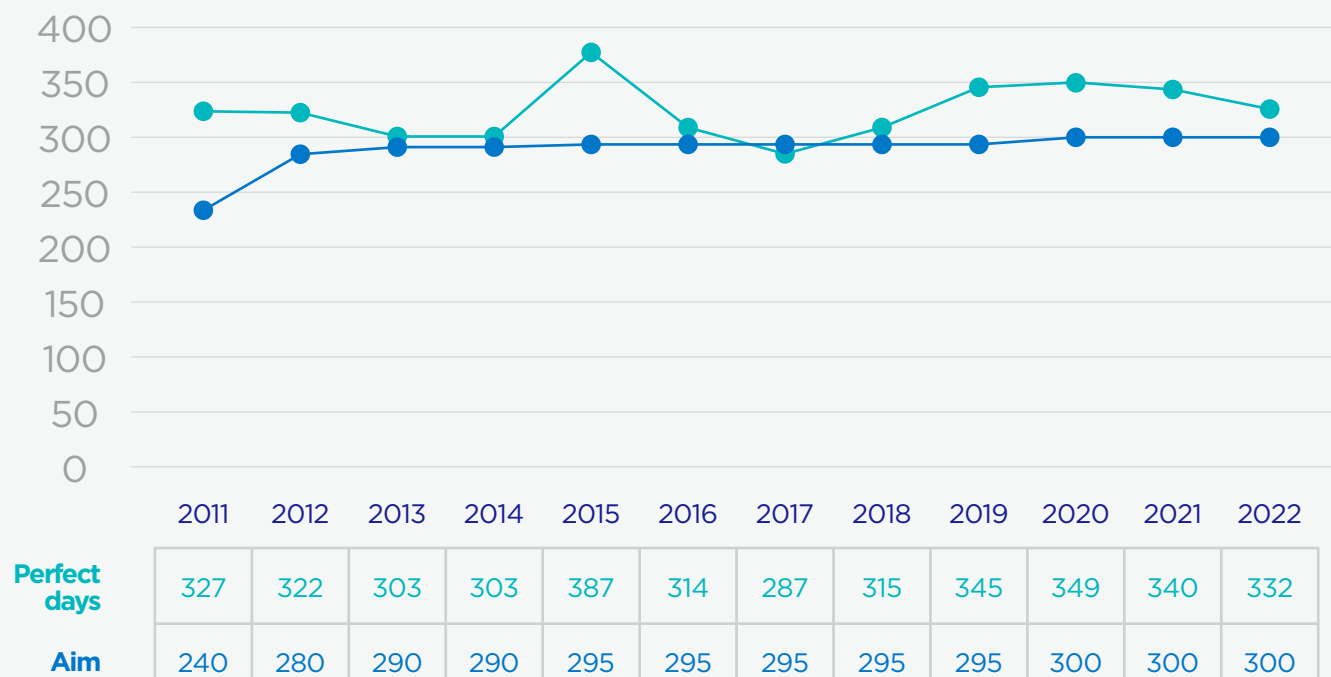
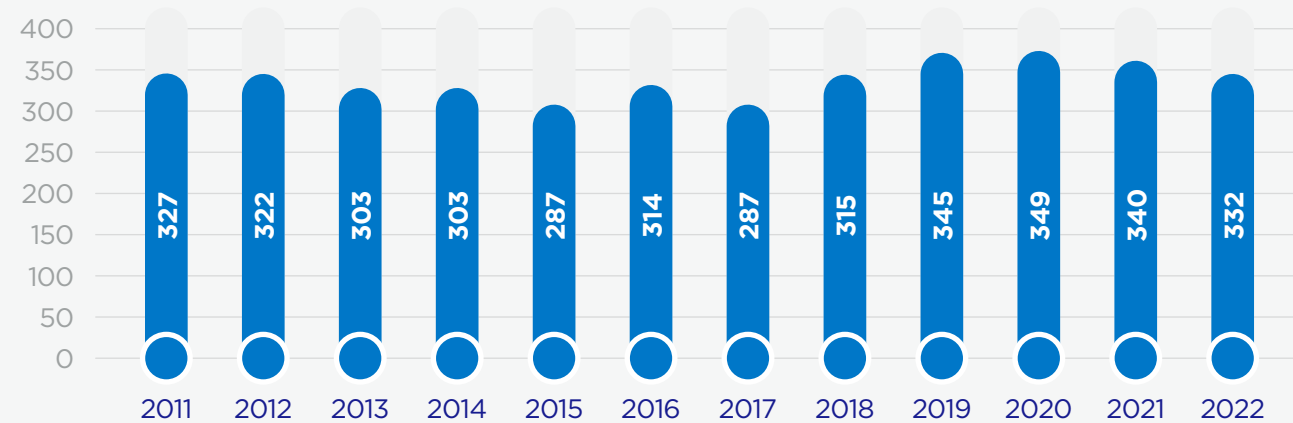
Recordable incidents per year
 (Includes events causing lost time and medical treatment)



Total recordable accident rate

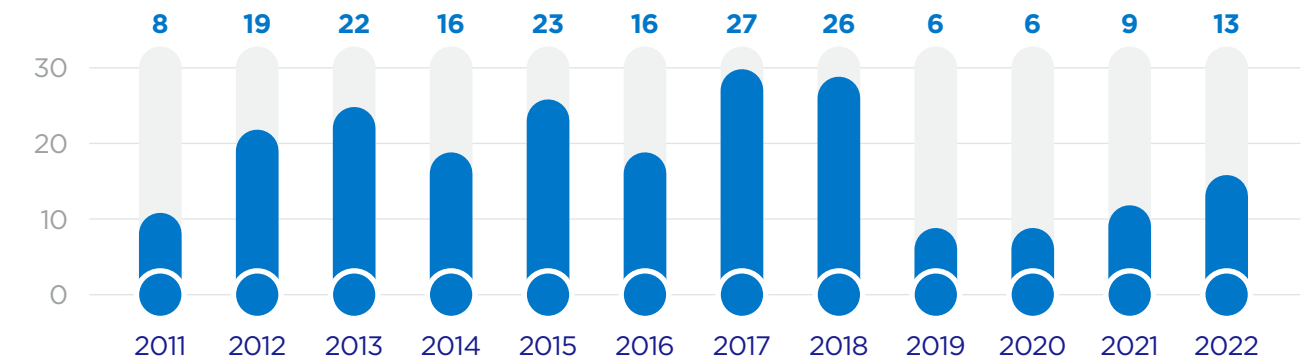


Perfect days per year

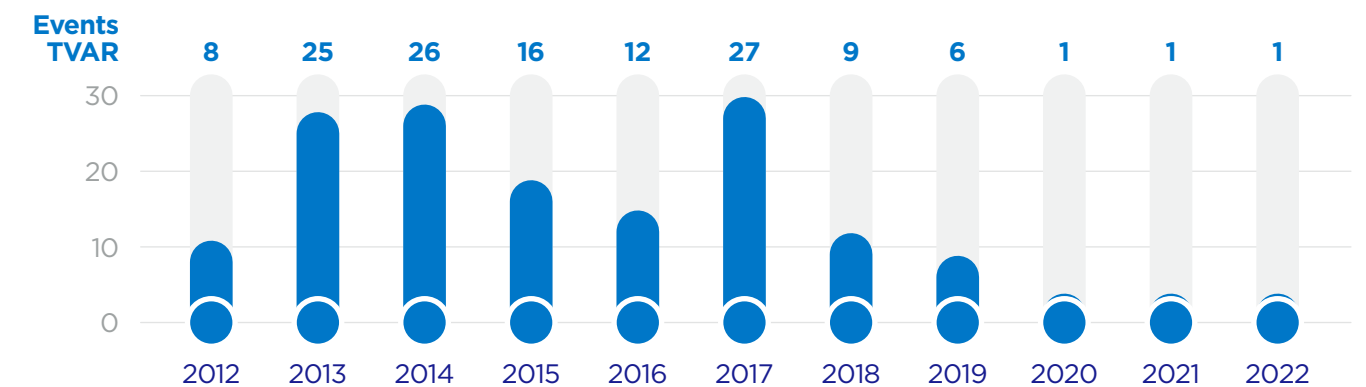


These results were made possible by the commitment of all PERU LNG, operator and contractor personnel to their own welfare and that of their workmates, their knowledge of safety matters and the leadership of the senior management in promoting and supporting the programmes and initiatives implemented.

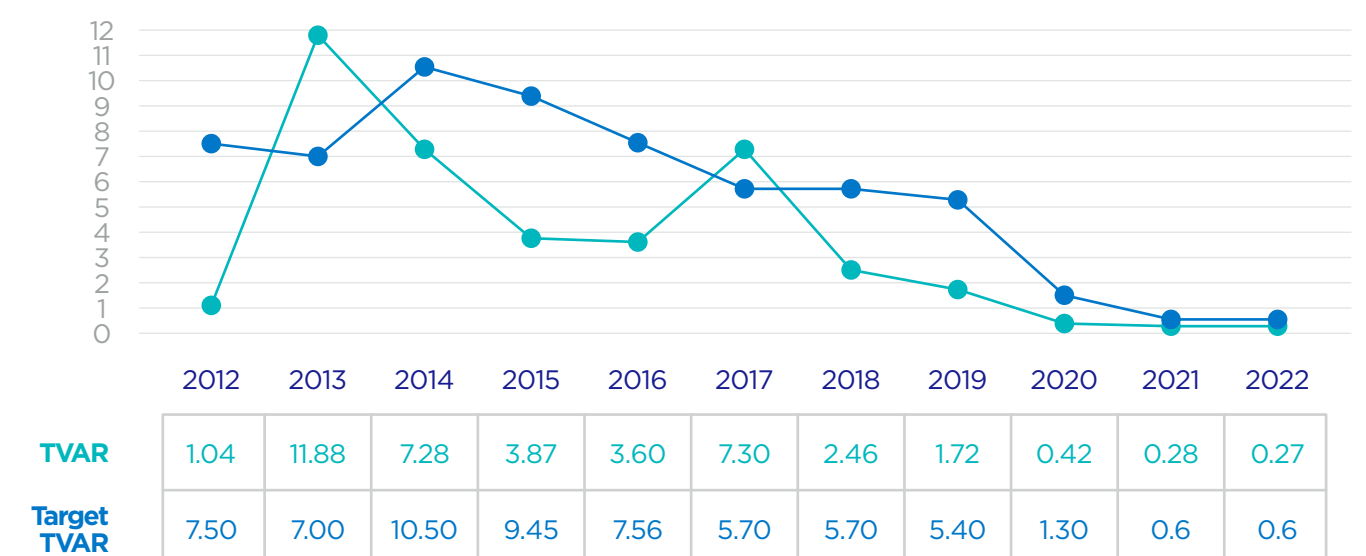
First aid given each year



Vehicle accidents per year



Total vehicle accident rate





2.5. Corporate model for community relations

PERU LNG is committed to developing mutually beneficial relationships with neighbouring communities in the areas where it operates, including people, government entities and local businesses.

We make an effort to create opportunities that generate long-term economic and social value. To achieve this we listen to the needs and challenges of all parties and then work in collaboration with them to develop a framework for cooperation and mutual success.

We understand that building good relationships is a continuous, dynamic and complex process; For this reason, our community engagement strategy focuses on three key areas:

2.5.1. **Tenet 1:** Effective communication and prompt attention to queries

For PERU LNG, early and ongoing dialogue with our neighbouring communities and stakeholders is the key to managing expectations and building relationships of trust.

We proactively engage with all of our stakeholders from the start of any activity, including residents, neighbouring communities, local businesses, government entities, suppliers and/or any organisation or individual who could be affected by our activities.

Frequent and transparent communication through face-to-face visits, by telephone and via various communication platforms,

allows us to provide clear information on the activities to be carried out, as well as to know and understand the needs and concerns of our neighbouring communities.

Interaction with communities is carried out within the framework of community participation plans and management of queries and claims. It is the responsibility of duly trained local collaborators to converse with neighbouring communities and answer their questions, thus helping to prevent social conflicts.

2.5.2. Tenet 2: Analysis of our surroundings and management of risks and opportunities

To understand the socioeconomic, cultural and natural aspects of the environment surrounding our operations and how our activities could affect our neighbouring communities, we conduct environmental and social impact assessments, surveys, consultations and other studies.

The information collected is essential to continual improvement of our operations

and our relationship with our neighbours, as it allows us to:

- Identify and manage risks and opportunities.
- Establish mitigation plans.
- Design social investment projects.
- Develop communication strategies.

2.5.3. Tenet 3: Contributing to the development of our neighbouring communities

At PERU LNG we are committed to promoting the sustainable development of our neighbouring communities, through the integration of social and environmental considerations in both our planning and our operations. Historically, we have used our social investment initiatives, participatory monitoring programmes and local hiring and purchasing programmes to integrate aspects of local interest while promoting mutual development.

Together with our neighbouring communities (people, government and civil entities, universities and other organizations) we implement medium to long-term projects to invest in capacity development and improve sustainably in the following 5 areas, aligned with the United Nations sustainable development goals and Peruvian Government policies:

- The health and well-being of the population.

- Education of the school population and access to higher education for young people.
- Local economic development.
- Efficient water management.
- Care for cultural heritage.

By partnering with the various stakeholders, under the principles of professional rigour, responsibility and adaptability, we ensure that social initiatives are designed to address the main needs of communities, with a sense of ownership among the participating parties, in line with local regulations and the efficient use of available resources.

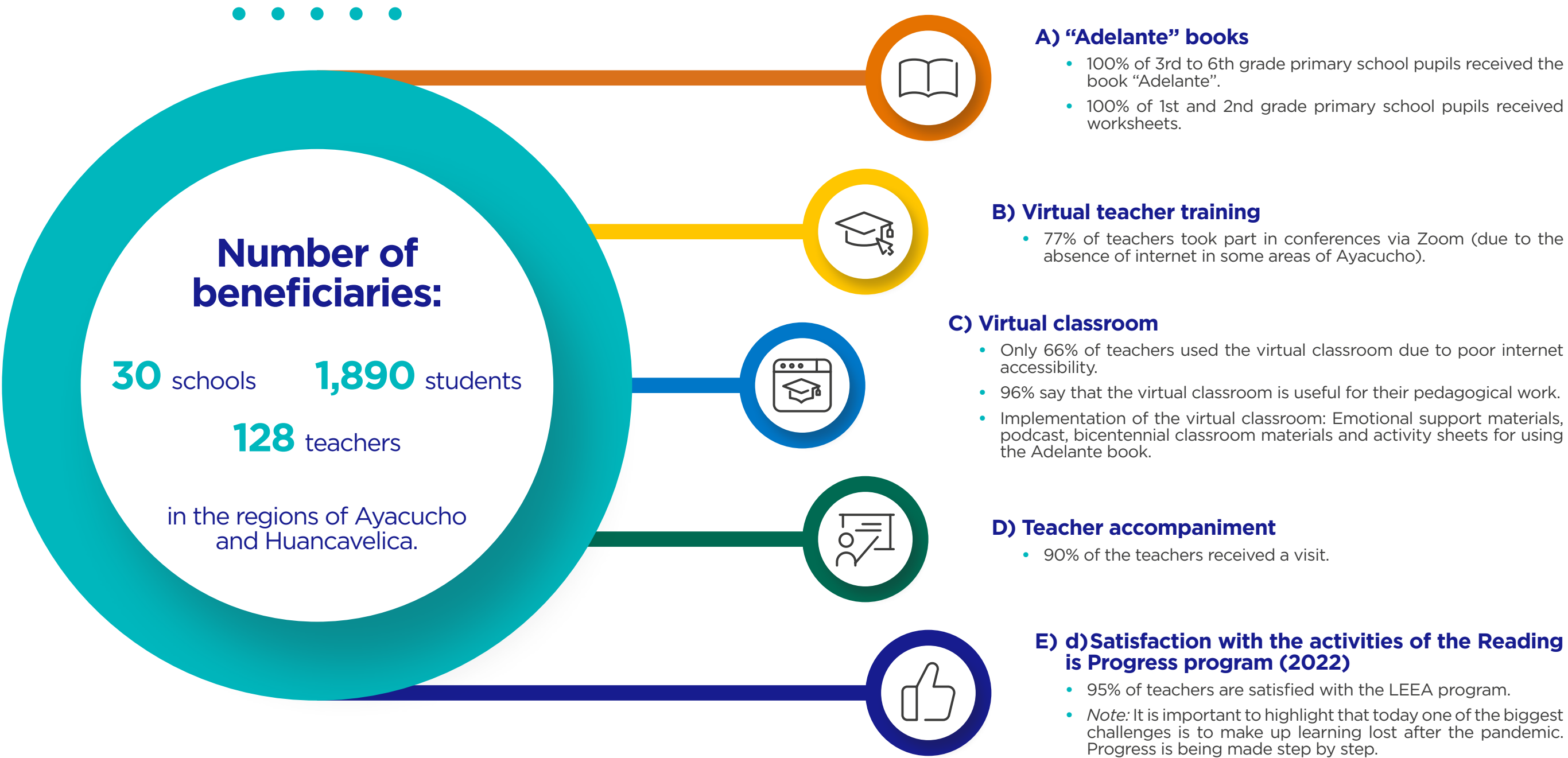
Similarly, we work with local organisations and individuals to support our neighbouring communities in emergencies, providing them with localised and immediate help.



1. Education

Improvement in reading comprehension

PERU LNG understands that education is fundamental for the country’s development and is committed to promoting it. The “Reading is Progress” (LEEA) project started in 2014 in alliance with Fundacion BBVA Peru, to improve reading comprehension among third, fourth, fifth and sixth grade pupils in state primary schools. It also includes the training, accompaniment and pedagogical support for teachers, as well as the provision of educational material to beneficiary schools.



Improving skill at maths

The aim of this program is to improve mathematical and methodological skills as well as provide motivational resource strategies for teachers. Similarly, play is used to encourage interest in mathematics among pupils in class. To do so it has **Matlab** as a strategic ally.

 **Number of beneficiaries:**
950 students from 4 secondary schools in Chincha.

Organisation and execution of 4 logic-mathematics fairs

- 2 teacher training workshops were held in coordination with the UGEL Chincha.
- Maths fair pupil satisfaction survey.

Results

- 950 pupils participated in the maths fairs.
- 32 teachers took part in the financial intelligence workshop.
- 62 teachers participated in the mathematics through play workshop for secondary school teachers.
- 100% of pupils thought the fair organisation was excellent.
- 100% of pupils thought the fair improved their knowledge of mathematics.
- 90% of pupils would take part in another similar activity.

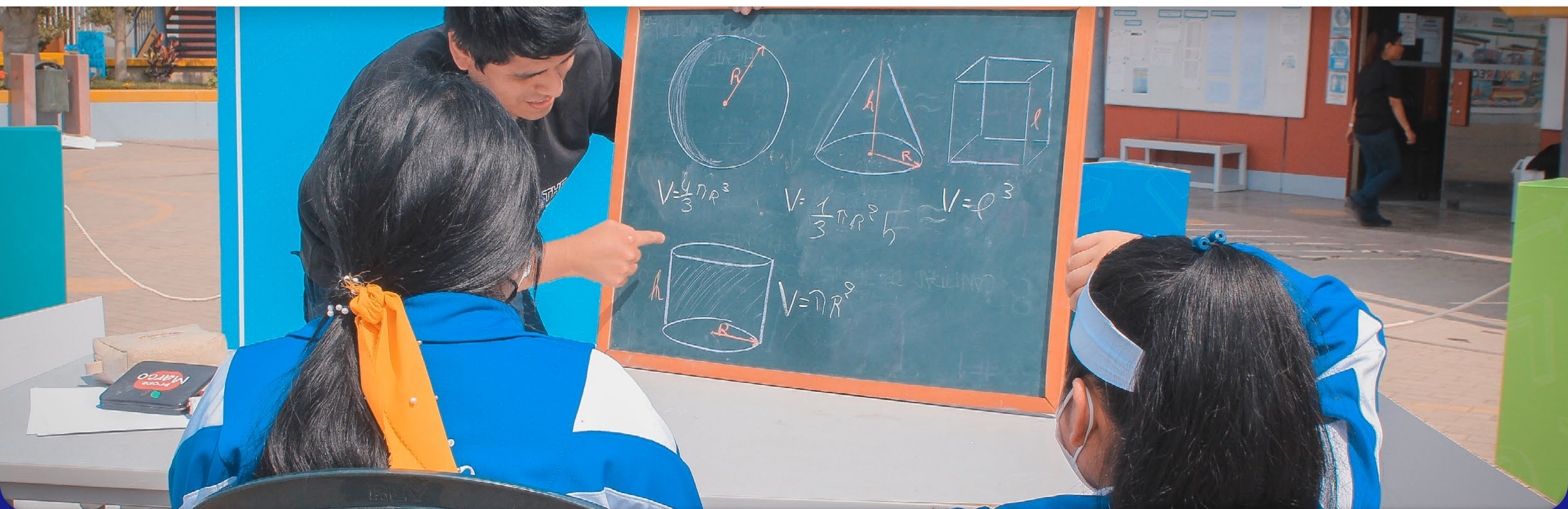
Impacting lives

The purpose of this program is to develop empowered children and young people, motivating them to play table tennis (basic and intermediate level) as an educational resource for their psychomotor, cognitive, socio-emotional development and as a transmitter of values in their general education. The Monica Liyau Association is our strategic ally.

 **Number of beneficiaries:**
2 800 pupils.

Results

- Active participation by pupils in technical physical education classes, playing table tennis (ping-pong) during breaks and after classes.
- The training centres were kept open throughout the year, allowing developing talents to practice and providing the opportunity for pupils from other schools to take part.
- The schools have incorporated table tennis into their activities. Pupils are familiar with and play this sport.
- The psychological workshops made pupils aware of the importance of emotional intelligence.
- Teachers and school principals believe that practising sport helps to overcome post-pandemic stress and depression.

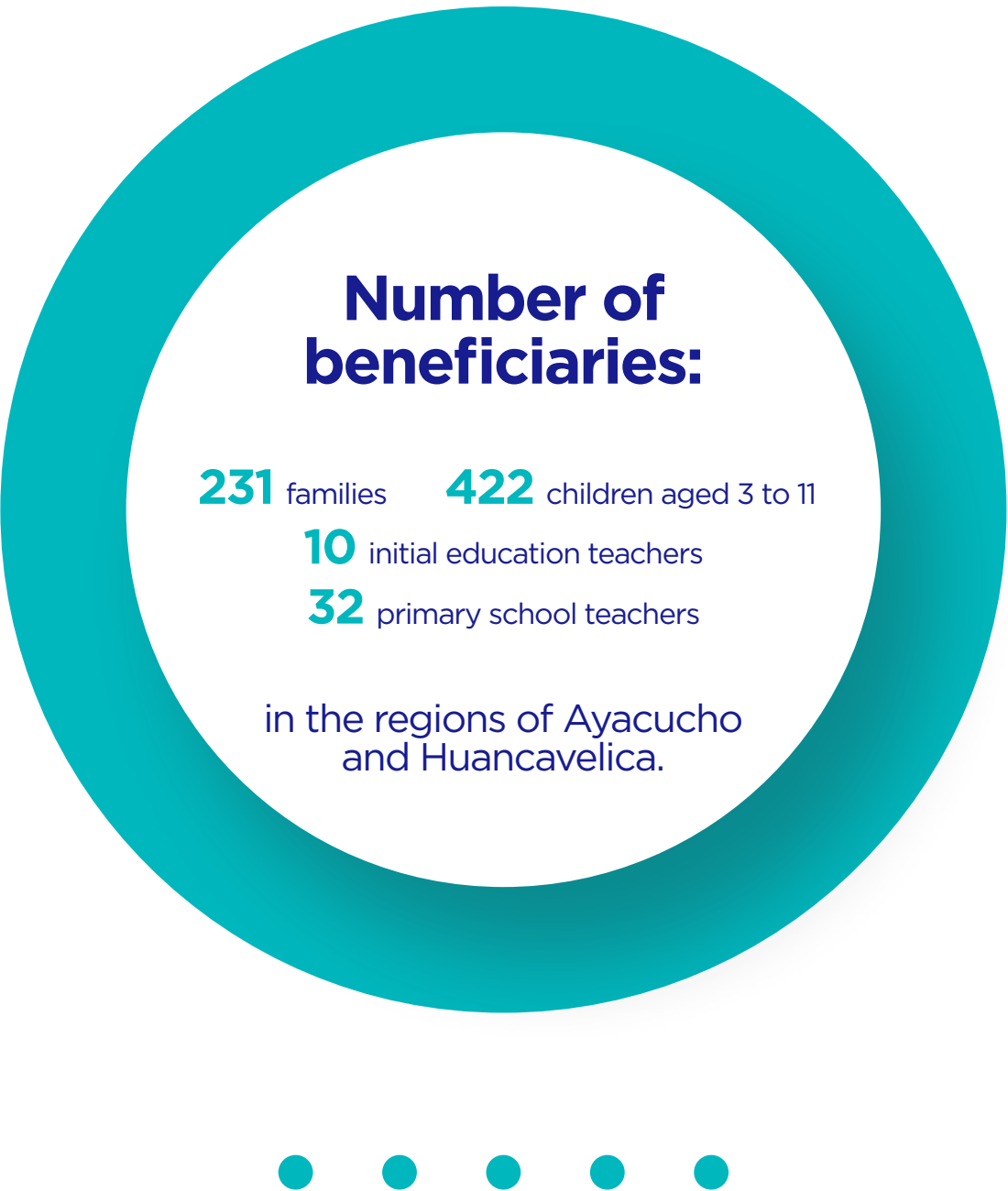


2. Health

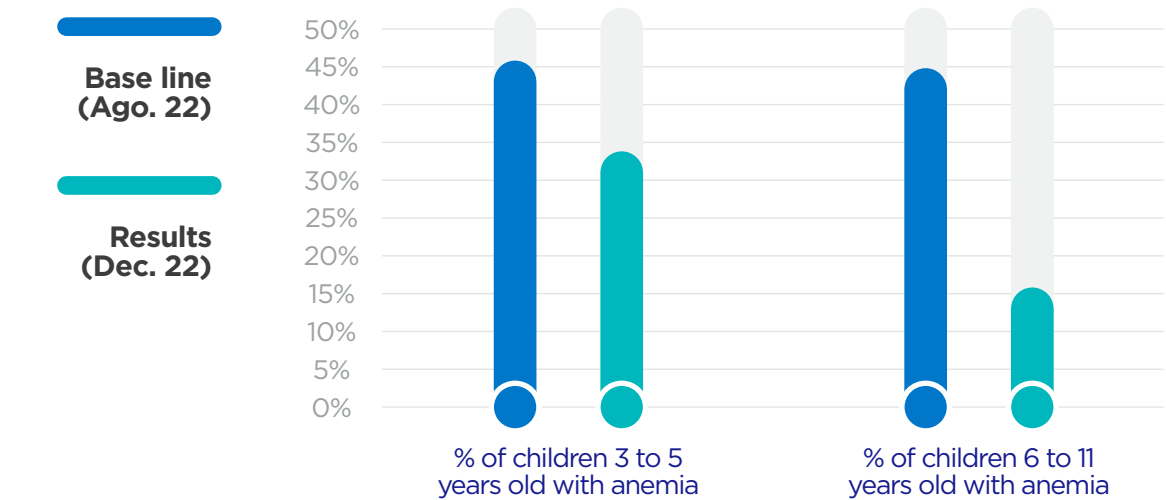
Working together to reduce anaemia

Anaemia affects health and development, especially among young children, causing disadvantage and inequality in society that can prove to be irreversible. That is why the fight against anaemia has been declared public policy by the Peruvian government.

PERU LNG, in partnership with **Caritas del Peru**, has joined this crusade with the project entitled **Together to reduce Anaemia**, which has been pursued since 2018. The aim is to help to improve the health of pre-school and school-age children in Ayacucho.



Results



- The percentage of children aged 3 to 5 with anaemia decreased from 43% (baseline August 2022) to 30.7% (December 2022).
- The percentage of children aged 6 to 11 with anaemia decreased from 42% (baseline August 2022) to 12.4% (December 2022).
- The percentage of fathers or mothers who say that they have used safe water in the last 24 hours before the survey rose to 91% (December 2022).
- The percentage of fathers or mothers who correctly cite at least 4 key moments for washing their hands rose to 99% (December 2022).
- Twenty one health promoters (15 women and 6 men) were given training; they made 6,900 home visits, accompanied by the project's technical team and health post staff.
- 1,023 people were treated for parasites in campaigns coordinated with the health establishment, Pilpichaca Healthcare Micro Network and the Huamanga Healthcare Network.
- 18 training workshops for teachers from the 18 educational institutions, where supplements, hand hygiene, and nutrition to prevent anaemia were addressed.
- The project provided the families involved with accessories and materials for proper hand washing and safe water consumption in their homes. They were also given a filter kit (using ceramic filter technology to provide safe water).
- The 18 educational institutions were given hygiene kits to create washing facilities in each classroom and thus encourage personal hygiene.
- 56 families were chosen as winners of the "Healthy Housing Contest", receiving materials to improve the kitchen environment (laundry facilities with running water), support to improve walls with plaster and paint, erect false ceilings using burlap mesh and lighting.



Resilient community meal centres

This program seeks to improve the capacities of the partners managing the meal centres identified within the AID of PERU LNG, through better health, nutrition, resilience and adaptation to post-pandemic changes. Users of the meal centres, the municipality and local health posts are involved. Caritas del Peru is a strategic ally.



Number of Beneficiaries:

8 meal centres in marginal settlements in the districts of San Vicente de Cañete, Pueblo Nuevo, Chincha Alta and El Carmen.

Activities

- Adaptation and improvement of critical areas of each meal centre.
- Installation of taps and sinks in the kitchens.
- Construction of food dispatch areas.
- Tiling of washing up and food service areas.
- Installation of water tanks and toilets.
- Construction of food storage.
- Training leaders in soft skills: Diner leadership and management.
- Training for meal centre leaders in preparation of nutritious meals and hygiene.
- Provision of biosafety and hand hygiene kits.
- Awareness campaigns for families on biosafety, hygiene and healthy eating.
- Training in management and implementation, as well as technical assistance for healthy and sustainable organic gardens.
- Training in recycling and production of organic fertilizers.
- Provision of kitchenware kits and utensils (pots, plates, cutlery).

Results

- 100% of the meal centres were accredited by the local government as hygienic, resilient organisations that provide healthy food to vulnerable families.
- 100% of the meal centres have improved menu programming, income and expense planning, accountability and alliances with other actors (MINSA, local government or others).
- All meal centres have implemented biosecurity and hygiene measures for food handling and preparation.
- In order to increase the proportion of plant-based foods on the menu, all meal centres have created organic gardens, despite a lack of water in marginal settlements.

3. Support for local development

Allin Ruray Paccha and Huancavelica

The purpose of the programme is to develop and consolidate the productive, administrative and commercial capacities of the cooperatives that produce alpaca fibre with added value in the three annexes of the community of Paccha (Ayacucho) and two communities in Huancavelica, so that they operate in an organised and effective manner and at a larger scale, to achieve adequate profitability and sustainability. **Prosynergy** is the programme’s strategic ally.

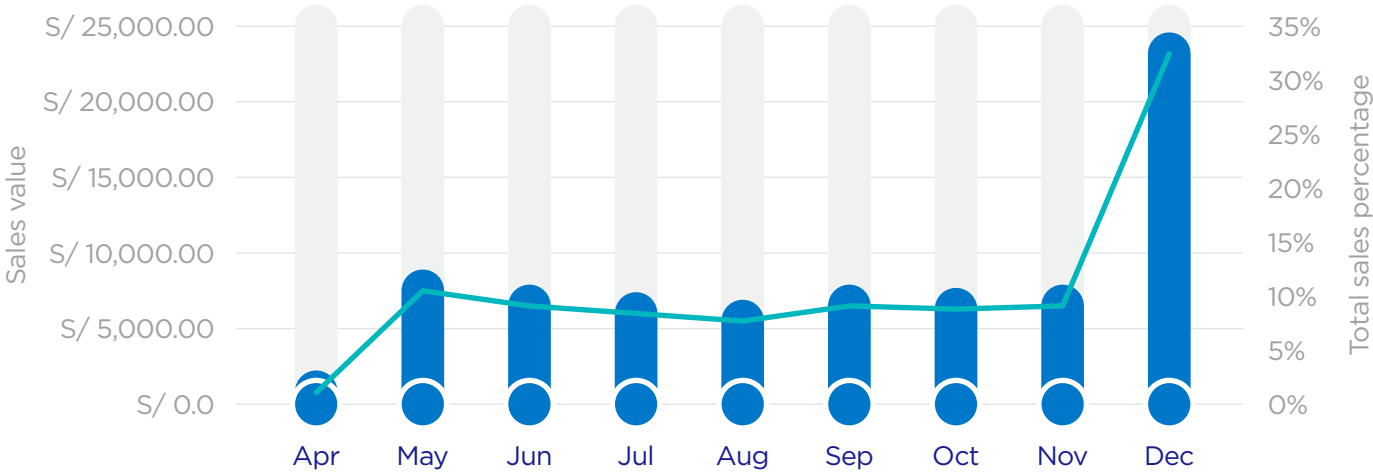
Number of beneficiaries: 100 producers from the communities of Paria and Pichccahuasi in the district of Pilpichaca, province of Huaytará, Huancavelica. 60 families from the communities of Minas Corral, Huayraccasa and Cayramayo, annexes of Paccha in the district of Vinchos, Ayacucho.



Results

- 100% of the cooperatives have managed to consolidate their organisational, administrative and productive abilities and obtained taxpayer registration (RUC).
- 100% of the cooperatives have effective marketing channels for the sale of their products.
- Training was provided to strengthen the leadership and management skills of cooperative directors, as well as the improving administration and basic accounting skills.
- Training sessions were developed to strengthen skills and improve the finish, yarn, and designs of artisanal products made by 5 cooperatives. There is still a need to improve quality and standardise the products in Paria and Pichccahuasi, which have recently been incorporated into programme.
- In December 2022 the **Ecoalpaca** stand in Larcomar and on-line sales had significantly increased the turnover of products from the 5 communities, reaching S/ 23,342.80 soles, with S/ 8,000 being the monthly average.
- Only 50% of sheared fibre was used, due to the reluctance of the cooperative members to meet the established timetable for cultural reasons. By 2022, 583 kg of alpaca fibre had been sheared.
- To encourage the cooperatives, their representatives were given a trip to Lima for the inauguration of the **Ecoalpaca** stand in Larcomar.
- Tablet computers were donated to the cooperatives to improve their administration and production. Internet was installed in the community workshop to improve communication between the cooperatives and the market and with the team responsible for the project.
- Commercial alliances were established with **Mincetur – Ayacucho**. Mincetur held a workshop on digital marketing and entered each member of the cooperative in the National Registry of Artisans (RNA); this is a basic requirement for participation in local and national fairs.

Sales at Larcomar



* Total sales (April - December 2022): S/. 70,830.60.
** The Christmas campaign (December) produced a large increase in sales, which reached 23,342.80 soles.



Strengthening dairy production skills

The aim of this programme is to strengthen the abilities of dairy producers and improve the incomes of vulnerable farming families in the districts of Ayaví and Santa Rosa de Tambo in the Andes. It has as a strategic ally in **Caritas Huancavelica**.

 **Number of beneficiaries:**
80 beneficiaries (50 in Tambo district and 30 in Ayaví district); of these, 33 are men and 47 women.

Results

- A 12.5% increase in gross income from the sale of milk and/or dairy products in the districts of Ayaví and Santa Rosa de Tambo, as well as a 15% increase in monthly sales in the Ica markets.
- A 60% increase in milk production by project beneficiaries.
- An increase in the diversity of dairy products (yoghurt, cheese, manjar blanco).
- 1,080 cattle were dewormed (641 from Tambo and 439 from Ayaví), with technical assistance and animal healthcare provided to 138 animals.
- Twenty-seven artificial inseminations were performed, with 80 straws acquired from the National Semen Bank of the Universidad Nacional Agraria.
- 6 dairy modules were installed. Each one received technical assistance, technology transfer and implementation of quality and safety protocols, from trained personnel.
- The processing capacity for cheese, yoghurt, manjar blanco and butter was increased by implementing protocols for the collection and transformation of dairy products to obtain quality products.
- 20 instances of technical assistance were provided at the 6 modules, consisting of: proper handling of milk, inputs necessary for the production of dairy products, technological innovation, proper cleaning and hygiene of the areas and personnel used to make dairy products; selection, homogenisation and standardisation of dairy products to give added value to the product.
- Training to obtain sanitary registration from DIGESA. Fundamentals and implementation of a PHS (hygiene and sanitation plan) for the dairy industry.
- 5,000 kilos of Bocashi natural fertilizer were produced, which are used on fields (plots) where pasture crops (alfalfa) are produced). This improved pasture affects milk production by the cows that eat it and therefore improves the quality of dairy products.

Support for entrepreneurship in Huáncano

The aim is to strengthen local ventures from the perspective of the local government of Huáncano district, province of Pisco, Ica region. The strategic ally of this project is Caritas del Peru.

 **Number of beneficiaries:**
3 producer groups in the district of Huáncano.

Activities

- Diagnosis of the situation and intervention in 3 production lines in Huáncano.
- Shrimps: Promotion and sustainability of artisanal river shrimp fishing.
- Avocado: Strengthen skills and leverage the resources of avocado producers.
- Alfajores: Product diversification for producers of artisanal alfajor sweets.

A) Shrimp production

- Two campaigns to capture 336,500 shrimp post-larvae and re-introduce them at different points along the Pisco River in the district of Huáncano.
- The four existing artisanal fishermen's associations received various donations of minor equipment that will allow them to continue with their activity.
- The **Instituto del Mar del Peru (IMARPE)**, carried out a study in the estuaries of the rivers Pisco and Ica, and the Santa Ana estuary, aimed at collecting larvae for the 2023 campaigns.

B) Avocado production

- Five training sessions about management tools were held for 60 producers.
- Coordination with the **Servicio Nacional de Sanidad Agraria (SENASA)** for the issue of certificates to 25 producers in this project; this certificate is needed for direct sales of the product (Hass avocado) by exporting companies in the region.
- Preparation of a business plan to leverage resources with the **Agroideas Programme of the Ministry of Agriculture and Irrigation (MINAGRI)** valued at a total of S/. 472,000.00.

C) Alfajores

- Delivery of 26 production kits to producers in the **Huancano Alfajor Producers Association**.
- Preparation of advertising material delivered to all beneficiaries for use at their points of sale, in order to strengthen and enhance the **artisanal alfajores from Huancano** brand.
- In an alliance with the municipality, the Alfajor and Shrimp Fair - Huancano 2022 was co-organized to raise awareness of these emblematic products.
- Workshop to improve the alfajor production process together with the **NOVA Bakery and Pastry School**.
- Training workshop on the production of panettone and products other than alfajor, together with the **NOVA Bakery and Pastry School**.



Results

Obtaining an artisanal fisherman's credential

The objective of this programme is to benefit fishermen's associations that are part of PERU LNG's stakeholder community by enabling them to obtain an artisanal fisherman's credential, to be entered in the database of the Harbourmasters Service.

This credential makes it easier for fishermen to work and gain access to any benefit that the State may provide. It has as a strategic ally **CETPRO Peru Mar**.

 **Number of beneficiaries:**
150 artisanal fishermen.

Indicator

- Training for 150 artisanal fishermen, members of various associations from Chincha and Cañete, to enable them to obtain their artisanal fisherman's credential.

Results

- 150 fishermen obtained their artisanal fisherman's credential.
- Access to health insurance for their families, and to credits and bonuses from the state.
- Access to fishing grounds in other districts.

Technical assistance for 29 annexes of Vinchos

A) Technical assistance to trout producers

 **Number of beneficiaries:**
30 fish farmers in 3 communities (Ranillayocco, Hatunhuaycco and San Luis de Picha).

Strategic ally:
Aqua Ayacucho.

Aims

- To provide theoretical and practical knowledge for successful trout farming and to introduce mechanisms for proper exploitation.
- Increase in trout production.
- Knowledge of the design and operational layout of a trout farm.

Results:

- Eleven training workshops were held on issues related to improving trout production.
- Improvement in feeding as well as in the classification and selection of trout (fry, juveniles, fattening).
- Improvement in the condition factor (weight - size) of trout, from 0.95 to 1.18.
- Exponential increase in trout biomass from 200 kg to 1400 kg, by better supply and organisation of food for fingerlings and juveniles.
- Decreased percentage of trout mortality from 17% to only 7%.
- Technical assistance and training workshops produced an improvement in production of 16.40%, which affects the cost of trout production.
- 28 fish farmers produce trout for the table. Only 2 farmers with egg incubation facilities produce trout (fry).



B) Technical assistance for potato cultivation and seed production

The aim of this programme is to provide technical assistance for the installation and management of 5 potato seedbed demonstration plots growing the Canchan/Yungay variety, in Vinchos rural community.

 **Number of beneficiaries:**
160 active participants.

Strategic ally:

INIA - Instituto Nacional de Innovación Agraria (Peruvian Institute for Agricultural Innovation).

Results:

- Recognition of the community of Vinchos as a producer of improved seeds by SENASA (Servicio Nacional de Sanidad Agraria - Peru's national agrarian health service), resulting in better prices and incomes for producers.
- 11 demonstration plots in the Vinchos community, with technical assistance and field training workshops.
- Increase in potato production; before the project it was 10 tons. With technical assistance, production rose to 25 tons.

C) Technical assistance to develop tourism products

The purpose is to examine the possibilities for sustainable tourism in the district of Vinchos, province of Huamanga, Ayacucho department, with a view to implementing a future strategic tourism development plan in coordination with the local municipality and in line with MINCETUR (Ministry of Foreign Trade and Tourism) policy.

 **Number of beneficiaries:**
272 community members in the 29 annexes of Vinchos.

Strategic ally:

Messrs. Killa Urpi.

Resultados:

- Six natural sites with category 1 tourism potential were identified. These natural sites are shared by several neighbouring annexes of the community.
- Thirteen category 2 potential tourist resources were identified, which include tangible and intangible cultural heritage.
- Four potential category 3 tourist resources were identified: folklore, music, dance, gastronomy and traditions.
- Five potential category 4 tourist resources were found, referring to contemporary technical, scientific or artistic resources, including the gas pipeline route for tourism, as well as projects involving cattle, native potatoes, trout and guinea pigs.
- 12 scheduled events were found in the category 5 festive and agricultural calendar of Vinchos rural community.





Forestation program in Ayacucho

The purpose of this programme is to Plant ninety (90) hectares of tare and pines in rural communities in the direct area of influence of PERU LNG in the districts of San Miguel and Acocro, province of Ayacucho, Ayacucho region. This action seeks to create medium and long-term environmental benefits for farmers in these communities, as well as timber and other forest products to improve their living conditions and help to make Peruvian forestry more competitive.



Number of beneficiaries:

12 communities in 3 districts of Anchiuay, San Miguel and Acocro in the provinces of Ayacucho, Ayacucho region.

Strategic ally: Agrorural.

Results

- 90 hectares were forested with 100 000 seedlings: 50 000 of pine, 35 000 of tara and 15 000 of eucalyptus.
- 12 beneficiary communities: Anchiuay Sierra, Virgen de Cocharcas de Cochas, Uras, Allpacorral, Pampahuaylla, Santa Magdalena, Pampahuasi, San Francisco de Mayupampa, Cruzpata, Acocro, Pomapuquio and Secceslambras.

Strengthening the abilities of local municipalities

Since this program began, the aim has been to develop public investment skills in the district governments of Vinchos, Acocro, Chiara and Anco in the department of Ayacucho and the provincial municipality of Huaytará in Huancavelica. The success of the program will help to improve the level of spending and quality of municipal investments in the area of influence of PERU LNG. In alliance with Universidad del Pacifico.



Number of beneficiaries:

5 municipalities (4 from Ayacucho and 1 from Huancavelica) with 14 projects that benefit the entire district.

Results

- 10 preliminary and/or final pre-investment feasibility studies were carried out.
- Final studies (technical file) with the approval and/or favourable opinion of the competent authority, as well as other social sustainability and/or contingency aspects that the projects require.
- Projects with pre-investment studies under review by state bodies, with a leverage forecast of S/ 37.3 million soles (USD 10 million).

2.6. Communications: Radio programs and sports sponsorships

As in 2020, and because of the COVID-19 pandemic, in 2021 we continued our strategy of replacing physical events with radio programmes in order to continue strengthening our relations with local people and their authorities, especially in areas adjacent to the pipeline and PERU LNG Plant.



Radio programme: “Your family, your life.”

We broadcast two seasons of this programme during August and December 2022. Aimed mainly at families in the towns of Cañete, Chíncha and Huamanga, these programmes brought together a panel of renowned specialists (Manuel Saravia, Fátima Alcalá, Ricarte Cortez, Milagros Agurto among others) who discussed the following topics: The benefits of returning to face-to-face classes, financial education for the home, the importance of developing autonomy and independence in children and adolescents, how to continue our lives after the pandemic, dental health and eye health.

This radio initiative achieved greater reach among the population of Chíncha, Cañete and Huamanga, by providing them with relevant and timely information that contributed to their well-being and personal development, as well as a space for debate and dialogue on topics of interest, in accordance with the current situation.



The ‘Let’s do Business’ (Hagamos Negocio) radio programme

Given the circumstances, in 2022 we thought it appropriate to produce a new season of “Hagamos Negocio” (Let’s do Business), aimed at entrepreneurs who may have been affected by the pandemic-driven crisis. The programme sought to strengthen the entrepreneurial spirit in Chíncha, Cañete and Ayacucho by providing valuable information on business management to entrepreneurs and businessmen. “The use of digital tools” and “business formalisation” were two of the topics addressed in these programmes.

Throughout the month of August twelve radio programmes (four in each city) were broadcast, presented by different experts in entrepreneurship.



Sports sponsorships

In order to support sporting development in Peru, for 7 years PERU LNG has been helping Kimberly García, the renowned Peruvian athletic walker, who twice won the gold medal at the World Athletics Championships in Eugene (USA) in 2022 and is an ambassador for our brand.

During 2022, Kimberly was positioned as a “the female face of Peruvian athletics”, and was present in various internal and external company events, as an athlete who shares our corporate values.

Similarly, last year we decided to support Peruvian kickboxer Danubis Rojas, from Cañete, who is considered a promising figure in this worldwide sport. During October he gave an outstanding performance at the Wako World Kickboxing Championship Italy 2022 Children, Cadets and Juniors in the city of Venice - Italy.



The story: Kimberly Garcia - Supporting Peruvian athletes

In 2017 we decided to provide support for renowned Peruvian athlete Kimberly García, who is today an international figure in the discipline of athletic walking. Since the beginning we have witnessed her discipline and determination to achieve her goals.

We are happy to accompany her on this path and proud of her success as an athlete. We are ready to support her in future challenges: the Budapest 2023 World Athletics Championships and the Paris 2024 Olympic Games.

In 2022, Kimberly was present for our 5K marathon held at our Plant, accompanying the enthusiastic participation of our collaborators.



Chapter 3

Planet

3.1. Environmental management as part of the Plant and pipeline operation

PERU LNG’s environmental management system, implemented and certified to ISO 14001 standard, enables the company to proactively identify the environmental risks associated with each of the operating processes in the Plant and on the pipeline at an early stage in the life cycle. Thus we can establish effective operational controls and mitigation measures to minimize the environmental footprint and maximize potentially positive effects.

In 2022 our ISO 14001:2015 certification was renewed after an audit conducted by TÜV Rheinland. Excellent environmental performance was maintained throughout the year. Further details are given below.

The environmental management system has been strengthened since its conception. During this stage we received advice from the World Bank (IFC) on establishing environmental standards based on the IFC Performance Guidelines, and this has allowed us to keep up our good socio-environmental performance. The Plant was designed to be resilient and to prevent long-term climate risks that could impact operations in the Plant.

Details are given below of some of the management programmes applicable to our operations, which allow us to control environmental risks and to identify and maximise opportunities deriving from them.

3.1.1. Sustainable water management at PERU LNG

Access to water is crucial for economic and social development. It is vital for the survival of humanity and the well-being of people and ecosystems.

Unfortunately the increase in unpredictable climate events such as droughts and flooding has a significant impact on farming, among other economic activities, as well as safe access to drinking water. This situation disproportionately affects vulnerable populations in developing countries.

For several years, PERU LNG has promoted projects that facilitate access to water for irrigation in high Andean rural communities, such as: the construction of irrigation canals and reservoirs, technical assistance on crop management and efficient use of water for irrigation, among others. This work has made it possible to increase harvests and improve family income.

Environmental management standards also apply to the activities of operators and contractors. For that reason, PERU LNG’s environmental initiatives are focused on:

- Promoting the efficient use of water in farming and livestock rearing.
- Improving access to safe drinking water.
- Developing better methods of collection, treatment and final disposal of treated waste water, including water used in the Plant.

Self-sustaining Plant (data as at the 31st December 2022)

The PERU LNG Plant extracts water directly from the sea. It is desalinated by reverse osmosis and then purified for human consumption. Therefore, as we do not use fresh water sources such as rivers or wells, we do not compete for water with local communities or generate an impact on water sources in our direct area of influence. In 2022 PERU LNG extracted 312,195.52 cubic metres directly from the sea, slightly more than in the previous year. The volumes extracted fall within the limits authorised by our water license.

Sea water extraction (vol.) = 312 000 m³ (*increase due to Turnaround 2022).



The drinking water system has a Potable Water Quality Plan (PCC-I) authorised by the Environmental Health Bureau (DIGESA) in 2016, which was renewed at the end of 2021. We can thus declare that PERU LNG meets quality, health and environmental standards and has reduced its effect on its surroundings to a minimum.

In 2021, the supply of quality drinking water was maintained thanks to PERU LNG's water autonomy and strict quality controls, which were maintained even during the 2022 Turnaround activities, when the number of people in the Plant increased.

Furthermore, our environmental commitments include treating all the waste water generated by the camp and offices inside the Plant. This year 50,395.00 cubic meters were treated, 5% less than the previous year. The domestic waste water treatment process uses activated sludge.

All treated waste water was used to irrigate green areas and to suppress dust on unsurfaced roads within the Plant; in other words it was used and not discharged into any water body or into the sea. Treated waste water is monitored frequently and all test results meet the environmental standards contained in the environmental management tools (IGA) approved by the competent authority.

Reuse of treated residual water (vol) = 50,395.00 m³
(*this represents a 5% reduction in treated effluent generated, revealing efficient use of drinking water despite the increase in water use due to Turnaround 2022 activities).

These actions have achieved sustainable water management, thus confirming PERU LNG's commitment to society and the environment.





3.1.2. Responsible waste management

Waste management in the Plant and on the pipeline is a vitally important aspect of environmental care. PERU LNG has a permanent plan to minimize and manage solid waste, which adequately controls each stage of identification, classification, segregation, storage, transport and final disposal at authorised installations. It counts on the support of a solid waste operator authorised by the Ministry of the Environment.

We are also continually seeking ways to use the solid waste generated. For example, 2022 saw a 6.5% increase in the

percentage of recycled waste compared with the previous year. In other words, 22.36% of all solid waste was recycled, representing approximately 790.36 tons not sent to landfill, out of a total of 3,534.33 tons of waste.

Construction waste represented around 53% of recyclables, while treated waste water accounted for 27%. This was achieved thanks to an evaluation carried out in 2020 of the recovery potential for construction waste, and an agreement with ANIQUEM to donate cardboard waste, which is being extended to other types of usable waste.

Statistics (as at the 31st December 2022):
Tons of hazardous and non-hazardous waste at the Plant, pipeline and offices

Pipeline Hazardous waste	Recyclable	tons	0.00
	Non Recyclable	tons	1.53
Pipeline Non-hazardous waste	Recyclable	tons	0.06
	Non Recyclable	tons	12.12
Plant Hazardous waste	Recyclable	tons	256.21
	Non Recyclable	tons	1082.55
Plant Non-hazardous waste	Recyclable	tons	534.09
	Non Recyclable	tons	1647.77
Administrative offices in Lima*	Total waste	tons	-
Total			3534.33

(*) In 2022, more waste was generated due to projects executed at the Plant, maintenance of the pipeline, and Turnaround 2022 activities, which were managed within the framework of environmental standards.

In 2022, waste from the Lima offices was not accounted for.

3.1.3. Emissions

PERU LNG’s contribution to reducing emissions globally and locally

PERU LNG supports the global desire to reduce emissions and reduce the effects of climate change. It has thus implemented good, innovative operating practices to measure, report and control its emissions.

Since 2011, emissions from the Plant, the pipeline and administration offices in Ayacucho, Chinchá, Cañete and Lima have been quantified and broken down into scope 1 (direct emissions, which the company is responsible for controlling) and scope 2 (indirect emissions from energy acquired), principally carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O).

Calculation of our carbon footprint makes use mainly of the criteria in ISO 14064-1 standard, the methodologies of the American Petroleum Institute (API), the standards set by the Intergovernmental Panel on Climate Change (IPCC) and the GHG protocols of the World Resources Institute (WRI).

The GHG calculation has evolved with improvements in methodologies adopted worldwide and internal audits, principally with regard to emission factors and re-evaluation of sources of emissions. This has enabled us to maintain an accurate and up to date value for GHG emissions and, after verification of our estimate we obtained the Quality Carbon Footprint certification for our corporate inventory of GHG emissions in 2019 from Messrs. A2G Sostenibilidad y Cambio Climático.

Total emissions (Scope 1 and 2, CH4, N2O)
- Total emissions (Scope 1 and 2, CH4, N2O) = 954891.92 tCO2e
- Scope 1 emissions = 954,859 tCO2e
- Scope 2 emissions = 33 tCO2e

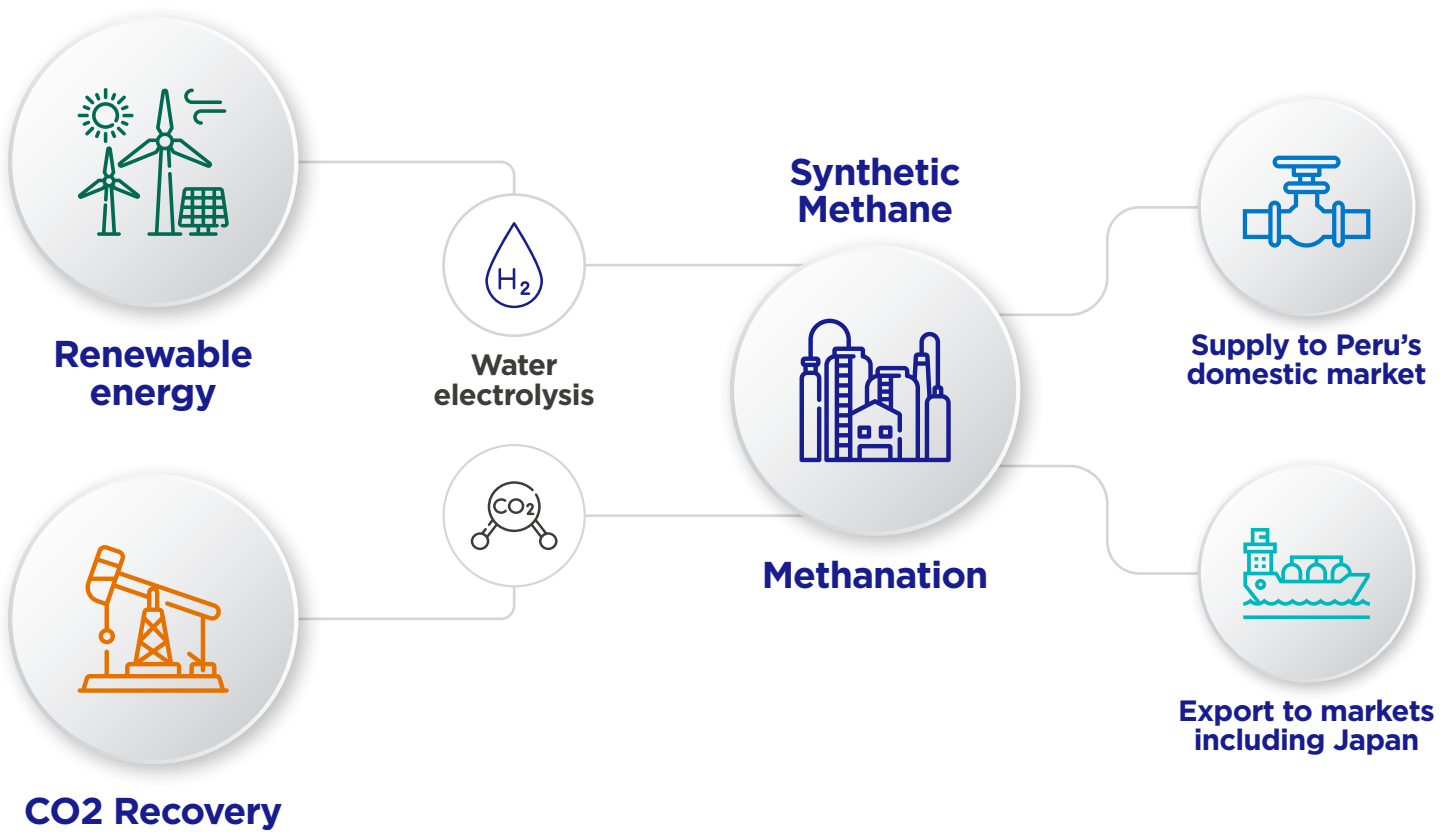
2022	Carbon dioxide (CO2)	98.85%
	Methane (CH4)	0.56%
	Nitrous Oxide (N2O)	0.60%
2022	Combustion by stationary and mobile sources	88.7%
	Flaring*	8.6%
	Venting and leaks	2.7%

*Due to the scheduled Plant shutdown TA22.

Synthetic methane

As part of our energy transition strategy, we have reached an agreement with the Japanese companies Osaka Gas Co. (Osaka Gas) and Marubeni Corporation (Marubeni) to conduct a joint feasibility study to evaluate the production of synthetic methane (Syngas) in Peru and to sell this product to potential markets, including Peru and Japan.

Syngas is the methane obtained from a process called methanation. The methanation process transforms CO2 from captured emissions and green hydrogen (produced from water electrolysis and renewable energy) into Syngas. The three companies will use this joint feasibility study to analyse possible sources of CO2, the supply of renewable energy, water electrolysis technology for the production of green hydrogen, the methanation technology, among other topics.



PERU LNG is an enthusiastic participant in the evaluation of this opportunity, as Syngas can help to achieve carbon neutrality in the gas industry, considering that Syngas production requires CO2 normally recovered from emissions that are currently discharged into the atmosphere. As an example, the Japanese Government has included a target to inject more than 1% of Syngas into Japanese pipelines by 2030 and will increase this target to 90% by 2050.

Solar panels in the Plant

PERU LNG has started a pilot project to install an on-grid photovoltaic generation system to power the training building at the Plant. The information collected by the system will be used in the future to evaluate the feasibility of expanding photovoltaic generation (renewable energy) for the natural gas processing Plant.

An estimated 34,161 k/Wh of energy is generated each year, which is achieved with 38 530 Wp polycrystalline photovoltaic panels, a 15 kW grid inverter and a monitoring system, which includes a weather station.

Programa de Detección de Fugas

A leak detection program has been implemented, which effectively identifies unwanted emissions within our processes, enabling us to record, repair and control emissions systematically. This programme is part of the annual inspection regime carried out in the Plant and on the pipeline.

The following activities are also carried out to strengthen the program:

- Preventive maintenance programme on process equipment.
- Program of inspections to ensure total coverage of sources of emissions.
- Replacement of equipment with a high potential for causing emissions.
- Reduction in flaring.

3.1.4. Environmental monitoring programme

In order to guarantee compliance with the highest industry standards, PERU LNG has environmental monitoring programmes intended to provide information on the effects that PERU LNG's operations may have on the environment. These programmes also seek to mitigate any environmental effects and preserve the nature of the company's areas of influence.

Monitoring discharges and emissions

We have monitored approximately 182 control stations, from recorded 1,624 samples for different parameters were taken, forming part of our environmental monitoring commitment contained in the Environmental Impact Assessment (EIA).

During 2022, programmed environmental monitoring activities complied with the relevant protocols in spite of the state of emergency decreed by the Peruvian government to address the COVID-19 pandemic. This allowed activities to continue throughout the year.

Monitoring of discharges and emissions includes domestic and industrial effluent, ballast water from methane tankers, noise and gaseous emissions from fixed sources.

The monitoring points for discharges and emissions also monitor air quality, sea water and marine sediment quality and soil quality.

Monitoring bioremediation work

Permanent bioremediation work is carried out to re-establish the natural condition of areas affected during the construction of the gas pipeline.

In the 2021-2022 bioremediation campaign we planted native species on 6.86 kilometres of the right of way, maintained fences to prevent overgrazing, and improved the soil by removing stones. This work has re-established the native vegetation over most of the distance disturbed during construction of the pipeline.



Biodiversity monitoring and assessment programme (BMAP)

PERU LNG performs the BMAP in collaboration with the Center for Conservation and Sustainability (CCS) of the Smithsonian Conservation Biology Institute (SCBI). The BMAP focuses on recording information to identify, evaluate and monitor potential impacts on biodiversity (whether positive or negative) that could be caused by activities relating to the construction and operation of the PERU LNG gas pipeline, Plant and port terminal and recommending action to minimize these impacts in the short and long term, as well as evaluating the effectiveness of mitigation efforts and adding to knowledge of the region's biodiversity, its management and conservation.

The BMAP uses monitoring protocols. These protocols focus on selected species and habitats in PERU LNG's area of influence. During 2022, monitoring protocols for the biorecovery of grasslands, desert vegetation, and wetland vegetation were

employed on the gas pipeline, focused on restoring plant cover and species diversity.

Furthermore, during 2022 monitoring protocols for benthic macroinvertebrates, fish and sea birds were employed at the port terminal.

The following papers were published as part of the monitoring programme:

- Novoa, S, Ledesma K, & Linares-Palomino R. 2022. Use of Camera Traps to Monitor the Fauna Associated with a Cactus Community in the Coastal Desert of Ica, Peru. *Cacti and Succulent Journal* 94(1):28-33.
- Montenegro-Hoyos A, Vega N & Linares-Palomino R. 2022. Plant diversity and structure in desert communities of the Andean piedmont in Ica, Peru. *Vegetation Classification and Survey* 3:53-66.
- Cervantes K, Paredes-Burneo D, Williams M, Linares-Palomino R. 2022. *Field Museum Guide 1474. Semillas dispersadas y frutos consumidos por*

aves, murciélagos y roedores en un bosque montano de Chiquintirca. Peru.

- Cervantes K, Paredes-Burneo D, Williams M, Linares-Palomino R. 2022. *Field Museum Guide 1474. Semillas dispersadas y frutos consumidos por* aves, murciélagos y roedores en un bosque montano de Chiquintirca. Peru.

More information about the BMAP can be found at www.bmap.pe.

Participatory socio-environmental monitoring (PMSAP)

In this programme, members of the community are commissioned to monitor different aspects of geotechnics, the environment, operations, and community relations on the RoW, for which they receive training on activities such as: detecting erosion, proper waste management, water quality, and others. All the relevant information, including the summary of the results and measures adopted to solve the deficiencies identified by the

monitoring activities, are submitted to PERU LNG and discussed in community meetings, for comments. The programme is administered by PRONATURALEZA, an independent third party with experience in socio-environmental monitoring.

In 2022, 37 community representatives and 5 members of the PMSAP technical team took part. The monitors dedicated 7 days a month to field activities for a total of 7 months. During the rest of the year they remained alert and sent reports on any situation that was relevant for the company or the community.

The monitoring results in 2022 included a total of 60 findings, of which 51 were resolved and the rest remain pending attention by 2023. 2 case reports required priority attention due to their potential to aggravate the situation and cause damage. These cases were resolved swiftly. 80 cases of for information were also reported; these are situations that the company should be aware of, but that do not require direct action.





213 comments from the community were collected on 272 social forms. Some of the comments expressed satisfaction with the management of PERU LNG, while others demanded greater communication, training in pipeline environment and safety, and support of various kinds. There were also claims for non-compliance by the company and requests for the presence of a community relations officer. Some comments dealt with various topics such as COVID-19, as well as suggestions and thanks for social support.

270 monitoring reports were published in the localities affected, with the participation of local monitors and specialised professionals from the PMSAP technical team. These communal collective meetings have increased and encourage attendance by local people.

As far as training is concerned, a total of 343.75 man hours were carried out, with priority given to monitors in training. This has helped to increase the capacity of the technical team and allowed some former monitors to obtain employment in municipal environmental management.

Finally, we should point out that since the implementation of HSE management in the programme, 69,156 man-hours of work had been accumulated without incidents up to November 2022. In the first 11 months of 2022, 8,472 man-hours of work were recorded. This reflects the responsibility of the participants in identifying and managing hazards and risks in programme activities.

Participatory marine ecosystem monitoring (MEM)

PERU LNG monitors the marine ecosystem every six months with the main aim being to characterise the condition of the marine environment in order to detect and manage any impact caused by operating activities as quickly as possible. Monitoring concentrates on fish populations and is carried out with participation by representatives of fishermen's associations and government authorities (ANA, OEFA, DICAPE, MINEM, PRODUCE).

Audits and relationship with the STATE

PERU LNG is audited by the competent environmental authorities. Audits by the environmental authorities help to maintain high operating standards and to confirm compliance with legal requirements. In 2022 Peru's Environmental Monitoring Organisation (OEFA) carried out an inspection of Plant. Furthermore, the Supervising Body for Investment in Energy and Mining (Osinermin) carried out six social audits; five of the pipeline in the highlands and one of the Plant operations. The auditors made no observations.

The story: Adopt a Penguin campaign

On April 27, we celebrate International Penguin Day with symbolic and voluntary adoptions by company employees. Humboldt penguins, which inhabit our port terminal, were chosen as a symbolic species due to their current degree of vulnerability.

As part of this activity, we highlight everyone's commitment and good environmental practices aimed at making planet earth a cleaner, healthier and more balanced place, where all species (including the Humboldt penguin) can coexist and fulfil their life cycle.

The symbolic adoption of a penguin consisted of giving each adopted penguin a name and committing to protect the environment. The simple fact of sponsoring a penguin implied a practical responsibility to care for the environment, which motivated participants to recycle, avoid the use of single-use plastics, keep the beaches clean and admire nature, among other examples.

At the end of the campaign, the 150 participants were rewarded with an adoption certificate, a symbolic soft toy representing their adopted penguin, and an invitation to visit the PERU LNG port terminal facilities, where the healthy coexistence of these species with our operations can be appreciated.

It should be noted that the "penguin" soft toys were made with support from the Alpaca fibre added value programme, "Allin Ruray", which has been under way since 2018 with 5 alpaca-breeding communities in Ayacucho and Huancavelica. The "penguins" were made by hand with alpaca fibre, thus helping with appreciation of these communities' products and raising environmental awareness.

The story: Agreement with MarineGEO

In order to support scientific research on environmental impacts, PERU LNG's Biodiversity Monitoring and Assessment Programme (BMAP) joined the MarineGEO network of coastal observatories, led by the Smithsonian Environmental Research Center (SERC), with the aim of carrying out various activities, and particularly the Pan-American Experiment (PanAmEx): a study that examined 36 points along the Atlantic and Pacific coasts, in order to demonstrate the existence of marine species and the increase in depredation in warm or tropical areas.

In Peru, the PanAmEx was carried out exclusively at the PERU LNG port terminal, where the colonization and growth of marine species on PVC plates was monitored. During this period, 4 researchers from BMAP and PERU LNG, including Bruno Vildoso, who is part of the environment team, took part in the experiment, photographed the plates, identified the species and collected the necessary information for the team in charge of the study.

The results obtained, published in the prestigious international scientific journal "Science", confirmed that depredation is more intense in warm climates than in cold waters. Furthermore, the experiment revealed that the marine ecosystem is adapting to climate change and forecast the depredation of marine species in tropical waters, meaning that less food will be available in the future.

Thus, we once again reaffirm our commitment and dedication to the development of scientific research for environmental preservation.

History: The “Recycle to Help Programme” with ANIQUEM

In April 2021, PERU LNG joined the “Recycling to Help Programme” led by the Association for Aid to Children with Burns - ANIQUEM, which provides co-financing for the rehabilitation of child burn survivors, encourages recycling and promotes care for the environment.

ANIQUEM is a Peruvian non-profit, non-governmental organisation that for 21 years has provided free comprehensive rehabilitation to children with burn sequelae and promotes a culture of preventing such injuries.

In 2022, the Plant shutdown allowed us to accumulate a considerable amount of cardboard from the boxes and packaging of filters, equipment, spare parts and other materials used in the different departments, including the kitchen.

Likewise, by giving cardboard a new use, we help the environment by preventing the felling of trees and saving energy, which translate into lower CO2 generation through the creation of new material and reducing greenhouse gas emissions.

Recycling also avoids taking up landfill space (materials that pollute the environment) and allows the creation of new jobs.

We are happy to be able to collaborate with ANIQUEM, an organisation that since its foundation has helped more than 5,800 patients, 30% of whom come from the provinces, significantly improving their quality of life and their ability to resume their normal lives.

Thus, as a company we contribute to a task whose main objective is “to change pain for smiles and scars for hope”.

We are glad to have been recognised as one of ANIQUEM’s collaborators in the Eco-efficiency category.

During the ceremony organized by ANIQUEM, the companies and individuals, who throughout 2022 provided support for the rehabilitation of patients who with great dedication, are treated by the Asociacion de Ayuda a Niño Quemado (Children with Burns Association).

The Marine Global Earth Observatory (MarineGEO) is a unique network of partners from around the world, dedicated to tracking the vital signs of coastal marine life, diagnosing the causes of change in marine life, and providing science-based solutions to build coastal resilience using standardised and coordinated methods. Led by the Smithsonian’s Tennenbaum Marine Observatory Network, MarineGEO coordinates research from partner observatories and project collaborators around the world.



Chapter 4 **Management**

4.1. Leaders of PERU LNG and Hunt LNG Operating Company

PERU LNG is held to account by its partners; leaders who provide guidance on the specific needs of the business and take part in strategic and business planning in line with their shareholders' directives and policies, as well as Peruvian law and regulations.

The remuneration of the senior management of PERU LNG and its Operator consists of a fixed monthly salary and an incentive payment linked to the achievement of a combination of long-term corporate goals, personal performance objectives and the company's financial results.

Senior management leaders of PERU LNG and the Operator:



María Julia Aybar
Vice Chairman and General Manager.
PERU LNG.



Mark Pearson
Vice Chairman and General Manager.
Hunt LNG Operating Company.



4.2. Leadership in Peru

People who occupy senior management positions have a deep understanding of the business and possess specialist knowledge, making the decision-making process thorough, well-informed and balanced.

The management system of the company is the backbone of its sustainability and encompasses all the processes and

policies applicable to its operations, thus enabling integral management of risks. This includes strategic plans and procedures for formalising the execution of capacity throughout the organisation: environmental, health and industrial safety management systems, performance evaluation processes, continuous improvement processes for responsible conduct of activities, among others.

The relevant policies and processes are regularly reviewed and audited. They are also executed to ensure that the governance structure remains in line with changes in the industry, allowing for continuous improvement of business practices.

Managers collaborate with all teams to effectively and systematically implement the programmes, thus ensuring ethical

and responsible management at all levels of the organisation. They promote open and timely communication throughout the company to address any issues or problems that may arise.

The governance of PERU LNG is based on the Limited Liability Company Agreement (LLC Agreement) and on our corporate governance, implemented since 2012.

Management Committee

This PERU LNG Management Committee is the main organ of company governance and is the most senior decision-making body. It is made up of representatives of each of our partners. The Management Committee evaluates and makes decisions on strategic issues, which involve short and long-term plans, investments, commercial, operational, and financial plans, among others, critical to the success and continuity of PERU LNG.

Advisory committees

We have seven advisory committees. Through the timely provision of information on company performance, recommendations to be submitted to our Management Committee for approval and other relevant issues.

The advisory committees are as follows and are made up of representatives of each of our partners:

Auditing

Supervises and provides feedback on audits to support decision-making by the Management Committee. Monitors the application of recommendations made by the external auditors to the shareholders.

Commercial

Supervises and provides recommendations on commercial issues to support the decision-making of the Management Committee. It focuses on improving business performance, including developing new businesses and opportunities.

Corporate finance and taxation

Provides recommendations for decision-taking by the Finance and Tax Committee. It supervises financial information and reports and analyses provided by the company to the members of the Management Committee.

Risk management

Supervises and provides recommendations to support the decision-making by the Management Committee in relation to corporate risks (specifically for mega risks and critical risks), defining the appropriate strategy.

Operations

Provides recommendations on technical and operational issues to support decision-making by the Management Committee. Reviews matters relating to improvements in operational performance, focusing on corporate goals.

Strategy and budget

Supervises and provides suggestions to support decision-making by the Management Committee on budget issues. Advises on short and long term (5 years) strategic planning, on organizational objectives and team performance commitments.

Sustainability

Supervises and provides recommendations to support decision-taking by the Management Committee on questions relating to health, safety and hygiene and community matters.

During 2022, three meetings of the Management Committee and Advisory Committees were held.

4.3. Ethical and anti-corruption commitments

Code of conduct

PERU LNG has codes of business conduct aimed at helping our collaborators and those of the operator and contractors to understand and comply with expectations when performing their respective activities. PERU LNG has an excellent track record in sound business practices and ethical conduct, and expects that its collaborators and contractors do likewise.

This code explains in general terms the legal and ethical guidelines that the company expects its employees and contractors to follow. Although it is not possible to list every ethical principle to be followed or behaviour to be avoided, everyone involved in company activities should judge whether their actions could violate the company's ethical standards.

The consequences of not complying with this code can be serious both for the employees, the operator, contractors or the company. In addition, our Code of Conduct requires strict compliance with the U.S. Foreign Corrupt Practices Act (FCPA), U.S. economic sanctions laws, all Peruvian anti-corruption laws, and any other applicable laws and regulations. All this is described in detail in the following documents: 1) Anti-Corruption and US Economic Sanctions Policy, and 2) anti-corruption and due diligence procedures, which are fully accessible to employees and shared with company contractors. Currently, PERU LNG has a Prevention Manager who works with all internal departments to

ensure compliance with the provisions of the aforementioned documents, and to provide support to all contractors providing services to the company; the manager provides warnings to the legal representatives of these companies.

Anti-corruption framework

PERU LNG's corporate practices are based on strict standards of excellence and business ethics and are subject to Peruvian anti-corruption law. They also comply with the US Foreign Corrupt Practices Act (FCPS) and other international standards.

PERU LNG therefore has a corruption prevention policy aimed at encouraging zero tolerance of corruption and similar crimes. With this in mind, PERU LNG has approved a corruption prevention system, and designed and implemented different instruments that seek to disseminate and promote our rejection of corruption, money laundering and other crimes, as well as to incorporate American legislation on this matter. These instruments include US guidelines for preventing corruption, and economic sanctions aimed at laying the foundations for an effective anti-corruption effort. Due diligence concerning anti-corruption and sanctions is also carried out, based principally on knowing the company's counterparty in any new commercial relationship and identifying any corruption-related risk.

It should be mentioned that all

collaborators, representatives, managers, officers, commercial partners and stakeholders in the company are obliged to comply with the corruption prevention system.

PERU LNG also has a Prevention Committee, a consultative body in charge of deciding aspects relating to compliance and development of the system. To ensure proper implementation, supervision and monitoring, the company also has a Prevention Officer.

In 2022, the Prevention Committee held two meetings, while work continued on the regulatory framework (self-regulation); this consisted mainly of updating and improving the corruption prevention system by reviewing the risks inherent in PERU LNG's activities. Training for all employees reinforced the commitment to integrity in the company's activities, in order to guarantee that the aforementioned policies and procedures are progressively integrated into the organisation.



In addition, the Legal Department provided support and advice to Prevention regarding application of current internal guidelines and applicable legislation.

4.4.Integrated management system

Risk and opportunity management

The company has a corporate risk management system, through which risks that may impact the organisation’s ability to achieve strategic objectives are identified and reported. The system is transversal and success is based on the proactive and coordinated participation of its leaders and teams, focused on:



 The system allows risk management through inherent risk analysis, defining mitigation plans to reduce risk to an acceptable level and continuous monitoring to achieve this aim; these are periodically reviewed by the Internal Corporate Risk Management Committee.



4.5. Managing suppliers

An important part of our business achievements derives from good management of our suppliers. PERU LNG chooses its suppliers according to the quality of their products and services, their reliability and competitiveness, attention to detail and consistent punctuality, as well as their occupational health, safety and environmental processes, their experience in the energy industry and their ability to establish and maintain contractual agreements over the long term.

Selection standards

The supply chain is governed by policies and procedures to assure that all the goods and services required are acquired in a fair and ethical manner and that they meet the legal, technical, socio-environmental and safety standards that are essential for the

success of our operations. These include tenders based on a clear understanding of the requirements and pre-defined selection criteria that include health and safety at work, technical and commercial aspects and other factors. Furthermore, due diligence is performed on potential contractors within the framework of the the U.S. Foreign Corrupt Practices Act (FCPA), Peruvian anti-corruption laws, as well as any other applicable laws and regulations.

Compliance

Internal and external audits are planned and carried out periodically on a select number of suppliers to verify compliance with PERU LNG contracts and standards, (employment obligations, occupational safety, invoicing and payments, among other aspects).

There are also established processes for managing contracts, which include training for the collaborators responsible for these contracts covering aspects such as contractor risk management, handling complaints planning the performance of services, monitoring progress and others. These aspects are in addition to proactive contract management practices that guarantee compliance with obligations. Suppliers who fail to comply with the provisions may be subject to penalties and/or termination of their contracts.

Commitment to local development

PERU LNG seeks to establish commercial relationships with local suppliers in order to stimulate domestic development. In 2022, 87% of our acquisitions of both services and materials, were from local suppliers.

History: AEO Certification

PERU LNG has held AEO-Importer certification, issued by SUNAT since 2010 and was successfully recertified in 2022.

This certification validates PERU LNG's commitment to security in the logistics chain, with a security management programme that includes, among other things, security at facilities and access points, systems (cybersecurity), in import processes, business associates, contracted personnel, etc.

4.6. Global Security

PERU LNG's security efforts concentrated on ensuring the integrity of its collaborators and the continuity of its operations within the framework of existing standards and legislation. Respect for the human rights of our collaborators, partners and communities comes first and resilience to threats or attacks, both physical and digital is encouraged.

The Business Continuity and Crisis Plan enables early and management of possible risks and associated crisis events. It also provides guidelines for preventing and responding to all possible emergency situations.

Security strategy

1. Security evaluation

Risk assessments are permanent and are reviewed and updated annually. As a National Critical Asset (ACN), the gas processing system, which includes the Melchorita Plant and gas pipeline, complies with current regulations in this respect, and the company promptly reports to both the MEM and the DINI, as the government entities responsible for ACNs, any situation that could affect the continuity of the operations.

2. Response plans and standard operating procedures (SOP):

Compliance with operational and response plans are the basis for success in maintaining a safe environment. Added to adequate supervision and management, they allow us remain aligned with crisis response protocols, as well as current regulations such as the "International Ship and Port Facility Security Code" (ISPS) and the "Authorized Economic Operator" (AEO) code. The optimal results produced in audits reflect the company's commitment.

3. Cybersecurity: Strategy and training

The cybersecurity landscape holds new challenges for organisations. Among the main cyber threats are cyber attacks on the supply chain and the use of artificial intelligence as a tool to generate sophisticated attacks that can evade protection.

Thus PERU LNG concentrates its efforts on establishing a culture of information security and cybersecurity; this culture is based principally upon each collaborator internalising the associated risks and participating actively, turning them into the first Line of defence against cyber threats.

Furthermore, the security of digital assets and technological infrastructure is fundamental for PERU LNG. The cybersecurity team works closely with industry professionals, government agencies and other companies in the oil and gas industry. These partnerships are invaluable and provide great insight into the global cyber risk landscape.

We have an integral cybersecurity programme based on internationally

recognised frameworks such as the National Institute of Standards and Technology (NIST) cybersecurity framework and ISA/IEC 62443 standard for industrial control systems.

The cybersecurity team, made up of IT & OT professionals, undergoes continual training, performs periodic evaluations and executes continuous improvements in processes, procedures and technologies to detect, protect and respond appropriately to cyber threats of all kinds.

In order to measure the efficiency of the controls and processes implemented in recent years, PERU LNG contracted the services of an expert team of ethical hackers in order to carry out an attack (Red Team) and defence exercise by PERU LNG staff (Blue Team); the result was quite satisfactory and a very favourable result was obtained.





Chapter 5

Financial Management

5.1. Fundamental principles of management based on 3 tenets:

5.1.1. **Liquidity:** Treasury and working capital management

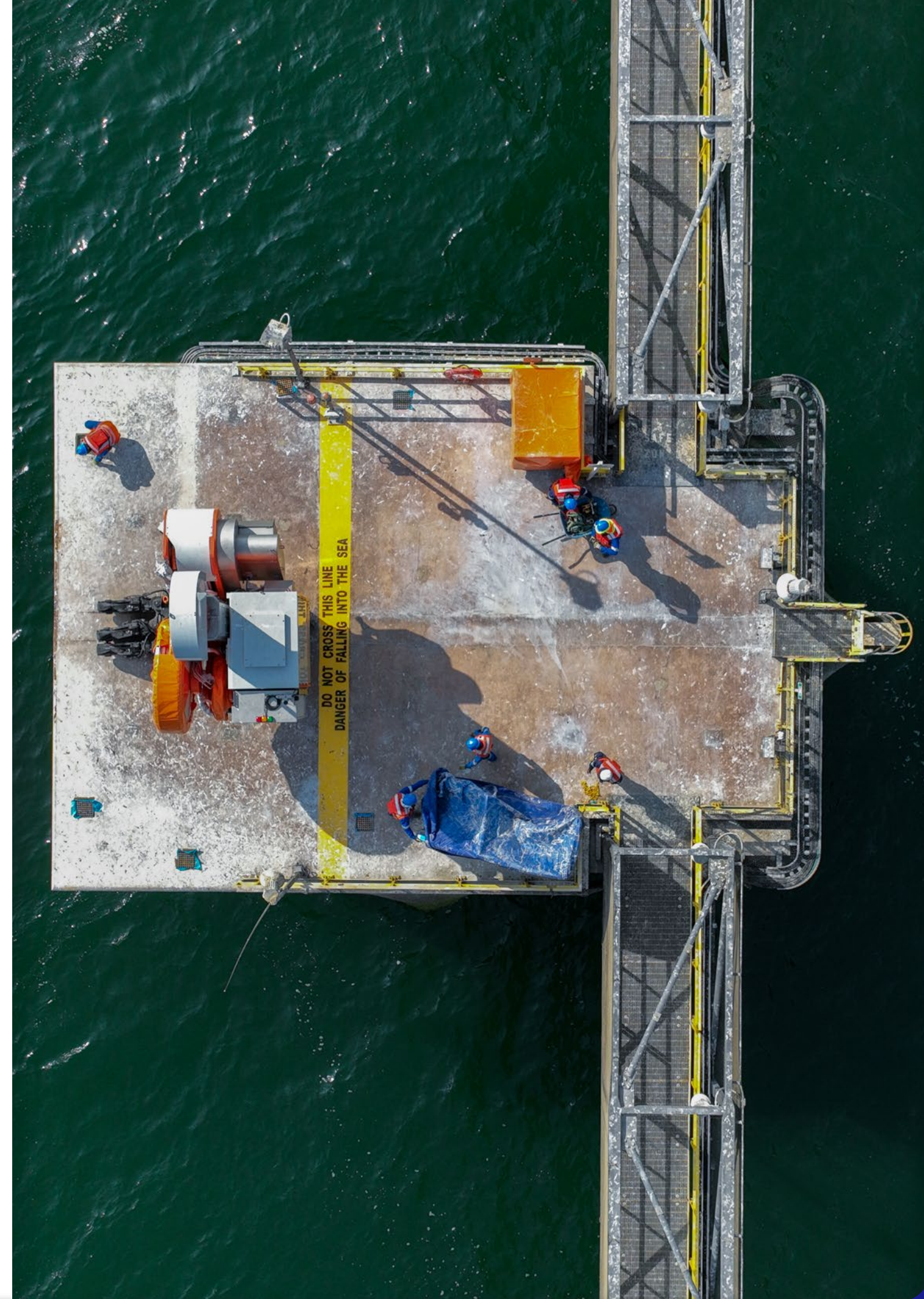
The company has implemented internal processes and procedures to monitor its cash flows, which must meet the company's obligations to its suppliers, bondholders and shareholders, among others, based on cash received from the sale of LNG. The main objective of cash management and working capital management is to maintain the balance between cash in and cash out.

5.1.2. **Solvency:** Establishment of indicators and policies for indebtedness and cash distribution

The company has a cash and distribution management policy, which establishes management guidelines, including maintaining a minimum cash value at the end of each year and using the principle of prudence in evaluating the use of available balances at the end of each financial year.

5.1.3. **Performance:** Making available funds profitable

As part of the policy, guidelines are also established for the analysis of investments in order to make the company's surpluses profitable. The analysis of investment alternatives includes certain bank parameters with which operations can be carried out, periods of validity and permitted operations.





5.2. Capital contributions, financing and working capital

Capital contributions

During the construction stage the promoters contributed USD 1' 571 435 077. This represented, proportionally, the capital necessary to cover the project's construction costs. In addition, external financing was available including cash from loans and local bond issues.

Financing

To finance the project, on the 26th of June 2008 PERU LNG entered into a common terms agreement with lenders for a total sum of USD 2' 050 000 000. Those helping to finance the project were: IADB (USD 800 000 000), US EXIM (USD 400 000 000), IFC (USD 300 000 000), K EXIM (USD 300 000 000) and SACE (USD 250 000 000). The debt is being repaid from 2011 to 2024 at a rate of approximately USD 100,000,000 per year.

In turn, PERU LNG obtained part of its financing through the Peruvian Stock Market, via PERU LNG's first corporate bond program valued at USD 200,000,000, approved by Resolution No. 064-2009-EF/94.06.3. The program consisted of four simultaneous issues by the Companies and Securities Supervisory Commission (now the Stock Exchange Regulatory Authority, SMV).

As part of the loan guarantees, PERU LNG was required to maintain at all times a debt service reserve account with a balance equal to the required balance of the applicable debt at that time.

Subsequently, and with the aim of refinancing this debt balance, on the 22nd March 2018, PERU LNG issued a bond in the international market for a total of USD 940,000,000, under Rule 144A and Regulation S of the United States of America Securities Act 1933, with a fixed interest rate of 5.375% maturing

in the year 2030. The bond was rated Baa3 (Moody's), BBB- (S&P) and BBB - (Fitch); the outlook was stable.

The total value of the bond issue (USD 940 000 000) plus approximately USD 280 000 000 that the company had in reserve accounts, was used to refinance the USD 1' 221 000 000 balance of the original financing obtained in 2008, including local bonds. Consequently, on the 17th of May 2018, in accordance with Ruling N° 036-2018-SMV/11.1, the Stock Exchange Regulatory Authority excluded the whole of the PERU LNG first corporate bond program from the Stock Market Public Registry.

The international bond issue, with its six-year period of grace, modified repayment of the debt and extended the repayment period from 2024 to 2030.

As at the 31st December 2022, PERU LNG maintains a debt amounting to USD



940,000,000, as a result of the issue of the above-mentioned international bond. In compliance with the six-monthly payment schedule, March and September 2022 saw the eighth and ninth interest coupon payments of USD 25 262 500 each. The last payment was made in March 2023.

As far as PERU LNG's credit ratings are concerned, on the 22nd July 2022, Moody's upgraded the company's credit rating from "B3" to "B2" and changed the outlook from "negative" to "stable". The rating was mainly based on the improvement in the company's operating

results, which strengthened its liquidity position.

Additionally, on the 5th August 2022, Fitch Ratings reaffirmed PERU LNG's credit rating at 'B' and changed the outlook from "negative" to "stable". This rating reflects an improvement in operating performance over the horizon in question

Working capital

On the 7th of March 2018, PERU LNG entered into a Working Capital Financing Agreement with Bank Guarantees, with

the Banco de Credito del Peru (BCP) valued at USD 75 000 000 over a three-year period. Short-term disbursements have a maximum term of twelve months, and bank guarantees include letters of guarantee and letters of credit.

During the first quarter of 2021, the company renewed the working capital financing contract for two years up to a value of USD 40,000,000, which covered short-term financing needs. This line of credit also includes a collateral guarantee in cash for up to 50% of the total working capital line, depending on how it is used. Thereafter, the last valid

addendum was signed in January 2022, which modified some definitions in the contract and in addition, extended the line until May 2023 under the conditions described above.

As at the 31st December 2022, the line of credit used via letters of guarantee amounted to USD 17,648,511.25 and so the above-mentioned collateral amounted to the same.

To date, the company is negotiating terms and conditions for renewal of the working capital line before its expiry date.

5.3. Executive Summary 2022

During 2022 restrictions on access to natural gas from Russia, added to a lack of regasification infrastructure, caused an increase in demand from European countries, who with winter approaching found that they needed to resort to the spot market. This caused an increase in international prices, our main markers recorded average annual prices of US\$ 6.41/MMBtu for Henry Hub, US\$ 25.27/MMBtu for National Balancing Point (NBP) and US\$ 33.98 for Japan Korea Marker (JKM).

As a result of these aforementioned prices, the company ended the year with an EBITDA of US\$ 361 million, the highest annual EBITDA since the end of 2018, which meant a substantial improvement in our debt ratio, which went from 6.2x in 2021 to just 1.8x in 2022.

During 2022, the total volume of LNG sales reached 179 TBtus (trillion British thermal units), consisting of a total of fifty-one shipments for European and Asian markets, higher than the thirty eight shipments sold in 2021, as a result of events of that year.

At the end of 2022, total income amounted to USD 3,179 million, a figure 98% higher than total income for 2021, which was USD 1,608 million. This change can be explained principally by the global increase in the average price of LNG (explained in previous paragraphs), which rose from an annual contract average of USD 12.8 per MMBtu in 2021 to an annual contract average of USD 17.7 per MMBtu in 2022, as well as by the greater volume sold during the year. Similarly, the sales cost increased by USD 1,414 million; from USD 1,466 million at the end of 2021 to USD 2,880 million in 2022, mainly due to the increase in the unit cost of gas purchased for production, in line with the price increase.



The Manzanillo Minimum adjustment amounted to USD 63 million in December 2022, in contrast to USD 109 million in December 2021, explained by the net effect of the increase in the annual adjusted quantity (111 TBtus in 2022 compared to 80 TBtus in 2021) and a reduction in the average adjustment price, from USD 1.34/MMBtu in 2021 to USD 0.56/MMBtu in 2022. Additionally, as a result of commercial negotiations relating to the Manzanillo Minimum clause, PERU LNG recorded income of USD 75 MM at the close of June 2022.

As far as the road tanker liquefied gas loading terminal is concerned, as at the 31st of December 2022 four thousand five hundred and twenty three trucks had

been dispatched, representing a total sales volume of 5.1 TBtus, 17 % more than the volume sold in 2020. Demand next year is estimated at a total of 13 trucks despatched per day.

Cash and cash equivalents at the end of 2022 amounted to USD 301 million, a figure 237% higher than that registered at the end of 2021 (USD 89 million)., This was mainly due to an increase in the average prices of the markers, as well as an increase in production volumes, described in previous paragraphs. Furthermore, and in pursuant to the dividend policy, PERU LNG's partners recently approved a dividend based on the 2022 results, amounting to USD 45,000,000 via a reduction in capital. The

effective date of the dividend payment was the 28th February 2023.

PERU LNG concluded 2022 with implementation of two of the company's main projects. The first seeks to increase the stability of cargo shipments using infrastructure that will enable an increased sales volume of LNG at times when the weather is unfavourable. The total investment will be approximately USD 26 million and the project became operational in the second quarter of 2022.

The second project seeks to replace ethylene (the refrigerant currently used in the liquefaction process) with ethane, which will optimize the process and

reduce some of the production costs. The total investment is approximately USD 8 million and this project is expected to be operational in the second quarter of 2023.

Other projects have been planned for execution in 2023, aimed mainly at the acquisition of spare parts and the development of the Second Truck Loading Bay (TLF2), as well as optimisation of operating expenses and investment in minor projects, as long as this does not affect the safety and continuity of the Plant's operations.



5.4. Financial information

The financial information on PERU LNG given below was obtained from the company's audited financial statements and respective explanatory notes. The financial statements cover the years ending on the 31st of December 2022 and 2021, respectively and were audited by Emmerich, Cordova y Asociados Sociedad Civil de R.L. (formerly "Caipo y Asociados Sociedad Civil"), a member firm of KPMG International.

This financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) in force as at the 31st December 2022. The following financial statements are for the year ending on the 31st of December 2022.

Auditors' opinion to the partners of PERU LNG S.R.L.

Opinion

We have audited the financial statements of PERU LNG S.R.L., a subsidiary of PERU LNG Company LLC of the United States of America, consisting of the statement of financial position as at the 31st December 2022, the income statement and other comprehensive income, the statement of changes in equity and the cash flow statement for the year ending on that date, as well as the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the attached financial statements are in all material aspects a reasonable representation of the financial situation of the company as at the 31st December 2022 and its results and cash flows for the year ending on that date, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for our Opinion

Our audit was performed in accordance with International Auditing Standards (IAS) approved for use in Peru by the Board of Rectors of the Professional Associations of Public Accountants of Peru. Our responsibilities under those standards are further described in the auditor's responsibilities in our audit report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code of Ethics) together with the ethical requirements relevant to our audit of financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient to fully support our auditors' opinion.

Other information

The management is responsible for other information. Other information includes information included in the annual report that is not an integral part of the financial statements or our audit report. The annual report is expected to be available to us after the date of our audit opinion.

Our opinion on the financial statements does not cover the other information and we will not express any opinion or conclusion based on that other information.

With regard to our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, to consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained from the audit, or whether the other information appears to be materially misstated.





Responsibilities for the financial statements of management and those responsible for corporate governance

Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with IFRS issued by the IASB and for such internal controls as Management deems necessary to enable the financial statements to be prepared free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for evaluating the company's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting, unless the management intends to liquidate the company, cease operation, or has no other realistic alternative.

Those charged with governance of the company are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for their audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with the ISAs approved for use in Peru will always detect a material misstatement when such exists. Misstatements may be due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably influence the economic decisions that users make based on these financial statements.

As part of an audit in accordance with the ISAs approved for use in Peru, we apply our professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, due to fraud or error, design and perform audit procedures in accordance with those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal control.
- We obtained an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the management.

- We decide upon the adequacy of the management's use of the going concern accounting principle and, based on the audit evidence obtained, we decide on whether or not a material uncertainty exists relating to events or conditions that may cast significant doubt on the company's internal ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the corresponding disclosures in the financial statements or, if such disclosures are inadequate, to express a modified opinion.
- Our opinions are based on audit evidence obtained up to the date of our audit report. Nevertheless, future events or conditions may cause the company to cease trading as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying events and transactions in a manner that achieves fair presentation.

We communicate with those responsible for the governance of the company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control that we identify in the course of our audit.

Lima, Peru.

24th February 2023.

Countersigned by:
[Marilynn Montero A. \(Partner\)](#)
 C.P.C. Reg. N° 32462



5.5. 2022 results

Statement of financial position (in thousands of US dollars)

		2022	2021
Assets	Current assets		
	Cash and cash equivalents	300,690	89,105
	Cash restricted	17,649	20,000
	Accounts receivable from non-arms-length entities	163,100	351,128
	Tax assets	108,283	94,942
	Other accounts receivable	2,972	2,803
	Taking	64,145	67,595
	Other non-financial assets	9,489	12,380
	Total current assets	666,328	637,953
	Non-current assets		
Liabilities and Equity	Real estate, Plant and equipment	1,730,635	1,843,983
	Deferred tax	179,519	185,484
	Current part of other non-financial assets	6,756	7,755
	Total non-current assets	1,916,910	2,037,222
	Total assets	2,583,238	2,675,175
	Current liabilities		
	Trade accounts payable	276,313	358,809
	Accounts payable to non-arms-length entities	178,254	113,327
	Other accounts payable	10,069	4,859
	Other financial liabilities	13,754	62,966
	Leasing liability	1,535	937
	Total current liabilities	479,925	540,898
	Non-current liabilities		
	Other financial liabilities	935,309	934,395
	Accounts payable to non-arms-length entities	-	110,000
	Leasing liability	291	397
	Total non-current liabilities	935,600	1,044,792
	Total liabilities	1,415,525	1,585,690
	Equity		
	Capital issued	1,461,435	1,461,435
	Accumulated results	(293,722)	(371,950)
	Total equity	1,167,713	1,089,485
	Total liabilities and equity	2,583,238	2,675,175

Income statement (in thousands of US dollars)

	2022	2021
Earnings from ordinary activities	3,179,481	1,608,403
Sales cost	(2,879,936)	(1,466,696)
Gross Margin	299,545	141,707
Administrative expenditure	(73,892)	(119,775)
Sale and distribution costs	(27,240)	(26,986)
Other operating income	13,013	975
Operating results	211,426	(4,079)
Financial income	2,563	139
Financial expenses	(102,175)	(54,947)
Exchange rate difference, net	2,181	(3,628)
Profit (Loss) before tax	113,995	(62,515)
Corporation tax	(35,767)	16,794
Results of the financial year	78,228	(45,721)
Other integral results	-	-
Other integral results, net of tax	-	-
Total integral results for the fiscal year	78,228	(45,721)

As at the end of financial year 2022, total revenue was USD 3,179 million, a figure 98% (USD 1,571 million) higher than that for financial year 2021, which totalled USD 1,608 million. This variation is explained by increased prices of the main LNG markers, as indicated in the previous section, plus the increase in the volume sold.



Sales cost increased from USD 1,467 million at the end of 2021 to USD 2,880 million in the same period of 2022. This was due to an increase in the unit cost of gas purchased for production, added to the higher nomination levels in 2022, compared to 2021. Fixed costs and depreciation over the year make up a significant percentage of this figure.

Administration expenses in financial year 2022 totalled USD 74 million, a reduction of USD 46 million compared to the previous year (USD 120 million) due to the scheduled shutdown for major maintenance in 2022, which lasted 29 days, as well as unexpected events occurring in 2021, which 133 inoperative days, resulting in a reclassification of certain fixed costs that were not part of the cost of inventory and that are included under administrative expenses.

Other operating income increased by more than 100% in 2022 due to

indemnification under insurance policies, as a result of the events occurring at the Plant in 2021.

Financial expenses recorded as at the 31st December 2022 amounted to USD 102 million, an increase of USD 47 million compared to the previous year (USD 55 million), the result of interest paid as a result of a legal process concluded in 2022.

Cash and cash equivalents at the end of 2022 amounted to USD 301 million, as a result of the higher volumes sold and higher prices of Non-Henry-Hub markers experienced during the year. As at the date of publication of the audited financial statements, the company anticipates that it will have sufficient cash to meet its commitments assumed in 2022 and to maintain its working capital.

Total assets at the close of 2022 amounted to USD 2 583 million, a 3% a reduction

(USD 92 million) compared with the figure of USD 2,675 for 2020. This variation is explained principally by the net effect of an increase of USD 188 million in accounts receivable from non-arm's-length parties, as well as by a USD 113 million reduction in property, Plant & equipment, net of depreciation during the year.

Total liabilities as at the 31st of December 2022 were USD 1,416 million, an 11% reduction (USD 170 million) compared with the USD 1,586 million recorded for the same period of 2021. This is mainly explained by the variation in trade accounts payable as a result of a reduction in provisions related to the purchase of raw material due to reduced production by the Plant during December 2022, as a result of TGP's Kamani Compressor event.

PERU  LNG