

Enel Distribucion Peru

ISIN CODE: PEP701011004

Overall score 31/100

Sector: Electric & Gas Utilities Emerging Market

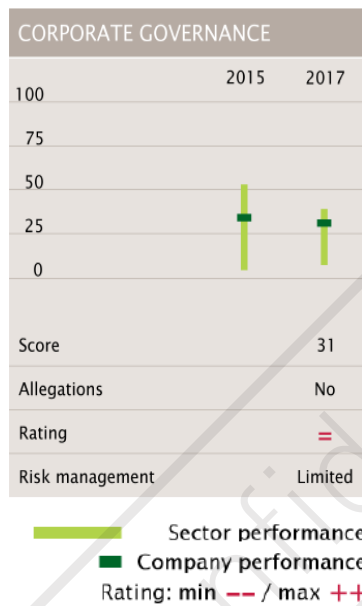
Companies in sector panel: 7

Information rate: 65% (Sector average: 59%)
Company cooperation level: Not responsive *

General information

Enel Distribucion Peru (Enel Distribucion), is a Company primarily involved in the distribution of electric energy. The Company owns concessions for public electricity service in the northern part of Metropolitan Lima, as well as provinces in Peru. Enel Distribucion also offers energy-related services, such as maintenance of distribution network and sale of electrical equipment. The Company was formerly known as Edelnor and changed its name to Enel Distribucion Peru in October 2016. The mother Company (Enel) is also assessed by Vigeo Eiris.

Main Economic Segment**	Turnover 2016
Energy Distribution	96.2 %
Other	3.8 %



Key issues

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

Company performance

- Enel Distribucion's Corporate Governance performance remains limited.
- More than a third of the Board is considered independent and there are no specific committees in charge of nomination, remuneration or audit. CSR issues do not appear to be reviewed or managed at Board level. Shareholders exercise one vote per share, however election of board members in separate resolutions are not voted upon at AGMs. Lastly, limited transparency is displayed with regard to executive remuneration.
- Overall, the Company ranks in line with the sector average.

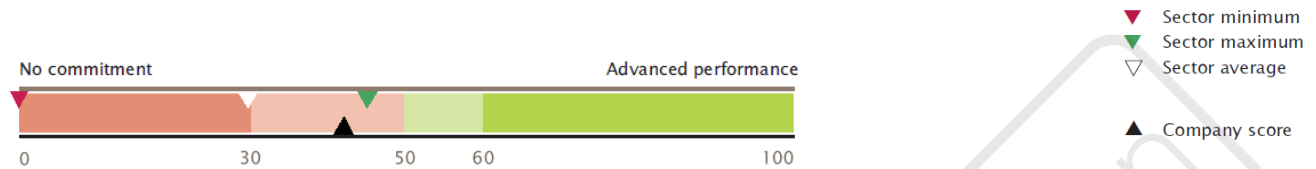
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 31

CGV1.1 Board of Directors

(score: 42, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

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

Independence of the Board Chairman

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

Responsibility allocated over CSR issues

Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members

The Board is between 34 and 50% independent, which is less than the recommended level. Three members of the eight-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial:

- At least 30% of directors are women
 - At least 40% of directors are women
 - Employee representative(s) sitting on the Board
 - Board members with demonstrated professional experience in the company's sector of activities
 - Board members with demonstrated expertise on CSR issues
- All directors have experience in the electricity industry.

Training and expertise provided to board members

Training is provided upon joining the Board.
The company reports that directors participate in induction programmes and are informed on the structure organisation of the Company.

Regular election of Board members

Board members are eligible for re-election following one-year term.

Evaluation of Board's functioning and performance

Information obtained from the company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO/Chairman/Board, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

- Health & safety
- Climate change
- Pollution prevention
- Anti-competitive practices
- Corruption
- Community relations

The CSR Report is included in the Annual Report which has been validated by the chairman.

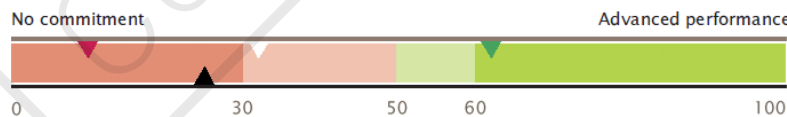
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90%
13 Board meetings were held during 2016, and the attendance rate was 94.2%.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independency
Carlos Temboury	Chairman											X		
Fernando Fort Marie														X
Walter Sciutto	CEO	X										X		
Carlos Alberto Solis		X										X		
Paolo Pescarmona												X		
Gianluca Caccialupi												X		
Mario Alberto														X
José de Bernardis														X

CGV2.1 Audit & Internal Controls

(score: 25, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

No specific committee is in charge of audit issues, which might raise concerns.

Skills and backgrounds of Audit Committee members

There is no Audit Committee in place.

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

The system covers the standard issues related to financial, operational, and legal risks.

- Health & safety
- Climate change
- Pollution prevention
- Anti-competitive practices
- Corruption
- Community relations

Role of the Audit Committee in overseeing internal and external controls

There is no Audit Committee in place.

Management of the CSR risks

Information obtained from the company and public sources regarding the management of the CSR risks is insufficient.

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

Independence of the firm's external auditors

The audit firm receives non-audit fees, but these represent only 5% or less of total fees.

There was no non-audit related service provided for the year 2016.

Inclusion of CSR issues in the company's reporting

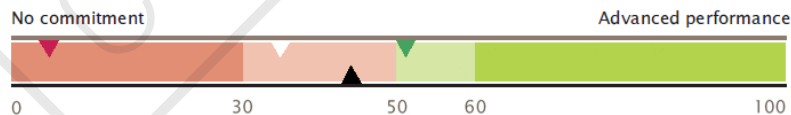
The company does not publish any significant CSR reporting on the key material issues for its sector.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV3.1 Shareholders

(score: 44, weight: 2)



- ▼ Sector minimum
- ▽ Sector maximum
- ▽ Sector average
- ▲ Company score

Nonexistence of voting rights restrictions

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

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

Ability to add items to the agenda of the AGM and to convene an EGM No major restrictions have been identified.

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

Ability to vote on relevant issues in separate resolutions at AGM *Not all major items are put to a shareholder vote. The following items are not put to a vote at the AGM:*
- Election of board members (a separate resolution for each member).

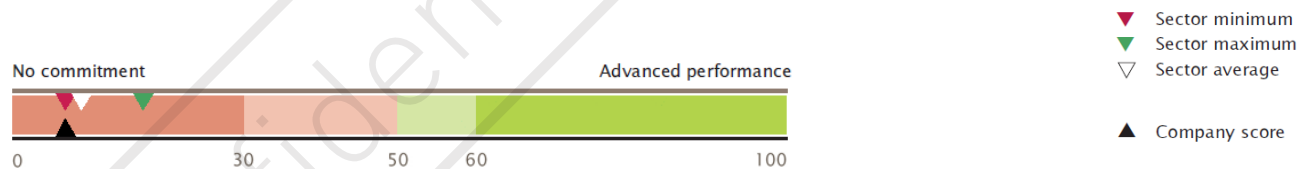
Presentation of CSR strategy to shareholders and investors Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

- Climate change
- Pollution prevention
- Corruption
- Health & safety
- Community relations
- Anti-competitive practices

Stakeholders' feedback A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV4.1 Executive Remuneration

(score: 7, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee No specific committee is in charge of executive remuneration, which might raise concerns.

Disclosure of senior executives' individual remuneration Disclosure of individual executive remuneration data for senior executives is insufficient.

Link between Short Term Incentive Plans and the performance of the company There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

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

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

Link between variable remuneration and CSR performance of the company

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

- Health & Safety*
- Climate Change*
- Pollution Prevention*
- Customer Satisfaction*
- Other*

Severance pay for senior executives

Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

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

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Confidential Information

Contacts

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