

Enel Generacion Peru

ISIN CODE: PEP700511004

Overall score 19/100

Sector: Electric & Gas Utilities Emerging Market

Companies in sector panel: 7

Information rate: 68% (Sector average: 59%)
Company cooperation level: Not responsive *

General information

Enel Generacion Peru (Enel Generacion) is primarily engaged in the electric power generation in Peru. The Company's facilities include approximately ten power stations, including hydroelectric power plants located in Peru. The Company was formerly known as Edegel and changed its name to Enel Generacion Peru in October 2016. The mother company (Enel) is also assessed by Vigeo Eiris.

Main Economic Segment**	Turnover 2016
Energy	63.0 %
Power	36.2 %
Other	0.8 %

CORPORATE GOVERNANCE		
	2015	2017
Score		19
Allegations		No
Rating		-
Risk management		Weak

■ Sector performance
■ Company performance
 Rating: min -- / max ++

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 Generacion's performance in the Corporate Governance domain has deteriorated and remains weak.
- No member of the Board is considered independent and there are no specific committees in charge of nomination, remuneration or audit in place. CSR issues do not appear to be reviewed or managed at Board level. Shareholders exercise one vote per share, but no online mechanisms are available to vote during the AGM and there is no evidence that shareholders are involved in the election of external auditors. Lastly, limited transparency is displayed regarding executive remuneration.
- Overall, the Company ranks below its sector peers.

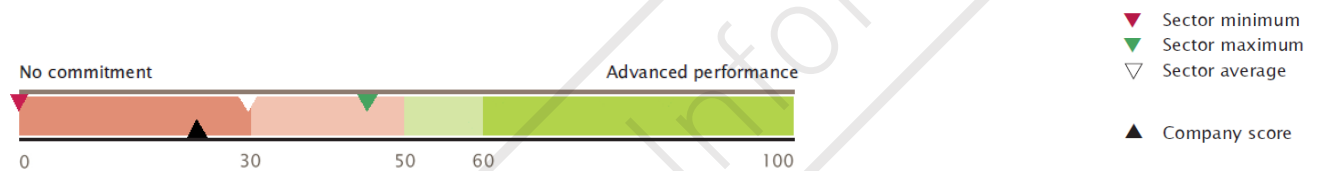
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 19

CGV1.1 Board of Directors

(score: 23, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

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

The Company reports that it does not have a Nomination Committee in place.

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 0 and 20% independent, which might raise concerns. No member of the 7-member Board is 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 generation sector.*

Training and expertise provided to board members

No training is provided.
The Company reports that no induction programme is in place for new Board members.

Regular election of Board members

Board members are elected every year.

Evaluation of Board's functioning and performance

The Company reports that performance assessments are not conducted on the Board's functioning and its members.

Review of CSR issues at Board meeting

Information obtained from the company and public sources regarding the review of CSR issues at board meetings is insufficient.

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

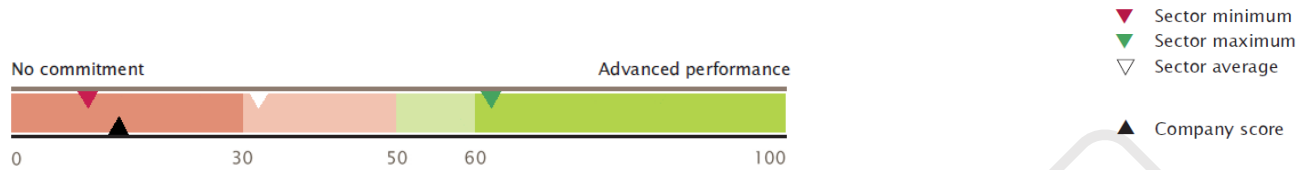
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are disclosed, but these are below 90%.
Thirteen Board meetings were held in 2016, and attendance rates were 84%.

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	Independence
Carlos Temboury	Chairman, Country Manager of Grupo Enel in Peru	X												
Marco Raco	General Manager at Enel Generacion Peru	X												
Eugenio Calderón		X												
Guillermo Lozada		X												
Rocío Pachas Soto		X												
Francisco García C.		X												
Claudio Herzka		X												

CGV2.1 Audit & Internal Controls

(score: 14, 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.

Role of the Audit Committee in overseeing internal and external controls

There is no Audit Committee in place.

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

The Board of Directors directly nominates the External Auditor upon the approval of shareholders.

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

Information obtained from the company and public sources regarding the independence of the firm's external auditors is insufficient.

The Company does not report the amounts paid to Caipo y Asociados, associate of KPMG, concerning audit and non-audit fees paid.

Inclusion of CSR issues in the company's reporting

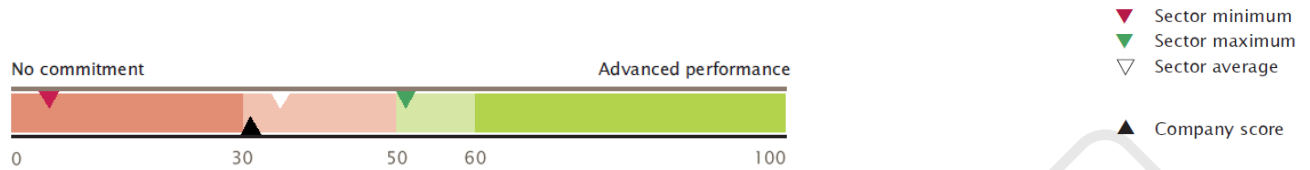
The company publishes significant CSR reporting on key material issues.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Enel Generacion Peru did not appear to be involved in any controversy related to this sustainability driver

CGV3.1 Shareholders

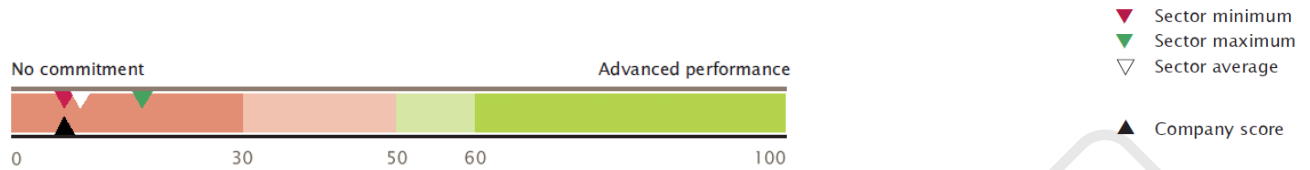
(score: 31, weight: 2)



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. <i>The Company reports not to have policies or procedures for related party transactions, but the Board of Directors approves transactions before these are performed.</i>
Ability to add items to the agenda of the AGM and to convene an EGM	Information obtained from company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient. <i>The Company reports that it does not have an AGM rulebook covering these issues.</i>
Access to voting at General Meetings	Shareholders' ability to vote is restricted. <i>The Company reports that there are no online or mail-based mechanisms to facilitate shareholder voting at AGMs.</i>
Ability to vote on relevant issues in separate resolutions at AGM	<i>Not all major items are put to a shareholder vote. The following items are not put to a vote at the AGM:</i> <ul style="list-style-type: none"> - Election of board members (a separate resolution for each member). - Selection of external auditors - Board fees
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. <ul style="list-style-type: none"> <input type="checkbox"/> Climate change <input type="checkbox"/> Pollution prevention <input type="checkbox"/> Corruption <input type="checkbox"/> Health & safety <input type="checkbox"/> Community relations <input type="checkbox"/> 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 <i>As of 09/2017, Enel Generacion Peru did not appear to be involved in any controversy related to this sustainability driver</i>

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.
The Company reports that it does not have a Remuneration Committee in place.

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

Bonuses are said to be linked to predetermined economic performance indicators, but these are not disclosed. The Company reports that bonuses are linked to annual revenues, but no further information is disclosed on this matter.

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.
The Company does not provide information on CEO compensation.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 09/2017, Enel Generacion Peru did not appear to be involved in any controversy related to this sustainability driver

Contacts

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