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2018 / SUSTAINABILITY  
REPORT

**ENERGY  
THAT  
TRANS-  
FORMS  
US**



**YPF**  
LUZ



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**2018 / SUSTAINABILITY  
REPORT**

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# MESSAGE FROM THE CHAIRMAN

GRI Contents 102-14



Energy is key to all aspects of our development.

Social development, quality of life, economic, and industrial growth in any country bears a direct relationship to its overall energy consumption.

However, our quality of life in 2020 will also have a compelling and direct connection to climatic events—a connection that requires making such growing energy demand compatible with the need for a sustainable future, with low carbon emissions, and high energy efficiency, technological development and responsible production.

It is towards strengthening our role as responsible energy producers that, for almost a decade now, YPF has been making progress with an energy transition which began with the foundation of YPF Energía Eléctrica S.A.—currently YPF LUZ—a sustainable electric power generation company, focused on producing enhanced and more efficient thermal and renewable energy.



YPF LUZ contributes to Argentina's efficient energy development, by complementing its natural gas-based thermal energy with renewable energy.

YPF's commitment to sustainability is strong as a company value, guiding our decisions and transformations, as well as all our generation processes.

Since we value strong and long-lasting relationships, sustainability is also at the core of our relationship with the community, our associates, suppliers, clients and partners at each site where we conduct business, through dialogue, transparency, ethics, and social commitment.

Today, we are proud to present the first Sustainability Report of YPF LUZ—an opportunity to share with all of you our economic, social and environmental performance, as well as the challenges faced by a company which, in only six years, has managed to position itself among Argentina's leading power generation companies.

This report was prepared under the international Global Reporting Initiative (GRI) standard and was subject to external review and approval, so as to provide full assurance of the transparency, accuracy and conformance of the information disclosed.

I invite you to read it to get to know in detail our development and sustainable performance in 2018.



**Marcos Browne**

Chairman of YPF LUZ

Executive Vice-Chairman of YPF Gas and Energy

# MESSAGE FROM THE CEO

GRI Contents 102-14, 102-15



2018 brought about major challenges and achievements for YPF LUZ. With an investment of USD 352 million and an EBITDA of USD 268 million, and having consolidated a strong team, we delivered our expected results, amidst a context of transformation in the energy industry.

We launched the YPF LUZ brand, and defined and made progress with the first stage of our strategic plan, which seeks to produce 5,000 MW of efficient thermal and renewable power within five years.

We defined our vision, mission and values through a process which engaged all our employees, clearly reflecting what we are and what we aspire to be individually and as a team.

With the construction and acquisition of new thermal power plants, and the development and start-up of Manantiales Behr, our first wind farm in Chubut, we managed to close the year with an installed capacity of 1,819 MW, which will soon be expanded by additional 637 MW currently under construction.

YPF LUZ supplies 6% of the energy consumed in Argentina, and contributes to the energy supply of YPF's operations, which accounts for 17% of Argentina's total energy demand.

Regarding the environment, and strongly focused on minimizing the impact of our operations and boosting efficiency in our power generation processes, in 2018 four of our thermal power

plants certified under the energy efficiency standard ISO 50001, and we are committed to continue working to have more operations certified under the same standard in the short term.

In Neuquén, we have planted and are caring for 100,000 poplars that make up a 132-hectare green lung, fully irrigated with the liquid effluents of the power generation process of the Loma Campana Complex, at the core of Vaca Muerta. This initiative contributes to the fixing of approximately 3,024 tons of CO<sub>2</sub> per year.

At the Tucumán Power Generation Complex, we cooperated with the Provincial Re-forestry Program led by the Argentine Secretariat of Environment, undertaking the commitment to contribute 1.8 million trees in 10 years. In 2018, we contributed 100,000 seedlings to be used for forestry and re-forestry purposes in degraded areas of Tucumán.

Our people are our most valuable asset, since they allow us to grow and differentiate as a company. Therefore, we are committed to their safety, training and wellbeing. In 2018, out of a total of 1,671,345 hours worked, we had no computable accidents with loss of day worked both among our own employees and our contractors. We are proud of this achievement, which reveals the key role culture plays in training, prevention and awareness on this matter. In addition, we offered 12,542 hours of training with an average of 42 hours of training per employee.

We also strengthened the bond with each of the communities where we operate, by developing initiatives to encourage dialogue and engagement. We developed an open and traceable grievance mechanism, available to all stakeholders. In addition, in Tucumán, we worked on a project with eight primary schools in El Bracho district, where we implemented an entrepreneurship program with company volunteers.

Looking forward, our commitment is to achieve sustainable growth in our operations, pursuing operational excellence with financial discipline and efficient and comprehensive processes, to become one of the leading companies in the electric power generation sector, leader in renewable energy, particularly focused on caring for the environment and creating social value, amidst the global transformation of the energy industry.



**Martín Mandarano**  
CEO of YPF LUZ



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# CONTENTS

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## **MESSAGE FROM THE CHAIRMAN**

PAGE 02

## **MESSAGE FROM THE CEO**

PAGE 04

## **1. ABOUT US**

PAGE 08

## **2. GOVERNANCE, ETHICS, AND INTEGRITY**

PAGE 14

## **3. SUSTAINABILITY**

PAGE 24

## **4. ECONOMIC PERFORMANCE**

PAGE 34

## **5. ENVIRONMENTAL PERFORMANCE**

PAGE 54

## **6. OUR PEOPLE**

PAGE 66

## **7. SOCIAL PERFORMANCE**

PAGE 80

## **8. TABLE OF GRI CONTENTS**

PAGE 84





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1.

# ABOUT US





# COMPANY PROFILE

GRI Contents 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, EU1, EU2

**WE ARE A YOUNG AND DYNAMIC COMPANY WHICH, IN A FEW YEARS, HAS MANAGED TO POSITION ITSELF AMONG THE TOP FIVE ELECTRIC POWER GENERATION COMPANIES IN ARGENTINA, BOTH IN TERMS OF INSTALLED CAPACITY AND POWER GENERATION. WE PRODUCE EFFICIENT AND SUSTAINABLE ELECTRIC POWER FOR ARGENTINIANS.**

At YPF LUZ<sup>1</sup> we to produce profitable, efficient and sustainable energy, optimizing natural resources, caring for our people by embracing internationally renowned safety, technology, efficiency and quality standards and contributing to the growth of our clients, the communities where we operate and the energy development of our country.

We employ 297 people directly, and produce energy from sites and projects distributed nationwide: Tucumán (Tucumán Power Generation Complex, through San Miguel de Tucumán, Tucumán and El Bracho thermal power plants), Neuquén (Loma Campana I, Loma Campana II and Loma Campana Este thermal power plants), Buenos Aires (Central Dock Sud, La Plata Cogeneration, and Los Teros Wind Farm), Chubut (Manantiales Behr Wind Farm), Santa Cruz (Cañadón León Wind Farm), and corporate headquarters in the City of Buenos Aires.

Currently, we have an installed capacity of 1,819 MW, providing the wholesale and industrial market with around 6.6% of the maximum power demand in Argentina, and 8.5% of the average demand. We also have construction projects with an installed generation capacity of over 637 MW

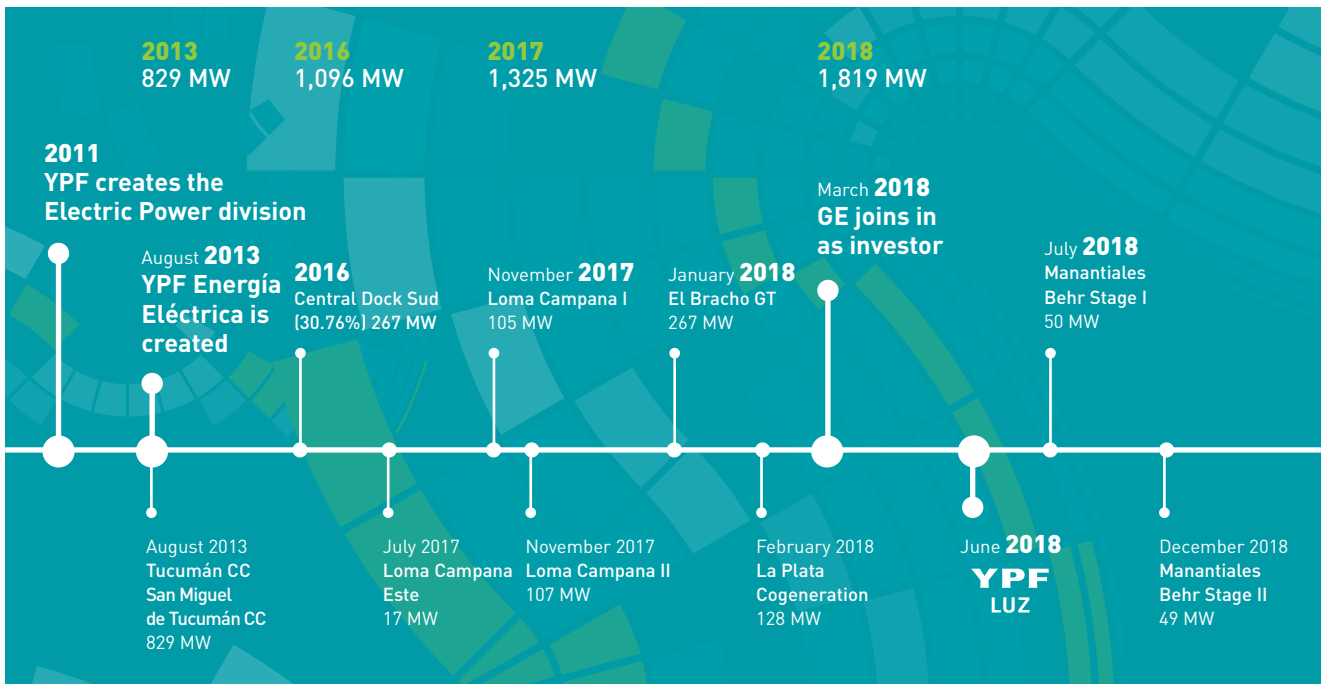
We produce conventional energy through thermal power plants, and renewable energy through Manantiales Behr Wind Farm (Chubut). We supply the energy we produce to CAMMESA, YPF, and other industrial clients.

## OUR HISTORY

**We are committed to Argentina's growth and to generating value for our shareholders, our clients, and the communities where we operate.**

We are a company which, with only six years in the electric power generation sector, has managed to promptly position itself as a major player in the Argentine electric market. YPF Energía Eléctrica S.A. tapped into the electric power generation market in August 2013, when it acquired the ownership and operation of Tucumán Thermal Power Generation Complex, with an installed capacity of 829 MW. Since then, we have aimed to produce efficient and reliable energy, by building new thermal power plants and renewable energy farms, with world-class technology, to supply YPF and other industries and to trade in the Wholesale Electric Market (WEM).

<sup>1</sup> YPF Energía Eléctrica S.A. Its registered offices are located in Av. Córdoba 111, 14th Floor, Autonomous City of Buenos Aires.



**OUR HISTORY BEGAN IN 2013 WITH THE TUCUMÁN THERMAL GENERATION COMPLEX, WITH AN INSTALLED CAPACITY OF 829 MW. TODAY, WE HAVE MADE PROGRESS IN THE CONSTRUCTION OF NEW POWER PLANTS AND RENEWABLE ENERGY FARMS, EQUIPPED WITH CUTTING EDGE TECHNOLOGY.**

YPF LUZ is the leader of the Renewable Energy Forward Market (MATER), and is a reliable energy supplier for the major companies nationwide. By 2023, we expect to have become the third largest power generator in Argentina, with an investment of over USD 2 billion, including renewable and thermal energy projects.

## CORE ACTIVITIES

### We produce energy to meet industries' demands

We are focused on generating the energy needed by each of our clients, seeking to provide the energy solution that best fits their individual needs, either by way of thermal or renewable energy, or co-generation or distributed energy solutions, always focused on delivering profitable, efficient and sustainable solutions.

### We develop wind and solar energy projects

We are committed to working towards Argentina's energy development in a responsible manner, giving priority to quality, environmental preservation, and people's health and safety. We embrace new technologies and support Argentina's growth with investments. We are constructing two wind farms which will add 296 MW capacity to Argentina's energy mix, and will be available to industrial clients and CAMMESA.

#### Thermal Power

We operate thermal power plants of high efficiency and availability, which are supplemented with renewable energy and streamline the use of natural gas—an utterly important natural resource in Argentina.

#### Renewable Energy

We operate renewable farms with the best technology available at the locations which most optimize the use of the renewable resources, and offer it to industrial clients through long term contracts.

#### Distributed Generation

We operate a gas-based distributed generation plant designed for industries and isolated areas of the Argentine interconnected system, with reliable and efficient equipment.

#### Co-generation

We operate a co-generation plant which enhances efficiency and minimizes the environmental impact of industrial processes, increasing the reliability of the electric supply.

Electric Power Generation (in GWh)*	2018	2017
Central Generación Tucumán	5,232.1	5,288
Loma Campana I	432.4	49
Loma Campana Este	34.0	8
La Plata Cogeneration	873.4	-
Manantiales Behr Wind Farm	148.6	-
Loma Campana II - Y-GEN	395.4	-
Central Térmica El Bracho - Y-GEN II	542.7	-
<b>TOTAL</b>	<b>7,658.6</b>	<b>5,345</b>

\*Excluding Central Dock Sud.

# YPF LUZ IN NUMBERS

GRI Contents 102-7, 102-8

Figures stated in thousands of AR\$	2018
Sales	7,124,905
Total Assets	57,914,878
Total Liabilities	32,393,602
Total Shareholders' Equity	25,521,276

<b>1,819 MW</b> installed capacity in operation	<b>USD 268 M</b> EBITDA in 2018 <sup>1,2</sup>
<b>637 MW</b> installed capacity under construction	<b>USD 352 M</b> investments in 2018 <sup>2</sup>

<sup>1</sup> Including USD 63 M for "Re-measurement of preexisting interest" as per financial statements.

<sup>2</sup> Average exchange rate in 2018: AR\$28.09 per USD.

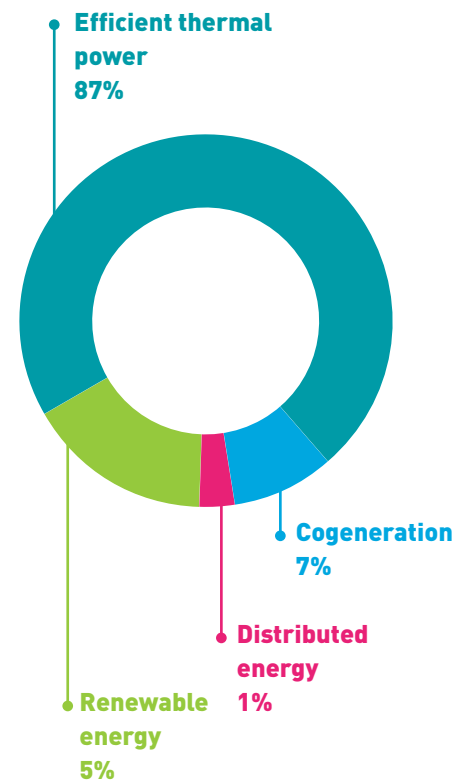
**5**  
locations  
nationwide

**297**  
employees

Energy Generation (GWh)	Availability %
7,658.6	90%



	Renewable Generation GWh	MATER Generation GWh
YPF LUZ	148.64	148.64
Market Share	4%	58%

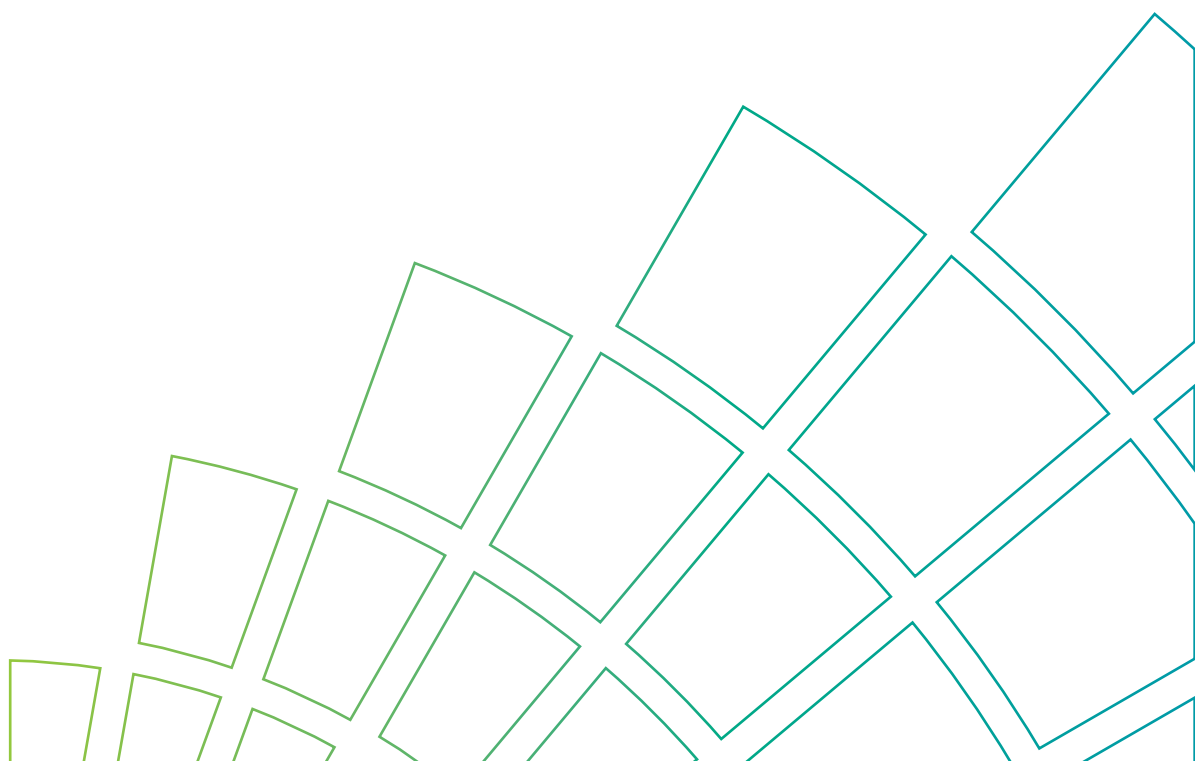
Percentage of operational installed capacity by technology



# COMMITMENTS AND ALLIANCES

GRI Contents 102-13

	<p><b>Electric Power Generators' Association of Argentina (AGEERA)</b></p>	<p><b>Patricio Cipollone</b> Secretary of Steering Committee <b>Jorge Ravlich</b> Alternate member of Steering Committee</p>
	<p><b>Argentine Wind Chamber (CEA)</b></p>	<p><b>Martín Mandarano</b> Member of Steering Committee <b>Mariana Iribarne</b> Alternate member of Steering Committee</p>



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2.

**GOVERNANCE,  
ETHICS,  
AND INTEGRITY**





# MISSION, VISION AND VALUES

GRI Contents 102-16, 102-26

## EFFICIENT AND SUSTAINABLE ENERGY TO ENLIGHTEN ARGENTINIANS' FUTURE



### OUR MISSION

We are a profitable, efficient and sustainable electric energy company, focused on optimizing natural resources and contributing to the energy development of Argentina and the markets where it operates.



### OUR VISION

To become one of the leading companies in the power generation sector, a leader in renewable energy, operating under world-class technology, efficiency and quality standards.

## STRATEGIC GUIDELINES

To achieve our mission and vision, YPF LUZ's activities are conducted within the framework of the following strategic guidelines:



Sustainable growth with **financial profitability and discipline.**



Leadership in the power generation market, with focus on **renewable energies.**



Ensuring **competitive energy solutions** for our clients.



Efficient, reliable, transparent, upright and safe **operations and processes.**

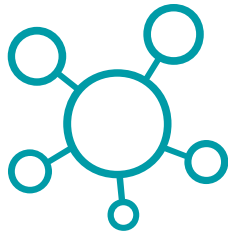


**Developing and strengthening our people** as a differentiator.



**Social and environmental sustainability** in our operations.

## OUR VALUES



**TEAM WORK**  
We are part of  
the same team

We complement one another to coordinate efforts and achieve shared goals. We value diversity and inclusion. All of us do our part and add value. We work as a single team because together we are better.

We seek to move as fast and dynamically as the energy we produce. We are driven by innovation. We constantly challenge the status quo, looking for iterations that help improve our processes and services



**DYNAMISM**  
We are in motion



**COMMITMENT**  
We take responsibility

We honor our promises. We are accountable for our decisions, our actions and their impacts. We work with honesty and transparency, building trust among our team, among our clients, and in our environment.



**PASSION**  
We are passionate for what we do

We are motivated to come to work every day to generate good energy. We choose to be here. We are vigilant, willing, and enthusiastic. We anticipate moves because we are focused on what we like. We are inspired by our team, our goals, and the positive impact of our day-to-day work.

We pursue sustainability in all our actions and day-to-day decisions. We strive to achieve ongoing and long-term economic, social and environmental growth, to make our planet a better place for the generations to come.



**SUSTAINABILITY**  
Sustainability is engrained in our DNA



**FOCUS ON RESULTS**  
We are result-oriented

We are focused on achieving clear goals. Definitely challenging, but still achievable. The work done by each of us contributes to, and is focused on, delivering sustainable results ensuring the company's long-term growth and people's wellbeing.



# PROCESS

**The process to define the company's values took several months. It was a major first step to ensure the values were embraced by all our employees.**

## DEFINING OUR VALUES

In early 2018, our senior management team defined the Company's mission, vision, and strategic guidelines. Then, we initiated a process to set our corporate values with inputs from all who are part of YPF LUZ. To this end, we conducted a survey among all employees to collect their suggestions on which the company's values should be. The value-setting process was based on the information gathered from the survey. Our senior management team and regional managers were engaged in the process, which was ultimately validated and reviewed with the employees, through the Workplace Climate Committee.

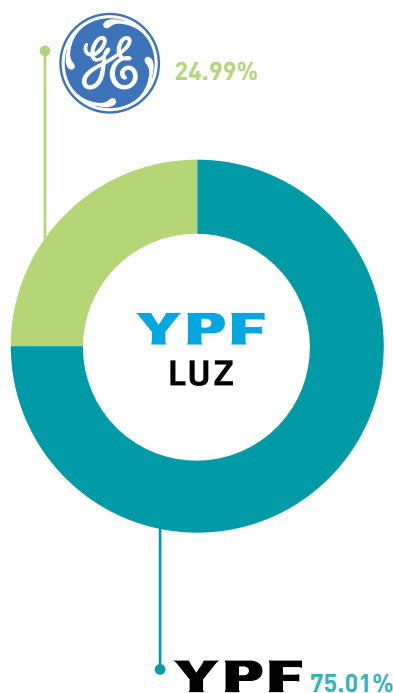
The value-setting process took several months, but was a major first step for such values to be embraced by all our employees and to help build our own distinctive culture, aligned with the Company's purpose.

The values established in 2018 are intended to guide our strategy, help us care for our people, contribute to our decision-making processes, guide us in recruiting and hiring new employees, and become a true competitive advantage.

# CORPORATE GOVERNANCE AND CAPITAL STRUCTURE

**Material Topic** Diversity and equal opportunities

**GRI Contents** 102-18, 102-19, 102-22, 102-23, 102-36, 103-1, 103-2, 103-3, 405-1



The shares of YPF Energía Eléctrica S.A. (“YPF LUZ”) are owned by YPF S.A. (75.01%) and by the General Electric group (through its subsidiary GE EFS Power Investments B.V.) (24.99%).

YPF LUZ’s management model is based on segregated duties between the Chairman of the Board and the Managing Director (CEO), with the Chairman being focused on making strategic and investment decisions, and the CEO being focused on implementing the strategy and on the Company’s management.

## BOARD OF DIRECTORS<sup>2</sup>

**Marcos Miguel Browne**  
Chairman

**Hussain Shalchi**  
Vice-chairman

**Daniel Cristian González Casartelli**  
Regular Director

**Diego Martín Pando**  
Regular Director

**Luis Miguel Sas**  
Regular Director

**Patricio Da Re**  
Regular Director

**Carlos Alberto Weis**  
Regular Director

**Raghuveer Kurada**  
Regular Director

**Patricio Martínez Morini**  
Alternate Director

**Juan Manuel Jassom**  
Alternate Director

**Gastón Marcelo Laville Bisio**  
Alternate Director

**Amanuel Haile-Mariam**  
Alternate Director

**Carlos Alberto San Juan**  
Alternate Director

**Fernando Gómez Zanou**  
Alternate Director

**María Eugenia Bianchi Pintos**  
Alternate Director

## DIRECTORS’ FEES

YPF LUZ complies with applicable laws and regulations setting forth that the annual compensation payable to Members of the Board (including those discharging executive positions at the Company) and to members of the Supervisory Committee may not exceed 5% of the Company’s net income for the year, provided no dividends are distributed during that period, or up to 25% of net income for the year if dividends are distributed.

If one or more directors discharge duties at special committees or technical- administrative duties, to the extent the Company posts reduced or no profits, such compensation in excess of these limits will only be paid if expressly authorized by the Shareholders’ Meeting, in which case the matter shall be included in the meeting agenda for consideration by the shareholders. The Chairman’s compensation, along with the compensation of all other directors, requires the endorsement of the Company’s General Shareholders’ Meeting.

For more information on our Board of Directors, visit: <https://www.ypluz.com/Inversores/Directorio>

<sup>2</sup> Incumbent Board of Directors as of the date of publication of this Report.



### SENIOR MANAGEMENT <sup>3</sup>

**Héctor Martín Mandarano**  
CEO  
Electrical Engineer

**Gabriel Ábalos**  
Finance Manager  
Certified Public Accountant

**Alejandro Avayú**  
Procurement and Supply Manager  
Certified Public Accountant

**Alberto Bosch**  
Process and Technology Manager  
Industrial Engineer

**Ricardo H. Castañeda**  
Legal Services Manager  
Attorney

**Patricio Cipollone**  
Commercial Manager  
Industrial Engineer

**Tomás Gómez Álzaga**  
Human Resources Manager  
Attorney

**Mariana Iribarne**  
Institutional Relations  
Manager  
Bachelor in Political Sciences

**Edgardo Latessa**  
QEHS Manager  
Civil Engineer

**Leonardo Limoli**  
Commercial Manager  
at Central Dock Sud  
Certified Public Accountant

**Fernando Peralta**  
Administration and Tax Manager  
Certified Public Accountant

**Jorge Ravlich**  
Strategic Planning and  
Development Manager  
Certified Public Accountant

**Santiago Sajaroff**  
Chief Operating Officer  
Electrical Engineer

**Julio Temen**  
Engineering and Project Manager  
Electrical Engineer

**Sebastián Torres**  
Chief Compliance Officer  
Attorney

### SUPERVISORY COMMITTEE

**Luis Rodolfo Bullrich**  
Regular Member

**Marcela Inés Anchava**  
Regular Member

**Santiago Carregal**  
Regular Member

**Nicolás Perkins**  
Alternate Member

**Francisco Muruzeta**  
Alternate Member

**Diego Agustín Chighizola**  
Alternate Member

Our Internal Control System has several roles and responsibilities which, by means of designed and implemented control mechanisms, help ensure compliance with applicable laws and regulations, financial reporting reliability, and the efficiency and effectiveness of our operations.

For more information on the Supervisory Committee, visit:  
<https://www.ypluz.com/Inversores/ComisionFiscalizadora>

For more information on our Senior Management:  
<https://www.ypluz.com/#equipoDeDireccion>

<sup>3</sup>Incumbent Senior Management team as of the date of publication of this Report.



# REGULATORY FRAMEWORK

**Material Topics** Compliance, Renewable energy

**GRI Contents** 102-6, 103-1, 103-2, 103-3, 307-1, 419-1

## ELECTRIC MARKET

Law No. 24,065/92, and the implementing regulations thereto introduced by Decree No. 1398/92, comprise the core regulatory framework of the electric sector, as supplemented by the rules handed down by the Secretariat of Energy regarding electric power generation and commercialization.

ENRE is the regulatory, oversight and control authority of the electric power industry and, as such, it is the enforcement authority of Law No. 24,065.

CAMMESA is in charge of the dispatch, scheduling and economic arrangement of the Argentina Power Interconnected System known in Spanish as SADI, and the Wholesale Electricity Market (WEM), and also acts as collecting entity for all WEM agents.

## THERMAL POWER

The sale of thermal power is regulated by the Secretariat of Energy and is developed under several regulatory frameworks, out of which YPF LUZ is subject to Resolution No. 19/2017, Resolution No. 21/2016 and Resolution SE 269/2008 (distributed self-generation).

Progressive % of demand to be met with renewable energy established by Law No. 27,191		
2017-2018	8%	3,000 MW
2019-2020	12%	5,800 MW
2021-2022	16%	7,600 MW
2023-2024	18%	8,400 MW
2025 onwards	20%	10,200 MW

## RENEWABLE ENERGY

In 2015, the Argentine government enacted Law No. 27,191 to foster renewable energy, which establishes that all users are required to obtain a percentage of their electric power demand from clean sources. The law was regulated by Decree No. 531/2016 and supplemented by Resolution No. 281/2017 (Renewable Energy Term Market - MATER).

Large users (industrial clients) may either self-generate renewable energy or buy it under a power purchase agreement with a renewable energy producer. As of 2018, large users are required to cover 8% of their demand for electricity with renewable energy—a percentage which will increase gradually until reaching 20% by 2025.

To meet the annual 8% renewable energy demand required by law, at YPF LUZ we started to develop renewable energy projects. We provide large users with on-site self-supply solutions or enter into mid- and long-term power purchase agreements with them, based on their individual production and energy supply needs.

In 2018, YPF LUZ was not subject to penalties or fines for breaches of the applicable environmental laws. No case was submitted to mediation either. Moreover, we have not identified any infringement of the applicable laws and regulations having resulted in material non-monetary fines or penalties.

# BUSINESS ETHICS AND INTEGRITY

**Material Topic** Anti-corruption

**GRI Contents** 102-16, 102-17, 102-30, 103-1, 103-2, 103-3, 205-1, 205-2

At YPF LUZ, we are strongly committed to protecting our own and our partners', clients', and employees' good name and reputation. We therefore abide by a Compliance culture which is not limited to observing the "letter" (rules, policies, regulations, and processes), but also the "spirit" of the law, where the organization's leaders play a key role in building and strengthening such culture.

In this regard, by mid-2018 we achieved a key milestone by creating our Compliance department, and appointing a Chief Compliance Officer, who is also a member of the Company's Steering Committee, to ensure the most strict compliance standards in YPF LUZ's strategic decisions.

YPF LUZ's Mission and Vision are the cornerstone of our values and organizational purpose. Accordingly, we have established compliance goals to ensure the highest regulatory compliance, transparency, and integrity standards in our key operations and processes, and the engagement of our employees and related third parties with their respective activities.

Our Compliance Program is intended to ensure that each and every employee at YPF LUZ is aware of the

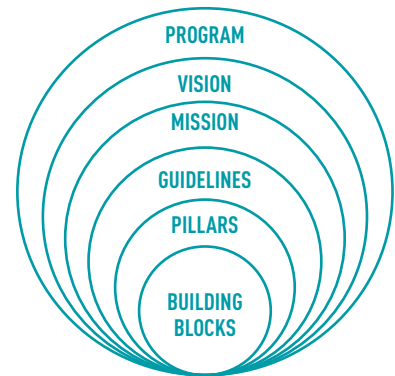
Compliance risks inherent to their respective areas, helps prevent and mitigate such risks, and displays strong ethical values, with leaders playing a key role in ensuring the highest standards of a Compliance organizational structure.

## COMPLIANCE PROGRAM

In developing our Compliance Program, we considered the industry we are involved in and the size of our operations to ensure a program suitable to YPF LUZ's structure.

The building blocks of the program were selected according to the characteristics inherent to the Company and the sector in which it does business. Each building block was developed in line with the ethical values that we foster.

The Compliance Program is divided into four major pillars, which represent the key focus areas, not only from a Compliance risk prevention, detection, and mitigation point of view, but also from the standpoint of the organizational culture we foster.



These pillars include:

### Risk Management

- Risk assessments
- Policies and procedures
- Regulatory repository
- Automatic controls
- Contact with regulators

### Culture

- Face-to-face and online training
- Communication schedule
- Scheduled activities
- Initiatives

### Compliance Channel

- Case management system
- Investigations
- Automatic metrics and monitoring

### Leadership

- Lead-by-Example culture
- Leaders' communications (newsletters + 5' on Compliance, etc.)

Each building block of the Program enables ongoing monitoring, which helps identify any potential deviation.

Considering the Program is quite new, in 2018 we attained significant achievements in connection with these pillars, which contributed to strengthen our Compliance organizational culture. The most outstanding ones include:

- New Policy on Gifts;
- Policy on Social Investment and Donations;
- Inclusion of a Compliance Clause and Audit Rights in agreements with third parties;
- Monitoring system of black lists and negative news;
- Internal Compliance portal accessible to all of the Company's employees to share news, internal policies, the Conduct of Conduct, and other related links.
- The Compliance division has also been actively engaged in the design and implementation of key internal policies.

Finally, with the creation of the Compliance Department, we laid the groundwork to start implementing several automatic third party risk management tools, the Compliance risk matrix and trainings, and the maintenance of the YPF LUZ's Code of Conduct — these actions will be completed during 2019.

## CODE OF ETHICS AND CONDUCT

To YPF LUZ, doing business in an ethical manner is key. We have a **Code of Ethics and Conduct** in place which guides our people's day-to-day actions.

The Code is applicable to YPF LUZ's directors and associates, as well as to third parties related to the Company. The Code is intended to be a guiding principle for all people subject to it in connection with the guidelines and values we seek to foster.

For more information on our Code of Ethics and Conduct visit:  
[https://www.ypfluz.com/Content/pdf/YPF\\_codigo\\_de\\_etica\\_EE.pdf](https://www.ypfluz.com/Content/pdf/YPF_codigo_de_etica_EE.pdf)

## COMPLIANCE CHANNEL

The Compliance Channel is a communication channel to report situations and/or behaviors that may constitute an actual or potential violation to the provisions of the Code of Ethics and Conduct. We encourage YPF LUZ's employees and third parties to use this channel, and take the necessary measures to ensure anonymity and confidentiality<sup>4</sup>. The Compliance Channel can be accessed by several means, including:



**Access from**  
YPF LUZ's **Intranet**



**E-mail:**  
canalcompliance.ypfluz@ar.pwc.com



**By calling** 0800-444-7722 Mondays through Fridays (excluding holidays) from 9 am to 6 pm, or by the voice mail out of business hours.



**Web Site:** [www.lineadedenuncias.com.ar](http://www.lineadedenuncias.com.ar)  
**Login details:**  
 User: ypfluz  
 Password: ypfluz

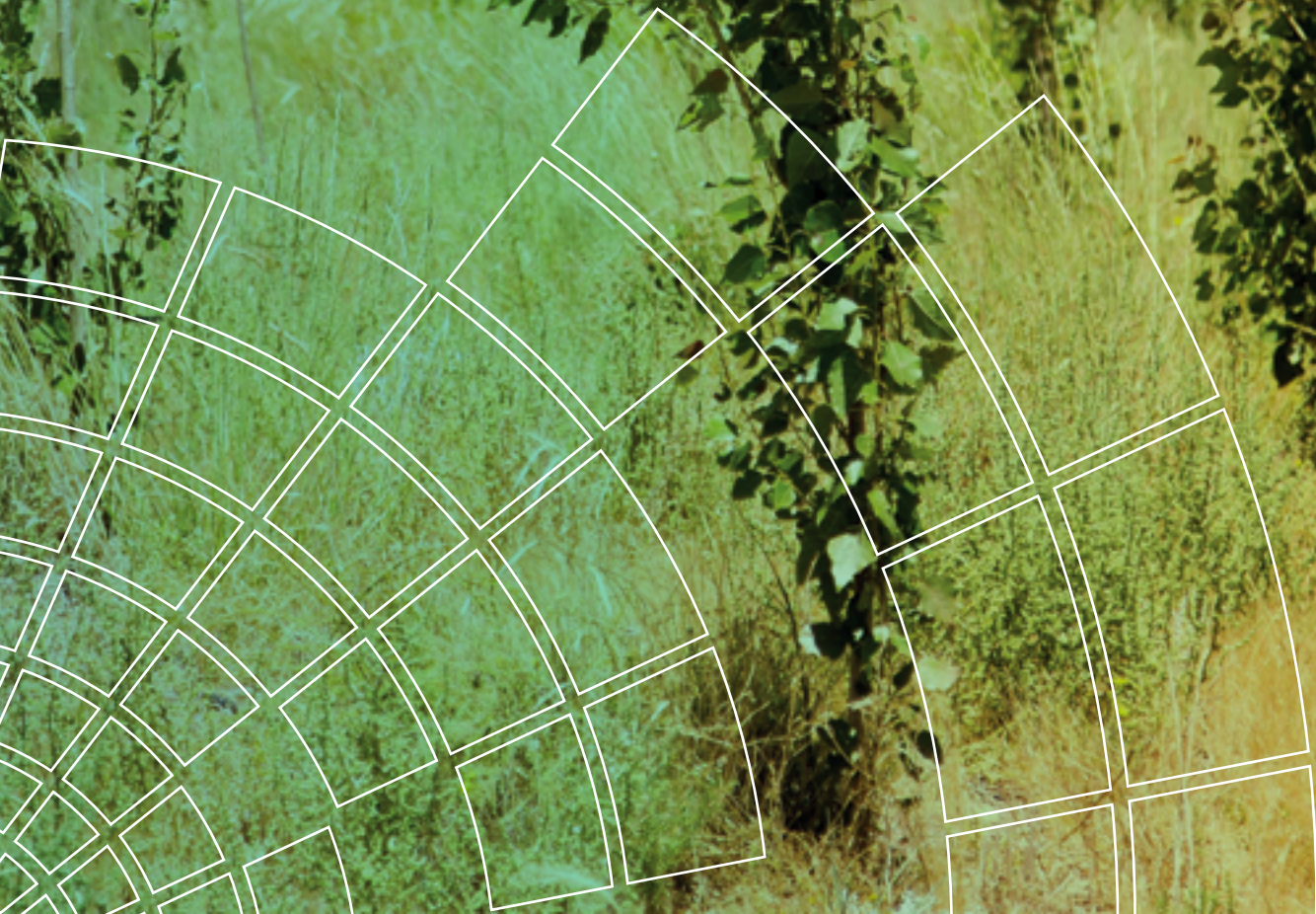
<sup>4</sup> 100% of employees received communications with anti-corruption contents. Compliance Training is planned for 2019



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3.

# SUSTAINABILITY



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**SUSTAINABILITY IS IN OUR DNA. WE ARE A RELIABLE POWER GENERATION COMPANY WITH EFFICIENT AND SUSTAINABLE OPERATIONS.**

Sustainability is the approach that drives our ongoing and long-term economic, social and environmental growth, helping us make our planet a better place for the generations to come. We pursue sustainability in all our day-to-day actions and decisions, in line with YPF's challenge of leading Argentina's energy transition, focused on producing affordable and sustainable power.

We believe sustainability requires a responsible effort, striking a balance between our business development and profit generation for our shareholders, and the creation of value for the country and the communities where we operate.



## **CHALLENGE**

**We pursue sustainability in all our day-to-day actions and decisions, in line with YPF's challenge of leading Argentina's energy transition.**



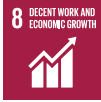







# CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

GRI Contents 102-12

We are committed and strive to contribute to the achievement of the Sustainable Development Goals (SDGs), established by the United Nations at a global level. To this end, we have analyzed our contribution to the 2030 Agenda, relying on the SDG Compass. To YPF LUZ, priority SDGs include:



SDG		Our contribution to the 2030 Agenda.
	Ensure inclusive, equal, and quality education and foster lifetime learning opportunities for everyone.	Internship Program. New Professionals Program. Community Investment.
	Ensure universal access to affordable, safe, sustainable, and modern energy.	Operational Excellence Policy. Health, Safety, Environment & Quality Policy. Wind farm construction. Energy efficiency in our thermal generation processes. Efficient, sustainable and renewable electric power generation.
	Foster sustained, inclusive and sustainable economic growth, full and productive employment, and universal access to decent jobs.	Internship Program. New Professionals Program. Health, Safety, Environment & Quality Policy.
	Build resilient infrastructures, foster inclusive and sustainable industrialization, and encourage innovation.	Deployment of high technology and efficiency in production processes. Renewable energy supply agreements with clients.
	Turn cities and human settlements into inclusive, safe, resilient and sustainable places.	Social investment program. Development of the communities where we operate.
	Ensure sustainable consumption and production patterns.	Efficient, sustainable and renewable electric power generation. Caring for natural resources (energy efficiency, wind farms).
	Take immediate measures to fight against climate change and its effects.	Operational Excellence Policy. Health, Safety, Environment & Quality Policy.
	Strengthen execution channels and rekindle the Sustainable Development Alliance.	Joint work with communities, several NGOs, other companies and business chambers.








# STAKEHOLDERS






GRI Contents 102-21, 102-40, 102-42, 102-43, 102-44

To us, building a smooth and constructive relationship with all our stakeholders is key to achieving our Strategic Guidelines. Therefore, in 2018 we mapped and prioritized our

stakeholders at each site: Central Generación Tucumán (El Bracho, Tucumán), Loma Campana Thermal Power Plant (Neuquén), La Plata Cogeneration (Ensenada, Bs. As.),

Manantiales Behr (Comodoro Rivadavia, Chubut) Los Teros (Azul, Buenos Aires) and Cañadón León (Cañadón Seco, Santa Cruz), by developing a future action plan for each.

Stakeholders	Communication and Dialogue Channels
 Employees	Intranet and Workplace E-mail communications Traditional or digital billboards Internal presentations Internal meetings Ethics Line Suggestion and complaint channel Quarterly Meetings Lunches with the CEO Workplace Climate Committee
 Trade Unions	Meetings with union representatives Formal letters and notes Ethics Line Suggestion and complaint channel
 Investors	Annual report and financial statements Investors' web site, <a href="http://www.ypfluz.com/inversores">www.ypfluz.com/inversores</a> Reports required by the CNV Ethics Line Suggestion and complaint channel
 Suppliers	Meetings Corporate website, <a href="http://www.ypfluz.com">www.ypfluz.com</a> Communication with suppliers Ethics Line Suggestion and complaint channel
 Clients	Meetings Corporate website, <a href="http://www.ypfluz.com">www.ypfluz.com</a> Formal letters and notes Communications with clients Site visits Ethics Line Suggestion and complaint channel

Stakeholders	Communication and Dialogue Channels
 <p>Government and oversight agencies</p>	<p>Meetings with government representatives                      Accountability reports under applicable laws                      Annual report and financial statements                      Formal letters and notes                      Site visits                      Ethics Line                      Suggestion and complaint channel</p>
 <p>Media</p>	<p>Press releases                      Advertising                      Corporate website, <a href="http://www.ypfluz.com">www.ypfluz.com</a>                      Site visits                      Social media-LinkedIn                      Events                      Ethics Line                      Suggestion and complaint channel</p>
 <p>Chambers and associations</p>	<p>Meetings                      Formal letters and notes                      Ethics Line                      Suggestion and complaint channel                      Corporate website, <a href="http://www.ypfluz.com">www.ypfluz.com</a></p>
 <p>Universities and other academic institutions</p>	<p>Meetings                      Formal letters and notes                      Corporate website, <a href="http://www.ypfluz.com">www.ypfluz.com</a>                      Site visits                      Ethics Line                      Suggestion and complaint channel</p>
 <p>Community and NGOs</p>	<p>Meetings with the community at each site where the Company operates                      Meetings and seminars                      Communications in case of emergencies                      Corporate website, <a href="http://www.ypfluz.com">www.ypfluz.com</a>                      Site visits                      Social media-LinkedIn                      E-mail communications                      Printed corporate material                      Ethics Line                      Suggestion and complaint channel</p>

We have a fluid relationship with all our stakeholders. The Institutional Relations department, created in June 2018, coordinates the relationship with the different audiences, and is responsible for internal and external communications, marketing, public affairs and social investment.

The Company's **employees and executives** were actively engaged in industry associations, as well as in the more than 30 academic and sector-specific events held in Argentina and 4 international events.

The communication with our employees takes place through our internal communication channels – including Intranet, Workplace, e-mail communications, and Information Boards– in addition to each employee's direct communication with their supervisor or manager, such that senior management's guidelines reach everyone.

Since mid-2018, we have held Quarterly Meetings with the attendance of all of the company's employees to keep them abreast of the most relevant business news. At these Quarterly Meetings, all employees are able to make questions and comments to the CEO and senior management.

In September 2018, we created the Workplace Climate Committee, made up of a group of YPF LUZ's employees who represent all of the company's sites, to propose ideas to improve the work environment. We have also arranged monthly lunches with the CEO, with the attendance of employees from all sites—these gatherings provide a direct and smooth communication channel between our people and the CEO.

In 2018, we sent over 130 internal communications to all employees, with information on new hires and promotions, business milestones, employees' benefits, organizational structure, salary adjustments and performance appraisals, events and relevant information about several areas in particular (technology, engineering, supply chain, etc.), and the Company in general.

Employees may raise their concerns, suggestions or claims to their supervisor, the Human Resources department, or through the Company's Ethics Line, Employee Service (SAE) or suggestion e-mail:

sugerenciasypfluz@ypf.com.

The Human Resources department is responsible for the relationship with **trade unions**.

Depending on their specific nature, communications may take the form of notes addressed to the relevant trade union or hearings called for by the pertinent labor authorities of the corresponding area. When recruiting employees, contractors and service providers, preference is given to the residents of a project influence area. Our main trade unions are APUAYE (Association of Water and Electricity University Graduates), APJAE (Association of Water and Electricity Senior Staff), and Luz y Fuerza (Electricity Workers Union).

**Government and oversight**

**agencies:** The electric power sector is governed by national laws and regulations; however, the business is also under the oversight of national, provincial and local authorities. We hold regular meetings with the pertinent authorities of the provinces and municipalities where we operate. Additionally, to apply for access to the transmission system and to operate agent for the Wholesale Electric Market, we hold meetings and make filings with CAMMESA, ENRE and the Argentine Secretariat of Electric Power. Communications take place in the form of notes and/or by phone when concerned with medium-term commercial, scheduling and operating issues.

This information is shared by the commercial sector, through the area manager.

**CAMMESA** is our largest client, for it purchases energy on account and behalf of the demand which is not met under private agreements. It is also the agency responsible for dispatchable power generation for which we have a close interaction with it.

YPF is the Company's main investor and largest industrial client, land owner, and provider of certain supplies and services. We maintain a close relationship with YPF, in constant alignment with multiple areas of the Company.

YPF LUZ had substantial media attention in 2018, primarily due to a series of milestones and achievements, including the acquisition of La Plata Cogeneration site, the start of operations of El Bracho, GE becoming a shareholder, the launch of the YPF LUZ brand, the presidential visit to El Bracho Thermal Power Plant (Tucumán), the inauguration of Manantiales Behr Wind Farm with the attendance of the President of Argentina, the announcement of several renewable energy supply agreements with industrial clients, such as Toyota, Coca-Cola and Profertil, and the announced construction of Los Teros and Cañadón León wind farms, among other relevant news.

**Community:** It is our philosophy to maintain an open and fluent dialogue that helps identify the impact of our activities and the community needs, to jointly define a social investment program, with the involvement of our employees.

## HANDLING OF INFORMATION REQUESTS AND GRIEVANCES

The expectations, feedback and opinions of YPF LUZ's stakeholders are surveyed through information from the Company's internal management and work plans, as well as from the several dialogue channels facilitated by the company.

These sources of information include media analytics, public opinion and brand reputation and positioning surveys, and the information captured through our ongoing dialogue with key audiences. To maintain an ongoing and constructive relationship with all of them, YPF LUZ has developed several specific communication channels, in addition to our face-to-face meetings, and the mechanisms required by law, to ensure a smooth and transparent exchange of information.

These include:

### ONLINE

- Web site: [ypfluz.com](http://ypfluz.com)
  - Contact forms to make questions.
  - Details with phone number and mailing address of each site.
  - Downloadable data sheets of each site.
- E-mail: [sugerenciasypfluz@ypf.com](mailto:sugerenciasypfluz@ypf.com)
- Intranet with news and tools for all employees.

### Social media

LinkedIn site with news about the Company and career opportunities.  
<https://www.linkedin.com/company/ypfluz/> + 19,000 followers

### FACE-TO-FACE

#### On-site information

- Regular meetings open to the community.
- Participation in local trade shows and conferences, talks at universities and academic institutions.
- Posters with contact information at community centers.
- Delivery of data sheets upon request.



To respond effectively to consultations from interested parties, since July 2018 we have implemented a Policy on Handling of Information Requests and Grievances, through which every question or grievance received, either internal or external, must be submitted to [sugerenciasypfluz@ypf.com](mailto:sugerenciasypfluz@ypf.com) for registration and adequate follow-up. An information request or grievance is any contact from our stakeholders (clients, suppliers, community, employees, other organizations) raising a question or a request for information to the Company (including press contacts, requests for donations, requests for information, and complaints).

# REPORT AND MATERIAL TOPICS

GRI Contents 102-45, 102-46, 102-47, 102-50, 102-52, 102-53, 102-54, 102-56

All cases are recorded in a database, assigned a unique case number, and followed up until they are replied and resolved. Each case is assigned a reference number to ensure its follow-up. Statistics and indicators about received information requests and grievances are maintained by site, type of question, stakeholder who raised the question, and response type, among other metrics. During July-December 2018, 51 cases were recorded which were replied, on average, within 7 days on average, and up to 30 days, for cases warranting investigation or special treatment.

This is our first annual Sustainability Report for the period beginning January 1, 2018 and ended December 31, 2018. The report was prepared under the Global Reporting Initiative (GRI) standards, core option, and the Electric Utilities Sector Supplement. The report includes the activities of the business group comprised by the parent company YPF EE and its subsidiaries Y-GEN, Y GEN II, Y-GEN III, Y-GEN IV, LUZ del Cerro S.A., LUZ del Valle S.A., LUZ del León S.A., Y-LUZ Inversora S.A.U., YPF-EE Comercializadora S.A.U. and its associate IDS.

## Dialogue for the Sustainability Report:

As part of the dialogue with our stakeholders and the preparation of this Report, we have analyzed the core topics that should be contained in this document, by means of an assessment survey. We received 150 responses to the survey, including feedback from all mentioned stakeholders.

This Report was subject to an analytic assessment process performed by Deloitte & CO S.A., encompassing the analysis of the application of the GRI Standards, as well as the content and quality principles.

For comments, suggestions or questions about the Report or its contents, send an e-mail to: [institucionales.ypluz@ypf.com](mailto:institucionales.ypluz@ypf.com)

In defining the contents of this Report, we considered the principles proposed by the GRI for that stage.

## Stakeholders' Involvement

## Sustainability Context

## Completeness

## Materiality

The process includes the following steps:  
1. Identification of impacts, risks and opportunities identified by experts and organizations, including:

- Topics considered by management and business strategy (including issues proposed by the shareholders).
- Aspects arising from the GRI Standards.
- Material issues identified by other businesses from the sector and the region.

2. Based on the process for identifying potential material topics, a materiality analysis was carried out to prioritize which the most relevant aspects to include in the Report should be. As a result of such analysis, we have identified the following material aspects, and we have determined whether their main impacts take place within (internal impact) or outside (external impact) the organization.

MATERIAL TOPICS	GRI	COVERAGE		SECTION
		Internal	External	
Renewable energy	SECTOR SPECIFIC GRI- RENEWABLE ENERGY	✓	✓	1. About Us 4. Economic performance
Energy efficiency	SECTOR SPECIFIC GRI- DEMAND-SIDE MANAGEMENT	✓	✓	4. Economic performance
Energy use	GRI 302- ENERGY	✓		5. Environmental Performance
Gas emissions and GHG	GRI 305- EMISSIONS	✓		5. Environmental Performance
Water and effluents	GRI 303- EFFLUENTS AND WASTE	✓		5. Environmental Performance
Occupational health and safety	GRI 403- OCCUPATIONAL HEALTH AND SAFETY	✓		5. Environmental Performance, 6. Our People
Employment	GRI 401- EMPLOYMENT	✓		6. Our People
Availability and reliability	SECTOR SPECIFIC GRI- AVAILABILITY AND RELIABILITY	✓		4. Economic performance
Waste management	GRI 306- EFFLUENTS AND WASTE	✓	✓	5. Environmental Performance
Compliance	GRI 307- ENVIRONMENTAL COMPLIANCE GRI 419- SOCIOECONOMIC COMPLIANCE	✓		1. About Us
Employees' training	GRI 404- TRAINING AND EDUCATION	✓		6. Our People
Anti-corruption	GRI 205- ANTI-CORRUPTION	✓	✓	2. Governance, Ethics, and Integrity
System efficiency	SECTOR SPECIFIC GRI- SYSTEM EFFICIENCY	✓		4. Economic performance
Economic performance	GRI 201- ECONOMIC PERFORMANCE	✓	✓	4. Economic performance
Diversity and equal opportunity	GRI 405- DIVERSITY AND EQUAL OPPORTUNITY	✓		2. Governance, Ethics, and Integrity 6. Our People
Biodiversity	GRI 304- BIODIVERSITY	✓	✓	5. Environmental Performance
Community investment	GRI 413- LOCAL COMMUNITIES		✓	7. Social Performance

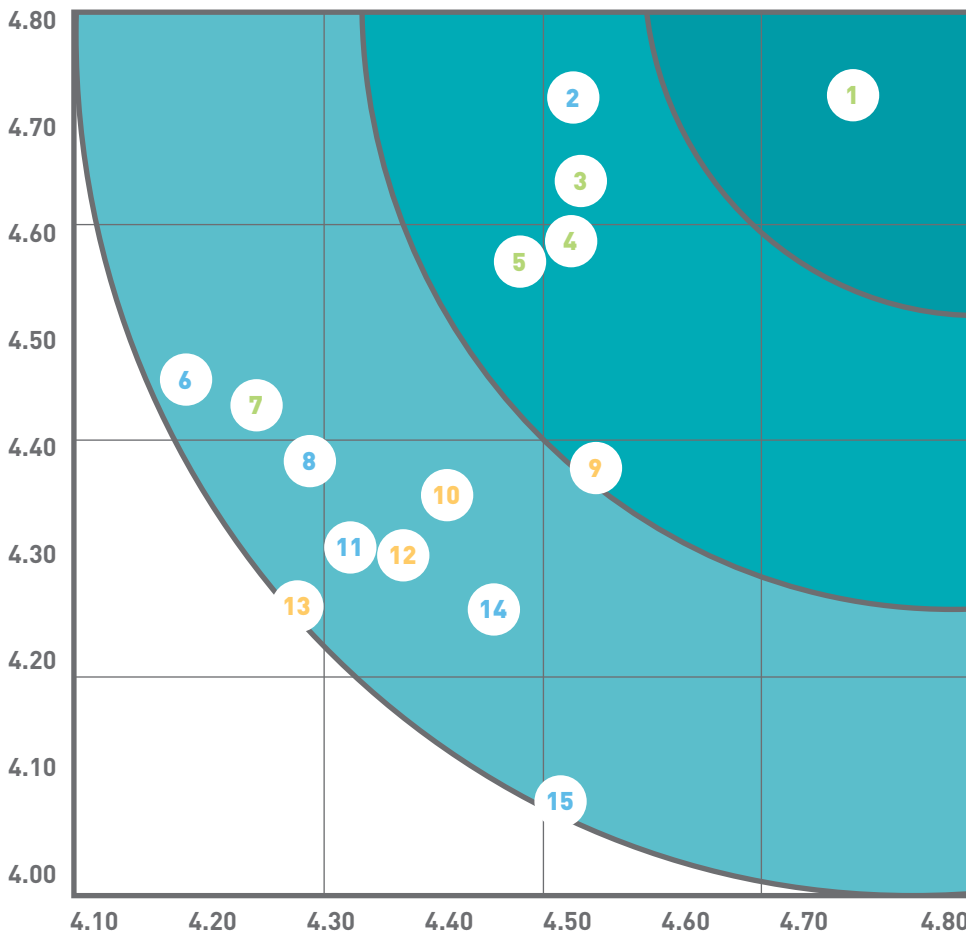
<sup>1</sup> GRI 306-02. We do not have a current accounting record to report herein. We are working on waste separation for next year.

<sup>2</sup> GRI 205-01. We are currently building the Compliance area. We are working on management and metrics for disclosure in future reports.

Based on the information gathered, we developed a **Materiality Matrix** to disclose the material topics, according to the following variables:

- Material economic, environmental and social impacts of the reporting organization (X Axis).
- Substantial influence on stakeholders' assessments and decisions (Y Axis).

Y Axis



1. Renewable energy
2. Energy efficiency
3. Gas emissions and GHG
4. Energy use
5. Water and effluents
6. Availability and reliability
7. Waste management
8. Compliance
9. Occupational health and safety
10. Employment
11. System efficiency
12. Employees' training
13. Diversity and equal opportunity
14. Anti-corruption
15. Economic performance

Blue: Economic performance.  
 Green: Environmental Performance.  
 Orange: Social Performance.



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4.

# ECONOMIC PERFORMANCE



# ECONOMIC RESULTS 2018

**Material Topic** Economic performance

**GRI Contents** 102-10, 102-30, 102-45, 103-1, 103-2, 103-3, 201-1

To become one of the leading companies in the energy sector with self-financed growth, in 2018 we advanced with our search for partners with renowned experience in the industry, capable of providing a competitive advantage to the Company. In this regard, in March 2018 the General Electric group — through its subsidiary GE EFS Power Investments B.V. (“GE”)—joined as shareholder, acquiring a 24.99% equity interest in YPF Energía Eléctrica S.A. in exchange for a capital contribution of USD 275 million. This contribution allowed us to accelerate the development of our business plan. According to the Shareholders’ Agreement, material decisions are subject to common control to form the corporate will.

## 1,819 MW in operational capacity

## 637 MW in capacity under construction

## USD 268 M in EBITDA in 2018<sup>1</sup>

## USD 1,517 M invested in 2016-2020

## USD 352 M invested in 2018

Projects seek to capture market opportunities with the most cost- and technology-efficient proposals, always embracing ongoing improvement. Accordingly, YPF LUZ takes a forward-looking approach to work, taking into account the new market trends: renewable energy electric mobility, energy storage (batteries), and complementarity between renewable and conventional energy. To achieve this, we leverage the existing synergies with our shareholders: in the case of YPF, in respect of natural gas and Vaca Muerta production; in the case of General Electric, in respect of its technology know-how to drive and accelerate electric power generation projects.

To be able to execute this ambitious plan, our financial strategy is based on:

- A strict capital allocation to investment projects surpassing the expected target profitability.
- Achieving sustained positive cash flows.
- Maintaining financial discipline.
- Adding value to our shareholders.

In compliance with applicable legal and statutory provisions, we issued the Annual Report and the first consolidated financial statements of YPF Energía Eléctrica S.A., as of December 31, 2018, under International Financial Reporting Standards (IFRS). The main entities included in our financial statements are Y-GEN, Y-GEN II, YPF-EE Comercializadora S.A.U., Central Dock Sud, and Inversora Dock Sud.

<sup>1</sup> EBITDA=Calculated as net income for the year, net of depreciation, net financing gains (losses) and income tax expense, translated into USD at an annual average exchange rate of AR\$ 28.09 to USD 1. It includes USD 63 M for “Re-measurement of preexisting interest” as per financial statements.

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The table below shows the economic value generated and distributed, as proposed by GRI, to report on the Company's own economic performance. It is stated in thousands of Argentine Pesos and has been derived from YPF Energía Eléctrica S.A.'s consolidated financial statements as of December 31, 2018, on a comparative basis to the Auditor's Report issued by Deloitte.

To carry out our management approach, we have internal controls in place based on the accountability principle of the several departments for risk management and their respective inherent controls, all under the strict oversight and coordination of the Compliance department, responsible for YPF LUZ's comprehensive risk management and the respective prevention, detection and response mechanisms.



FIGURES STATED IN THOUSANDS OF AR\$	2018	2017
<b>ECONOMIC VALUE GENERATED</b>	<b>9,378,824</b>	<b>1,667,144</b>
Sales revenues	7,124,905	1,470,670
Income from financial investments	200,871	128,971
Equity income in affiliates	268,015	67,503
Other operating income**	1,785,033	-
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>-4,886,708</b>	<b>-1,014,374</b>
Operating costs	-2,054,538	-394,482
Payroll and employees' benefits	-611,798	-181,843
Payments to the government (taxes, duties and contr.) and Income Tax	-696,687	-319,934
Other operating expenses	-292	-723
Cost of interest accrued on loans	-606,025	-78,185
Other financing losses	-917,368	-39,207
Community investment	N/D	N/D
<b>ECONOMIC VALUE RETAINED</b>	<b>4,492,116</b>	<b>652,770</b>

Effective February 2, 2018, we assigned and transferred to YPF the 27% equity interest we owned in Ramos Area Consortium, in the province of Salta. The profits & losses of such Consortium until such date are not included in the above table and are disclosed in Note 18 "Discontinued operations - Ramos Consortium" to the Company's financial statements as of December 31, 2018.

\*\*In March 2018, the Company completed the fair value re-measurement of its preexisting 66.67% equity interest in Y-GEN and Y-GEN II, resulting in a profit of 1,785,033, accounted for as income (loss) from continued operations. This amount reflects the positive difference arising from comparing the preexisting interest value, which amounted to 3,224,724, to the value of the investment accounted for under the equity method on the acquisition date, which amounted to 1,439,691.

# OUR OPERATIONS

**Material Topics** Energy efficiency, Availability and Reliability, System Efficiency, Renewable energy

**GRI Contents** 102-2, 102-3, 102-4, 102-6, 102-11, 102-15, 103-1, 103-2, 103-3, EU10

YPF LUZ's management system is focused on mitigating occupational, industrial and process-related risks, operating within the framework of the Operational Excellence Policy, the main purposes of which include:

- Ensuring people's wellbeing and protecting our assets.
- Maximizing production and efficiency, streamlining the use of available resources.
- Honoring our commitments to our internal and external clients.
- Ensuring safe and environmentally-friendly production processes.

Our commitment to ongoing improvement policies compels us to review the suitability of our Operational Excellence Policy and goals for constant adjustment to the changes required by the market and applicable laws.

Operational Excellence Policy: <http://bit.ly/ypfluz-PEO>

For more information, visit: <http://bit.ly/ypfluz-PEO>

In conducting all our operations, we monitor fuel consumption, air, water, and noise emissions. We implement strict quality, safety, environment and energy efficiency programs, and pursue international certifications to ensure sustainability and safety across all our operations.

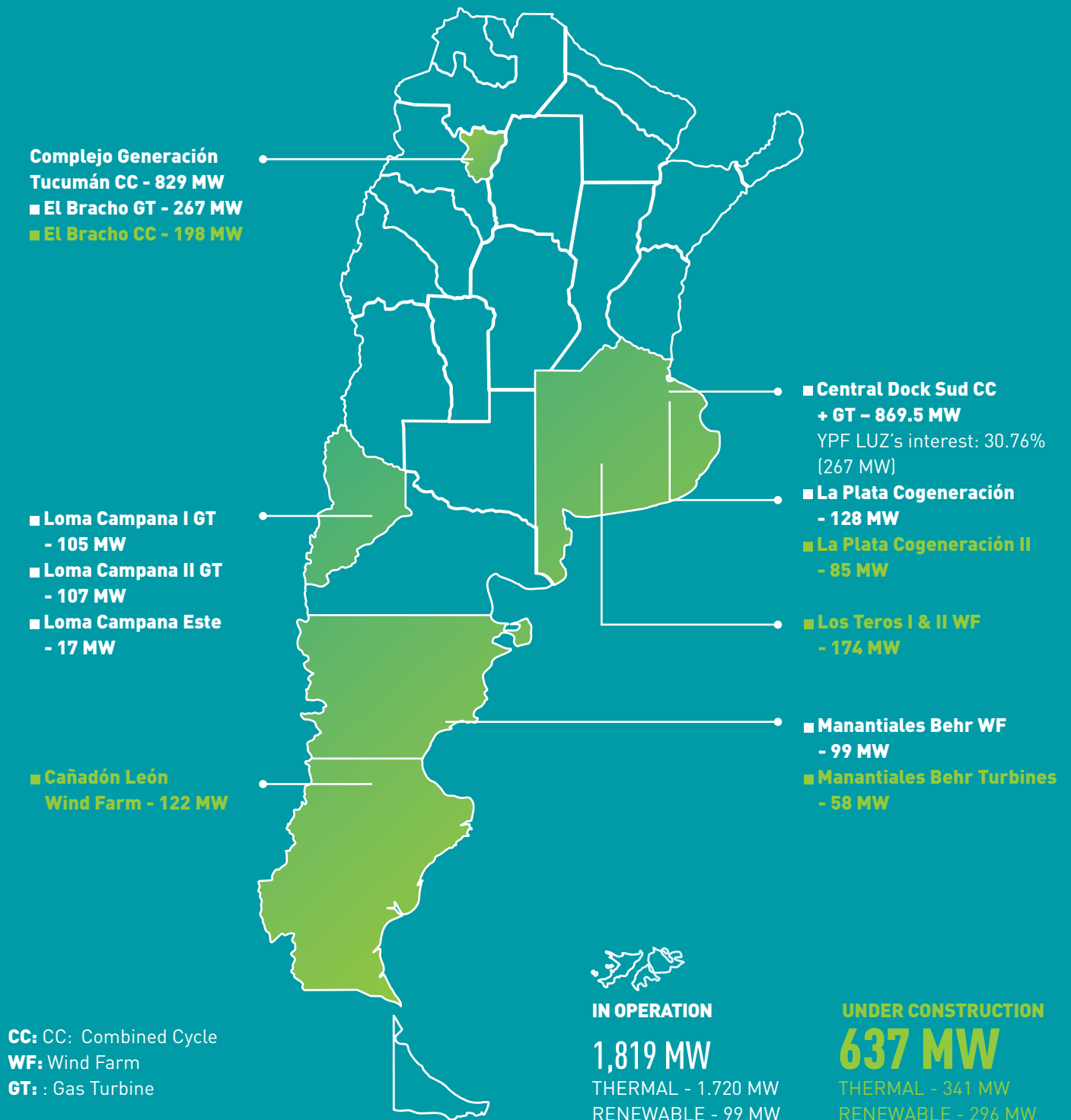
**WE HAVE 1,819 MW OF INSTALLED CAPACITY INTENDED FOR INDUSTRY AND EFFICIENT ENERGY, GENERATED AT HIGH-TECH FACILITIES DISTRIBUTED NATIONWIDE.**



## ENERGY

**We comply with safety and technology standards to produce electric power with natural resources and contribute to the energy development of Argentina and its industries.**

## SITES IN OPERATION AND PROJECTS UNDER CONSTRUCTION





**YPF LUZ's Power Generation compared to Market in 2018**

Site	Generation	Availability (w/o scheduled maintenance)	Fuel Consumption	Specific Consumption
	GWh	%	Gas Eq. (M m <sup>3</sup> /day)	kcal/kWh
Loma Campana I	432.40	59.3%	0.28	1,964
Loma Campana II	395.40	87.0%	0.26	2,011
La Plata Cogeneration	873.40	95.9%	0.56	1,976
San Miguel de Tucumán	2,208.10	96.7%	1.28	1,790
Tucumán	3,024.00	99.2%	1.75	1,786
El Bracho	542.70	97.4%	0.43	2,449
Manantiales Behr WF	148.64	95.4%	-	-
<b>Total, YPF LUZ*</b>	<b>7,624.64</b>	<b>90%</b>	<b>4.56</b>	<b>1,844.1**</b>
<b>Total Market</b>	<b>137,481.8</b>	<b>81%</b>	<b>54.80</b>	<b>1,918**</b>

\* Does not include Dock Sud and Loma Campana Este.

\*\* Weighted average consumption by generated energy.

Source: Prepared by YPF luz based on CAMMESA's data.

**THERMAL GENERATION**

With regard to thermal generation, we endeavored to incorporate assets that make efficient use of gas, since gas is the least impactful fossil fuel in electric power generation. In 2018, YPF LUZ's entire thermal generation was based on gas, while national gas utilization by thermal power producers was 90%, on average.

**Tucumán**

We operate Complejo Generación Tucumán located in El Bracho district (approximately 22 km south of San Miguel de Tucumán, Province of Tucumán). The complex is comprised by Tucumán Thermal Power Plant, with an installed capacity of 447 MW and San Miguel de Tucumán Thermal Power Plant, with an installed capacity of 382 MW. In January 2018, we started to operate El Bracho Thermal Power Plant, with an installed capacity of 267 MW.

**Loma Campana**

In 2017, we inaugurated Loma Campana Thermal Power Complex, located in the district of Añelo, Province of Neuquén. The complex includes two thermal power plants with aeroderivative gas turbines: Loma Campana I and Loma Campana II, with an installed capacity of 105 MW and 107 MW, respectively. The complex also includes Loma Campana Este, a thermal power plant located in YPF's Loma Campana oil & gas production concession area, 18 km away from Loma Campana I and II, with an installed capacity of 17 MW.

**La Plata**

In February 2018, we completed the acquisition of La Plata Cogeneración from Central Puerto S.A. The power plant has an installed capacity of 128 MW and supplies steam to YPF's industrial complex and electricity to CAMMESA.

**Dock Sud**

YPF LUZ owns a 30.76% equity interest in this company and is in charge of the Commercial department. Enel is responsible for the operation and the relationship with the stakeholders. The complex is located in Avellaneda, Buenos Aires. Dock Sud has a total installed capacity of 869.5 MW, out of which 267 MW are attributable to YPF LUZ's interest in the company.

## RENEWABLE GENERATION

We strive to develop reliable, efficient and sustainable energy, with world-class technology, for industries to be able to rely on this CO<sub>2</sub> emission-free resource. We have a wind farm in operation and two wind farms under construction to supply renewable energy to Argentina's leading companies.

A wind farm is a safe source of energy. It produces no air emissions and no waste, while generating fuel and cost savings. A wind farm also contributes to diversifying the energy mix and mitigating climate change. Due to these characteristics and the competitive prices of renewable energy, some clients rely on us not only to supply them with the share of renewable energy required by law, but also to meet their entire electricity demand under long-term power purchase agreements.

### Renewable Generation Results in 2018\*

	Renewable Generation	MATER Generation
	GWh	GWh
YPF LUZ	148.64	148.64
Market	3,350.22	0.25
Market Share	4%	58%

\*Internally-prepared information based on CAMMESA's data.

#### How does a wind turbine work?

When the wind moves the rotor, the resulting rotational energy turns into electric power. Each wind turbine has a rated power of 3-4.5 MW, depending on the technology used.

#### What is the capacity factor?

It is defined as the energy that can be generated vis-à-vis the energy that could be potentially produced if the wind moved the wind turbines all year round at the optimal power.

**THE ENERGY GENERATED BY A WIND FARM DURING ONE YEAR TRANSLATES INTO SIGNIFICANT SAVINGS OF GASOIL AND NATURAL GAS AND HELPS REDUCE CO<sub>2</sub> EMISSIONS.**

## MANANTIALES BEHR WIND FARM, CHUBUT

With the renewable and efficient energy we produce at Manantiales Behr Wind Farm, we supply a portion of YPF's and other major industries' demand.

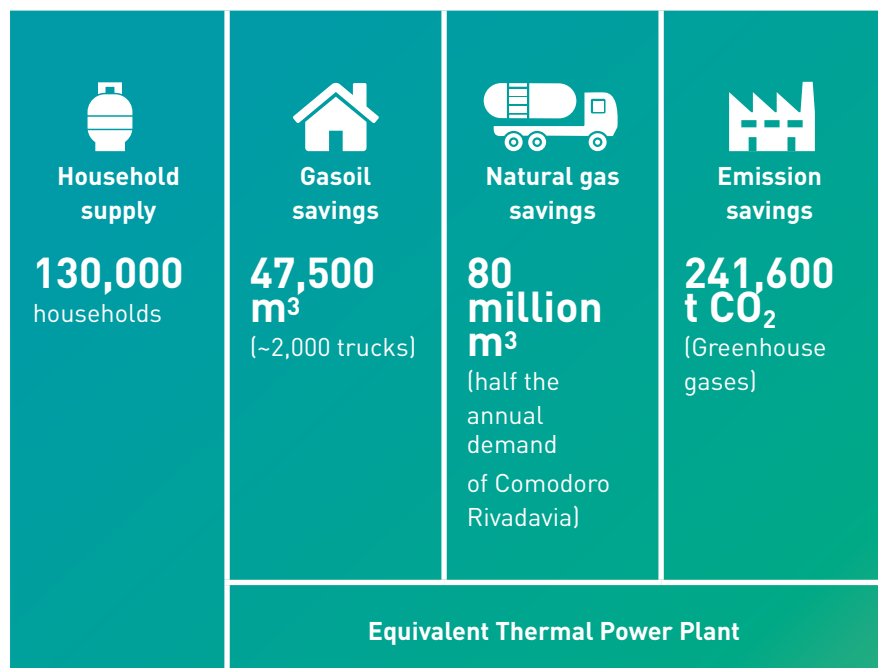
The first wind farm of YPF LUZ—built on a currently operational oil & gas reservoir owned by YPF—is located in Manantiales Behr, 30 km away from the city of Comodoro Rivadavia, Province of Chubut. The wind farm has 30 Vestas wind turbines with a capacity of 3.3 MW each, totaling an installed capacity of 99 MW. On July 25, 2018, the first stage of the wind farm (49.5 MW) entered commercial operations, with the remaining capacity having entered commercial operations on December 22 to reach a total of 99 MW. The wind farm is connected to the Argentine grid connection system (SADI) and CAMMESA has assigned it priority dispatch for the sale of renewable energy in MATER<sup>4</sup>.

During the first twelve months of operation, the wind farm has achieved a 62% capacity factor—the highest in Argentina.

<sup>4</sup> Renewable Energy Term Market.



### Manantiales Behr Wind Farm Example



**The wind farm has an installed capacity of 99 MW. During its first year of operation, it attained a capacity factor of 62%, with peaks of up to 71%—one of the highest worldwide, considering the global average is 25%.**

Due to its convenient location, the wind farm leverages the winds prevailing in the Argentine Patagonia—boasting one of the highest factors worldwide in terms of installed power capacity. With a new high-voltage line and two transformer substations (20 kilometers of 132 KV and 27 kilometers of 35 KV), which provide the region with increased power supply alternatives, YPF LUZ's wind farm also contributes to improve the local reliability of the grid (oil reservoirs) and the Comodoro Rivadavia node. The wind farm has an Environmental and Social Management Program in place, audited by international organizations, which ensures biodiversity preservation and stakeholders' involvement.

- A 2,000-hectare area located in a reservoir which has been producing oil & gas for more than 80 years.
- 30 wind turbines.
- One 132 KV line of 20 kilometers. It is the first line in Argentina with new technology conductors, increased capacity and a length of 27 kilometers at 35 KV.
- 2 transformer substations of 132 KV at 35 KV.

→ During the civil construction stage, we hired around 500 regional and other domestic companies.

→ Investment: USD 210 million

## DIGITAL TRANSFORMATION

In 2018, we completed the deployment of IT infrastructure and the implementation of Osisoft PI System<sup>5</sup> at two power plants in Tucumán (CTT and SMT). This system enables the collection, analysis, visualization, and sharing of large amounts of data generated by thousands of sensors installed at various generation assets. Access to this key information is required for the ongoing and remote monitoring of operations, resulting in lower operating costs and in an enhanced corrective and preventive maintenance plan, increasing our production capacity and extending the equipment's life cycle. During 2019, we will complete the connection plan in the remaining sites and the development of new functionalities, such as automatic alarms and trend charts, among others.

In December 2018, we also entered into an agreement with GE Digital Energy to pilot test Predix—a digitization system which will help make the maintenance of power plants more efficient. At a first stage, the system will be deployed in La Plata Cogeneration.

We assure our operating results by managing our processes, with the development of suitable management systems and the application of new technologies with innovative approaches to enable operating sustainability

**“OUR INVESTMENT IN THESE LEADING DIGITAL TECHNOLOGIES IS PART OF OUR STRATEGY OF HAVING EFFICIENT, TRANSPARENT, UPRIGHT AND SAFE OPERATIONS AND PROCESSES IN PLACE, WHILE STRENGTHENING ELECTRIC POWER GENERATION RELIABILITY.”**  
**MARTÍN MANDARANO, CEO OF YPF LUZ.**

For more information, visit <https://youtu.be/l2mCr0bDl3M>

<sup>5</sup> System provided by Osisoft. For more details, visit [www.osisoft.com/pi-system/](http://www.osisoft.com/pi-system/)

# OUR PROJECTS

GRI Contents 102-15

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Our strategy seeks to achieve a leadership position in Argentina's electric power generation market, and attain an installed capacity of 5,000 MW in the years ahead. To this end, we are working on the development of projects and on structuring our business so as to meet such this challenging goal. In this regard, we are constructing six new projects that will contribute an additional capacity of 637 MW.



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## Los Teros Wind Farm

**Location:** Los Teros, Azul, Buenos Aires

**Total Capacity:** 174 MW

**Type:** Renewable energy. Wind Power

**Stage:** Construction

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## Complejo Generación Tucumán

**Location:** El Bracho, Buenos Aires

El Bracho Closing Cycle

**Total Capacity:** 198 MW

**Type:** Thermal Power. Combined cycle

**Stage:** Construction

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## La Plata Cogeneración

**Location:** La Plata, Buenos Aires

**Total Capacity:** 85 MW

**Type:** Thermal Power. Combined cycle

**Stage:** Construction

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## Cañadón León Wind Farm

**Location:** Cañadón León,  
Santa Cruz

**Total Capacity:** 122 MW

**Type:** Renewable energy.  
Wind power

**Stage:** Construction

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## Manantiales Behr Turbines

**Location:** Comodoro Rivadavia,  
Chubut  
Turbines

**Total Capacity:** 58 MW

**Stage:** Project

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## THERMAL GENERATION PROJECTS

### Tucumán - Combined Cycle

The closing of the combined cycle of the new 267 MW gas turbine in Tucumán is currently underway to include an additional capacity of 198 MW, enhancing the efficiency of the entire plant. Commissioning is expected to take place in 2020.

### La Plata Cogeneration

We are constructing a new 85 MW cogeneration plant at YPF's La Plata Industrial Complex. The new plant's power output will be delivered to the interconnected system, while the steam output will be sold to YPF S.A. for its own production process. The plant is expected to become operational during the first six months of 2020. The power plant was awarded under Resolution 287/17 to add a capacity of 85 MW and a heat recovery steam generator to produce 200 tons/ hour of steam.

### Manantiales Behr Thermal Power Plant

To supply energy for YPF S.A.'s operations, we will deploy a thermal power plant in Manantiales Behr. The plant will consist of five 11.75 MW turbines, totaling an installed capacity of 57.7 MW. The plant is expected to become operational by mid-2020. It will supplement the wind farm's output to increase the energy available to reservoirs owned by YPF and local communities. Hence, the wind farm and the power plant will become a hybrid generation node.

## RENEWABLE GENERATION PROJECTS

We began the construction of two new wind farms: Los Teros, located in Azul, Province of Buenos Aires, with an installed capacity of 174 MW, and Cañadón León, located in Cañadón Seco, Province of Santa Cruz, with an installed capacity of 122 MW. After completion of these projects in 2020, we will have increased our renewable energy capacity by additional 296 MW.

### Los Teros Wind Farm

**The power produced by the wind farm will be equivalent to the consumption of 160,000 households and may reduce CO<sub>2</sub> emissions by 5.5 million tons in 20 years.**

Located in Azul, Province of Buenos Aires, the wind farm will have 45 General Electric wind turbines, with an installed capacity of 174 MW and an estimated capacity factor of 53%. CAMMESA has assigned it priority dispatch for the sale of renewable energy in the MATER.

The wind farm will be built on a 3,300-hectare plot of land, 45 km far from Azul, and will require a total investment of more than USD 200 million.

In 20 years, the wind power produced in Los Teros is expected to reduce CO<sub>2</sub> emissions by 5.5 million tons, compared to the impact of a thermal plant generating the same amount of power, accounting for diesel savings of 81,800 m<sup>3</sup> or natural gas savings of 130 million m<sup>3</sup>—equal to the consumption of

230,000 households.

The wind farm will be distributed in two facilities and will be built in 2 stages:

- Los Teros I: installed capacity of 122 MW - 32 wind turbines of 3.83 MW each.
- Los Teros II: installed capacity of 52 MW - 13 wind turbines of 4 MW each.

**“We celebrate the beginning of each new renewable energy project, which will certainly be a significant contribution to Argentina's sustainable development. We are proud of driving this renewable project together with GE, a global leader in energy technology and strategic partner in Argentina.”**

**Martín Mandarano,**  
CEO of YPF LUZ

### Cañadón León Wind Farm

The project is located in Cañadón León reservoir, in the Province of Santa Cruz, 1.2 kilometers away from the city of Cañadón Seco, 25 kilometers from Caleta Olivia, and 33 kilometers from Pico Truncado.

The project will have 30 wind turbines and an installed capacity of 122 MW, with a capacity factor of around 50%.

Within the framework of the RenovAr 2.0 program, YPF LUZ was awarded a 20-year power purchase agreement (PPA) with CAMMESA for the supply of renewable energy through the 99 MW Cañadón León Wind Farm project, currently under construction. We also plan to install an additional 23 MW to supply the MATER.

# OUR CLIENTS

GRI Contents EU3

**WE DELIVER RELIABLE, EFFICIENT AND SUSTAINABLE ENERGY SOLUTIONS TO OUR INDUSTRIAL CLIENTS, UNDER ARRANGEMENTS THAT FIT THEIR NEEDS.**

We produce electric power from thermal and renewable sources, and sell the power produced to our clients, which are classified into two main segments: CAMMESA<sup>6</sup> and private clients.

As to CAMMESA, the energy sold to it comes from thermal sources and is produced by our power plants at Complejo Generación Tucumán (Resolution 19/2016), La Plata (Resolution 19/2016), Loma Campana (Resolution 21/2016 and self-generation), and the stake in Central Dock Sud (Resolution 19/2016). As for private clients, we market renewable energy generated at the Manantiales Behr Wind Farm, through the Renewable Energy Term Market (MATER) and Loma Campana I Self-generation.

<sup>6</sup> Acronym stands for Company Administrating the Electric Wholesale Market Company

	Number of clients	% of energy sold
Industrial clients	12	16%
CAMMESA	1	84%

Client	Term (in years)	GWh/Year
	13	744
	21	182
	10	78
	15	59
	5	41.6
	3	20
	10	17.6
	5	13.4
	10	9.1
	20	6
	2	3,1
	1	1,5

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We support our clients throughout the process to obtain renewable energy by offering:

- Competitive prices.
- Conditions customized to each industry.
- A varied selection of technologies.
- Highly reliable renewable energy facilities.
- Advice from our commercial team, expert in regulatory affairs.

YPF is our main renewable energy client, as it buys more than 70% of our energy output to conduct its operations. Therefore, it is one of the first companies which has complied with the requirements of the Renewable Energy Law<sup>7</sup>, which sets forth that, by 2018, 8% of the energy used by large users must come from renewable sources.

We conduct a strict technology selection process and comprehensive preliminary technical feasibility studies for each project, which helps us attain high reliability levels in our renewable energy facilities. We offer the professional advice of our commercial team, expert in regulatory affairs, throughout the term of the contract with our clients. We have a solution for each company and offer competitive prices, in addition to flexibility to negotiate each requirement.

## CHOOSING RENEWABLE ENERGY IS GOOD BUSINESS. FOR LARGE USERS, RENEWABLE ENERGY HELPS LOWER COSTS AND INCREASE SUSTAINABILITY.

Large users are faced with an excellent opportunity to cover up to 100% of their demand with renewable energy adding sustainability, predictability, and cost-savings to their energy supply mix. Our focus is placed on satisfying these needs with an efficient renewable energy offering, under terms and conditions suitable to clients' specific needs. Due to these features and the competitive price of renewable energy particularly, when purchased under long-term contracts, some clients rely on us to supply their entire energy demand within the framework of over 10-year power purchase agreements.

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<sup>7</sup> Law No. 27,191.



## PROJECTS

**We conduct a strict technology selection process and comprehensive preliminary technical feasibility studies for each project.**





### AGREEMENT WITH TOYOTA ARGENTINA

10-year renewable energy purchase agreement covering the company's entire energy demand.

Through this agreement, we supply wind power for the operations of Toyota's facilities in Zárate for 10 years. At a first stage, Toyota will cover 25% of its energy demand from its manufacturing process with renewable energy. At a second stage, commencing in 2020, it will cover its entire energy demand,

that is, 76,000 MWh/year, with renewable energy. The energy supply for Toyota's operations will come from the 99 MW Manantiales Behr Wind Farm (Chubut), and from the 174 MW Los Teros Wind Farm, expected to be commissioned in early 2020.

"This initiative is part of Toyota's 2050 Environmental Challenge, which seeks to reduce to zero the impacts of car manufacturing and driving. This initiative will help us surpass, by far, our global goals, since, commencing in 2020, our manufacturing process will be entirely carried out with clean energy," asserted Toyota Argentina's Chairman, Daniel Herrero.



### AGREEMENT WITH COCA-COLA FEMSA ARGENTINA

15-year renewable energy purchase agreement covering the company's entire energy demand

Since August 2018, Coca-Cola FEMSA Argentina started to manufacture its products in two facilities: Alcorta (City of Buenos Aires) and Monte Grande (Province of Buenos Aires), covering 40% of its demand with renewable energy.

Since August 2018, the company will

carry out its manufacturing process using clean energy by 40%, reaching 100% by 2020. The energy supply comes from our wind farms Manantiales Behr (Chubut), Los Teros (Buenos Aires) and Cañadón León (Santa Cruz).



## PROFERTIL AGREEMENT WITH PROFERTIL

In October 2018, we entered into a 21-year agreement with Profertil for the supply of renewable energy for the operation of its granular urea facilities located in Ingeniero White, Bahía Blanca. YPF LUZ will supply 12% of Profertil's renewable energy requirements from the 99 MW Manantiales Behr Wind Farm, in Comodoro Rivadavia. Since 2020, YPF LUZ will complete 60% of Profertil's demand with energy from the 174 MW Los Teros Wind Farm, which is being constructed in the Province of Buenos Aires. 60% of the energy used in Profertil's facilities will come from renewable sources. This means that YPF LUZ will supply 185 GVh/year, the equivalent to the energy consumed by 52,700 households. In terms of greenhouse gas mitigation, the agreement will result in savings for 100,000 tons of CO<sub>2</sub>.



## AGREEMENT WITH CAMMESA

We entered into a 20-year agreement with CAMMESA for the supply of renewable energy that will be produced at Cañadón León Wind Farm, in Santa Cruz. The execution of this agreement, which was awarded in November 2017 (as part of the RenovAR program), marked the starting point for the construction of the wind farm, which will supply 122 MW of renewable energy through 30 wind turbines installed in a location boasting one of the strongest winds worldwide.



## EVENT FOR CLIENTS AT YPF TOWER IN PUERTO MADERO

At a meeting organized with companies, we presented business opportunities with renewable energy

for large users, and the Toyota and Profertil cases, with whom we have entered into 10-year and 21-year agreements, respectively, for the supply of wind power for the operation of their facilities.

Charly Alberti, ex drummer of Soda Stereo, founder of Fundación R21, and Environmental Ambassador appointed by the UN, joined the meeting to speak about the environmental challenges faced by our planet, and called on all attendees to reflect on the need for embracing sustainable habits. Miguel Kiguel, Economist and Director at Econviews, gave a macroeconomic overview of Argentina.

**“Our Mission is to generate profitable, efficient and sustainable energy, streamlining natural resources for the production of thermal and renewable energy. We are already reaping the benefits of our dream of becoming one of the largest renewable energy producers.”**

**Martín Mandarano,**  
CEO of YPF LUZ

For more information, visit: <http://bit.ly/ypfluzclientes>

# OUR SUPPLIERS

GRI Contents 102-8, 102-9

**As part of YPF LUZ’s policies, we assess our suppliers for goods and services to ensure compliance with our goals.**

Our supply chain is governed by guidelines and policies to align the pertinent technical, tax, legal, and cost requirements, with ethical values and environmental, labor, and social security requirements as might be applicable. In this regard, our Code of Ethics and Conduct, and our commitment to sustainability, are applicable to all contractors, subcontractors, suppliers for goods and services, and business partners.

These requirements are included in the stages of our procurement process –pre-selection, validation, award, and assessment– which in 2018 involved all suppliers defined as critical to preserve the reliability of our operations.

The general procurement and contracting conditions are intended to govern the relationship between YPF LUZ and its suppliers and contractors in respect of the purchase of goods and/or the execution of contracts for works and/or services. These conditions—which are accepted by suppliers or contractors upon submitting their bids—establish basic obligations and responsibilities in terms of ethics and conduct, compliance, environment, health and safety, and labor relations.

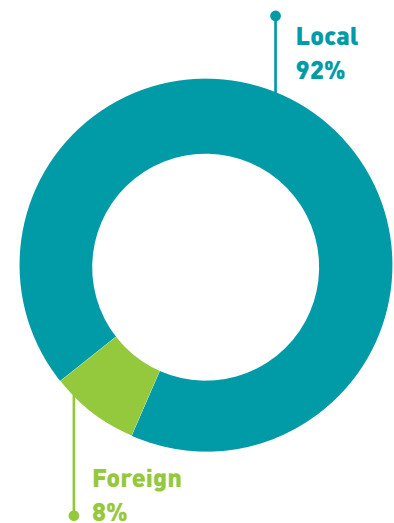
Before executing a contract, YPF LUZ assesses each supplier on the basis of its compliance with the Company’s policies and applicable laws and regulations. Since some of our suppliers are also suppliers to YPF S.A., the available background information and assessments are taken into account by the procurement team when analyzing these suppliers. In 2018, the number of active suppliers was 496. Out of these, 38 were foreign and 458 local. In December 2018, YPF LUZ had 32 contractor companies, with 250 active workers. Moreover, during the year, due to the execution of several construction projects, we reached a total of over 50 contractors, with more than 800 workers.

## SUPPLIERS’ ASSESSMENT

Throughout the term of each contract, we carry out a performance appraisal of our suppliers, including a consistent and documented assessment of the key aspects of the relationship, from contract award to completion. If a material nonconformance is identified, a suitable action plan is defined to redress it.

This process includes compliance with regulatory and contractual requirements related to quality in the management of the products and services area of the supply, labor relations, health and safety performance, or environmental preservation. The list of suppliers (approved by the Comprehensive Management System) is continually updated.

## Suppliers by origin



Based on our available assessment tools, during the reporting period, we have not identified material risks of child labor, forced labor, or freedom of association, for the operations and suppliers with current contracts.

In 2018, 75% of our suppliers were assessed as having good or very good performance, while the performance of the remaining 25% was average.



5.

# ENVIRONMENTAL PERFORMANCE



# QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

**Material Topics** Energy Use, Water and Effluents, Biodiversity, Gas emissions and GHG, Waste Management, Occupational health and safety

**GRI Contents** 103-1, 103-2, 103-3, 403-1, 403-2, 403-7

Quality, Environment, Health, and Safety (QEHS) management is based on three principles that guide our corporate culture (see accompanying table).

Based on these principles, we defined 11 guiding strategic vectors for our Goal and Action Plan (GAP) 2018 (see accompanying table).

In addition, we defined specific Goal and Action Plans (GAPs) as follows:

- Safety and Health Goal and Action Plan (SHGAP).
- Environment and Social Goal and Action Plan (ESGAP).
- Quality Goal and Action Plan (QGAP).

Our Integrated QEHS Management helps streamline resources and deliver better results to become one of the leading companies in the electric power generation sector, leader in renewable technologies, embracing internationally recognized safety, technology, efficiency, and quality standards.

## YPF LUZ's Principles

<b>Minimize our environmental impact.</b>	<b>Ensure safe working conditions by embracing locally and internationally renowned best practices.</b>	<b>Maintain a safe workplace for all workers and the communities where we develop our activities.</b>
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## Strategic Vectors

<b>1. Leadership</b>	<b>7. Emergency Management</b>
<b>2. Management System</b>	<b>8. Contractor Management</b>
<b>3. Incident Management</b>	<b>9. Health</b>
<b>4. Audits</b>	<b>10. Prevention of Negative Environmental &amp; Social Impact</b>
<b>5. Risk Management</b>	
<b>6. Regulatory Compliance</b>	<b>11. Training</b>

GAP= SHGAP / ESGAP / QGAP

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Our **Quality, Environment, Health and Safety Policy** lays the groundwork to build upon our Strategic Guidelines, and develop a comprehensive goal and action plan for our integrated QEHS (Quality, Environment, Health and Safety) management.

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For more details, visit: <https://www.ypf luz.com/sustentabilidad>

### **YPF LUZ'S FIRST QEHS INTEGRATION EVENT**

With the participation of all QEHS leaders from operational facilities and sites under construction, we held YPF LUZ's First QEHS Event— an opportunity to share 2018's strategic guidelines and goals, and schedule YPF LUZ's QEHS Events for 2019.

At the same time, we identified areas for improvement to enhance integration, agility and efficiency in team work. The event also fosters an engaging and reflection environment to enhance our management system and contribute to our corporate goals.





# ENVIRONMENTAL MANAGEMENT

**Material Topics** Energy Use, Water and Effluents, Biodiversity, Gas Emissions and GHG, Waste Management

**GRI Contents** 103-1, 103-2, 103-3

## YPF LUZ DRIVES ACTIONS TO ENHANCE ENVIRONMENTAL SUSTAINABILITY.

We strive to care for the environment and to achieve ongoing improvement in our day-to-day management processes, to be a profitable, efficient, and sustainable energy company that makes an efficient use of natural resources and contributes to the energy development of Argentina and the markets in which it operates.

QEHS Management is a process that starts at the very first stage of each project's life cycle. This allows for an early risk identification for the accurate planning of preventive, control, mitigation, and/or compensation actions. Each change or new project is analyzed as part of the integrated management system.











We also engage in the identification of applicable legal requirements (national, provincial, and municipal) and international best practices and

standards. It should be noted that several of our projects were subject to environmental and social audits to comply with the standards of the International Finance Corporation (IFC), as is the case of Manantiales Behr Wind Farm, funded by IDB Invest. We leverage this experience by raising our internal QEHS standards, including:

- Monitoring birdlife and bats throughout the entire life cycle of wind projects.
- Enhancing the baselines of our environmental impact assessments, including archeological and paleontological surveys.
- Taking a coordinated approach to the management of environmental and social aspects, communicating our projects and future operations to the community and to our stakeholders to ensure environmental and social sustainability.

All operational sites are ISO 14001 certified (Environmental Management System). As part of the management system, we receive regular audits (both internal and external), to ensure implementation, identify deviations and opportunities for improvement. We carry on Environmental Management Programs, which are reviewed by the pertinent oversight authorities every six months. Follow-up is in charge of QEHS Committees, while ongoing reviews are handled by the Management System department. Each member of YPF LUZ displays a strong commitment, driven by the leadership of our senior management team.

**WE HAVE AN ENVIRONMENTAL MANAGEMENT POLICY IN PLACE THAT REINFORCES OUR COMMITMENT TO OPERATE IN HARMONY WITH OUR ENVIRONMENT.**

Certifications			
Complejo Tucumán			
			
Complejo La Plata			
Manantiales Behr Wind Farm			
Complejo Loma Campana			

All of YPF LUZ's operations have an Environment Management System in place, are certified under the ISO 14001 standard, and have (internal and external) Audit Plans to follow up on management systems and indicators.

Monthly follow-up efforts are carried out at all operational sites through the ESGAP (Environment and Social Goal and Action Plan). This plan is based on strategic action vectors arising from our QEHS Policy. We hold weekly meetings with the QEHS Committees to ensure integrated follow-up efforts, taking into account Quality, Environment, Health and Safety, at which all relevant facts that occurred during the week, achievements, and pending or next steps are discussed.

### ENERGY AND EMISSIONS

Material Topics Energy Use, Gas Emissions and GHG

GRI Contents 103-1, 103-2, 103-3, 302-1, 302-3, 305-1, 305-4, 305-5, 305-7

**IN 2018, FOUR THERMAL POWER PLANTS OWNED BY YPF LUZ WERE CERTIFIED UNDER THE ENERGY EFFICIENCY STANDARD ISO 50001.**





As part of our mission of being efficient, and seeking to optimize our energy performance to enhance and make our processes more efficient and reduce greenhouse gases, in 2018 we had four thermal power plants certified under the ISO 50001 standard (Energy Management System), namely: El Bracho Thermal Power Plant and Loma Campana Thermal Generation Complex, comprising Loma Campana I, II and Loma Campana Este power plants.

Loma Campana Este, a thermal power plants that supplies reliable energy for the development of YPF S.A.'s non-conventional resources, was the **first distributed energy turbine power plant in Argentina to be certified** under this standard.

Additionally, El Bracho Thermal Power Plant and Loma Campana Thermal Generation Complex were certified under the quality management standard ISO 9001 which, in addition to the ISO 14001 environmental management standard, in the particular case of El Bracho, supplements the occupational safety and health certification OHSAS 18001.

These certifications represent a major sustainability milestone, consistent with our goal of becoming one of the leading energy generation companies in Argentina, embracing internationally renowned technology, efficiency and quality standards.

	2018
Total fuel consumption (in GJ)	53,103,389
Total fuel consumption from non-renewable sources (in GJ)	53,083,728
Total fuel consumption from renewable sources (in GJ)	19,661
Electricity, heating and steam purchased for consumption (in GJ)	31,093
Self-generated electricity, heating, cooling and steam (in GJ)	30,350,075
Electricity, heating, cooling and steam sold (in GJ)	29,675,671
Total energy consumption (in GJ) <sup>10</sup>	53,808,887
	2018
Energy intensity organization-wide (**)	17.84

	2018
Total GHG direct emissions (in tCO <sub>2</sub> e)	3,016,636
	2018
Intensity of the organization's GHG emissions (*)	0.36
	2018
Reduction of GHG emissions (in tCO <sub>2</sub> e)	119,285
	2018
Significant air emissions (in kg)	
Nitrogen oxides (NO <sub>x</sub> )	5,262,874
Volatile organic compounds (VOC)	295,337
Particulate matter (PM)	63,865

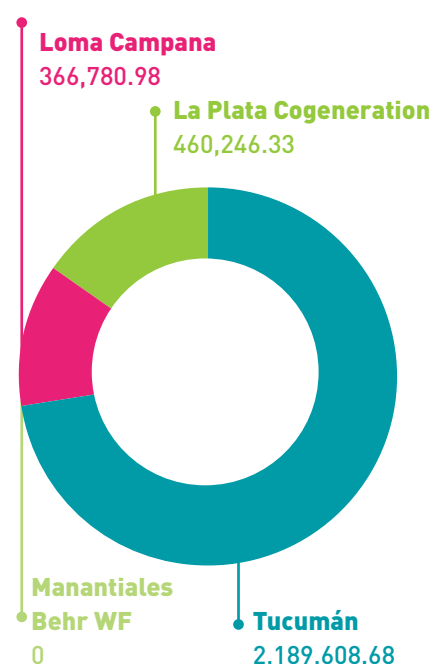
\*Tons of CO<sub>2</sub> equivalent/MWh of produced energy. The calculation includes CO<sub>2</sub>, NO<sub>x</sub>, N<sub>2</sub>O, NMVOC, CO and CH<sub>4</sub> and PM emissions.

\*\*Total energy consumption in GJ/tons of CO<sub>2</sub> ton equivalent emissions.

<sup>10</sup> Total energy consumption organization-wide = Consumed non-renewable fuel + Consumed renewable fuel + Electricity, heating, cooling and steam purchased for consumption + Electricity, heating, cooling and steam self-generated and not consumed - Electricity, heating, cooling and steam sold.

Other key sustainability and environmental milestone is reflected along our way to become a leading renewable energy generation company. In July 2018, we started to operate our first wind farm: Manantiales Behr Wind Farm (99 MW), which –in terms of reduction of GHG emissions– accounts for 241,571 tCO<sub>2</sub>e per year, in addition to the reduction of GHG emissions to be contributed by Los Teros Wind Farm and Cañadón León Wind Farm. We also have several solar projects, currently undergoing the engineering stage.

Emissions of CO<sub>2</sub> equivalent (t) in 2018 by site





## BIODIVERSITY

**Material Topics** Biodiversity, Water and Effluents

**GRI Content** 103-1, 103-2, 103-3, 304-3, EU13

### WE TRANSFORM WIND INTO ENERGY, AND DO IT WHILE CARING FOR BIODIVERSITY.

In addition to our Environmental Management Plans which includes prevention, monitoring, mitigation and compensation actions, we implement a Bird and Bat Monitoring Plan at the early development stages of our wind projects, designed under international methodologies.

At Manantiales Behr Wind Farm (MBWF), we have established a birdlife monitoring plan to survey the specific richness and variety of birds present in the wind farm and on the high-voltage line, measure nesting, survey bats, and keep a record of wind-related mortality.

The specific birdlife diversity at MBWF is seasonal; it is richer and more abundant in spring. Out of the total bird species we have identified, 73% are birds of prey, 9% are migratory birds, 9% are passerines, and 9% are water birds. The most abundant species are Rufous-collared Sparrow, Tawny-throated Dotterel, Variable Hawk, Austral Negrito and Least Seedsnipe—all species with minor conservation

concern status according to the IUCN<sup>11</sup>. In 2018, no bats were identified in the area, with a mortality of 11 birds identified, none of them classified as endangered.

These monitoring efforts will continue throughout the wind farm life cycle to minimize its impact on the area's biodiversity.

## WATER

**Material Topic** Water and Effluents

**GRI Contents** 103-1, 103-2, 103-3, 303-2, 303-3, 303-4

YPF LUZ's Environmental Monitoring Plans encompasses periodical monitoring of its liquid effluents, by permanently ensuring compliance with permissible discharge limits (applicable laws and regulations and IFC standards, where applicable).

### LOMA CAMPANA'S GREEN LUNG IS A BIOPANT FOR THE THERMAL POWER PLANT'S WATER TREATMENT PROCESS.

<sup>11</sup> International Union for Conservation of Nature, [www.iucn.org](http://www.iucn.org)

Assets*	2018
Total water pumping (in kt)**	5,613
Surface water from hydric stress area	769
Underground water**	4,844
2018	
Total water discharge by use (in kt)	926
Surface water	734
Water for reutilization (irrigation)***	192

\* Calculated in kt (kilotons), according to the unit used in our environmental reporting corporate tool (APA).

\*\* Fresh water.

\*\*\* Total liquid effluents already treated are reused for irrigation of the forestation named "Green Lung", located within a hydric stress area.



Loma Campana Green Lung

As an environmentally and socially viable solution to manage Complejo Generación Loma Campana's liquid effluents, we developed a 132-hectare Green Lung with a population of 100,000 poplars amidst a quite challenging area from an agronomic point of view, entirely irrigated with effluents generated by the thermal power plant. This project—agreed upon with the Añelo Municipality and Neuquén's Bureau of Water Resources – allows to reuse the plant's controlled liquid effluents to irrigate a 132 - hectare area of poplars. This action provides multiple environmental and social benefits, such as avoiding water and wind erosion, capturing CO<sub>2</sub> by means of the poplars'

photosynthesis process, favoring a suitable environment for the development of local fauna, and enhancing the visual impact of this arid area.

One year after its creation, the forestation has yielded outstanding results, both in terms of tree growth – trees are already 3 meters high – as well as in terms of the promotion of a suitable habitat for the development of birdlife and other native animals.

- In 2018, we used 475,036 million liters of liquid effluent to irrigate the Green Lung.
- All effluents were used for irrigation, as follows: direct tree

irrigation: 80%; firebreak area irrigation: 15%; backwash and irrigation of perimeter fence: 5%.

- The lung has a water reservoir with a capacity of 2.25 million liters.
- The lung is part of Complejo Loma Campana's generation process, and operates the 365 days of the year, with three full-time workers entirely dedicated to its care.
- Effluents are distributed across the lung by way of 150 kilometers of drip irrigation.
- The lung contributes to the fixing of approximately 3,024 tons of CO<sub>2</sub> per year (estimate based on a 72-hectare plantation with a fixing of 42 t/ha/year).





Complejo Generación Tucumán's Nursery.

## TREE NURSERY

At Complejo Generación Tucumán, YPF LUZ has a nursery based on seedling production. In 2018, 100,000 seedlings were delivered to the Province of Tucumán, under an agreement entered into with the Secretariat of Environment.

We have implemented a joint cooperation strategy with Tucumán's Secretariat of Environment (SEMA, for its Spanish acronym), as part of the Provincial Re-forestry Program, with a final scope of 1.8 million trees that will be planted province-wide

In this regard, the SEMA prioritized forestry and re-forestry efforts in certain degraded areas of the Province of Tucumán, primarily, floodable areas. Besides, jointly with municipal governments, a plan was designed to forest urban and peri-urban areas.

This program is carried on by developing 100,000 trees per year (native and exotic species), arranging efforts to coordinate the sustainable development of trees, their breeding at nurseries in place at CGT (Complejo Generación Tucumán), and their subsequent delivery to SEMA.

In 2018, we implemented the first development and delivery stage

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involving 100,000 trees, while at the same time we began the production of the baseline genetic material to produce the second stage, to be developed and delivered in 2019.

Finally, to add more value to the forestry program, share this experience, and leverage synergies with other corporate programs such as the volunteers program, throughout the year, we have internalized the seeding and nursery operations, engaging our employees in several activities (Family Day, Volunteers at Schools, etc.).





## COMPREHENSIVE WASTE MANAGEMENT

**Material Topic** Waste Management

**GRI Content** 103-1, 103-2, 103-3, 306-2

The Waste Management process includes integrated handling, with emphasis on waste classification, segregation, treatment and final disposal and, where feasible, donations. For waste transportation, treatment and final disposal, at sites where multiple proposals are available, we carry on a tender process, after which waste management is handled by the awardee (authorized contractor).

Waste transportation, treatment and final disposal contractors are subject to ongoing control and monitoring.

We have a **Comprehensive Corporate Waste Management Policy** in place, which sets out the procedures specific to each operating site. We also deliver training to minimize the use of disposable packages and encourage recycling initiatives. In Tucumán, we are working on a compost project, which will include the use of organic waste, primarily from the cafeteria, offices, and tree trimming.

	2018
Waste (in kg)	237,489
Hazardous Waste (in kg)	44,622
Non-hazardous Waste (in kg)	192,867



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6.

# OUR PEOPLE



# OUR EMPLOYEES

**Material Topics** Employment, Diversity and Equal Opportunities

**GRI Contents** 102-8, 102-41, 103-1, 103-2, 103-3, 401-2, 401-3, 405-1

Our Human Resources Policy and Strategy sets out the guiding principles for human relations at YPF LUZ, namely:

- Respect and trust,
- Transparency and honesty,
- Integrity, inclusion and ethical conduct in all our actions,
- Open and fluid communication at all organizational levels,
- Cooperation, team work, and support to achieve goals, and
- Employees' safety and wellbeing.

People management is a non-delegable duty of the Human Resources Department, who shall support professional development, offer opportunities, listen and communicate, follow up on individual comments, and respond to all requests.

The Human Resources team provides the necessary tools and helps define consistent criteria to take better actions and make better decisions; supports heads and managers in the development of their management and leadership skills, and carries out each and every people-related action, as well as all practices that help position YPF LUZ as a recognized company in the employment market.

These actions include those required to: i) develop and empower our employees, building a work and corporate culture, ii) retain the best technicians and professionals, iii)

develop young professionals and internship programs, iv) carry on initiatives aimed at fostering integration, inclusion, diversity, gender equality, and non-discrimination, v) offer competitive salaries and wages, vi) ensure an adequate value proposition for each employee, and vii) be a leading company in implementing lines of work to achieve these goals and strengthen our employer brand at the local and regional level.

## DIVERSITY, EQUAL OPPORTUNITIES, AND NON-DISCRIMINATION

Fostering a diversity and inclusion-driven culture is one of the strategic initiatives embedded in YPF LUZ's human resources management which will help achieve our strategic goals.

Directors and employees are expected to treat one another with respect, fostering a comfortable, healthy and safe work environment. The company does not tolerate any insulting conduct or any form of discrimination by reason of race, religion, political or union-related beliefs, national origin, language, sex, marital status, age, disability, or any other individual difference. Under no circumstances does the company tolerate any conduct purporting to harassment, abuse of authority, threats, intimidation, moral harassment or any other form of aggression or hostility resulting in an intimidating environment.

The profiles we look for are defined according to the needs of each operating site:

**Thermal Power Plants:** At Complejo Generación Tucumán, Loma Campana Thermal Power Plant and La Plata Cogeneration, we look for graduates from technical schools, including mechanical, electromechanical and electronic technicians. We also look for students or graduates from Electrical, Electronic, Electromechanical, Mechanical, and Industrial Engineering, and/or related careers.

**Renewable Energy :** In this area, which includes our Manantiales Behr Wind Farm, in Chubut, and two other wind farms under construction—one of them in Azul, Province of Buenos Aires, and the other one in Cañadón Seco, Santa Cruz- we look for mechanical, electromechanical and electronic technicians graduated from technical schools. We also look for students or graduates from Electrical, Electronic, Electromechanical, Mechanical, and Industrial Engineering, and/or related careers.

**Corporate Areas:** They deliver services and support across all businesses and areas. They include Legal Services, Institutional Relations, Procurement and Contracts, Human Resources, QEHS, Strategic Planning, Management Control, Engineering & Projects, etc. In these areas, we look for students or graduates from Engineering, Economic Sciences, Social and Human Sciences, and Safety and Environment.

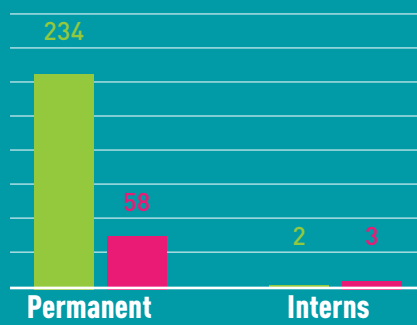


Employees by sex



■ Men  
■ Women

Employees by employment contract and sex



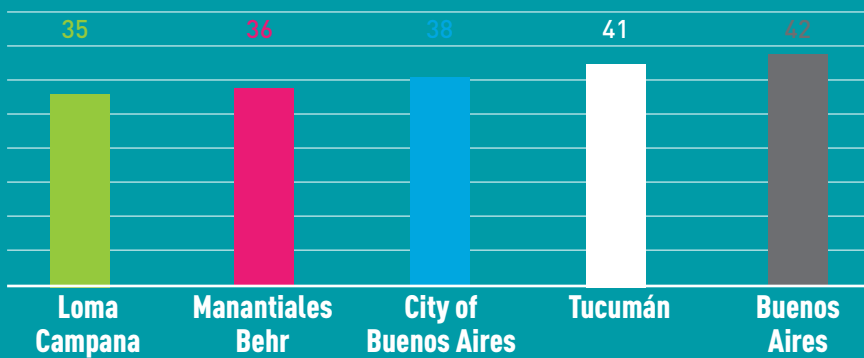
■ Men  
■ Women

Employees by location and by gender

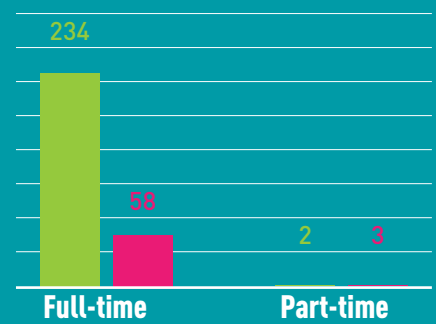
Location	Men	Women
TOTAL YPF LUZ	79%	21%
LOMA CAMPANA	100%	0%
TUCUMÁN	89%	11%
MANANTIALES BEHR	92%	8%
BUENOS AIRES	92%	8%
CITY OF BS. AS.	57%	43%

■ Men  
■ Women

Employees by location by age average

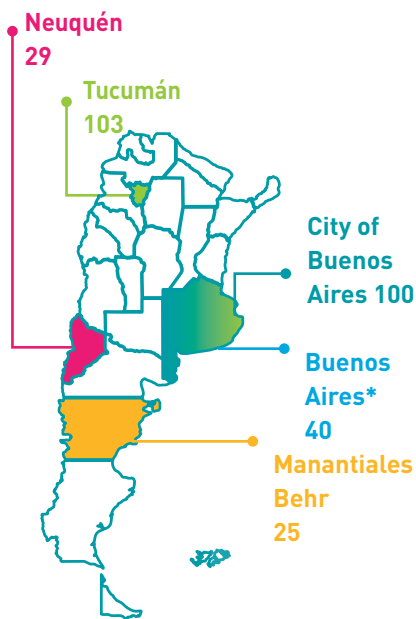


Employees by type of employment contract and sex

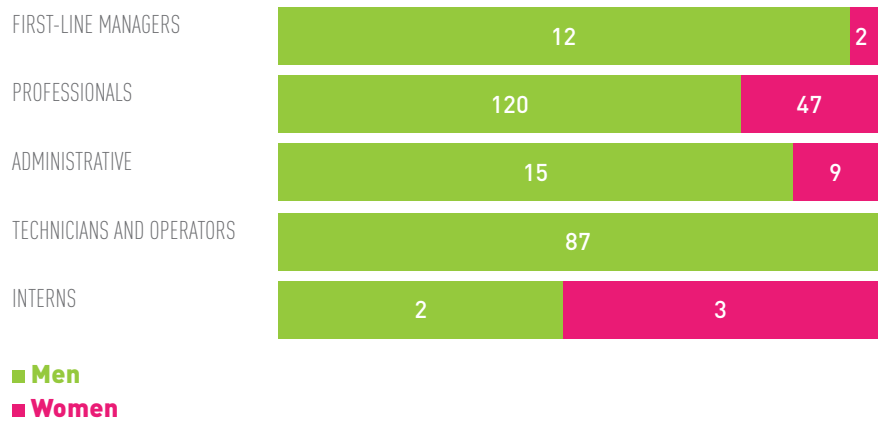


■ Men  
■ Women

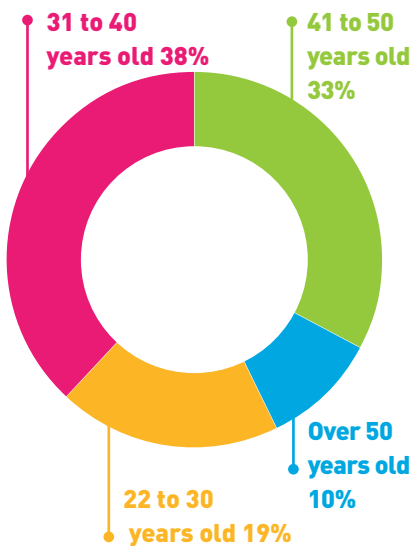
Employees by location



Employees by job category



Age average



Approximately, 55% of these employees are not bargaining, while the remaining 45% are affiliated to any of the following trade unions, based on their respective jobs and locations:

- Federación Argentina de Trabajadores de LUZ y Fuerza (FATLyF).
- Sindicato de LUZ y Fuerza de Capital Federal (LyF Cap.).
- Sindicato Regional de LUZ y Fuerza de la Patagonia (LyF Pat.).
- Asociación de Profesionales Universitarios del Agua y la Energía (APUAYE).
- Asociación del Personal Jerárquico del Agua y la Energía (APJAE).
- Asociación del Personal Superior de Empresas de Energía (APSEE).

Compensation and benefits

YPF LUZ favors competitive, attractive, motivating and fair compensation structures. Our employees' compensation has a fixed component, comprising wages and additional items according to applicable bargaining agreements, and a variable portion, which is linked to performance and goal achievement, and social security benefits, making up an employee's total compensation.

We monitor the changes in the market's macroeconomic variables to calculate the annual cost-of-living adjustment to salaries. This adjustment is applicable to non-bargaining and bargaining employees, according to their respective collective negotiations.

\* Including Los Teros and La Plata.

## Permanent employees by province and union status

	Tucumán	Buenos Aires	City of BA	Neuquén	Chubut	Total
<b>Non-bargaining</b>	<b>23</b>	<b>98</b>	<b>16</b>	<b>6</b>	<b>17</b>	<b>160</b>
<b>Bargaining</b>	<b>78</b>	<b>-</b>	<b>24</b>	<b>23</b>	<b>7</b>	<b>132</b>
FATLyF	39	-	-	6	-	45
APUAYE	31	-	-	5	1	37
LyF CAP	-	-	19	-	-	19
APJAE	8	-	-	12	3	23
APSEE			5			5
LyF PAT					3	3
Interns	2		2		1	
<b>Total</b>	<b>103</b>	<b>98</b>	<b>42</b>	<b>29</b>	<b>25</b>	<b>297</b>

In 2018, our performance-linked compensation included a bonus for 160 non-bargaining employees and 132 bargaining employees of YPF LUZ. Aimed at motivating and rewarding people for the annual achievement of the business goals, the program was based on a set of measurable, specific goals and indicators established at corporate level under YPF's Management-by-Objectives Program for each business unit and individual.



<b>Maternity leave</b>	<b>2017</b>	<b>2018</b>
Employees who enjoyed a maternity leave	1	4
Employees who returned to work after the leave	0	4
Active employees after 12 months	0	4
<b>Paternity leave</b>	<b>2017</b>	<b>2018</b>
Employees who enjoyed a paternity leave	6	3
Employees who returned to work after the leave	6	3
Active employees after 12 months	6	3

**ALL OUR PERMANENT EMPLOYEES HAVE RECEIVED A PERFORMANCE APPRAISAL.**

# TRAINING AND DEVELOPMENT

**Material Topic** Employees' Training

**GRI Contents** 103-1, 103-2, 103-3, 404-1, 404-2, 404-3

Concerning benefits, we have strengthened quality of life at the workplace, through the inclusion of short- and long-term bonuses, health insurance plans, personal loans, pension plans with company's matching contributions, additional life insurance, transportation for the staff engaged in operations, cafeteria, gym, child day care, birth and school financial aid, flextime work, short-time work/unpaid leaves, additional paternity and maternity leave days, vacations, and discount on products.

## Bonus and Incentive Plans

YPF LUZ has a short-term variable incentive program, involving cash payments to the participating employees, which is linked to the attainment of the Company's and business units' performance goals, as well as to the achievement of individual goals or each employee's performance appraisal, depending on their bargaining status. Inclusion in one or other program will depend on the area and professional category of each employee.

Training is an integral part of our company. Each employee, regardless of their level or seniority, is aware of the need to constantly improve their competences and skills. Besides, each sector head understands and commits to support their team members along their individual development plans, and will establish the necessary actions to ensure each individual's professional development. These plans must contain specific technical training actions (inherent to the respective discipline, supplementary, or cross-cutting), generic and/or management-related, as the case may be and as applicable to an employee's current or future position.

We develop training road maps establishing the main contents an employee new to a position needs to know and deal with. On the other hand, we have career coaches and/or mentors, particularly for new professionals or interns joining the company under the respective programs.

All these actions are subject to review on an ongoing basis, and annually, at the time of the performance appraisal so as to update each employee's training requirements and needs.

	2018
Hours of employees' training*	12,542
Tucumán	6,506
Neuquén	1,595
City of Buenos Aires	2,323
Buenos Aires	928
Chubut	1,190

\* 43 average hours of training per employee.

Average hours of training by sex	
Women	42.6
Men	42.1

Average hours of training by category	
Managers	31.3
Heads	39.4
Coordinators/supervisors	63.6
Technicians	30.0
Professionals, analysts and operators	50.8

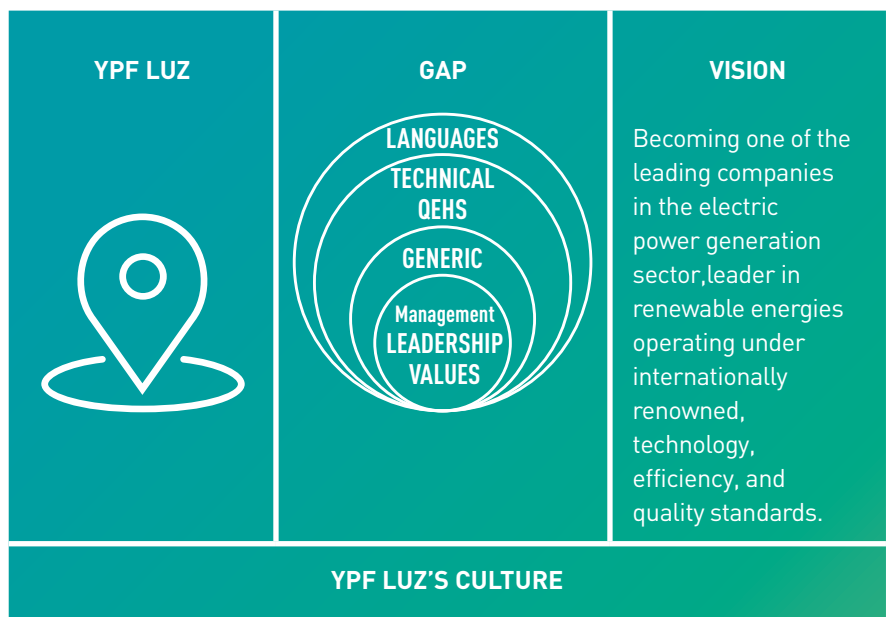
Training by type	
Generic	15%
Technical	85%

**WE ENCOURAGE OUR EMPLOYEES' PROFESSIONAL CAREER DEVELOPMENT BECAUSE WE BELIEVE THE SUCCESS ENERGY OF AN ORGANIZATION DEPENDS ON WHAT PEOPLE BUILD. OUR PEOPLE ARE OUR MAIN DIFFERENTIATOR.**

In 2018, we implemented a major training program for our employees, which included 12,542 training hours, equivalent to 42 hours of training per employee.

To identify our employees' training needs, we held 23 assessment meetings with leaders from all sectors, covering all our headcount and developing our 2019 Annual Training Program.

Type of training-related actions:



**We surveyed the training needs of all our employees distributed across 5 sites.**

**We identified 200 training units (courses, workshops, meetings, etc.).**

**We identified 1,422 training requirements across YPF LUZ (4 training courses per employee).**

**We provide the required resources for our people's ongoing learning by means of comprehensive training and support at each stage of their development, fostering the business global vision and a result-oriented culture, anchored in our Quality, Environment, Safety and Health (QEHS) Policy.**





### INTERNSHIP PROGRAM

Under this program, interns have an opportunity to gain on-the-job experience, which helps them supplement their academic education. Throughout the program, the intern receives a mentor's support who will guide the onboarding process, convey our culture and business practices, and conduct assessments and follow-up during this first stage of a professional career. This experience provides a global business vision and helps acquire differentiating management and leadership tools.

For more details, visit <https://www.ypluz.com/Pasantias>

### OUR PROFESSIONALS

During their first 9 months, we support our new hires to help them acquire a deep understanding of our company and its several operating sites. We also deliver training on technical, management and generic skills. At the end of this period, the new professionals will continue their job on a business position according to their profile. Professional careers at our company are developed on the basis of an individual plan, in line with personal interests and the company's needs. Compensation is differentiated and will increase according to established guidelines and on the employee's merits (both the fixed and the variable portions of an employee's remuneration).

For more details, visit <https://www.ypluz.com/NuevosProfesionales>

	2018
Generic training	15%
Technical training	85%
<b>75 language courses</b>	
Corporate	31%
Operations North	51%
Operations Center	4%
Operations West	7%
Operations South	7%

## ORGANIZATIONAL CLIMATE

Our people's energy is a differentiating value, which is reflected in their commitment, team work, and passion for their day-to-day activities to achieve results.

Based on our annual **Climate and Commitment Survey**, we identify actions and suggestions from our work team. To carry them out, we have built a **Workplace Climate Committee** open to anyone who wants to join. The invitation in 2018 was very successful: more than 20 candidates expressed their interest to participate. The final regular and alternate members of this committee, who suggest ideas and participate at the committee's meetings, were selected through an on-line raffle.

**WE BUILD HIGH-PERFORMANCE TEAMS IN A COOPERATIVE ENVIRONMENT, WHICH FOSTERS BEHAVIORS TO CREATE A SUITABLE WORKPLACE CLIMATE.**

## "IN FAMILY" PROGRAM

YPF LUZ's families visit our sites

We are aware of the importance each family plays in our employees' daily life, and to bring them closer to our facilities, learn about our operations and our vision, and for them to enjoy a warm experience, we organized family visits at La Plata, Manantiales Behr (Chubut), Tucumán and Loma Campana (Neuquén) sites.

## LUNCHEES WITH THE CEO

We organize regular lunches with groups of employees and the CEO, as an opportunity to maintain a straight, open and close dialogue and discuss news, concerns, and proposals.







# OCCUPATIONAL HEALTH AND SAFETY

**Material Topic** Occupational Health and Safety

**GRI Contents** 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-5, 403-6, 403-7, 403-8, 403-9

To YPF LUZ, watching for the health and safety of all people working at our operations is a top priority, including our suppliers and contractors. Our Quality, Environment, Health and Safety Policy sets out several core principles, including minimizing our environmental impact, ensuring safe working conditions, and maintaining a healthy work environment for all workers and communities where we operate. Our internal policy and procedures are applicable to our employees and contractors

Our occupational health and safety management efforts are intended to ensure people’s safety and to protect our own and third party property, assuming that:

- All occupational accidents and diseases can be prevented.
- Compliance with all applicable occupational health and safety standards is the responsibility of all individuals developing activities at our plants.
- Raising awareness among individuals contributes to the welfare at the workplace, and to the better individual and collective development of the workplace community.

2018 Health & Safety Metrics		
	YPF LUZ	Contractor Companies
Average payroll	233	505
Worked hours	489,166	1,182,179
Training participants	749	5,272
Hours of training	2,014	6,169
Incidents	12	21

## SAFETY

We have established strategic action lines and keep a monthly record of the progress made on the Safety and Health Goal and Action Program (SHGAP). Some of the actions completed in 2018 include:

- Safety leadership among senior management.
- Review, update and adjustment of our corporate safety procedures.
- Incident and accident management, investigations and improvement actions.
- Risk management in industrial assets.
- Regulatory compliance assurance.
- Emergency management, evacuation drills.
- Contractor management.
- Driving behavior ratio management.

In addition, we raised awareness among our own employees and

contractors about safety, by taking a proactive approach and through specific prevention actions.

## Accident and Environment Management

We rely on the Accident and Environment Management (GAMA) system to keep a record of and monitor incidents, accidents, investigations, improvement actions, and employees joining and leaving the company

Some highlights in 2018:

- Zero lost time accidents both among our own employees and our contractors.
- 11 emergency and evacuation drills completed in all our operating sites.
- Delivery of personal fire-proof and electric arc-resistant protective equipment to all our personnel, duly certified under IRAM-NFPA.

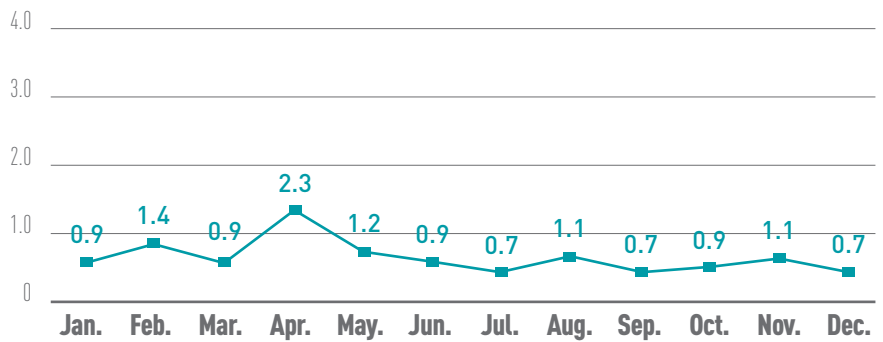
All our sites have health units for employees and contractors, and medical emergency action plans in place, giving priority to specific care at the initial moments of an incident.

**WE IMPLEMENT AND APPLY THE 10096 STANDARD ON "OCCUPATIONAL RISK ASSESSMENT" AND THE 10065 STANDARD ON "SAFETY AND ENVIRONMENT RISK MANAGEMENT IN INDUSTRIAL ASSETS."**

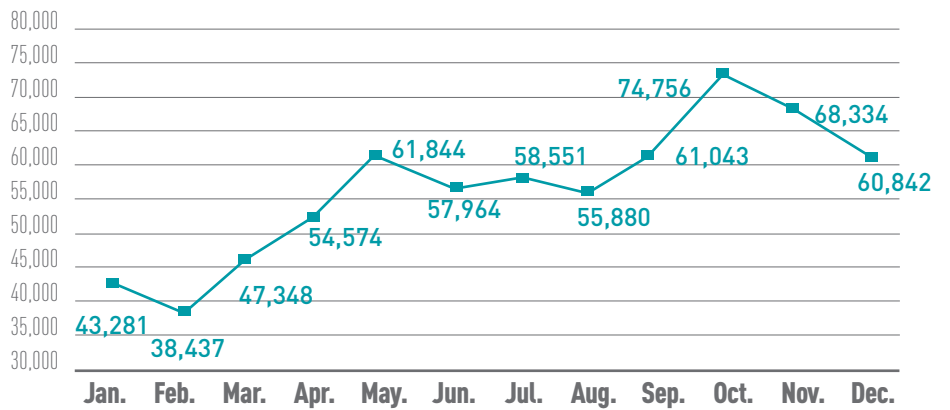
**Car Driving Behavior Ratio (DBR)**

We follow up on the Driving Behavior Ratio (DBR) on a weekly basis for all employees who have a license to drive YPF LUZ-owned vehicles, having achieved levels well below the target (annual average: 1.10).

**DBR – Driving Behavior Ratio 2018**



**Monthly reported km in 2018**





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## OCCUPATIONAL HEALTH

Regarding our employees' health, we monitor and keep records of their annual medical checkups and register them in our health management systems. We analyze the results of preventive exams, identifying prevalent cases. Based on this, we design and execute preventive campaigns, segmented by prevalent disease and by specific segments of the affected populations.

- We provide timely reports to the Line Manager any non-compliance with periodical checks (both preventive and risk checks, in compliance with applicable laws and regulations).
- We periodically run immunization campaigns, for instance, against the flu.
- We deliver training to our employees on first aids and CPR, ergonomics, and healthy eating.
- We manage our employees' and contractors' medical checkups.
- We assess and register the medical clearances in outsourced systems.





	2018
<b>Occupational Health and Safety Management System</b>	
Employees covered by the Management System	100%
Contractors covered by the Management System	100%
<b>Workplace covered by the Management System subject to Internal Audit</b>	
Employees covered by the Management System subject to Internal Audit	100% <sup>8</sup>
Contractors covered by the Management System subject to Internal Audit	100%
<b>Workplace covered by the Management System subject to External Audit</b>	
Employees covered by the Management System subject to External Audit	100% <sup>9</sup>
Contractors covered by the Management System subject to External Audit	100%

<sup>8</sup> 100% of the personnel from industrial assets (Manantiales Behr Wind Farm, Loma Campana, La Plata Cogeneration, Complejo de Generación Tucumán, Los Teros Wind Farm). Excluding headquarters.

<sup>9</sup> 100% of the personnel from industrial assets (Manantiales Behr Wind Farm, Loma Campana, La Plata Cogeneration, Complejo de Generación Tucumán, Los Teros Wind Farm). Excluding headquarters.



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7.

# SOCIAL PERFORMANCE



# OUR COMMUNITIES

**Material Topic** Community Investment

**GRI Contents** 103-1, 103-2, 103-3, 413-1

**We have a sustained social investment program in place which includes the development of initiatives and an open and fluid dialogue with local communities involved.**

Our work with the community seeks to foster an open and fluid dialogue with each community to identify the impacts resulting from our activities, address questions and complaints, and take social investment actions relevant to each community. Our social investment plan is focused on education and the efficient use of energy, as well as on enhancing the quality of life and infrastructure of the communities where we operate.

In 2018, we initiated a process to identify needs and develop actions in the communities where we operate. At the same time, we set social investment work guidelines, along with the definition of policies and procedures.

To encourage initiatives that deliver creative, flexible and efficient solutions to public needs, we have developed a **Policy on Social Investment and Donations**. This policy includes in donations. Volunteering activities, commitments or community relations activities, and any other investment associated with social, community or institutional projects. Each donation or social investment activity by YPF LUZ is managed and assessed by reference to the guidelines of this policy.

## WE CONTRIBUTE TO THE COMMUNITIES WHERE WE OPERATE WITH RESPONSIBILITY, TRANSPARENCY AND SOCIAL AWARENESS.

Since December 2018, we have been organizing regular meetings open to the community to follow up on the actions taken, report on their results and impacts, listen to concerns directly from the community, and discuss the needs and proposed initiatives for joint work. We constantly endeavor to assess and measure results, and to make the necessary adjustments resulting from all these community relationship initiatives.

Our social investment strategy is aligned with the following Sustainable Development Goals:



YPF LUZ's social investment programs are intended to:

- Improve the quality of life and infrastructure of the communities where we operate.
- Enhance education quality.
- Foster knowledge development and dissemination to benefit the community, with particular emphasis on the efficient use of energy.
- Cooperate with professional, business and community associations, whose efforts may supplement YPF LUZ's operations and help improve the service to the public.

## THE SOCIAL INVESTMENT PROGRAM IS FOCUSED ON EDUCATION, ENERGY EFFICIENCY AND ENVIRONMENTAL IMPROVEMENT OF THE COMMUNITIES WHERE WE OPERATE.

YPF LUZ contributes to the social and economic development, by way of several initiatives and activities, including:

**Forestry Days:** In 2018, we organized forestry days at each of our sites—as part of the “Family Day” program. Two hundred and sixty (260) employees, together with their families, participated in these events, in which 50 trees were planted. In the meantime, kids walked around the offices and facilities. All participants of these events were given an informational talk about the energy generation processes at each site.

**Site visits:** We arranged several guided visits to Manantiales Behr, Tucumán and Loma Campana, with the participation of over 100 visitors.

**Energy talks with YPF LUZ's leaders:** We made presentations at trade shows, seminars and local events to promote the company's activities and educate on electric power generation and renewable energy.

**Corporate Volunteers:** In 2018, we started to set the guidelines of YPF LUZ's Volunteers Policy for our employees to engage in social investment activities at each site. The Institutional Relations area will be in charge of planning for the actions under the Corporate Volunteers Program that will be carried out at sites commencing next year. On the other hand, our employees will receive training to ensure a positive experience by both volunteers and potential beneficiaries.

## SOCIAL INVESTMENT IN TUCUMÁN

In 2018, YPF LUZ carried out activities in the district of El Bracho, Tucumán, in partnership with General Electric. These activities resulted in a social investment program which seeks to revalue local institutions and was conducted with the support of the ONG Junior Achievement. To achieve a positive impact, customized to local needs, in 2017 we carried out a baseline study which served as starting point for the joint actions. Face-to-face interviews were held with El Bracho's school authorities, who are also the main community leaders, to identify basic, infrastructure needs, and discuss the possibility of implementing local development training workshops.



Based on this joint assessment of the community needs, in July 2018, YPF LUZ and GE donated 550 desks to eight schools located in El Bracho. In addition, between July and November, volunteers from both companies carried out an entrepreneurship and local development training program named "Our Region". Under this program, 30 volunteers offered workshops to 240 kids from 6th grade attending the 8 beneficiary schools. The program was coordinated with Junior Achievement which trained teachers and business volunteers for them to jointly deliver the courses to the kids. Upon completion of the program, the students and teachers who participated were invited to visit the plant.

YPF LUZ participated in the program "Vos y la Energía" (You and Energy) organized by the YPF Foundation. This program, designed for primary school children, seeks to discover energy generation and energy use in daily life by means of pedagogic strategies. The program workshops were accompanied with the YPF Foundation's trailer—a mobile classroom specially equipped with didactic and educational resources—which enables the interaction with and exploration of several sources of generation of conventional and non-conventional energy.

In addition, we organized impact activities at Technical School No. 1 in San Isidro de Lules, the city where many employees of El Bracho thermal power plant live. The purpose of these



woodwork workshops was conveying knowledge to youngsters to strengthen their educational development and team work.

In 2018, YPF LUZ joined a business consortium—including YPF Foundation, San Miguel, Arcor and Mercedes Benz, with the support of GDFE (Grupo de Fundaciones y Empresas) and RIL (Red de Innovación Local). Through this initiative, each company was tasked with identifying issues, opportunities or challenges on which it would like to work from a collaborative approach, to ultimately define public policies that address the problems of the Lules community.

In December 2018, YPF LUZ held a Open Community Event, with the participation of more than 20 leaders from El Bracho's community, including the District Hospital, eight district schools, the community authorities, neighbors and company's representatives.

At this event, we reviewed all activities carried out during the year, and presented some of the actions and programs scheduled for 2019. We also listened to the community concerns and needs to devise a Social Investment Plan aligned with them in 2019.

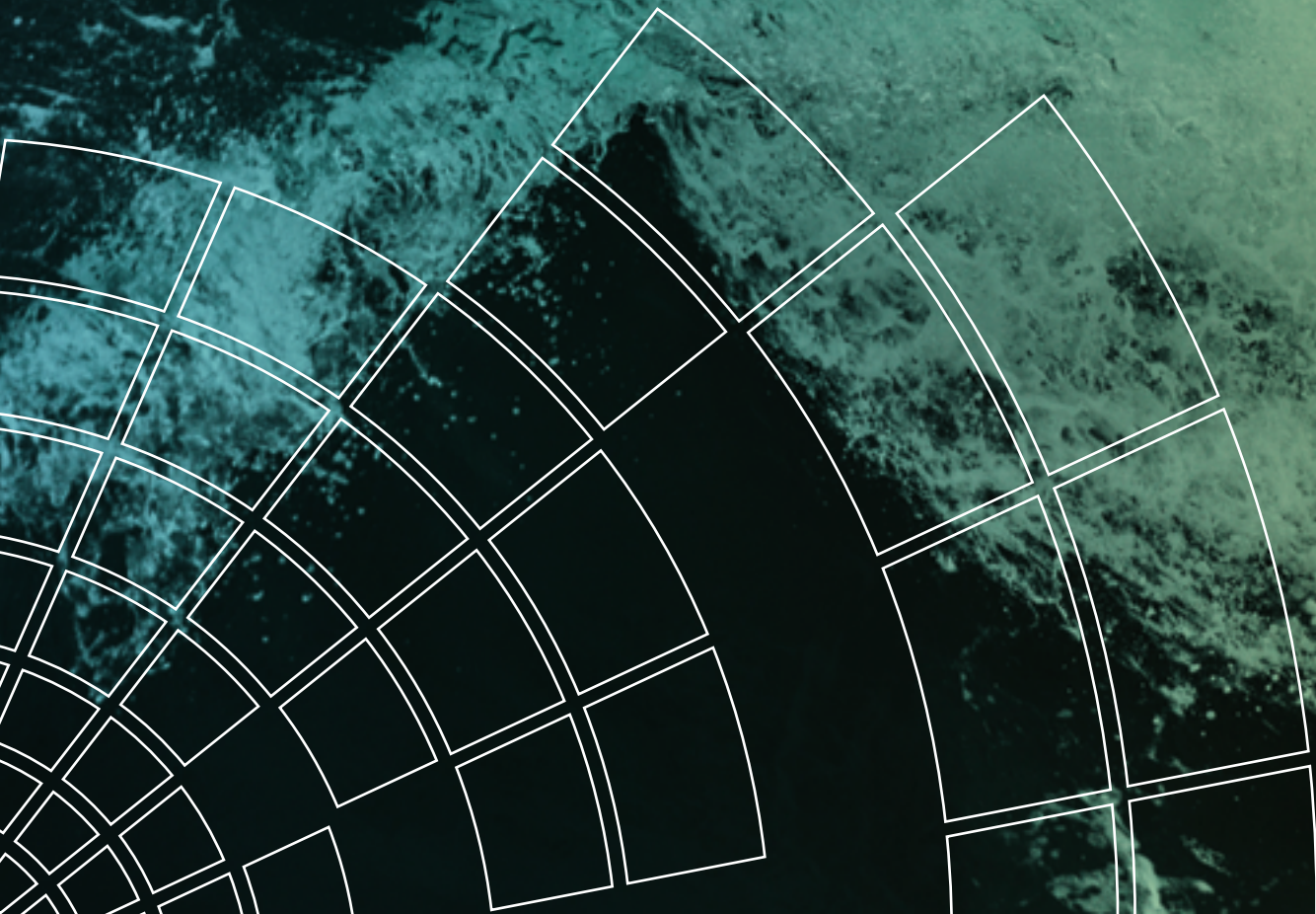


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8.

# TABLE OF GRI CONTENTS

GRI Contents 102-55



YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>GRI 102 - GENERAL DISCLOSURES 2016</b>				
<b>1. Organizational Profile</b>				
102-1	Name of the organization	9		
102-2	Activities, brands, products, and services	9, 37		
102-3	Location of headquarters	9, 37		
102-4	Location of operations	9, 37		
102-5	Ownership and legal form	9		
102-6	Markets served	9, 21, 37		
102-7	Scale of the organization	12		
102-8	Information on employees and other workers	12, 53, 67		#8 Decent Work and Economic Growth
102-9	Supply chain	53		
102-10	Significant changes to the organization and its supply chain	35		
102-11	Precautionary principle or approach	37		
102-12	External initiatives	26		
102-13	Membership of associations	13		
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	9		
EU2	Net energy output broken down by primary energy source and by regulatory regime	9		
EU3	Number of residential, industrial, institutional and commercial customer accounts	49		
<b>2. Strategy</b>				
102-14	Statement from senior decision-makers	2, 4		
102-15	Key impacts, risks, and opportunities	4, 37, 43		
<b>3. Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	15, 22		#16 Peace and Justice
102-17	Mechanisms for advice and concerns about ethics	22		#16 Peace and Justice
<b>4. Governance</b>				
102-18	Governance structure	19		
102-19	Delegating authority	19		
102-21	Consulting stakeholders on economic, environmental, and social topics	27		#16 Peace and Justice
102-22	Composition of the highest governance body and its committees	19		#5 Gender Equality #16 Peace and Justice
102-23	Chair of the highest governance body	19		#16 Peace and Justice

YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
102-26	Role of highest governance body in setting purpose, values, and strategy	15		
102-30	Effectiveness of risk management processes	22, 35		
102-36	Process for determining remuneration	19		
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups	27		
102-41	Collective bargaining agreements	67		#8 Decent Work and Economic Growth
102-42	Identifying and selecting stakeholders	27		
102-43	Approach to stakeholder engagement	27		
102-44	Key topics and concerns raised	27		
<b>6. Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	31, 35		
102-46	Defining report content and topic boundaries	31		
102-47	List of material topics	31		
102-48	Restatements of information	There are no restatements of information for this is our first report.		
102-49	Changes in reporting	There are no changes in reporting for this is our first report.		
102-50	Reporting period	31		
102-51	Date of most recent report	This is our first report.		
102-52	Reporting cycle	31		
102-53	Contact point for questions regarding the report	31		
102-54	Claims of reporting in accordance with the GRI Standards	31		
102-55	GRI content index	85		
102-56	External assurance	31		
<b>MATERIAL TOPICS- GRI 200 ECONOMIC STANDARDS</b>				
<b>ECONOMIC PERFORMANCE</b>				
<b>GRI 103- MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	35		
103-2	The management approach and its components	35		
103-3	Evaluation of the management approach	35		
<b>GRI 201- ECONOMIC PERFORMANCE (2016)</b>				
201-1	Direct economic value generated and distributed	35		#2 Zero Hunger #5 Gender Equality #7 Renewable energy #8 Decent Work and Economic Growth #9 Industry, Innovation and Infrastructure



YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>ANTI-CORRUPTION</b>				
<b>GRI 103 - MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	22		
103-2	The management approach and its components	22		
103-3	Evaluation of the management approach	22		
<b>GRI 205 – ANTI-CORRUPTION (2016)</b>				
205-1	Operations assessed for risks related to corruption	22, 32 We are working on managing this topic across all our sites. We are putting together the #16 Peace and Justice area and will work on the respective metrics for disclosure in future reports.		#16 Peace and Justice
205-2	Communication and training about anti-corruption policies and procedures	22 We disclose the policy to all our employees with #16 Peace and Justice anti-corruption contents. Training is scheduled for 2019.		#16 Peace and Justice
<b>AVAILABILITY AND RELIABILITY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	37		
103-2	The management approach and its components	37		
103-3	Evaluation of the management approach	37		
<b>GRI – AVAILABILITY AND RELIABILITY</b>				
EU10	Planned capacity against projected electricity demand over the Long term, broken down by energy source and regulatory regime	37		
<b>DEMAND MANAGEMENT</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	37		
103-2	The management approach and its components	37		
103-3	Evaluation of the management approach	37		
<b>SYSTEM EFFICIENCY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	37		
103-2	The management approach and its components	37		
103-3	Evaluation of the management approach	37		



YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>GRI – SYSTEM EFFICIENCY</b>				
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	–	Information not available. Expected to be completed next year, as per pertinent indicator.	
<b>MATERIAL TOPICS – GRI 300 ENVIRONMENTAL STANDARDS</b>				
<b>ENERGY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	55, 57, 58		
103-2	The management approach and its components	55, 57, 58		
103-3	Evaluation of the management approach	55, 57, 58		
<b>GRI 302 – ENERGY (2016)</b>				
302-1	Energy consumption within the organization	58		#7 Renewable energy #8 Decent Work and Economic Growth #12 Responsible Consumption and Production #13 Climate Action
302-3	Energy intensity	58		#7 Renewable energy #8 Decent Work and Economic Growth #12 Responsible Consumption and Production #13 Climate Action
<b>WATER AND EFFLUENTS</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	55, 57, 61		
103-2	The management approach and its components	55, 57, 61		
103-3	Evaluation of the management approach	55, 57, 61		
<b>GRI 103 – MANAGEMENT APPROACH (2018)</b>				
303-1	Interactions with water as a shared resource	–	Information not available. Expected to be completed next year, as per pertinent indicator.	
303-2	Management of water discharge-related impacts	61		

YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>GRI 303 – WATER AND EFFLUENTS (2018)</b>				
303-3	Water withdrawal	61		#6 Clean water and sanitation
303-4	Water discharge	61		#6 Clean water and sanitation
<b>BIODIVERSITY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its Boundary	55, 57, 61		
103-2	The management approach and its components	55, 57, 61		
103-3	Evaluation of the management approach	55, 57, 61		
<b>GRI 304 – BIODIVERSITY (2016)</b>				
304-3	Habitats protected or restored	61		#6 Clean water and sanitation #14 Life Below Water #15 Life on Land
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	61		
<b>EMISSIONS</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	55, 57, 58		
103-2	The management approach and its components	55, 57, 58		#12 Responsible Consumption and Production #13 Climate Action #14 Life Below Water #15 Life on Land
103-3	Evaluation of the management approach	55, 57, 58		
<b>GRI 305 – EMISSIONS (2016)</b>				
305-1	Direct (Scope 1) GHG emissions	58		#3 Good health and well-being #12 Responsible Consumption and Production #13 Climate Action #14 Life Below Water #15 Life on Land
305-4	GHG emissions intensity	58		#13 Climate Action #14 Life Below Water #15 Life on Land
305-5	Reduction of GHG emissions	58		#13 Climate Action #14 Life Below Water #15 Life on Land

YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	58		#3 Good health and well-being #12 Responsible Consumption and Production #13 Climate Action #14 Life Below Water #15 Life on Land
<b>EFFLUENTS AND WASTE</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its Boundary	55, 57, 65		
103-2	The management approach and its components	55, 57, 65		#12 Responsible Consumption and Production #13 Climate Action #14 Life Below Water #15 Life on Land
103-3	Evaluation of the management approach	55, 57, 65		
<b>GRI 306 – EFFLUENTS AND WASTE (2016)</b>				
306-2	Waste by type and disposal method	32, 65 We do not keep a record by elimination method. We are working on waste separation for next year reporting.		#3 Good health and well-being #6 Clean water and sanitation #12 Responsible Consumption and Production
<b>ENVIRONMENTAL COMPLIANCE</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its Boundary	21		
103-2	The management approach and its components	21		#12 Responsible Consumption and Production #13 Climate Action #14 Life Below Water #15 Life on Land
103-3	Evaluation of the management approach	21		
<b>GRI 307 – ENVIRONMENTAL COMPLIANCE (2016)</b>				
307-1	Non-compliance with environmental laws and regulations	21		16 Peace and Justice
<b>RENEWABLE ENERGY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	21, 37		
103-2	The management approach and its components	21, 37		
103-3	Evaluation of the management approach	21, 37		

YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>MATERIAL TOPICS – GRI 400 SOCIAL STANDARDS</b>				
<b>EMPLOYMENT</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	67		
103-2	The management approach and its components	67		
103-3	Evaluation of the management approach	67		
<b>GRI 401 – EMPLOYMENT (2016)</b>				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees Parental leave	67		#8 Decent Work and Economic Growth
401-3	Parental leave	67		#5 Gender Equality #8 Decent Work and Economic Growth
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	55, 76		
103-2	The management approach and its components	55, 76		
103-3	Evaluation of the management approach	55, 76		
<b>GRI 103 – MANAGEMENT APPROACH (2018)</b>				
403-1	Occupational health and safety management system	55, 76		
403-2	Hazard identification, risk assessment, and incident investigation	55, 76		
403-3	Occupational health services	76		
403-4	Worker participation, consultation, and communication on occupational health and safety	–	Information not available. Expected to be completed next year, as per pertinent indicator	
403-5	Worker training on occupational health and safety	76		
403-6	Promotion of worker health	76		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55, 76		

YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2018</b>				
403-8	Workers covered by an occupational health and safety management system	76		#8 Decent Work and Economic Growth
403-9	Work-related injuries	76		#3 Good health and well-being #8 Decent Work and Economic Growth
<b>TRAINING AND EDUCATION</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	71		
103-2	The management approach and its components	71		
103-3	Evaluation of the management approach	71		
<b>GRI 404 – TRAINING AND EDUCATION (2016)</b>				
404-1	Average hours of training per year per employee	71		#4 Quality Education #5 Gender Equality #8 Decent Work and Economic Growth
404-2	Programs for upgrading employee skills and transition assistance programs	71		#8 Decent Work and Economic Growth
404-3	Percentage of employees receiving regular performance and career development reviews	71		#5 Gender Equality #8 Decent Work and Economic Growth
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its Boundary	19, 67		
103-2	The management approach and its components	19, 67		
103-3	Evaluation of the management approach	19, 67		
<b>GRI 405 - DIVERSITY AND EQUAL OPPORTUNITY (2016)</b>				
405-1	Diversity of governance bodies and employees	19, 67		#5 Gender Equality #8 Decent Work and Economic Growth
<b>LOCAL COMMUNITIES</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	81		
103-2	The management approach and its components	81		
103-3	Evaluation of the management approach	81		



YPF LUZ (YPF ENERGÍA ELÉCTRICA S.A.) SUSTAINABILITY REPORT 2018				
GRI Standard	Content	Page or Reference	Omission	Sustainable Development Goal (SDG)
<b>GRI 413 – LOCAL COMMUNITIES (2016)</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	81		
<b>SOCIOECONOMIC COMPLIANCE</b>				
<b>GRI 103 – MANAGEMENT APPROACH (2016)</b>				
103-1	Explanation of the material topic and its boundary	21		
103-2	The management approach and its components	21		
103-3	Evaluation of the management approach	21		
<b>GRI 419 – SOCIOECONOMIC COMPLIANCE (2016)</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	21		#16 Peace and Justice

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# MORE INFORMATION ON YPF LUZ

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## OUR REPORTS

### Investor Center

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### Sustainability

<https://ypfluz.com/Sustainability>

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YPF S.A.'s Sustainability and Communication Areas

YPF Foundation



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