

# 2020

## Annual Report **CORPORATE GOVERNANCE**

Aprobado con Acuerdo de Directorio N° 042-2021-PP.  
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# 2020

Annual Report  
CORPORATE GOVERNANCE

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## I. PRESENTATION

PETROPERÚ S.A., like many national and global companies, was immersed during 2020 in unprecedented circumstances as a result of the global pandemic caused by COVID-19, the largest global risk event in recent years. Likewise, during this period, the hydrocarbon sector in particular, to which we belong, faced a considerable drop in the price of crude oil, the main matter for the refining of oil and its derivatives.

This situation has generated a new approach, forcing organizations to think about them from different angles or to assign new levels of priority to their activities and in many cases reinvent their way of working in order to reformulate systems and work modalities, always prevailing to preserve society within the so-called “new normal” so that from the perspective of corporate governance tools, practices are identified that allow organizations to successfully exit the situation generated by the COVID-19 pandemic.

A crisis generates changes and the result of these will depend on the way it is managed; especially if it remains in accordance with corporate governance practices. This situation has undoubtedly constituted new general perspectives for 2021.

PETROPERÚ S.A., as a Peruvian capital company, maintains its shareholding structure, in accordance with the Bylaws and the relevant legislation, guaranteeing transparency and access to information in accordance with current law and updating its structure and internal corporate regulations in accordance with the requirements of the market and the needs of the situation.

Lastly, PETROPERÚ S.A. is committed to the implementation of corporate governance practices, and we are aware that. This is a continuous process

## II. CORPORATE GOVERNANCE CODE

On May 28, 2018, through Agreement No. 047-2018-PP, the Board of Directors approved the new Code of Corporate Governance; which, in addition to adopting good international practices and the principles established in the “Code of Corporate Governance for Peruvian Companies”, is structured in a similar way to the latter, facilitating its study and comparison. In this way, the provisions of the last paragraph of numeral 3.1 of Article 3 of Legislative Decree No. 1292 - Legislative Decree that declares the safe operation of the North Peruvian Pipeline of public necessity and of national interest is complied with and provides for the reorganization and improvement of the corporate governance of PETROPERÚ S.A., it is hosted in the corporate governance section of the company’s website: <https://www.petroperu.com.pe/buen-gobierno-corporativo/>.

The Code develops 31 principles, grouped into 5 pillars: (i) Shareholders’ Rights, (ii) General Shareholders’ Meeting, (iii) Board of Directors and Management, (iv) Risk and Compliance; and, (v) Information Transparency.

Through Board Agreement No. 110-2020-PP, dated November 5, 2020, the Collegiate approved the modification of Principles 22, 25, 26, 28 and 31 of the Code of Corporate Governance of Petróleos del Perú - PETROPERÚ S.A. These Modifications were necessary due to the modification made to the Code of Integrity and Conflicts of Interest, the change in the corporate structure of the Company that the Internal Audit and Risks area reported to the Board of Directors; as well as, make the necessary clarifications on the Information Policy and the Corporate Governance Report.

In order to reinforce knowledge of our Code, during 2020, a series of talks was held to publicize its structure and the importance of implementing corporate governance practices in the company. Given the situation, virtual talks or webinars were held, which enabled the training of more than 600 workers from various managements of the Main Office and the different Operations.

## III. IMPLEMENTATION OF CORPORATE GOVERNANCE IN PETROPERÚ S.A.

The implementation of Corporate Governance in PETROPERÚ S.A. has been developing since 2012, constantly and progressively, the main tool being the development and application of the Corporate Governance action plans that are approved annually by the Board of Directors and implemented, throughout the year, by the different dependencies of the company with the advice and accompaniment of the General Secretariat.

At a Board meeting, held on December 16, 2019, the Corporate Governance Action Plan for the 2020 period was approved.

Every year, the General Secretariat develops the Corporate Governance Action Plan, taking into account the diagnoses made on the situation of Corporate Governance in the company. In this sense, the Corporate Governance Action Plan for 2020 incorporated, among others, part of the recommendations received from the consulting company that, based on the parameters of the Lima Stock Exchange, evaluated compliance with the Code of Corporate Governance for Peruvian Companies corresponding to the year 2019.

The annual action plans for Corporate Governance, developed over the last few years, allow PETROPERÚ S.A. to implement and maintain corporate governance standards, pursuing efficiency and effectiveness in the administration of the company. During 2020, based on the solid commitment and efforts made for continuous improvement, the results of the validation reflected the consolidation of various corporate governance practices in the daily actions of the different corporate managements and the governing bodies of the company.

The General Secretariat assisted with the development of the implementation of the Corporate Governance Action Plan for fiscal year 2020, also recorded progress and reported on them to the Corporate Governance Practices Committee.



## IV. COMPLIANCE WITH CORPORATE GOVERNANCE DURING 2020

The analysis of compliance with Corporate Governance takes as the main references to the Code of Corporate Governance of PETROPERÚ S.A., the Code of Corporate Governance for Peruvian Companies whose compliance report is presented as an annex to the Annual Report, to the Action Plan of Corporate Governance; as well as other national and international references, taking into account the pillars detailed below:

### 4.1 SHAREHOLDERS RIGHTS

PETROPERÚ S.A. has a Shareholders' Meeting Regulations, which are disseminated through the Corporate Governance Section of the corporate website.

These regulations detail the rights and responsibilities of the shareholder, as well as the procedures for the organization and development of the General Shareholders' Meetings, among others.

As established by the Bylaws, PETROPERÚ S.A. is wholly owned by the Peruvian State and therefore can only accept special assignments by express mandate approved by Supreme Decree and with allocation from the State budget.

It should be noted that in December 2020, through Supreme Decree No. 029 2020-EM, the Ministry of Energy and Mines granted a special order to PETROPERÚ S.A. for the provisional administration of the Concession of the Natural Gas Distribution System through the Concession's Pipeline Network South West; as a result of the departure of the Spanish Naturgy, in December 2020; The commission was awarded for a maximum period of three years and the resources for the execution of the special commission are provided by the Ministry of Energy and Mines.



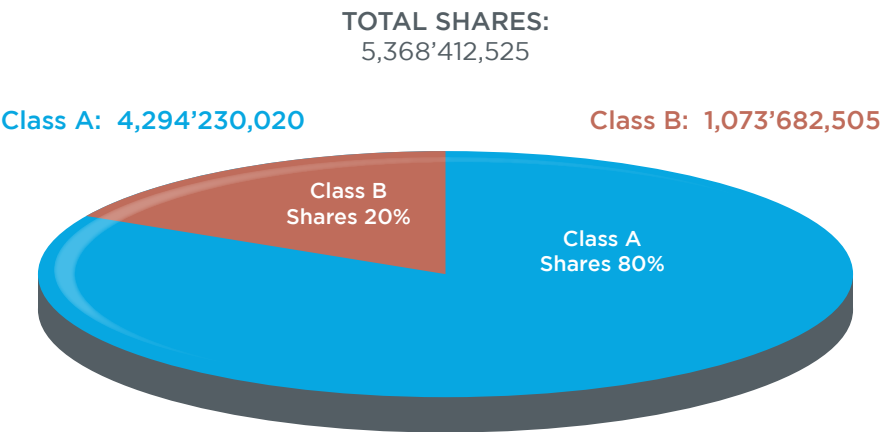
## 4.2 GENERAL SHAREHOLDERS MEETING

PETROPERÚ S.A.'s sole shareholder is the Peruvian State, which is represented at the General Shareholders' Meeting by five members, as indicated in Supreme Decree No. 014-2018-EM and its amendments:

- a) Minister of Energy and Mines, who chairs the Board.
- b) Minister of Economy and Finance.
- c) Vice Minister of Hydrocarbons of the Ministry of Energy and Mines.
- d) Vice Minister of Finance of the Minister of Economy and Finance.
- e) Secretary General of the Ministry of Energy and Mines.

Each member of the General Shareholders' Meeting represents 20% of the shares of the capital stock, as indicated in Article 1 of the aforementioned Supreme Decree.

At the close of fiscal year 2020, PETROPERÚ S.A. maintains a capital stock of S/.5,368'412,525, represented by the same number of shares distributed as follows:



In April 2020, the General Shareholders' Meeting met and agreed to modify articles 26, 42 and 43 of the Bylaws, empowering the Board to meet in non-face-to-face sessions, guaranteeing the authenticity of the agreements, meeting the requirements of convocation, quorum and majorities established in the Bylaws. Likewise, among the modifications, it is incorporated that the minutes must state whether or not the session was in person. Subsequently, in July, the share capital increase, the Audited Financial Statements and the Annual Report of PETROPERÚ S.A. corresponding to the 2019 period were approved.



## 4.3 BOARD OF DIRECTORS AND MANAGEMENT

### a) Formation of the Board of Directors

De In accordance with the Regulations for the Internal Organization and Operation of the Board of Directors, the Board of Directors of PETROPERÚ S.A. is made up of six directors: two independent directors, three non-independent directors and a director representing the workers. In April 2020, Mr. Eduardo Alfredo Guevara Dodds joined the collegiate, after his incorporation the induction program was developed, in accordance with the policies and procedures of PETROPERÚ S.A.

The composition of the Board of Directors of PETROPERÚ S.A. as of December 31, 2020 was as follows:

NOMBRE	FECHA DE INICIO	CONDICIÓN	REFERENCIAS
Raúl Ricardo Pérez – Reyes Espejo	22/04/19	No Independent	Economist from the University of Lima. He has completed a Master’s degree in Economics at the Center for Economic Research and Teaching (CIDE) and has a PhD in Economics from the University of Las Palmas in Gran Canaria in Spain. Specialized in competition policies and regulation of public services.
Jaime Augusto Aguirre Guarderas	20/06/19	No Independent	Economist from the Universidad del Pacífico, graduated from the first class of the Independent Board Members Program at CENTRUM (Pontificia Universidad Católica del Perú), he obtained an MBA degree with a specialization in international business from Pace University, New York. He has served as an Independent Director at Mercantil S.A. since January 2019 and Chairman of the Board of Directors of Cargo Transport, Campos Group since December 2018.
Eduardo Alfredo Guevara Dodds	06/04/20	No Independent	Lawyer from the Pontificia Universidad Católica del Perú and Master of Laws from the Southern Methodist University of Dallas, Texas. He has more than 20 years of professional practice as legal advisor to companies in various industries, including the hydrocarbons, telecommunications, aeronautics and mining sectors. He recently served as Vice Minister of Hydrocarbons in the Ministry of Energy and Mines, being responsible for monitoring the policies and regulatory issues of the entire hydrocarbon industry.
Hernán Barros Cruchaga <sup>1</sup>	02/12/16	Independent	Business Administrator from the Univ. del Pacífico, with an MBA from the U. of Texas at Austin, McCombs of Business. He has extensive experience in financial work in national and international companies (Quanted Asset Management, Biscayne Americas Advisers, among others).
José Del Carmen Cabrejo Villagarcía	01/02/19	Independent	Doctor of Law from the Pontificia Universidad Católica del Perú (candidate). Master of Law in Securities and Financial Regulation from Georgetown University, as well as Master of Finance and Corporate Law (candidate) from ESAN University and Master of International Economic Law from Pontificia Universidad Católica del Perú. In the public sector, he has served as an advisor in Concession and Infrastructure Projects (Project Finance) and Advisor attached to the Commission for the Defense of the Consumer and Regulatory Bodies of the Congress of the Republic of Peru. He has served as Director - Manager of International Business Legal Advice.

<sup>1</sup> As of June 2018, Mr. Hernán Barros Cruchaga changed his condition; from being a Non-Independent Director to becoming an Independent Director.

b) Profile of the members of the Board of Directors

For their appointment or during their tenure, directors must meet at least the following requirements:

- i. Have moral solvency, competence and accredited professional experience.
- ii. Not to hold positions or functions of representation, direction or advice in competing companies, or the performance of those same positions or functions in companies that hold a position of dominance or control in competing companies.
- iii. They may not hold the status of members of the Board of Directors who, by themselves or through an intermediary, hold positions in companies that are customers or regular suppliers of goods and services of PETROPERÚ S.A., are representatives of said companies or are linked to them, provided that this condition may give rise to a conflict or collision of interests with those of PETROPERÚ S.A.
- iv. Directors may not be the incapacitated, the bankrupt, those who due to their position or functions are prevented from exercising business, people who have a pending lawsuit with PETROPERÚ S.A. as defendants or are subject to a social responsibility action initiated by PETROPERÚ S.A. or are prevented by mandate of a precautionary measure issued by the judicial or arbitration authority.
- v. They must not be involved, directly or indirectly, in a judicial process that, in the opinion of the Board of Directors, could endanger the reputation of PETROPERÚ S.A.

c) Election of independent members

Our internal regulations indicate that they could be considered as independent directors, who meet at least the following requirements:

- i. i. Develop a full and qualified professional activity outside the Board of Directors.
- ii. Maintain a financial situation that allows you to presume your financial independence from the remuneration you may receive for participating in the Board of Directors.
- iii. Have a professional and personal profile that allows you to show off your independence.
- iv. Not be an official or public servant.
- v. Not having had an employment relationship with PETROPERÚ S.A. or a significant commercial or contractual relationship with the company, in the two years prior to their appointment.
- vi. Not having litigation or conflict of interest with the company.

As of January 1, 2020, the Guidelines for the qualification of independent directors, approved by Resolution SMV No. 016-2019-SMV / 01, came into force, for which the company is committed to complying with the established requirements, in case of incorporation of new independent directors. It is important to point out that, during 2020 there was no incorporation of independent directors in the collegiate; Notwithstanding this, and in line with the application of the aforementioned Guidelines, the Affidavit of Compliance with Conditions for the Independent Director of PETROPERÚ S.A. was approved, which will be requested to be signed when the General Shareholders' Meeting designates a new independent director; as well as, it will be subscribed annually by the members of the Board of Directors who have this condition.

d) **Directors' attendance to 2020 Board meetings**

During the 2020 period, the Board of Directors held a total of 47 meetings; in which we highlight the attendance of the directors to the sessions held during each of their periods, denoting the interest and commitment of the members of the Board of Directors in fulfilling their functions and the Annual Work Plan of the Board for 2020, as seen in the following table<sup>2</sup>:

DIRECTOR	% ASSISTANCE
Eduardo Alfredo Guevara Dodds	97.87
Hernán Barros Cruchaga	100
José Del Carmen Cabrejo Villagarcía	100
Raúl Ricardo Pérez - Reyes Espejo	97.87
Jaime Augusto Aguirre Guarderas	100

<sup>2</sup> The table shows the attendance of the members of the Board of Directors who held these positions at the close of fiscal year 2020.

e) **Board Committees**

At the end of the 2020 period, the Board of Directors of PETROPERÚ S.A. has four (04) Committees to support the Board:

- i. Audit and Control Committee.
- ii. Committee of Corporate Governance Practices.
- iii. Administrative Committee.
- iv. Innovation and Business Development Committee.

Each of the Board Committees is made up of three Directors, two of whom have the status of Independent Directors.

In this regard, we can highlight the fact that the chairmanship of each Committee was occupied by the Independent Directors; Thus, Mr. Hernán Barros Cruchaga, chaired the Administration Committee and the Audit and Control Committee, while Mr. José Del Carmen Cabrejo Villagarcía chaired the Corporate Governance Practices Committee and the Innovation and Business Development Committee.

It is noteworthy that the Board Committees of PETROPERÚ S.A. met properly and consecutively, during the 2020 period, in accordance with their Regulations and corresponding work plans. Thus, the Audit and Control and Administration Committees each met four times, while the Corporate Governance Practices Committee met five times and the Innovation and Business Development Committee held two sessions

The Board Committees, during 2020, mainly supervised the following topics:

i. **Audit and Control Committee**

Report on risks related to strategic objectives and implementation of the Internal Control System, Monitoring and control over cases of complaints against ethics, conflicts of interest, fraudulent use of assets and transactions between interested parties, Results of audit reports issued by the Body of Institutional Control of 2020 and action plans to implement its recommendations, Compliance with the Internal Standards of Conduct, Actions of the Internal Control Body and audits carried out in aspects of internal control, Control of the Operating Budget and Investments 2020, among others.

ii. **Committee of Corporate Governance Practices.**

Supervision of the attention to inquiries received through the email investorsrelations@petroperu.com.pe, Social Responsibility Activities, Report on Corporate Governance training for PETROPERÚ workers,





Responsibilities of Directors, Advances of the BGC Action Plan, Supervision of the attention to requests for information by the Transparency Law. In addition, topics such as: Report on compliance with the Code of Corporate Governance for Peruvian Companies for fiscal year 2019, Annual Corporate Governance Report 2019, among others, were submitted for approval by the Committee.

**iii. Administrative Committee:**

Supervision of compliance with the Training Policy, compliance with the Annual and Five-Year Objectives 2019 - 2023, Improvement of the Family Medical Assistance Program - PAMF, Actions to face the fall in oil prices and the COVID-19 Pandemic, labor issues, Management of Cultural Change, New Salary Policy, Performance Management Process and Succession Plans, among others.

**iv. Innovation and Business Development Committee:**

Evaluation of energy efficiency projects and business models for renewable energies; Work Plan of the electric charging stations and services in the Service Stations of PETROPERÚ S.A.; the company's commercial strategy, in the storage and refining sectors; Cybersecurity implementation, among others.

**f) Board Evaluation**

The Board of Directors, Board Committees and Directors Evaluation Policy approved in November 2018, establishes two evaluation systems:

- i. Internal Evaluation (carried out by the Directors regarding their work).
- ii. External Evaluation (carried out by an external evaluator to PETROPERÚ S.A.).

The Directors individually and collectively, go through a process of evaluation of their work on an annual basis, to ensure a correct performance of their duties and optimize their work.

These evaluations highlight the work carried out by the Directors regarding their participation in the Board of Directors, in the Board Committees and individually, thus giving value to individual and group work.

In this sense, in application of the Evaluation Policy of the Board of Directors, Board Committees and Directors of PETROPERÚ S.A., an external evaluation process of the Board of Directors, directors and Board Committees is being developed for the period 2019.

**g) Management**

In a correct application of the segregation of functions, during the year 2020, none of the members of the Board of Directors has formed the Management team of PETROPERÚ S.A.

The position of Chairman of the Board of Directors and that of General Manager are held by different persons, and each of them performed their duties in accordance with the provisions of the Internal Regulations for the Organization and Operation of the Board of Directors and the Bylaws, as appropriate.

In 2020, the Administration has developed various actions related to corporate governance practices, which are detailed below:

**- Evaluation of the General Manager**

The evaluation of the General Manager for the period 2019, in accordance with the criteria approved by the Board of PETROPERÚ S.A.

**- Internal Communication**

As of March, given the onset of the health emergency situation caused by the COVID-19 pandemic, it was necessary to adapt internal communications to the virtual environment.

An intense preventive campaign was carried out aimed at the care and protection of PETROPERÚ S.A. workers, to reduce the chances of contagion of COVID-19. Likewise, the communicational accompaniment was carried out in the process of adaptation to the new work modalities (remote, mixed, face-to-face and compensation).

Likewise, support was provided for the dissemination of the main issues and ongoing projects of our organization in matters of transparency and integrity, corporate governance, social management, safety, environmental protection, physical and emotional well-being, health care, among others.

On the other hand, as part of the optimization of internal dissemination channels, the Yammer platform was implemented, a social network that will allow us to promote and enhance interaction between our co-workers, fostering the recognition and transmission of horizontal information.

**- Meetings with the Chairman of the Board and General Manager**

In 2020, the development of spaces for dialogue between Senior Management and the workers of the various headquarters and managements was carried out virtually, weekly talks were held led by the General Management and the Presidency of the Board of Directors. More than 500 workers participated,

establishing a direct communication channel with the Company's executives. This allows not only to establish a direct communication channel, but also to show the principle of horizontality among all members of the company.

Likewise, fortnightly informational meetings of the General Management were implemented with the workers at the corporate level, which allow informing about the company, the evolution of the prevention measures implemented in the face of COVID-19 and answering the direct inquiries of the workers.

**- Information policy**

The Policy was communicated, denoting the organization's commitment to comprehensive, truthful, understandable, effective and auditable communication; highlighting principles such as transparency and dialogue with our stakeholders, determining that information that is confidential and / or secret within the framework of current regulations.

**- Working Environment**

In June 2020, PETROPERÚ S.A. carried out its work environment study, which evaluated ten dimensions: Institutional and communication aspects, strategic alignment, professional development, working conditions, well-being at work, leadership, teamwork and collaboration, recognition and rewards, bullying and harassment, as well as safety and inclusion.

The study was carried out in a 100% virtual modality, achieving a scope of 2010 collaborators at the corporate level.

The general results of the study were 79% favorable perception of the work environment, 90% commitment and 80% satisfaction; These results stand out above the average since, according to the methodologies applied in climate measurement, a result from 65% of favorability index is considered a strength and from 75% a dominant strength.

Therefore, according to the study, we could affirm that the workers of PETROPERÚ S.A. are satisfied with the value proposition used in 2020.

**- Performance Management:**

It is a key process within our Human Talent Management, it allows us to measure the contribution of value of the workers, counting on individual objectives and competencies aligned to the company's Strategy, promoting staff development.

The methodology used for the 2019 Performance Management Process, developed during 2020, was 360° (Levels 3 and 4), and 180° (Levels 5 and 6), evaluating Objectives / Mission of Position and Competencies, evaluating 100% of the scheduled personnel (2,126 workers).





#### - **Training:**

The 2020 Annual Training Plan was approved considering the situation due to the economic and social impact of COVID-19 at the national and international level.

In this context, computer tools were enhanced, the Virtual Classroom was implemented, access to which was made available to all staff, where programs, conferences and courses with various topics related to the company's corporate purpose are housed.

As of December 31, 2020, 128,400 hours of training were executed, which exceeded the goal of 104,500 hours planned.

#### - **Change Management**

This project adopts Prosci's ADKAR methodology, through which support is provided to the main projects, thus reducing resistance and accelerating the adoption of changes; such as:

- Petroperú Evolucionaria, project symbol of the evolution of the company in its commercial strategy, processes and visual identity.
- New Talara Refinery: New Talara Refinery Management Model Project, New Laboratory Management System Project, New Operating System Project, New Asset Management System Project, New HSE System Project

The reinforcement of the experience of the corporate values of the company was deployed: Transparency, Integrity, Efficiency, Focus on people and Safety and Sustainability.

Likewise, during 2020, PETROPERÚ S.A. implemented a Diversity and Inclusion Policy with the commitment to adopt equity, diversity and inclusion of the Company's workers and stakeholders. This Policy will allow prioritizing people from their individuality as the fundamental agent of the organizational objectives and within the framework of the sustainable development objectives.

Likewise, the Inter-institutional Agreement with the Ministry of Women and Vulnerable Populations, signed in September 2019, is maintained.

## 4.4 RISK AND COMPLIANCE

### 4.4.1 Internal Control and Risk Management

The Internal Control and Risk Management function is in charge of the Internal Audit and Risk Management, which reports to the Board of Directors.

With respect to the Internal Control System, its implementation is continuous and the responsibility for the development, strengthening and generation of the internal control culture is shared with all the personnel of PETROPERÚ S.A.; in this sense we indicate the following:

- Regarding the implementation of the Internal Control System (ICS), we have an “Optimal ICS” Maturity Level, obtaining a rating of 3.88 at the end of 2020. The evaluation of each component is detailed below:

SCI COMPONENTS	NUMBER OF QUESTIONS IN QUESTIONNAIRE SCI-CGR	AMOUNT OF EVIDENCE OF COMPLIANCE ANALYZED	SCI EVALUATION AS OF 31.03.20		SCI EVALUATION AS OF 31.12.2020	
Control Environment	18	226	3.40	Optimal SCI	3.68	SCI Óptimo
Risks Assessment	15	126	3.84	Optimal SCI	3.92	SCI Óptimo
Control Activities	15	193	3.03	Optimal SCI	3.78	SCI Óptimo
Information and communications	11	58	3.61	Optimal SCI	4.00	SCI Óptimo
Supervision	4	12	3.33	Optimal SCI	4.00	SCI Óptimo
SCI	63	615	3.44	OPTIMAL SCI	3.88	OPTIMAL SCI

This level of maturity indicates that the conditions to implement the SCI exist, are formalized, are operating, there is documentary evidence of compliance, and show efficiency and effectiveness.

Regarding the Risk Management System, at the end of 2020 there was comprehensive progress in the implementation of action plans to address risks in strategic objectives 2019 - 2023 in the order of 74% and in all strategic objectives, more than 50% of total action plans established to address risks were implemented.

Within the context of Covid-19, the international drop in oil prices and the resurgence of the pandemic at the national level, the most critical risks were prioritized, and the risk matrices were updated to continue their monitoring.

Both systems were supervised by the Board of Directors during 2020

### 4.4.2 Government control

PETROPERÚ S.A. is within the scope of the National Control System, carrying out its work according to guidelines and policies established by the Office of the Comptroller General of the Republic.

### 4.4.3 External Audit

The Board of Directors of PETROPERÚ S.A. is responsible for proposing to the General Shareholders’ Meeting the criteria for selecting the auditing companies for their approval. These criteria are incorporated into the bases of the public merit contest carried out by the Office of the Comptroller General of the Republic for the appointment of the auditing company of financial statements of PETROPERÚ S.A.

Once the result of the process is available, it is submitted to the General Shareholders’ Meeting for consideration so that the appointment of the auditing company can be formalized.

For fiscal year 2020, with Letter No. 000002- 2021-CG / GSOA, the Office of the Comptroller General of the Republic exceptionally authorizes PETROPERÚ S.A. to contract the Audit Society Gaveglio, Aparicio y Asociados, Sociedad Civil de Responsabilidad Limitada, for the expansion of the period of the financial audit and special examination of the budget information for the year 2020.

### 4.4.4 Prevention Systems

Since May 2018, the position of Compliance Officer was incorporated into the Basic Structure of PETROPERÚ S.A., in charge of overseeing the design, implementation and operation of the System for the Prevention of Money Laundering and Terrorism Financing; as well as, to safeguard the implementation of the Corruption Crimes Prevention System and to monitor the design, implementation and operation of the Corruption Crimes Prevention System and the Money Laundering and Terrorism Financing Prevention System; as well as directing the operation of the Integrity and Transparency System of the company; endowing it with autonomy and independence in the exercise of the function; with a direct report to the Board of PETROPERÚ S.A.



During 2020, we can highlight the following actions regarding the aforementioned matters:

- **Integrity System**

To strengthen the ethical culture in the company, the following components are developed: prevention, detection and response.

Prevention:

PETROPERÚ S.A. has an Integrity Code, Antifraud and Anticorruption Policy, and Integrity System Guidelines, documents that guide the conduct of workers and are disseminated among the different interest groups, in addition to being part of the contracts or agreements that under any type of contract is signed with any natural or legal person.

Likewise, PETROPERÚ S.A. seeks the continuous strengthening of a culture of integrity, based on its clear position of Zero Tolerance against fraud, corruption, bribery and any irregular act.

As a strengthening of the ethical culture of PETROPERÚ S.A., the General Management approved the Awareness, Dissemination and Training Plan of the Compliance Office 2020; developing 34 training activities on issues of ethics, integrity, transparency and access to public information, with the participants 1265 workers nationwide.

In July, the Senior Management of PETROPERÚ S.A. signed the Commitment to Integrity and Fight Against Corruption, as part of the work that has been carried out to strengthen its culture of integrity, ethics and transparency, in accordance with the strengthening of Corporate Governance.

Detección:

PETROPERÚ S.A. has a complaints channel or integrity line which functions as a confidential complaint system 24/7; It is operated by an independent company, in order to guarantee the confidentiality of the identity of the complainant and avoid reprisals against whoever complains. ([www.lineadeintegridadpetroperu.com](http://www.lineadeintegridadpetroperu.com)). This line makes various channels available so that workers and citizens can report any deviation from our standard of conduct, being public on the Company's website.

Response:

The Integrity Committee is the autonomous and independent body in charge of dealing with breaches and / or irregularities with respect to the Integrity Code of PETROPERÚ S.A. and related regulations, guaranteeing impartiality and objectivity in the evaluation of irregular cases or events that may arise. .

As a result of the handling of complaints by the Integrity Committee, during 2020, 135 complaints have been received, of which 94% have been addressed at the end of the report and 6% are under investigation. As a result of the investigation of the complaints, administrative responsibilities of the workers have been determined, which has led to the application of 5 disciplinary measures.

In 2020, 9 cases of real conflict of interest and omission of information were identified to declare in the Commitment to Adherence to the Integrity System.

- **Agreement with PROÉTICA**

In 2019, PETROPERÚ S.A. signs an Interinstitutional Cooperation Framework Agreement with the aim of establishing a cooperative relationship between the parties, aimed at promoting the transparency of information in PETROPERÚ S.A., through innovation in open public contracting and the promotion of a culture Ethics, within the framework of Corporate Governance practices, in order to provide complete, truthful, legible and timely information to stakeholders and promoting zero tolerance for possible corruption events, in line with the Modernization and Fight Policies against Corruption.

During 2020 and as part of the strengthening of integrity and transparency management in PETROPERÚ S.A., PROÉTICA supported the contests held within the framework of the third Anniversary of the Integrity System and conferences for the Day of Access to Public Information in the month September.

Likewise, it facilitated the participation of prominent exhibitors on issues of transparency, good management practices, in order to increase awareness and share experiences with the officials responsible for providing public information in the Company and / or sensitive areas of it.

- **Corruption Crime Prevention System**

The elements of the Prevention System are:

1. The Prevention Officer appointed by the Board of Directors: PETROPERÚ S.A., is the Compliance Officer. It has Independence and Autonomy since it reports to the Board, directly or through its President.
2. The Identification, Evaluation and Mitigation of Corruption Risks, which begins with the analysis of inherent and residual risks of the relevant processes that are part of our Company's work. As well as the Policies for specific sensitive areas; which are controls focused on particularly sensitive areas of the Company, and managed by certain Management and / or Company Systems.
3. The Implementation of the Complaint Procedure: PETROPERÚ S.A. has an Integrity Line as a Complaint Procedure.
4. The Communication and Periodic Training of the Prevention System.
5. The Evaluation and Continuous Monitoring of the System, which allow strengthening and incorporating continuous improvement actions to the Corruption Crime Prevention System.

- **Anti-Bribery Management System ISO 37001: 2016**

In 2020, PETROPERÚ S.A. began the implementation of the referred Management System in accordance with the ISO 37001:2016 Standard in two key processes within the company, such as "Purchases and Contracts" and "Purchases of Hydrocarbons and Biofuels", hoping to complete with the implementation and obtain the international certification, between July and August of the year 2021.

- **System for the Prevention of Money Laundering and Financing of Terrorism**

PETROPERÚ S.A. as a company that produces and markets chemical inputs that could be used in the manufacture of drugs and / or explosives; within the framework of Law No. 27693 and amending regulations such as Law No. 29038, has the quality of Subject Obligated to implement a System for the Prevention of Money Laundering and Financing of Terrorism, of general scope; in order to prevent being used in Money Laundering and / or Terrorism Financing operations; reporting to the Financial Intelligence Unit of the Superintendency of Banking, Insurance and Private Pension Fund Administrators.

## 4.5 INFORMATION TRANSPARENCY

### 4.5.1 Law of Transparency and Access to Public Information

As a State Company, PETROPERÚ S.A. complies with the Law of Transparency and Access to Public Information, and at the same time reaffirms its commitment in the Fight against Corruption as a socially responsible company promoting greater spaces of transparency and accountability, as part of the strengthening of corporate governance and institutions.

During 2020, the Corporate Transparency Policy was updated, through which PETROPERÚ S.A. is committed to developing the value of transparency as a mechanism to fight corruption in all the management of its commercial, operational and administrative processes; as part of good practices to prevent, detect, punish and eradicate corruption, in line with the corporate values of integrity and transparency.

PETROPERÚ S.A. appointed six officials responsible for providing publicly accessible information, at the national level, according to their sphere of influence or geographic space. Likewise, it appointed the official responsible for updating and publishing information on the Transparency Portal, which contains public information on business management, being of permanent, monthly, quarterly and annual frequency.

The channels implemented by PETROPERÚ S.A. to attend to requests for public information are:

- eMail: [comisión\\_transparencia@petroperu.com.pe](mailto:comisión_transparencia@petroperu.com.pe)
- Documentary Procedures Offices in each of the PETROPERÚ S.A. headquarters at the corporate level.
- Online portal in the Transparency Portal: <https://www.petroperu.com.pe/transparencia/solicitud-de-acceso-a-lainformacion-publica/>

During 2020, 360 requests for access to public information were received, which have been fully addressed. 13 of them being denied by PETROPERÚ S.A. for being in the case of Confidential, Secret or Reserved information, and 10 were partially public.

4.5.2 Investor relations

PETROPERÚ S.A. has its capital stock represented in 2 Classes of Shares; Class A Shares that represent 80% of said capital and Class “B” Shares that represent the remaining 20% of the Capital Stock of PETROPERÚ S.A., the latter are registered in the Public Registry of the Securities Market and in the Securities Registry of the Lima Stock Exchange, for which the company is obliged to report the following:

- 1. Important facts related to the company.
- 2. Periodic information to the stock market through the publication of financial statements and qualitative reports sent to the Superintendency of the Stock Market.

The company has an area that directly attends to requests for information generated by investors or potential investors of the company.

To facilitate access to information by investors, an Investor Relations Website has been created, which can be accessed from the PETROPERÚ S.A. corporate website.

Additionally, the mechanisms used for relations with investors are:

- Earnings Releases, which provide information on the financial, management and operations performance of the company on a quarterly basis.
- Press Releases issued when a relevant event occurs that may affect the decision-making of investors or for knowledge from the main source.
- Investor Relations has an email mailbox created mainly to respond to inquiries from investors or potential investors: [investorrelations@petroperu.com.pe](mailto:investorrelations@petroperu.com.pe)

4.5.3 Relations with our Stakeholders

PETROPERÚ S.A. has identified the prioritized stakeholders:





The Social Management Plans during 2020 were implemented under 3 lines of intervention: Social Viability, Social Investment and Governance and Leadership, which are applied under the concept of vertical integration of the business to cover all operating units in a transversal manner, ensuring for its compliance and validated with the expectations and needs of the different interest groups, thereby contributing to the generation of income for PETROPERÚ S.A. as well as the maintenance of the producing source. It should be noted that the effects of COVID-19 suspended for a period of almost 3 months the direct actions programmed in the Management Plans due to the suspension of activities, especially in the North Peruvian Pipeline and the autonomous decision of the communities to isolate themselves as preventive measure against contagion.

On the other hand, in 2020, PETROPERÚ S.A. presented for the eighth consecutive year its Sustainability Report, corresponding to fiscal year 2019, which follows the guidelines of the GRI standards of essential compliance.

The Report was submitted to an external verification process, which covered the exercise of dialogue with stakeholders, the materiality analysis and the validation of 18 material topics that include the validation of 33 indicators of general basic content, 3 of management approaches 31 of thematic content associated with the GRI indicators, all of them at the level of detail required by the GRI Standards.

In relation to the Business Monitor of Corporate Reputation - MERCO - which measures the reputation of the main companies worldwide; In the ninth edition of the Merco Empresas del Perú 2020 Ranking, PETROPERÚ S.A. was ranked 44th out of the top 100 companies in reputation in the country.

## V. ASSESSMENT OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

An annual evaluation of the degree of compliance with the principles of Corporate Governance in PETROPERÚ S.A. is carried out. In a first stage, a self-evaluation process is carried out by the General Secretariat, based on the evaluation parameters set by the Stock Exchange. Values of Lima for participation in the recognition of Corporate Governance practices that this entity grants.

In June 2020, the validation process for the 2019 period was carried out, by the validating company Mercados de Capitales y Finanzas - MC&F SA, obtaining a total of 83.73% degree of compliance





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