Sustainability Report

2021

EGE HAINA

2021 Sustainability Report

INDEX

1 Strategic Leadership

GRI: 102-14

LETTER FROM THE GENERAL MANAGER

As evidenced by this Report, 2021 was a very successful year for EGE Haina. The company continued to grow through new projects aimed at sustainability, such as the **Girasol Solar Park**, the largest photovoltaic plant in the Caribbean, which keeps us moving towards our goal of producing 1,000 megawatts (MW) of renewable energy between 2020 and 2030. By 2026, we intend to have a renewable installed capacity of 526.5 MW —SPT of the International Bond— that will mean a power increase of 200% compared to the baseline of 2020.

To execute our growth plan, we implemented novel and successful financial initiatives throughout the year, including the incorporation of the **Larimar 1 Trust** and the placement of a **USD 300 million international bond** linked to sustainability. The market reacted positively to that offer, with a demand in North America, Europe, the Middle East and Africa, which tripled the amount placed. That has been the most competitive bond issue marketed abroad by a national company and it is also the first bond issue linked to the sustainability of a Dominican company, both in the local and international markets.

In commercial matters, it is worth mentioning the signing of a fifteen-year contract with EDE Sur for the sale of Girasol's energy. In addition, under the category of Unregulated Users (UNR), we incorporated nine clients and renegotiated the extension of three other contracts.

Aside from expanding and diversifying its energy sale's commercial agreements, EGE Haina held for the first time an international auction for the sale of **Carbon Credit Certificates**, thus consolidating itself as a pioneer in the development of renewable energies in the Caribbean. These certificates correspond to the credits generated by the Larimar 1 and Larimar 2 Wind Farms from 2016 to 2019 and were acquired in their entirety.

In terms of operations, throughout the year our plants produced energy with the efficiency, safety and high availability rates that characterize it. At the same time, we made **continuous improvements** in facilities and processes. Among others, we installed automatic fire suppression systems in Barahona, also modernized the compressed air system in Quisqueya 2, and optimized the CO_2 fire system in Pedernales to increase protection levels.

Likewise, we acquired new equipment for the detection and precise location of flaws in underground wiring and other specialized equipment, and fifteen major maintenance projects were completed in the scheduled time and within the planned budget.

An important fact, which shows the company's commitment to the protection of the environment and human health, was the removal of the old transformers from the dismantled plants and their shipment to France, where there are facilities for their responsible destruction.

The usual dynamism in the plants was not affected by the **COVID-19** management protocols, which were continuously implemented with optimal results.

Regarding **comprehensive risk management**, in 2021 we implemented controls and treatment plans for strategic level risks, as well as for processes and projects. Among them, the Business Continuity Plan is worth highlighting, as it further strengthened our organizational resilience.

I am pleased to report that we continue to strengthen our institutional culture in the key areas of human rights, diversity and inclusion. In this way, the company managed to obtain, for the second consecutive year, a GOLD mention for the **IGUALANDO RD** Seal from the Women's Ministry and the United Nations, and we were also recognized with the **RD Incluye Seal** for our good practices of inclusion for people with disabilities.

Other advances related to the development of our team include optimizing our human resources management systems, processes and programs, as well as conducting nearly **3,000 training actions**, which reached practically all our staff.

The efforts we have been making explain the excellent results obtained in our **internal surveys**, with scores higher than 90% in the measurement of leaders, internal customers satisfaction and the possibility of recommending the company as a workplace.

In the technology field, we transformed our infrastructure with the relocation of the data center, the modernization of the Wide Area Network (WAN), the modern workplace, the service desk, the hyperconvergence and the new corporate website, which is a portal with a large amount of content, presented in an attractive way and continuously updated. We have also strengthened information and cyber security with several systems and training.

I cannot conclude without mentioning at least some of the numerous contributions and works carried out during the year that contributed to the **development of the communities** nearby our operations. Among the most important are: construction of a wall and rain drainage in Yaguate that prevents flooding in La Javilla, a neighboring community of the Girasol Solar Park; completion of the Guayacanes fire station construction; delivery of biosecurity materials to 16 schools and 7 hospitals; donation of modern clean air filling equipment for use by fire departments in the country's eastern region; repair of courts and the donation of street lamps.

I conclude the 2021 recount by mentioning the implementation of our **Corporate Sustainability Plan**, which directs us towards the achievement of more than 40 of the goals we have established to contribute to the national energy balance, ensure the well-being and development of our team, generate value in stakeholders and guarantee lasting economic development.

Thus, we arrive at 2022, the year in which the construction of the Esperanza Solar Park began, a new 90 MW photovoltaic plant with state-of-the-art technology, solar tracking system and bifacial panels, located in the municipality of the same name, in the Valverde province.

This is one of the milestones that we anticipate and one that allows me to affirm that EGE Haina faces a promising horizon, filled with the challenges and progress of many new projects and the implementation of our corporate plans.

I am pleased to be able to reaffirm our company's dynamism and commitment to sustainability, as well as thanking you in advance for your interest in this report.

Luis Mejía Brache
General Manager

CORPORATE GOVERNANCE

Corporate Governance at EGE Haina is the set of rules, policies, practices and control architecture that govern the decision-making process between the governing bodies for the generation of value. With the application of these practices, the actions and decisions of the company are carried out in a responsible and transparent manner.

EGE Haina is an agent of the Dominican Republic's electric power subsector, which is incorporated as an Anonymous Society (SA) and is registered in the country's Securities Market. The company complies in a timely manner with all laws, regulations and rules that apply to its operations as an electric power generation concessionaire and a securities issuer.

GOVERNMENT STRUCTURE

EGE Haina has governance structures that ensure adequate decision-making, accountability, control and value generation.

General Shareholders Assembly → Administrative Board of Directors and Board's Support Committees → General Manager → Senior Management Committees

General Shareholders Assembly

It is EGE Haina's supreme governing body, with the broadest resolution powers and is integrated by the company's shareholders. During the year 2021, three sessions were held: an Annual Ordinary General Shareholders Meeting, an Ordinary General Shareholders Meeting and an Extraordinary General Shareholders Meeting.

Administrative Board of Directors

Authorized by the General Shareholders Assembly whose objective is the direction and administration of EGE Haina during the period in which the General Assembly is not deliberating to resolve any matter and carry out any act, except the exclusive attributions of the General Assembly.

EGE Haina's Administrative Directorate is headed by a Board of Directors integrated by at least five members: a president or chairman, a vice-president, a secretary and two members.

The Board members, except the secretary, are appointed by Haina Investment Company (HIC). The secretary is appointed by the Patrimonial Fund of Reformed Companies (FONPER).

The Board of Directors is elected by holding the Annual Ordinary General Shareholders Meeting. It is not necessary to be a shareholder to become a Board member and they can be representatives of Dominican Government institutions or of legally constituted companies.

Board members may be re-elected one or more times and shall remain in office until their replacements have been elected and have assumed their positions. EGE Haina's Board of Directors is composed of the following members: Leonel Melo, Chairman; Rafael Vélez, Vice President; George Schwarzbartl, Secretary; Manuel Jiménez, Vocal; Juan Muñoz, Vocal.

The EGE Haina Board met 9 times during 2021.

BOARD OF DIRECTORS

Leonel Melo
Chairman of the Board

Rafael Vélez
Vicepresident

George Schwarzbartl
Secretary

Manuel Jiménez
Vocal

Juan Muñoz
Vocal

EXECUTIVE COMMITTEE

Ginny Taulé, Senior Director of Communications & Corporate Social Responsibility. **Milcíades Melo**, Senior Director of Patrimonial Security.
Maribel Álvarez, Senior Director of Administration & Systems. **Antonia Durán**, Senior Director of Risks & Quality.
José A. Rodríguez, Senior Director of Development. **Luis Mejía Brache**, General Manager.

Gilda Pastoriza, Senior Director of Talent Management. **Guillermo Sicard**, Senior Director of Legal and Institutional.
Esteban Beltré, Senior Director of Operations. **Rodrigo Varillas**, Senior Director of Finance.
Mario Chávez, Senior Director of Commercial & Regulatory Affairs.

Board's Support Committees

The Board's Support Committees are bodies that assist and support the management duties carried out by the Board of Directors and are governed by its internal regulations, without prejudice to the provisions of the bylaws and the applicable law. EGE Haina had a committee to support the Board during 2021.

Audit Committee

Supports the Board of Directors in the fulfillment of its responsibilities with respect to the verification of its accounting, reports and financial statements, ensuring compliance with the company's legal and regulatory requirements, policies and communication with its shareholders, regulatory entities, customers, suppliers and the general public. Supervises and controls the performance and independence of external and internal auditors, as well as the implementation of appropriate control systems, particularly risk control and financial control, and the effectiveness of good corporate governance practices. Annually, the Audit Committee reviews and approves the Annual Plan and the resources required to achieve the work agenda. In 2021, Carlos Barreto (President), Ivelisse Ortiz, José Manuel Taveras Lay and Marcos Troncoso joined this Committee.

14 sessions

General Manager

The General Manager is an authorized position established by the company's bylaws and its functions are determined by the Board of Directors. It is responsible for directing and supervising all the activities of the company when fulfilling its social objective, based on internal rules and guidelines in application of the laws that regulate the business.

Executive Committee

It is formed by the General Manager and the Senior Managers. The Company's Senior Managers report to the General Manager and operate based on strategies, objectives, plans and budgets clearly defined and authorized by the Board of Directors.

The members of the Executive Committee are: Luis Mejía Brache, General Manager; Maribel Álvarez, Senior Director of Administration and Systems; Esteban Beltré, Senior Director of Operations; Mario Chávez, Senior Director of Commercial and Regulatory Issues; Antonia Durán, Senior Directora of Risks and Quality; Milcíades Melo, Senior Director of Patrimonial Security; Gilda Pastoriza, Senior Director Talent Management; José A. Rodríguez, Senior Director of Development; Guillermo Sicard, Senior Legal and Institutional Director; Ginny Taulé, Senior Director of Communications, Corporate Social Responsibility and Sustainability; Rodrigo Varillas, Senior Finance Director.

Senior Management Committees

The Senior Management Committees are those collegiate bodies that constitute a management tool to support the General Manager in its tasks, within the framework of the adequate fulfillment of its corporate purpose. The company has 12 Senior Management Committees, which are chaired by the General Manager and integrated by senior executives of the company that regulate the main aspects of the organization, within these committees are the following:

Decision-making Bodies | Monitoring Bodies

Executive Committee

Chaired by the General Manager and integrated by the Senior Directors, who report to the GM directly and head the main areas of the company. In this committee, all the issues of relevance in the company are analyzed, studied and controlled in accordance to set goals and objectives.

26 sessions

Strategic Committee

Integrated by the General Manager and all its direct reports, this Committee's purpose is to present the progress of the investigations, project development and activities related to the Corporate Strategic Plan.

10 sessions

Resilience Committee

It acts as a collegiate body, advisor, evaluator and promoter of best practices for comprehensive risk management and organizational resilience. Its purpose is to operate as a monitoring and review body of the organization's risk profile and to function as a mechanism for the coordination, communication and articulation of the initiatives of the different roles of the company's second line of defense.

7 sessions

Human Rights, Inclusion and Diversity Committee

Its purpose is to review and approve internal policies and actions on all matters concerning non-discrimination and labor inclusion, equal opportunities, prevention of harassment and violence, among other issues contained in the Human Rights, Inclusion and Diversity Policy. It makes its decisions based on the provisions of the company's Code of Ethics and the aforementioned Policy.

1 session

Information Technology Committee

It is an advisory committee that evaluates and promotes best practices in matters related to technology and innovation. The committee's purpose is reviewing and monitoring the company's technology strategy, as well as proposing the investments that are necessary to meet the business needs.

4 sessions

PLAFT Committee

EGE Haina's Committee for the Prevention of Money Laundering and Terrorism Financing, known as PLAFT (the Spanish acronym for *Prevención de Lavado de Activos y Financiamiento de Terrorismo*), is ultimately responsible for ensuring compliance with the policies established to prevent and detect persons or operations that may be linked to LAFT crimes. EGE Haina is not an Obligated Subject within the framework of the current local regulation. However, the company is committed to the highest moral and ethical standards and, therefore, willing to implement an effective LAFT prevention program.

2 sessions

Compliance Committee

As an organization, it has the purpose of monitoring, analyzing and making decisions related to the ethical behavior of the company's employees. This committee meets whenever it is necessary to deal with an infraction, determining the sanctions and imposing them on the offenders. It also meets when the needs arise to evaluate norms or rules to recommend modifications or personnel training, as appropriate. It makes its decisions based on the provisions of the company's Code of Ethics.

2 sessions

Sustainability Committee

The purpose of this body is to define the sustainability policy and ensure its incorporation into the institutional strategic plan, as well as to coordinate resources and efforts in order to implement said plan.

1 session

Purchasing and Contracting Committee

As an administrative instance, it analyzes any disbursement requirement greater than USD 10,000, with the aim of processing its authorization. In addition, this committee approves the bidding processes for all purchases of goods or services that involve commitments with a value equal to or greater than USD 50,000.

12 sessions

Crisis Committee

The main role of the Crisis Committee is to respond to major developments or incidents that require the allocation of special resources or strategic decision-making to safeguard the personnel's integrity and ensure continuity of the operations.

Permanently in session due to the COVID-19 crisis

Donation and Sponsorship Committee

It is formed by representatives of seven company instances, and has the mission of evaluating the donations and sponsorships requests received, and decide whether or not to approve or reject these proposals in accordance to the EGE Haina's Social Responsibility Policy. This Committee documents the request's response and the course of action taken. At the same time, it ensures the efficient and strategic execution of the annual budget assigned for these purposes.

7 sessions

Information Security Committee

Leads the approval, establishment and monitoring of the company's information security strategy. One of its responsibilities is to periodically demand evaluations of the objectives and plans status, to carry out reviews and make decisions regarding the Information Security course at EGE Haina. It has the directing and supervising role, taking into account that the Information Security Officer (CISO) is responsible for the execution of the information security management process and monitoring compliance with policies.

1 session

CONTROL ENVIRONMENT

To ensure good corporate governance, EGE Haina has practices of transparency, governance, and comprehensive risk and control management, which allow it to contribute to the business sustainability, taking into account the importance that good corporate governance represents for its stakeholders, among them: clients, suppliers, employees, shareholders, financial institutions, regulatory institutions and the community.

External Controls

Accounts Commissioner

The Shareholders' Assembly appoints at least one Accounts Commissioner responsible of presenting a report to the General Meeting on the situation of the company, the balance sheet and the accounts presented by the Board of Directors. Each class of shares has the right to appoint an Accounts Commissioner.

External Audit

The company has an internationally known external audit firm that expresses its opinion regarding the consolidated financial statements, thus ensuring that they reflect the real financial situation of the company.

Control and Regulatory Entities

EGE Haina is under the scope of several control and regulatory entities, including the following: Superintendency of Electricity (SIE), Superintendency of the Securities Market (SIMV), General Directorate of Internal Taxes (DGII), Superintendency of Pensions (SIPEN), Coordinating Body (OC) of the National Energy Grid (SENI), National Energy Commission (CNE), Ministry of Environment and Natural Resources (MIMARENA), Ministry of Energy and Mines (MEM), Ministry of Industry and Trade (MIC), Ministry of Labor (MT), among others.

Others

EGE Haina may rely on other regulatory and/or external control bodies derived from contractual agreements or from its participation in local and international securities markets, including risk rating agencies, and external consultants appointed by investors, among others.

Internal Controls

Comprehensive Risk Management

As part of the control architecture, EGE Haina is committed to comprehensive risk management (GIR by its Spanish acronym), internal control, organizational resilience and continuous improvement, all framed within international standards and best practices. EGE Haina has based its comprehensive risk management framework on the "three lines of defense" model, making it to be understood as a transversal and dynamic process being applied at a strategic level to processes, projects and initiatives and any other level or scope required to maintain an adequate control environment.

Prevention of Money Laundering and Terrorism Financing (PLAFT)

In response to the best international practices, EGE Haina promotes within its organization, an institutional culture against money laundering and anti-financing of terrorism among all of its collaborators, clients, suppliers, contractors and other related third parties. It should be noted within the framework of current local regulations that EGE Haina is not an Obligated Subject. However, the company is committed to operating with the highest moral and ethical standards and, therefore, it is willing to implement an effective PLAFT program.

Code de Ethics

The company has a Code of Ethics that sets the guidelines of conduct that must be followed by all EGE Haina employees (regardless of their position), as well as consultants, contractors and affiliated companies. This code aims to guide them in decision-making and support them during the performance of their tasks so that they always maintain a conduct that reflects excellence and responsibility, based on the parameters of action considered acceptable in the work area. Likewise, the company has continuous communication channels, 365 days a year, so that any person, group or its representative, can register a complaint in case it considers that it has been affected by an administrative decision, by the improper action of any of its executives, or any other operational or commercial activity.

Internal Audit

EGE Haina's Audit Department develops an objective and independent assurance and consulting function for the optimization of the company's operations. It reports to the Audit Committee to ensure its activities independence and added value.

2

Our Company

EGE HAINA AT A GLANCE

CORPORATE PHILOSOPHY

Electric power generation company focused on contributing to the development and balance of the Dominican electricity sector.

Mission: To generate electricity for the Dominican Republic in a competitive and sustainable manner.

Vision: To be a leader in sustainable energy production and management.

Values: Results-oriented, operational excellence, social responsibility, well-being of our people, integrity, initiative.

A 100% DOMINICAN COMPANY

It is the largest and most successful public-private company in the Dominican Republic.

Founded by the Public Enterprise Reform Law of October 28, 1999.

The country's main joint venture (50% public - 50% private) in terms of assets, investment and contribution to the State, with more than USD 1,050 million in assets.

Its capital is 100% Dominican.

It has paid the State USD 1,028 million in dividends and taxes from 1999 to 2021.

INVESTMENT AND FINANCING

It has invested USD 1,050 million in power generation plants.

Since 2011, a total of 2,890 MW in new capacity has been installed in the Dominican Republic.

EGE Haina developed and operates almost 30% of that aggregate capacity (780 MW).

It is the largest private issuer of corporate bonds in the local capital market.

It has secured more than $1 billion in financing since 2009, half of which was achieved through successful local issuances.

In 2021, it became the first issuer of Green Bonds in the Dominican Republic Stock Market and the first Dominican issuer of a Sustainability Linked Bond in international markets.

Its financial position is backed by several long-term international credit ratings: Ba3-stable by Moody's and BB-stable by Fitch Ratings.

EXCELLENCE IN OPERATIONS

It operates 1094 MW generated with a diversified generation matrix that includes: natural gas (41%), wind and solar (28%), fuel oil (26%) and coal (5%).

Its 10 generation plants are distributed in the provinces of San Pedro de Macorís, San Cristóbal, Barahona and Pedernales.

In 2021, it produced around 13.63% of the energy used by the National Energy Grid (SENI) and supplied 22% of the energy consumption of non-regulated users with contracts. It also produced all the energy consumed by the independent Pedernales system; and delivered through a long-term contract part of the electricity required by the Punta Cana-Macao Energy Consortium for its concession area.

RENEWABLE ENERGY LEADER IN THE CARIBBEAN

It is the largest producer of non-conventional renewable energy in the Caribbean.

It has installed nearly 300 MW of renewable energy from 2011 to 2021 distributed among its 4 wind farms and 2 solar parks.

Installed wind capacity is 175 MW for an approximate annual production of 600,000 MWh.

The company's installed solar photovoltaic capacity is 121.5 MW for an estimated annual production of 240,000 MWh.

Its wind and solar parks are responsible for the reduction of 450,000 tons of CO_2 a year and avoid the use of 1,500,000 barrels of crude oil a year.

GROWTH STRATEGY

Develop 1,000 MW of non-conventional renewable sources (both wind and solar photovoltaic) by 2030.

Optimize some existing assets, converting them to natural gas.

Produce 400 MW of electricity generation with natural gas by 2030.

CAPACITY AND COMMITMENT

It has 506 employees: 72% have been working in the company for 4 years or more and 87% live in the area where they work.

Boasting a job satisfaction index of 93%, it is one of the best companies to work for in the Dominican Republic and the Caribbean, according to the Great Place To Work (GPTW) survey.

First on the list of the most admired companies in the Dominican electric power sector, under the 2021 Mercado magazine ranking, developed by the Reid Investigación & Consultoría research and consulting firm.

SOCIAL RESPONSIBILITY

Implements a social program that benefits 22 communities nearby its power plants. The main projects during 2021 include:

Fire departments. Strengthening their operations through construction of the Guayacanes fire station, donation of clean air filling equipment for the eastern zone, training, vehicle repair, donation of furniture, tools and uniforms.

Environment. Partnerships were established for projects in the areas of forest restoration and conservation of water, coastal and marine resources. Development of environmental awareness programs and beach cleaning days.

Education. Sponsorship of 11 technical courses for young people and the donation of backpacks, school supplies and biosecurity materials to educational centers.

Community infrastructures. Highlights include the storm drainage of Yaguate, the repair of the Enriquillo basketball court and the donation of street lighting lamps.

Health. Donation of medical and biosecurity materials to hospitals.

Sport. Donation of uniforms and sporting goods, as well as tournament sponsorships.

Corporate Headquarters: 29 Lope de Vega Avenue, Novo Centro Tower, 17th Floor, Naco, Santo Domingo.

HISTORICAL OVERVIEW

Empresa Generadora de Electricidad Haina, S.A. (EGE Haina) was established on August 17, 1999 and incorporated under the laws of the Dominican Republic on October 28, 1999, as part of the Dominican electricity sector's capitalization process resulting from the Public Enterprise Reform Law No. 141-97, of June 24, 1997. Through this Law, companies previously controlled by the Dominican State were restructured to allow investment by private companies.

Haina Investment Company, Ltd. (HIC) submitted, as a private investor, the winning proposal of USD 144.5 million in an international public bidding process for the capitalization of EGE Haina, and acquired 50% of the company's total shares, called "Class B Shares". On the same date, Corporación Dominicana de Electricidad, S.A. (CDE, later known as Corporación Dominicana de Empresas Eléctricas Estatales or CDEEE) made the contributions in nature for the constitution of the company, consisting of: land, power generators and their components, equipment, furniture, among others, and held 49.993% of the company's "Class A Shares".

Subsequently, these shares were transferred to the Patrimonial Fund of the Reformed Companies (FONPER), which is the shareholder representing the Dominican State in EGE Haina. The remaining 0.007% of EGE Haina's shares are held by former employees of the CDE and classified as "Class A Shares".

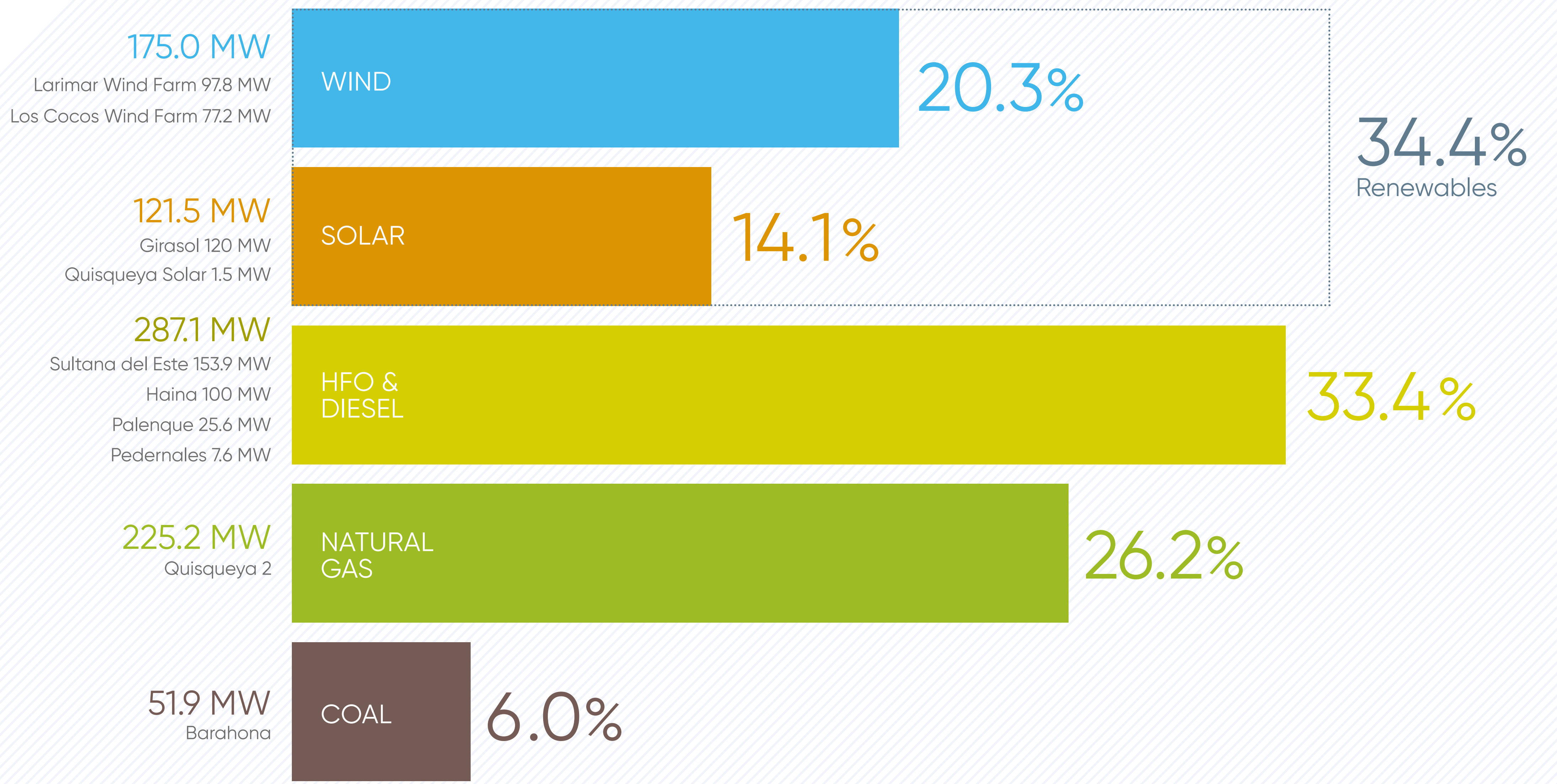
Following capitalization, EGE Haina modernized its administrative and operational procedures to bring them up to the standards of good practice in the public utility industry. Likewise, the company has carried out an investment program, first to repair and revitalize the generation assets provided by the CDE to EGE Haina, and then to add new power generation units to the Dominican electricity system for an amount greater than USD 1,050 million.

The company stands out nationally and regionally for its high standards in operations, environmental and safety management, customer service, corporate governance, risk management, labor practices, human rights and community engagement.

Power Plants

860.7 MW OWNED & LEASED CAPACITY

1,094.2 MW TOTAL OPERATING CAPACITY



225.2 MW
Quisqueya 1
Barrick, Pueblo Viejo — NATURAL GAS

8.3 MW
Quilvio Cabrera Wind Farm
CEPM — WIND

233.5 MW OPERATING CAPACITY FOR THIRD PARTIES

LARIMAR WIND FARM

97.8 MW

Installed Capacity

Phase 1 of the Larimar Wind Farm is located at Loma Buena Vista, Enriquillo, in the Barahona province. It has 15 Vestas V112 wind turbines, each with a capacity of 3.3 MW, for a total installed capacity of 49.5 MW. Its construction required an investment of USD 120 million. It was inaugurated in March 2016 and began its commercial operation in May of that same year.

Phase 2 of the Larimar Wind Farm is also located in Enriquillo at the province of Barahona. This wind farm is composed of 14 Vestas V117 wind turbines, each with a capacity of 3.45 MW. Its total installed capacity is 48.3 MW and it is the fourth wind farm installed by EGE Haina in the country's southwestern region at a cost of USD 100 million. It started its commercial operation in October 2018.

Operation Started
Phase 1: 2016
Phase 2: 2018

Investment
USD 220 million

29 aerogenerators

LOS COCOS WIND FARM

77.2 MW

Installed Capacity

Phase 1 of the Los Cocos Wind Farm is located between the cities of Juancho and Los Cocos, in the Pedernales province. It has 14 Vestas V 90 wind turbines, each with a capacity of 1.8 MW, for a total installed capacity of 25.2 MW. It was inaugurated in October 2011 with an investment of approximately USD 82 million, and began its commercial operation in the same year.

The expansion of the Los Cocos Wind Farm, or Phase 2, extends from Juancho, Pedernales, to Enriquillo, Barahona. It consists of 26 G 90 and G 97 Gamesa wind turbines, each with the capacity to produce from 1.8 MW to 2.0 MW, for an installed capacity of 52 MW. In January 2013, EGE Haina inaugurated the expansion of Los Cocos with an investment of approximately USD 103 million.

Operation Started
Phase 1: 2011
Phase 2: 2013

Investment
USD 185 million

40 aerogenerators

GIRASOL

120 MW

Installed Capacity

Girasol is the largest photovoltaic power plant in the country and the Caribbean, with 120.0 MW of installed capacity. It is located on a plot of 220 hectares in the municipality of Yaguate, San Cristóbal province.

This park features 268,200 photovoltaic modules of 445/450 Wp and 28 inverters of 3.8 MW each. Its approximate annual production is 240,000 MWh. It has a 150 MVA power substation and a 10 km long transmission line at 138 kV to inject the energy produced into the National Power Grid (SENI).

Its solar position tracker system, a pioneer in the country, rotates the panels 104 degrees over twelve hours a day, depending on the solar displacement to ensure greater use of irradiation, which translates into a greater effective capacity of the plant.

Operation Started 2021

Investment USD 100 million

268,200 photovoltaic panels

QUISQUEYA SOLAR

1.5 MW

Installed Capacity

In 2015, the Quisqueya Solar Park began operations, which supplies energy to the Quisqueya 2 plant for the consumption of its auxiliary equipment.

Quisqueya Solar is the first photovoltaic generation project developed by EGE Haina and the first solar park of an interconnected plant to the National Power Grid (SENI).

It has a generation capacity of 1.5 MW and was built with a USD 3.25 million investment. It has 4,760 Solar J A panels and 50 SMA Sunny tripower inverters of 25 kW each.

Operation Started 2015

Investment USD 3.25 million

4,760 photovoltaic panels

QUISQUEYA 2

225.2 MW

Installed Capacity

It is located 7 km from the city of San Pedro de Macorís and 100 km east of Santo Domingo.

Its installed capacity is 225.2 MW. It has 12 engines that can run on both natural gas and liquid fuels. In addition, it has a steam turbine that produces 20.33 MW, in combined cycle, using the waste heat of the engines.

It started operations in September 2013, with a total investment of USD 280 million. In July 2020, the natural gas conversion project of this plant was completed, with an additional investment of USD 4.7 million.

Through the Eastern Gas Pipeline, natural gas is received at a pressure of 50 bars and reduced to 6 bars from the gas terminal located in Boca Chica with a length of 50 km. Internally, there is a 700-meter supply line with a gas filtering station that connects to the Eastern Gas Pipeline.

In this plant there are two fuel storage tanks with a capacity of 90,000 barrels each, and an 8.5 km long pipeline that links them to the primary tank of Sultana del Este.

The plant is connected to the grid through a 230 kV double-circuit transmission line that runs from San Pedro de Macorís to the Piedra Blanca Substation in Bonao.

Operation Started 2013

Investment USD 284.7 million

12 natural gas engines 1 steam turbine

SULTANA DEL ESTE

153.9 MW

Installed Capacity

The Sultana del Este plant is located 5 km from the city of San Pedro de Macorís, in the province of the same name, and about 100 km east of Santo Domingo. It features a barge with nine internal combustion engines that operate with fuel oil #6, with a capacity of 17 MW each, anchored on the bank of the Higuamo River, near the Port of San Pedro de Macorís.

This plant has an installed capacity of 153.9 MW, which makes it one of the largest barge-mounted generating plants in the world. It was built in 2000-2001 at a cost of USD 120.9 million and began commercial operations in October 2001. It has fuel storage tanks with a capacity of 176,000 barrels. Fuel oil reaches the fuel tanks through pipelines from ships anchored near the barge.

Operation Started 2001

Investment USD 120.9 million

9 HFO engines

HAINA

100 MW

Installed Capacity

The Haina plant is located in the municipality of Haina, San Cristóbal province, adjacent to the southwest section of the city of Santo Domingo and towards the coast. It features a 100.0 MW Siemens gas turbine installed in 1998.

At present, given the sporadic operation of the plant, a minimum fuel inventory is maintained and the storage tanks are supplied through a pipeline from a refinery that is approximately 1 km east of the Haina plant.

Operation Started 1998

Investment USD 29 million

LFO gas turbine

PALENQUE

25.6 MW

Installed Capacity

The Palenque plant has a net installed capacity of 25.6 MW and it is powered by four engines operating with HFO.

Since 2018, it is operated by EGE Haina under a lease agreement with DOMICEM, S.A. after carrying out a renovation process of this plant at a cost of USD 450,000.

Operation Started 2018

Investment for renovation USD 450,000

4 HFO engines

PEDERNALES

7.6 MW

Installed Capacity

The Pedernales plant is located in the city of Pedernales, province of the same name.

Until 2019, this plant featured three generators: a diesel Caterpillar unit and two Hyundai units that operate with HFO. Each unit has an installed capacity of 1.7 MW and a combined capacity of 5.1 MW. The first Caterpillar unit began operations in 1997 and was refurbished between 1999 and 2002. The first Hyundai unit was installed in 2003 and the second unit in 2014.

In 2020, this plant increased its capacity by 2.5 MW through the installation of a second Caterpillar unit of 1.7 MW and a Cummins unit of 0.8 MW, both operated with diesel, thus reaching a total capacity of 7.6 MW in conjunction with the first three units.

The plant's fuel storage tanks have a capacity of 981 barrels. Fuel oil is received in trucks from other EGE Haina facilities.

This plant is connected to an independent electricity grid that serves the municipality of Pedernales, and boasts one of the highest factors of availability and continuity of electricity supply in the country.

Operation Started 1978, 2003, 2014, 2020

Investment USD 5.4 million

3 HFO engines

BARAHONA

51.9 MW

Installed Capacity

The Barahona plant is located in the city of Barahona, capital of the province of the same name, adjacent to the coast and 200 km west of Santo Domingo. This plant, which consists of a generating unit with a steam turbine that uses mineral coal as fuel in its boiler, was designed to also operate with bagasse. It began operations in 2001, after a readjustment that had a total cost of USD 47.1 million.

From 2016 to 2018, the Barahona plant underwent a modernization process at a cost of USD 30.3 million, which included the change of the turbogenerator and condenser. Thus, the power of this plant was increased from 45.6 MW to 51.9 MW, using the same amount of coal, which represents a 13% improvement in its efficiency. The unit's commercial operation with its new turbogenerator began in November 2018.

The Barahona plant has a coal yard with a capacity of 50,000 tons. The coal arrives there by a system of conveyor belts from the ships that anchor in the port adjacent to the vicinity of the plant.

Operation Started 2001

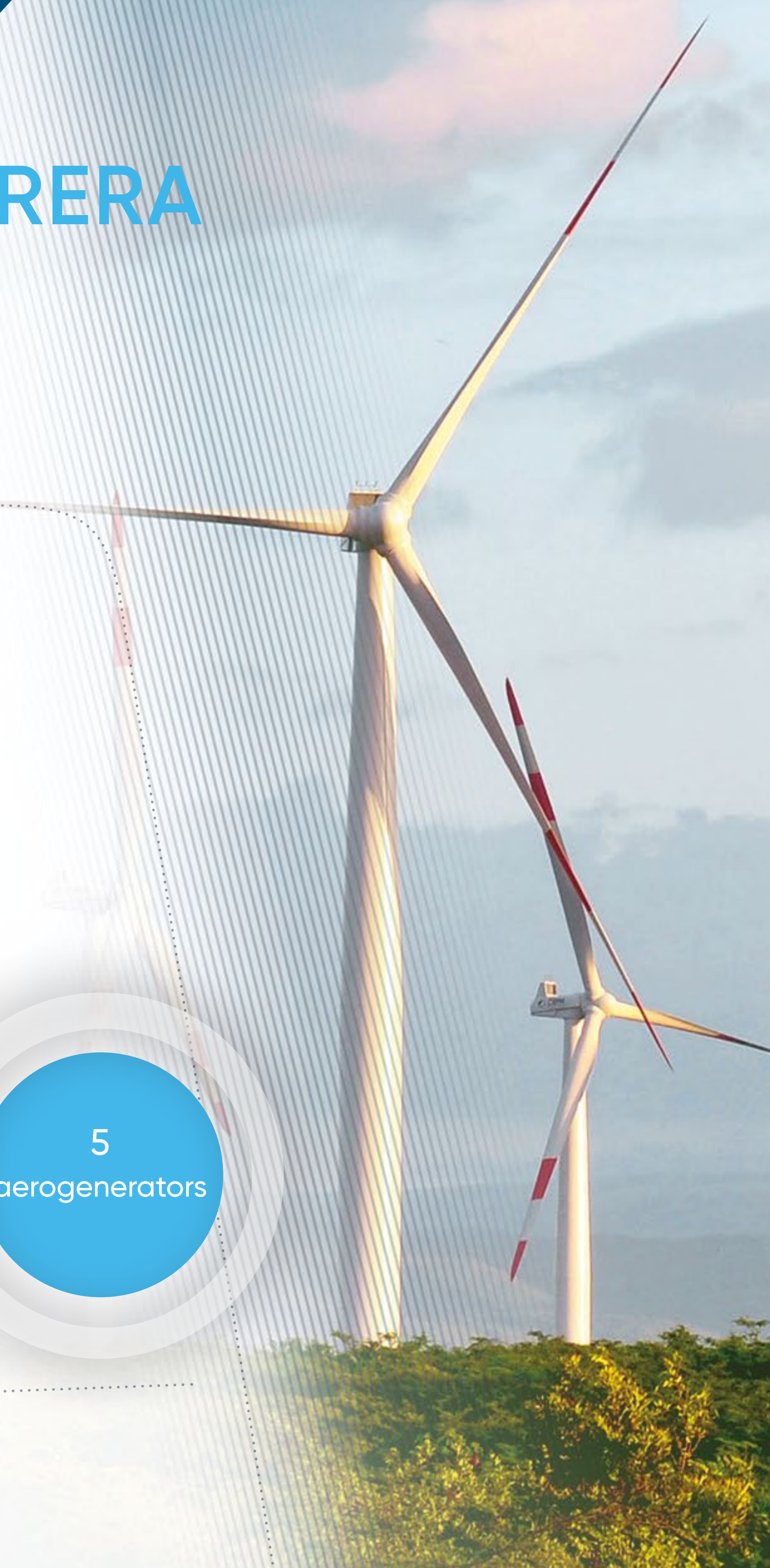
Investment USD 77.4 million

Coal steam turbine

THIRD PARTY UNITS

EGE Haina operates, under operation and maintenance contracts, 233.2 MW owned by third parties: the Quisqueya 1 plant of Barrick Pueblo Viejo and the Quilvio Cabrera Wind Farm of the Punta Cana Macao Energy Consortium (CEPM).

QUILVIO CABRERA WIND FARM



8.3 MW

Installed Capacity

Featuring 5 wind turbines, it has an installed capacity of 8.3 MW. Together with the Los Cocos Wind Farm, it is a pioneer in the country in this type of power generation.

- Operation Started 2011
- 5 aerogenerators

QUISQUEYA 1

225.2 MW

Installed Capacity

This combined-cycle plant operates on natural gas. It has 12 engines and a steam turbine, for a net installed capacity of 225.2 MW.

- Operation Started 2013
- 12 natural gas engines 1 steam turbine

3 Sustainability

SUSTAINABILITY AND THE 2030 STRATEGY

EGE Haina is an electric power generation company that produces electricity efficiently and responsibly with the environment, which operates guided by sustainability as the engine of its development. For this reason, its strategy responds not only to economic goals, but also to social, environmental and governance objectives, while reflecting the expectations of its stakeholders. Likewise, its actions demonstrate the commitment to be an agent of change and transformation in the country's energy sector, contributing to the reduction of national dependence on fossil fuels.

The company puts special emphasis on reducing its carbon footprint. With that in mind, it has defined three priority axes of action:

Investment in zero-emission assets

Between 2011 and 2021, EGE Haina has developed four wind and two solar projects, with an investment of USD 507 million, and it will build a new 90 MW photovoltaic plant in 2022, which will allow it to reach about 400 MW of renewable installed capacity.

Technological transformation

The conversion of the Quisqueya 2 plant from liquid fuel use (HFO) to natural gas was carried out in 2020 with an investment totaling USD 4.7 million. This project is aligned with one of the goals of the company's strategic plan of converting existing assets to natural gas, which allows a substantial reduction in greenhouse gases.

Development of energy-efficient projects

The Barahona plant has invested USD 30.3 million to implement major projects in recent years, including its repowering in 2018, which increased the power of this plant from 45.6 to 51.9 MW using the same amount of fuel, as well as energy recovery and particulate filtration projects.

In addition, the company invested USD 1 million for the replacement of energy-efficient luminaires in its headquarters and offices.

With the implementation of these initiatives, EGE Haina has successfully completed the following achievements:

- Substantially increase efficiency in energy production.
- Reduce in half its carbon dioxide emissions for each kilowatt hour it produces, between 1999 and 2021, by improving the company's thermal efficiency and installing non-conventional renewable power plants.
- Increase the Quisqueya 2 plant's flexibility and reduce its emissions by 67% when operating with natural gas instead of fuel oil.
- Reduce by 15% the emissions per kWh produced by the Barahona plant through its repowering.
- Avoid the annual generation of more than 665,000 tons of CO_2 with wind, solar and natural gas production.
- Continue with the strategy of reducing emissions through renewable power plants that already allows to avoid the annual emission of 401,488 tons of CO_2 equivalent.
- Reduce fuel consumption by more than 3 million barrels of oil per year.
- Support the fulfillment of the Paris Agreement goals, established in the Planned and Nationally Determined National Contribution.

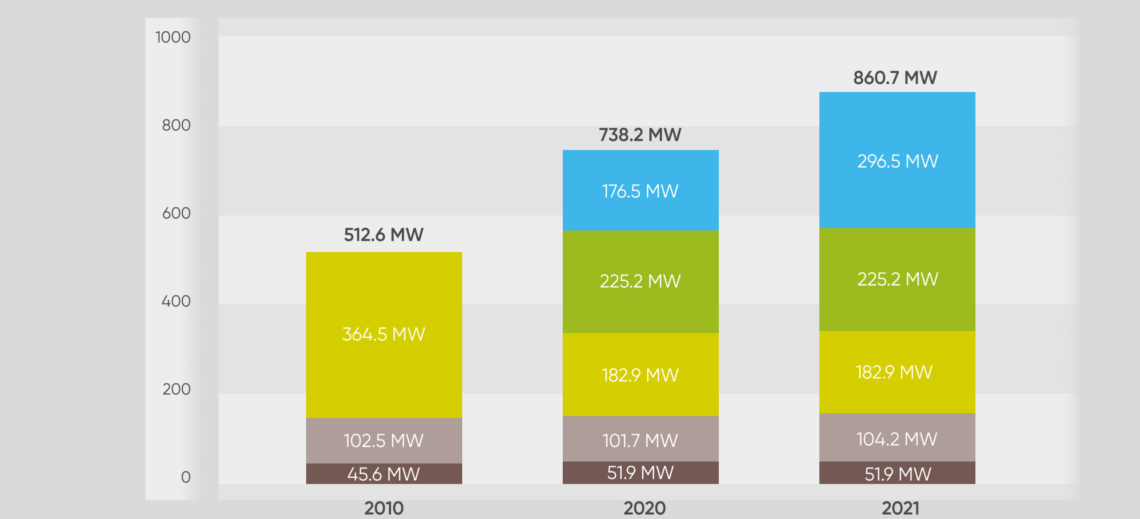
The evolution of the company's generation matrix demonstrates its commitment to sustainability, because while it has doubled its installed capacity, all its growth has focused on sustainability through non-conventional renewable energies (wind and solar photovoltaic) and natural gas.

Note: The 2023 projection includes the 90 MW Esperanza Solar Park.

EGE Haina's 2020-2030 Strategic Plan maintains the focus on reducing its carbon footprint through the development of 1,000 MW of renewable sources and 420 MW of natural gas, which will strengthen the company's contribution to reducing greenhouse gases and global warming.

For the second time in 2021, EGE Haina applied the IndicaRSE tool to evaluate its contributions to sustainable development from the perspective of different aspects of institutional work. The results indicate that the company continues to advance in its effort to operate under parameters of integral sustainability.

GENERATION MATRIX EVOLUTION



INDICARSE RESULTS. According to the present period

CORPORATE SUSTAINABILITY PLAN

Aware of the economic, social and environmental impact of its activities, EGE Haina promotes initiatives that contribute to achieving a more just, egalitarian and healthy society. These efforts have been defined based on a permanent dialogue with its stakeholders and articulated in line with its Strategic Plan.

As a result, the company has developed a Corporate Sustainability Plan for the period from 2020 to 2030, that is based on three main pillars:

- Contribute to the energy balance of the Dominican Republic, producing electricity efficiently and responsibly with the environment.
- Ensure the well-being of the human team, the development of their talents and the adherence to the values of the organization as a core growth strategy for EGE Haina.
- Promote the country's sustainable development through the generation of value in stakeholders.

The Corporate Sustainability Plan covers all of the company's operations and is executed under the leadership of the areas directly related to implementating and monitoring the strategy along the value chain.

SUSTAINABILITY MODEL

	Pillars	Identified Topics
Enduring Economic Performance	Developing a sustainable energy future	Ethics and good corporate governance Environmental commitment and management Operational excellence Renewable energy focus Climate change strategy Risk management and resilience
	Our people	Commitment to our people
	Comparative Value	Commitment to neighboring communities and society Sustainable supply

MATERIALITY

For EGE Haina, material issues are those that directly affect the electric power generation business model, creating value for our stakeholders.

Based on its strategic planning, the benchmarking of good sustainability practices and the dialogue panel with key areas, ten topics of interest to the sustainability strategy were defined, seven of which are considered material topics and top the list below:

IDENTIFIED TOPICS

1 **Sustainable economic performance**

2 **Commitment to our people**

3 **Operational excellence**

4 **Environmental commitment and management**

5 **Renewable energy focus**

6 **Ethics and good corporate governance**

7 **Commitment to communities and society**

8 Risk management and resilience

9 Climate change strategy

10 Sustainable supply

To establish materiality, a consultation process was developed with leaders from different areas of the organization on the impact of these issues on the business strategy. Additionally, the stakeholders' perspective was incorporated through a survey. The scale to assess the topics' importance was from 1 (minor importance) to 5 (greater importance).

The consolidated importance (weighting) was obtained by multiplying the expectation and impact valuation averages. Seven topics were thus defined as material, as they are the most relevant for the company's stakeholders and business strategy. Below is the topics' definition and relevance for EGE Haina.

Sustainable economic performance

Concept linked to the creation and distribution of economic value that indicates in simple terms how an organization has generated wealth for its stakeholders.

It guarantees the company's financial sustainability and the possibility of continuing to create value for its stakeholders. In 1999 the company was valued at USD 290 million, while its assets currently reach USD 1,050+ million due to the power generation investments that the company has been making.

Commitment to our people

It is an organization's approach to hiring, recruitment, retention, and related practices, as well as its diversity promotion within the company.

EGE Haina's talent management efforts aim to offer employees a safe, healthy, inclusive and balanced work environment, where respect and personal consideration prevail, as well as possibilities for professional development based on performance and growth opportunities. This institutional culture is evidenced in the outstanding results achieved on the different measurements of organizational climate, internal customer satisfaction, employee experience and management and leadership.

Operational excellence

It refers to the comprehensive management of safety, occupational health, environment, productivity and quality to achieve world-class performance. It encompasses best practices, processes and procedures to optimize results in an organization.

It guarantees the company's operations, under a focus on efficiency, effectiveness and results orientation. EGE Haina's increasing efficiency and good operating performance is evidenced, among other indicators, in the high availability rate of its power generation assets and in the continuous improvement of the consolidated caloric power consumption of its plants over time.

Environmental management and commitment

It refers to the governance and management of the company's environmental impact arising from the production of goods and services, as well as its management of the environmental capital necessary to create long-term value.

EGE Haina operates in faithful compliance with the regulations established by the Dominican environmental legislation. Based on its Environmental Policy, the company carries out a rigorous work that guarantees the responsible management of resources. Likewise, through its social responsibility and volunteer programs, the company is involved in reforestation efforts and sponsors initiatives to clean of beaches and mangroves or to prevent the extinction endangered endemic plants. In addition, employees and students of sponsored schools receive training on climate change, environmental protection and sustainability.

Focused on renewable energy

Electric power companies are responsible for a significant amount of global greenhouse gas emissions and are called upon to reduce their emissions levels. The use of natural gas and renewable energy sources that are clean as a firm backup power that is less polluting, helps mitigate the consequences of the electric power production process in the atmosphere.

In the last decade EGE Haina has led the transition in the Dominican Republic towards an increasingly decarbonized and sustainable national and regional energy system. The company has halved its CO_2 emissions per kilowatt hour produced, an achievement that comes hand in hand with its national and Antillean leadership in non-conventional renewable energy. With the completion of the Girasol Solar Park in 2021, renewables already reach 34.4% of the company's installed capacity.

Ethics and good corporate governance

Corporate Governance is the set of rules and guidelines that guide governance processes and decision-making in companies, promoting transparency and investor confidence. Ethics refers to the application of values to business behavior, relevant both to the conduct of individuals and the organization as a whole.

EGE Haina applies the best practices and international standards of risk management, framed within the practices of good corporate governance. The principles and values underpin the ethical behavior of the EGE Haina team, which in turn allows the promotion of relationships of trust with the different stakeholders.

Commitment to communities and society

The value creation of social programs requires companies to have a clear focus to guide their activities aimed at the well-being of communities, as well as to measure their value, their cost/benefit effectiveness and their alignment with the United Nations Sustainable Development Goals.

EGE Haina has several platforms for communication with the communities where it operates. In these environments, it sponsors and carries out social responsibility programs to promote local development, with the participation of communities. These actions have directly benefited more than 34,000 people living in 22 communities in the provinces of San Pedro de Macorís, San Cristóbal, Barahona and Pedernales.

GRI: 102-40, 102-42, 102-43, 102-44

OUR STAKEHOLDERS

EGE Haina has been characterized for building close, responsible and productive relationships. In the development of its operations, the company continuously works to establish and maintain respectful and permanent ties with its employees, local communities, regional and national authorities, financial institutions, members of the electricity sector, customers and other actors linked to each of its projects and its operational management, with whom it has established transparent and open communication channels.

The company has identified its stakeholders through technical, legal and operational feasibility studies, environmental impact studies, management workshops, dialogue tables and the daily operations. Likewise, this selection takes into account the relevance that these groups have for the company and the degree of dependence and influence they exert.

EGE Haina's special interest towards the identified groups is based on their degree of involvement and linkage to the material issues established by the company, that is, those that due to their involvement for it and its objectives are preponderant and priority.

Shareholders

EGE Haina constitutes a successful alliance between the State and the private sector, having among its shareholders the Haina Investment Company (HIC), a private company that owns 50% of the shares, and the Patrimonial Fund of reformed Companies (FONPER), a public institution that has 49,993% of the shares.

EGE Haina promotes close relationships with its shareholders, partners and investors, to whom it provides transparent information on an ongoing basis, not only regarding financial results, but also actions in economic, social and environmental matters. Likewise, it seeks their support and companionship to continue generating value in the spaces where the company operates. This group of actors' main topics of interest are those related to the economic performance of the company, its market share, environmental compliance and social responsibility actions that are carried out for the benefit of the communities

Government and authorities

EGE Haina's relations with State agencies, such as regulatory bodies, with whom it maintains a dynamic and transparent relationships, are based on full respect of the laws, rules and regulations within its competence, as well as monitoring and timely responses.

The institutions that have the greatest direct impact on EGE Haina's activities, due to their regulatory role are:

- Ministry of Energy and Mines (Ministerio de Energía y Minas)
- Superintendence of Electricity (Superintendencia de Electricidad)
- Superintendency of the Securities Market (Superintendencia del Mercado de Valores)
- National Energy Commission (Comisión Nacional de Energía)
- Dominican Corporation of State Electric Companies (Corporación Dominicana de Empresas Eléctricas Estatales-CDEEE)
- Coordinating Body of the National Power Grid (Organismo Coordinador del Sistema Eléctrico Nacional Interconectado-SENI)
- Ministry of Finance (Ministerio de Hacienda)
- Ministry of Environment and Natural Resources (Ministerio de Medio Ambiente y Recursos Naturales)
- Ministry of Industry & Commerce and MIPYMES (Ministerio de Industria, Comercio y MIPYMES)
- Ministry of Health (Ministerio de Salud)
- Directorate-General for Internal Revenue (Dirección General de Impuestos Internos)
- Directorate-General for Industrial Health and Safety (Dirección General de Higiene y Seguridad Industrial)
- Ministry of Agriculture (Ministerio de Agricultura)

Employees

As of December 31, 2021, the company's team was made up of 506 employees (491 permanent and 15 with a defined-term contract). Given that EGE Haina's most valuable asset is its human capital, the talent management model and organizational culture is focused on guaranteeing its safety and productivity, through initiatives that stimulate its efficiency, its sense of belonging to the company and its commitment to strategic objectives.

This way, it works to build long-term relationships with its employees, providing them with information on their main topics of interest such as the economic performance of the company, the business operational indicators, the occupational health and safety guidelines, the employment management system and the labor benefits to which they can access.

Clients

EGE Haina's customer base is diversified through medium- and long-term contracts and covers different segments of economic activities. It consists of energy distributors and companies from various branches, including: airports, shopping centers, mining, cement, duty free, food, production and distribution, metallurgy, fuel importer, product marketer, construction materials and agribusiness.

In relation to this interest group, EGE Haina's main objective is to provide them with the best service based on long-term contracts with competitive prices and conditions, which respond to the genuine interest of supporting them in the development of their operations, ensuring the generation of electricity in a competitive and sustainable manner. Likewise, the company is committed to providing its clients with information on its economic performance, its good corporate governance practices and its compliance with government regulations.

Suppliers and Contractors

EGE Haina has integrated environmental management, safety and social responsibility criteria into the management of its supply chain, both in its bidding processes and in the contracting of suppliers.

The company is committed to implementing policies and practices that seek to maintain a transparent and ethical management in the relationship with its suppliers and contractors, free of favoritism and influence.

It has about 500 active and recurring suppliers with whom it maintains constant communication, to keep them informed of the acquisition practices, health and safety guidelines and the good corporate governance practices that the company has and encourage them to adhere to these standards.

Business Community

EGE Haina is an active participant of the country's main business associations, subscribing to their mission of promoting competitiveness, social responsibility and economic development in the Dominican Republic. In this sense, it's of utmost importance the company's participation in various spaces of coordination and relationship with the business community is, with the aim of generating synergies and alliances to work on common objectives.

The company maintains the business community informed about common topics of interest, such as the company's economic performance and operational indicators, as well as the actions carried out in environmental matters.

Financial Institutions

EGE Haina's growth plan is based on the development of new electric power generation projects from renewable sources and natural gas. Its achievement requires investments of more than one billion dollars, for which the company has generated a financial strategy that allows it to explore various sources of capital financing through the securities market and trusts. The main allies of this growth process are financial institutions, which is why the company works continuously to establish and maintain permanent ties with them, forging relationships that are based on policies and practices of good corporate governance and a responsible and transparent attitude.

The company maintains constant communication with this key stakeholder, mainly with those financial institutions that already participate in some projects together with EGE Haina. With this in mind, communication channels have been generated through which these institutions can access information related to the company's economic performance, its participation and development in the market, as well as its good corporate governance practices and the actions that are carried out in favor of the communities.

Communities

Currently, EGE Haina directly benefits more than 34,000 people in 22 communities in the provinces of San Pedro de Macorís, San Cristóbal, Barahona and Pedernales. The company promotes the sustainable development of the communities near its operations with the aim of contributing to improving the lives of the populations through programs and initiatives that promote health, education, technical training and income generation, environmental care, institutional strengthening of civil society organizations and relief agencies, sports, culture, and the improvement of community infrastructure.

Similarly, EGE Haina has active channels and adequate means of communication to provide communities with information of interest related to promoting local employment, corporate social responsibility activities and compliance with the country's environmental laws.

Media

EGE Haina openly communicates its initiatives, projects and achievements. To achieve such goal, it provides the local and national media with truthful and timely information on topics that are of interest to them, such as the company's economic performance, the projects it develops, the business operational indicators, the results of the company's environmental management and the actions it undertakes in favor of the communities where it operates.

Civil Society

EGE Haina works hand in hand with the civil society and its organizations to jointly develop initiatives that promote energy sustainability, competitiveness, social responsibility and economic development in the Dominican Republic.

To this end, the company maintains relationships with more than 50 governmental and non-governmental institutions in order to collaborate in the definition and development of a social agenda that achieves sustainable results in communities.

Given the importance of maintaining constant contact with these stakeholders, there are various channels and means of communication through which civil society actors can access information related to the company's economic performance, its operational indicators, the actions undertaken around climate change mitigation, its environmental management and the social responsibility activities and projects it has undertaken.

COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) define global development aspirations and priorities, while seeking to mobilize global efforts around a set of common purposes and targets by 2030.

EGE Haina will continue to increase its contribution to the SDGs through the following lines of action:

- **Measure the carbon footprint of its activities** and verify it externally. In addition, work towards the achievement of the goals set for the reduction of CO_2 emissions in the short and long term, and compensate for emissions that cannot be reduced.
- **Increase investment in new renewable energy and natural gas plants.**
- **Invest in sustainable technologies** that are less CO_2-intensive.
- **Integrate the culture of fighting climate change** into the supply chain, requiring certifications from suppliers, presentation of their environmental policies and calculation of their emissions.
- **Sensitize and train** employees, suppliers and stakeholders.
- **Seek eco-efficiency.** Use natural resources and raw materials efficiently and responsibly; prioritize recycled and reused materials; and, reduce waste.
- **Promote respect for ecosystems and biodiversity** to avoid negative impacts in the areas where it operates, both for the company and for its suppliers and contractors.
- **Implement** risk mitigation, preparedness, response and recovery plans in relation to natural disasters throughout the value chain.

As part of the preparation of the company's sustainability strategy, national commitments were reviewed in order to verify EGE Haina's alignment and contribution to the country's agenda. Through its strategy, the company directly impacts the fulfillment of the goals in four of the seventeen Sustainable Development Goals that are linked to the business mission: affordable and clean energy, decent work and economic growth, responsible production and consumption, and climate action.

Through the initiatives developed for the benefit of stakeholders and the environment, the company also contributes collaterally to the following SDGs: partnerships to achieve the goals, end poverty, health and well-being, quality education and gender equality.

Ensuring access to affordable, safe, sustainable and modern energy for all

7 AFFORDABLE AND CLEAN ENERGY

The company has invested more than USD 1,050 million in efficient and environmentally responsible generation plants, which contribute to the national energy balance, sustainable development while also helping to reduce the energy price in the spot market.

EGE Haina is the leading company in non-conventional renewable energy generation in the country and the Caribbean. From 2011 to 2021, it has installed four wind farms and two solar parks, totaling 296.5 MW of renewable capacity. This represents 34.4% of EGE Haina's installed capacity. By adding natural gas generation to renewables, 60.5% of the company's generation matrix comes from sustainable sources.

By 2030, EGE Haina will provide an additional 1,000 MW of renewable energy.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8 DECENT WORK AND ECONOMIC GROWTH

Talent management at EGE Haina is focused on promoting productivity, well-being and the integral development of its human team, made up of 506 employees. A 73% of them has been working in the company for 4 years or more.

Likewise, it favors employment of locals in the locations where its power generation plants operate, both when selecting permanent personnel and temporary contracts, as well as when building new projects. In addition, the company implements programs that promote labor inclusion in different sectors of the population with the purpose of promoting human development and income generation in these communities. In EGE Haina, 59% of the collaborators (297 people) are in the Eastern region plants, 24% (123 people) are in the capital city of Santo Domingo, and 17% (86 people) in the South region locations.

Ensuring sustainable consumption and production patterns

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

EGE Haina operates in faithful compliance of the regulations established by Dominican environmental legislation. Guided by its Environmental Policy, the company carries out a rigorous work to guarantee the responsible management of liquid effluents and solid and oily waste, the proper storage, treatment and transport of chemicals and waste, the control of pollutant emissions and environmental noise and, the prevention and protection against spills.

The company optimizes the use of water in its production model, minimizes air, water, soil and noise pollution in its processes and promotes a clean production. In addition, it trains employees, suppliers and contractors in practices and patterns of sustainable production and consumption, environmental education and human rights.

Adopt urgent measures to combat climate change and its effects

With the annual wind farms production amounting to 600,000 MWh, the emission into the atmosphere of more than 300,000 tons of CO_2 is avoided each year. Also, the annual photovoltaic solar production estimated at 242,000 MWh avoids the emission of an additional 150,000 tons of CO_2. If we add to this the conversion of Quisqueya 2 to natural gas, which reduced the emissions of that plant by more than 60%, the total annual CO_2 savings between renewable facilities and natural gas is around 665,000 tons of CO_2.

In 2019, the two phases of the Los Cocos Wind Farm became the first power plants in the country to receive Carbon Credits, granted by the United Nations Framework Convention on Climate Change, part of the UN, which promotes the reduction of polluting emissions for the environment.

Through its investments in clean energy, EGE Haina has cut in half the carbon dioxide emissions for every kilowatt hour produced. Its growth strategy for the next decade is focused on generating 1,400 MW from sustainable sources (wind, photovoltaic and natural gas), which will further strengthen EGE Haina's contribution to the reduction of greenhouse gases and global warming.

Encourage and promote the creation of effective partnerships in the public, public-private and civil society spheres, drawing on the experience and resource mobilization strategies of the partnerships

EGE Haina is part of the main business associations in the country, subscribing to their mission to promote competitiveness, social responsibility and economic development in the Dominican Republic.

The company is also a member of important regional associations that promote energy sustainability in the Caribbean and Central America.

At the local level, EGE Haina integrates organizations that work for the promotion of sustainable development and environmental protection in the localities where it operates.

In total, the company maintains relationships with more than 50 governmental and non-governmental institutions where it collaborates in the definition and development of a social agenda that achieves sustainable results in the communities.

Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all

In order to contribute to educational quality, the company supports 18 education centers in the country's easter and southern regions, through initiatives that favor more than 3,000 students.

The school sponsorship program includes projects to improve the infrastructure of education centers, implementation of the Eco-school program, donation of backpacks, uniforms and school supplies, training of teachers and students, recognition of student merit and special celebrations.

Ensuring healthy lives and promoting the well-being for all at all ages

EGE Haina develops initiatives that promote the health of employees, their families and communities in the localities where it operates. What concerns the care and promotion of the health of employees is detailed in the occupational health and safety part of this report.

Within the framework of its community efforts, the company carries out medical operations focused on preventive health, and makes donations to hospitals and primary care centers in its areas of influence to improve the quality of services.

Ending poverty in all its forms around the world

EGE Haina seeks to reduce poverty gaps in the communities where it has a presence nearby its operations, through the strengthening of various productive groups, providing technical training and donating equipment and work supplies. Since 2011, the company has donated the electricity used by the water pumps that irrigate the Juancho Valley agricultural area, supporting the work of its farmers and landowners.

The company also provides training programs in areas such as electricity, computer science, English, industrial security, wood work, accounting, leadership and entrepreneurship, among others. The workshops are aimed at young people and adults from the towns near the operations, in order to develop labor skills that allow them to earn the livelihood of their families. These initiatives are intended to promote human development and income generation in these communities.

Achieving gender equality and empowering all women and girls

EGE Haina operates guided by a culture of diversity and inclusion that permeates all areas and actions of the company. Its Human Rights, Diversity and Inclusion Policy reflects the organization's commitment to promote internally and externally the development of men and women with equal rights and opportunities. This Policy together with the management system of the same name, strengthen the institutional culture in terms of equal opportunities for all people, without exclusions of gender, or of any other type and the reconciliation between work and family life.

The company, which has obtained for two consecutive years the IGUALANDO RD Gold Seal from the Ministry of Women and UNDP, promotes non-discrimination, inclusion, diversity, respect and the enjoyment of a work environment free of violence and harassment, as established in its Code of Ethics. These principles also inspire the company's external programs, through the development of technical training in communities aimed equally at women and men.

MEMBERSHIP IN ASSOCIATIONS

EGE Haina actively participates in several associations of great relevance to the civil and institutional life of the localities where it operates, and those related to the energy sector in the Dominican Republic, the Caribbean and Central America. Through these affiliations, the company promotes and supports initiatives that contribute to the development of the country, the national electric power sector and energy sustainability.

EGE Haina is an active member of the following organizations:

- Haina and Southern Region Business Association - Asociación de Empresas de Haina y Región Sur
- Association of Industries of the Dominican Republic - Asociación de Industrias de la República Dominicana (AIRD)
- National Association of the Electrical Industry - Asociación Nacional de la Industria Eléctrica (ADIE)
- American Chamber of Commerce of the Dominican Republic - Cámara Americana de Comercio de la República Dominicana (AMCHAMDR)
- British Chamber of Commerce of the Dominican Republic - Cámara Británica de Comercio de la República Dominicana (BRITCHAMDR)
- Chamber of Commerce and Production of Santo Domingo - Cámara de Comercio y Producción de Santo Domingo
- Mining and Oil Chamber of the Dominican Republic - Cámara Minera y Petrolera de la República Dominicana
- Caribbean Electric Utility Services Corporation (CARILEC)
- Regional Center for Sustainable Economic Strategies (CREES) - Centro Regional de Estrategias Económicas Sostenibles (CREES)
- Ecotourism and Production Cluster of Barahona - Clúster Ecoturístico y de Producción de Barahona
- Multisectoral Coalition for the Conservation of the Higuamo River - Coalición Multisectorial para la Conservación del Río Higuamo
- National Council of Private Enterprise - Consejo Nacional de la Empresa Privada (CONEP)
- Regional Energy Integration Commission (CIER) - Comisión de Integración Energética Regional (CIER)
- CIER Regional Committee for Central America and the Caribbean - Comité Regional de CIER para Centroamérica y el Caribe (CECACIER)
- Dominican Employers' Confederation (COPARDOM) - Confederación Patronal Dominicana (COPARDOM)
- Edison Electric Institute
- Commonwealth Countries Roundtable - Mesa Redonda de Países de la Mancomunidad
- Haina Board of Industries - Patronato de Industrias de Haina
- National Business Support Network for Environmental Protection - Red Nacional de Apoyo Empresarial para la Protección Ambiental (ECORED)

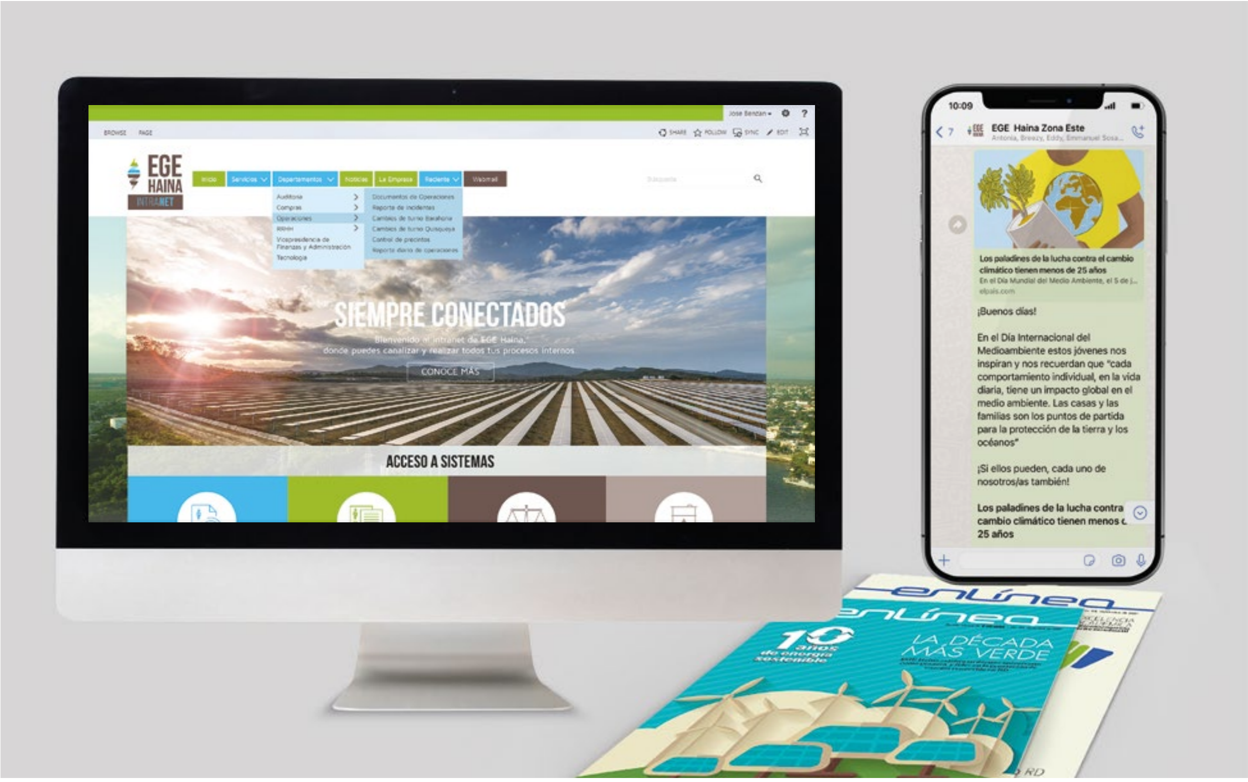
COMMUNICATIONS

At EGE Haina, communication represents a key factor for efficient operational performance, as it facilitates maintaining a permanent relationship with its internal and external audiences, based on principles of coherence, honesty and transparency.

The company disseminates, through different media and supports, information of interest to its relatives and the general public via print, audiovisual and its properties in digital media (website, LinkedIn, YouTube, Instagram, Facebook and Twitter).

Each year, the company publishes a management report and a sustainability report, while producing advertising campaigns, audiovisual materials and other pieces that are shared through various channels to reach its internal and external partners.

Internally, communication is also a fundamental pillar that contributes to generating a climate of trust and to keeping its employees constantly informed about the various issues of interest that concern the organization. For this reason, the company uses multiple communication channels, including: email, internal chats, information murals, website and intranet, as well as virtual and face-to-face events. Its internal magazine *En Línea* is published quarterly and has become one of the most important communication channels for the company.



Management Report and Sustainability Report

In April 2021, EGE Haina presented its annual management report for 2020 to its shareholders. Also, for the second it published its Sustainability Report, in accordance to the Global Reporting Initiative (GRI) model, both in Spanish and English. This report details the economic, environmental and social impact of the company and its progress in terms of sustainability aligned with its growth strategy, the Sustainable Development Goals and the 2030 Agenda. The main achievements and projects developed in 2020 were features, along with the company's financial results. As a novelty, the document contains links to videos and animations that can be discovered throughout the reading. In addition, the interactive index allows you to easily locate the covered topics.

This report is a key tool in EGE Haina's relationship with its stakeholders and its objective is to communicate all aspects of the company's commitment to sustainability in a transparent and efficient way.

Girasol Solar Park inauguration and campaign

In June 2021, EGE Haina inaugurated its sixth renewable power plant, the Girasol Solar Park, which is the largest and most modern in the Caribbean. This addition increased the national company's photovoltaic capacity by 50% and its clean production avoids the annual emission into the atmosphere of 150,000 tons of CO_2 and the import of 400,000 barrels of oil each year.

For the occasion, an opening ceremony was held under a strict biosecurity protocol against COVID-19. The event was attended by Luis Abinader, President of the Dominican Republic, other members of the government, national and municipal authorities, and EGE Haina's main executives and Board members, shareholders, customers, suppliers and contractors involved in the construction of this park, as well as key representatives of financial institutions, business associations, and the media.

The communication plan included the creation of various information materials, such as print ads for newspapers and magazines, infographics, web landing, press releases, speeches, institutional presentations, videos, photographs and animations, which were disseminated through the press, digital media, magazines, television, social networks and internal communication channels.

As a result of this comprehensive communications effort, the event obtained extensive media coverage that resulted in 72 notes published in the press and web portals, including covers in the printed media, 9 television news reports, over two million impressions (2,158,420) in networks of the Girasol Solar Park and inaugural event videos.

In addition, the Girasol Solar Park houses a viewpoint that was built as part of the company's relationship plan with various audiences, as it is a meeting point to receive visitors and socialize the corporate sustainability plan, as well as EGE Haina's 2030 vision. At the same time, it allows visitors to appreciate the scale of this renewable energy plant from a 180-degree perspective.

10 years of sustainable energy campaign

In October 2021, EGE Haina celebrated 10 years of sustainable energy. October 11, 2011 represents a historic date for the company, as Phase I of the Los Cocos Wind Farm was inaugurated, the first of its kind in the country and throughout the Caribbean region.

Its 14 wind turbines were truly pioneering and laid the foundation for the company's plans to contribute to the Dominican Republic's development through the generation of clean energy.

To mark the 10th anniversary celebration of this first renewable power plant's inauguration, a commemorative logo was specially designed to give context to the campaign, given the importance of this event. Likewise, a series of artworks and animations were created that summarized the main milestones reached by the company during the last decade. These pieces were distributed through the different communication platforms, with special emphasis on the digital sphere, where an anniversary video shared reached 1,844,152 impressions and around 59,145 reproductions on social networks.

New website

In 2021, EGEHAINA.COM was transformed to improve the website's user experience and facilitate its use and navigation, thanks to an agile and intuitive interface. The completely renovated and improved EGE Haina website is a communication tool rich in content that is constantly updated and featuring an attractive design and comfortable navigability.

EGEHAINA.COM contains useful, dynamic information that reflects in each of its sections the growth and continuous evolution of the company. The new format, which is adaptable to mobile and desktop devices, features interactive visual effects, infographics and informational materials with download option for personal use.

One of the main drivers of this major change was being able to count on safer, faster and easier to update systems which allow the company to proactively detect and repel attacks from adversaries, in line with the current Cybersecurity Policy. In addition, the company now has the ability to guarantee the integrity and availability of the published contents.

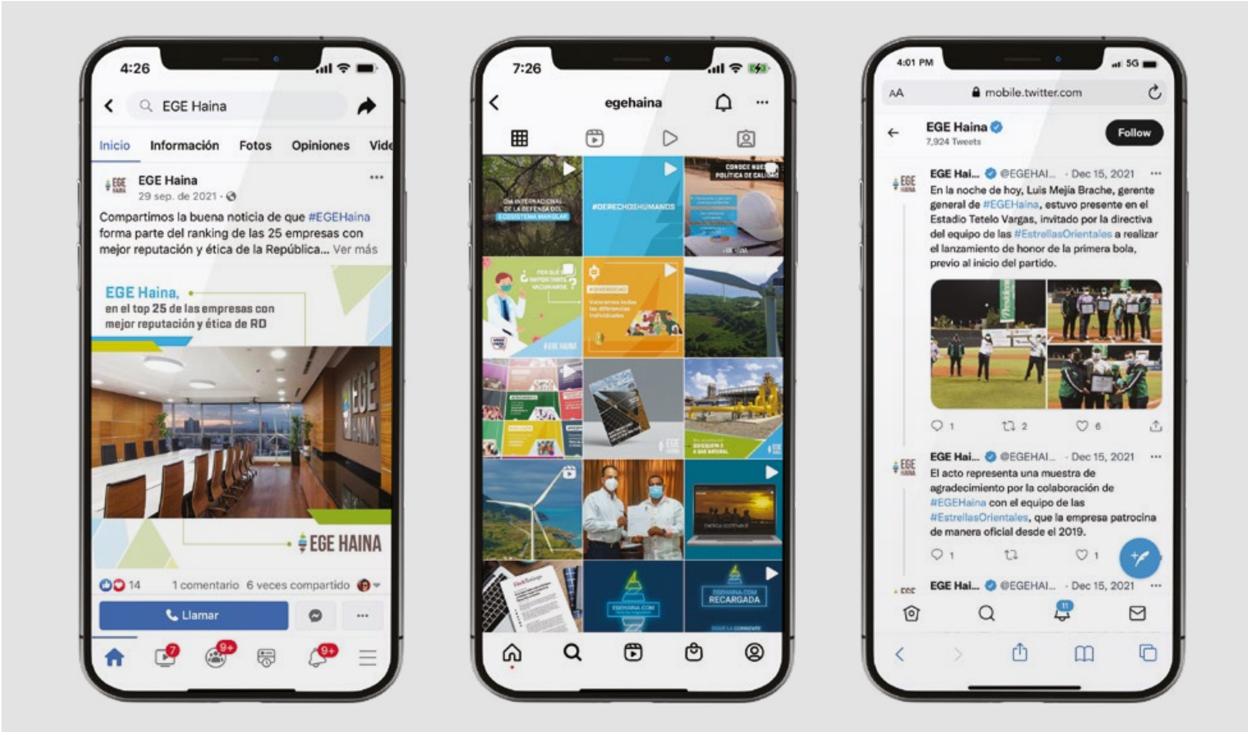
To communicate this change internally and externally, different communication materials were produced and shared through internal channels, such as mail, chats and online magazine, as well as on social networks.

The Search Engine Optimization (SEO) positioning is the main source of entry to the website traffic and, just in the first month after its launch, it received thousands of organic access visits, mostly from the Dominican Republic, the United States and Colombia. The average reading time of users indicates that they find good quality content on this portal.

This website plays an essential role in projecting the institution's corporate image to its different stakeholders, who frequently use it to consult information about the company.

Digital community

EGE Haina's digital community is made up of 41,748 followers. During 2021, it experienced a 17 growth % in its Instagram, Facebook, Twitter, LinkedIn and YouTube channel accounts. Throughout the year, the company shared 788 publications through these platforms, with an average reach of 3,500 users and 6,500 impressions per post for a total reach of 1,645,000 unique accounts.



Audiovisual material

To communicate relevant messages to the entire organization and other audiences of interest in a clear, attractive and accessible manner, EGE Haina made multiple audiovisual pieces throughout the year that were published internally and through social networks. Some of those videos can be viewed on the company's YouTube channel: EGEHAINARD.

Participation in forums and trade fairs

EGE Haina is accostumed to sharing its experiences by participating in various fairs, seminars, talks and congresses. In 2021, several of its executives represented the company in different events, among them, Energyear Caribe 2021, a platform that leads as the region's top renewable energy congress since 2013. On this occasion, Luis Mejía Brache and José Rodríguez, EGE Haina's General Manager and Senior Director of Development, respectively, made a presentation about a more reliable, sustainable and competitive energy in the Caribbean as well as the keys to developing solar projects in the country.

Likewise, the company renewed its customary sponsorship of the Estrellas Orientales, the flagship baseball team of the country's Easter region. It also participated at XterraDR, an event that seeks to promote the Dominican Republic as a tourist, sports and adventure destination.

Acknowledgements

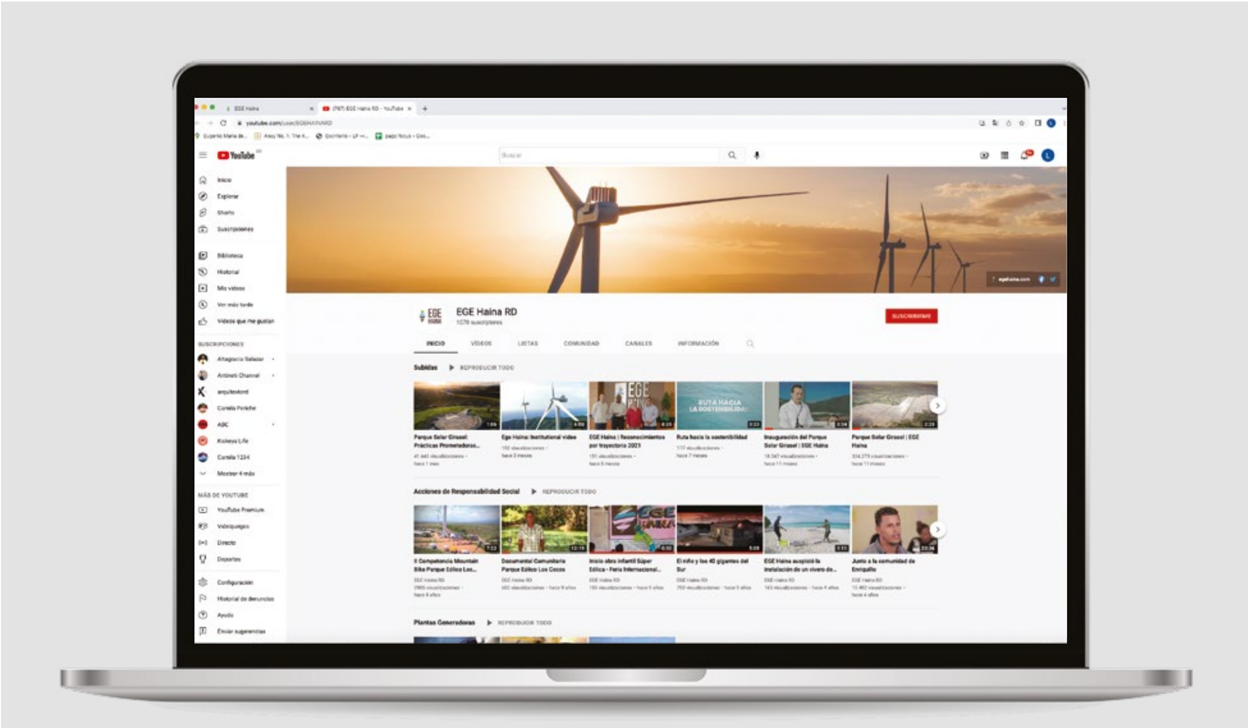
As part of the World Day for Safety and Health at Work celebrations held on April 2021, for the third time the Ministry of Labor' Directorate of Industrial Hygiene and Safety (DGHSI) renewed the certificates of faithful compliance with the standards established in Regulation 522-06 for all EGE Haina power generation plants until 2024.

Moreover, due to EGE Haina's commitment to raise awareness about the impact and importance of the labor inclusion of people with disabilities, the National Council on Disability (CONADIS) and the United Nations Development Program (UNDP) recognized the company's efforts with the 2021 RD Includes Seal of Inclusive Good Practices for Persons with Disabilities.

For the second time, the company received the IGUALANDO RD Gold Seal from the Ministry of Women and the United Nations Development Program (UNDP). This certification was carried out after the satisfactory result of the follow-up audit, which demonstrated the company's sustained commitment to the development of actions aimed at building more inclusive societies, increasing equal labor participation and opportunities between men and women.

In December 2021, the Girasol Solar Park, the largest photovoltaic power plant in the Caribbean, was recognized by the National Council of Private Enterprise (CONEP) and the United Nations Development Program (UNDP), for its positive economic, social and environmental impact. The distinction is part of the second edition of the 2021 Catalogue of Promising Practices, which was led by EGE Haina for contributing through its operations to the fulfillment of the Sustainable Development Goals (SDGs) and the achievement of the 2030 Agenda in the Dominican Republic.

In addition to all these accomplishments, the company ranked first in the list of the most admired companies in the Dominican electric power sector, with a 29.3% valuation, according to the annual ranking made by Mercado magazine.



En Línea Magazine

The quarterly En Línea magazine is an important channel for internally disseminating relevant company information, including: good news, recognitions, current and future projects, performance results and other major topics of interest. During 2021, four editions were published, featuring, among other subjects, updates on the measures to continue operating safely in the face of COVID-19, construction updates on the Girasol Solar Park and its inaugural event, the company's main initiatives related to the Human Rights, Diversity and Inclusion Policy, which allows it to continue attracting and retaining the best talent, encourage innovation and bring us closer to a diverse and changing society.

The magazine pages also featured other major news reports, such as: the country's first issuance of green bonds through the Larimar 1 Trust; the extension of the Zona Franca Las Américas contract for the purchase and sale of renewable energy; the acquisition of a new fleet of electric cars; the election of Luis Mejía Brache, General Manager of EGE Haina, as president of the Dominican Electric Power Industry Association (ADIE); and, many other articles emphasizing different areas that reflect the company's vision of operating with sustainability as a north, for the benefit of current and future generations.

In addition, these pages also presented the contributions and works carried out to promote the development of the communities near the company's operations, including the completion of two major construction projects: the Guayacanes fire station and the wall and storm drainage in Yaguate that prevents flooding in La Javilla, a neighboring community of the Girasol Solar Park.

Internal communication campaigns

In 2021, a total of 13 internal communication campaigns were launched focusing on the main initiatives implemented by the company, motivating and strengthening the commitment of employees, creating a sense of belonging, reinforcing their knowledge in certain areas and publicizing the new services provided internally, emphasizing the importance of safety and protecting the health of all.

To support these campaigns, more than 120 different communication materials were created in various formats that were shared through internal institutional mail, chats, brochures and the *En Línea* magazine, as well as on social networks.

Among the main topics addressed internally are: the 10-year of sustainable energy campaign, information security, Help Desk, Docusign, Inside Man, manages risk, COVID-19 Prevention, Girasol Solar Park, plant safety, quality policy, new EGE Haina website, human rights policy with emphasis on the RD Includes and EQUALIZING RD acknowledgements, as well as meny wellness initiatives geared to the company's collaborators.


10 YEARS
OF WIND ENERGY
3,457
GWh generated
2,124,007
tons of CO_2 avoided
Los Cocos and Larimar Wind Farms
EGE HAINA

4
Operating Results

OPERATIONAL EXCELLENCE

EGE Haina's operational excellence is based on its strict compliance with a comprehensive program aimed at achieving the company's goals and creating sustainable value.

This program includes the following pillars:

- Operating the units with high efficiency.
- Giving continuity to the fuel process' integral management system.
- Executing the budget efficiently.
- Optimizing the unit's downtime by performing continuous maintenance work.
- Managing the operation and maintenance of all facilities in an efficient manner.
- Providing technical training to the staff.
- Complying with environmental requirements and indicators.
- Ensuring a good performance in the Health and Safety area.
- Auditing the O&M areas in all the plants.

All the tasks included in the Operations Plan are governed by the industry's standards and best practices, as well as the local health, industrial safety and environmental regulations, and the company's commitment to continuous improvement.

To ensure full compliance with the Strategic Plan guidelines, the company closely monitors that the guidelines and procedures for the units' performance tests are followed, in accordance with the ASME Performance Test Code for steam plants, and the ISO standard for engine and turbo gas plants.

At the same time, internal audits are carried out in the areas of Operations, Maintenance, Health, Occupational Safety and Environment, in accordance with the O&M guidelines and policies and the recommendations of insurers and other external bodies.

OPERATIONAL MANAGEMENT

Like all productive activities worldwide, during 2021 EGE Haina's operations continued to be impacted by the COVID-19 pandemic for the second consecutive year. Due to this global situation, protocols were maintained and additional ones were developed in order to continue operating in a safe and efficient manner, as has been customary for the company. This goal was satisfactorily fulfilled thanks to the outstanding support of the entire team, and the guidance of the Safety, Health and Environment Area.

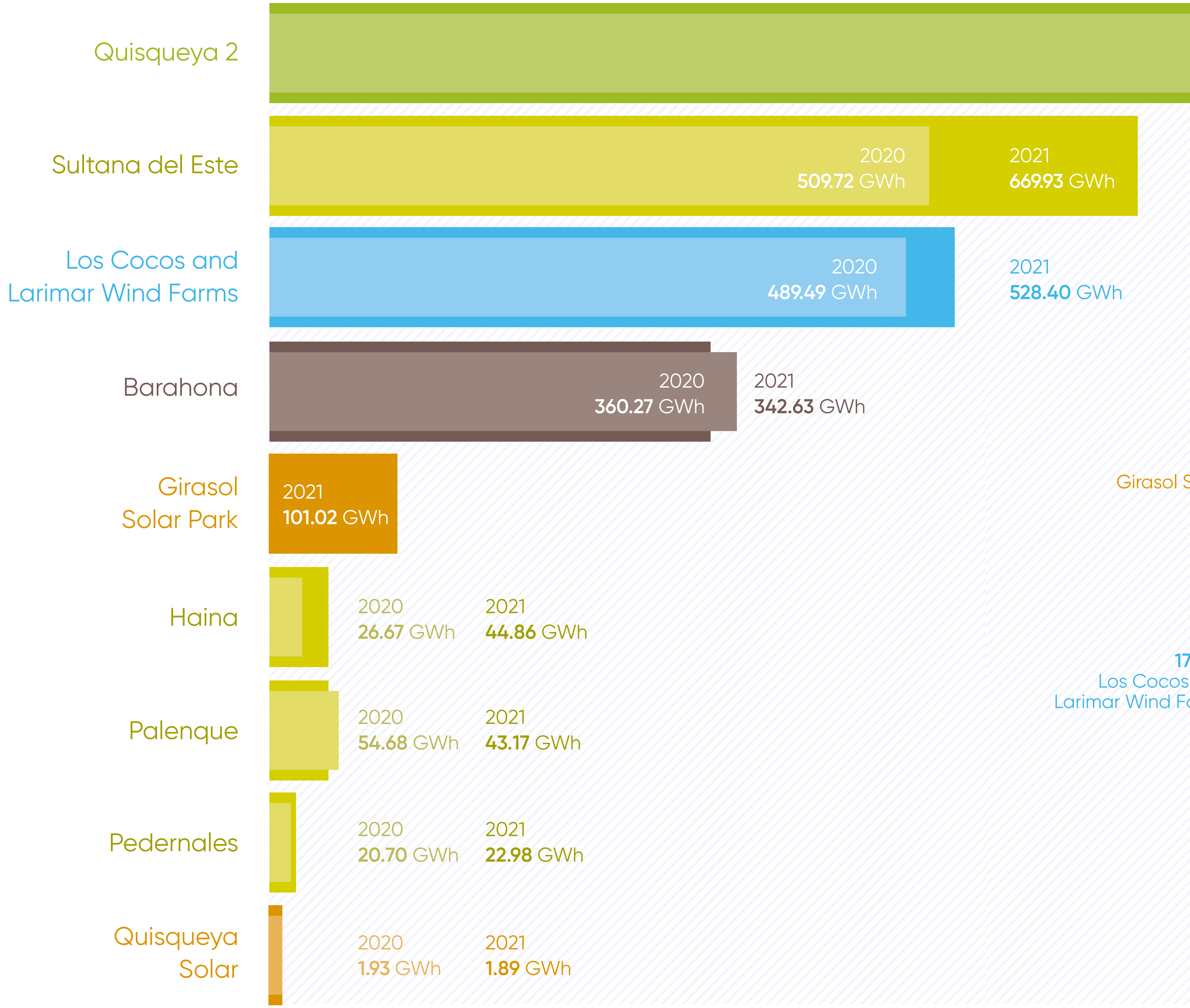
An important milestone worth highlighting was the start of the Girasol Solar Park operation in July 2021, after an extensive program of tests and acceptance protocols developed throughout the first half of the year.

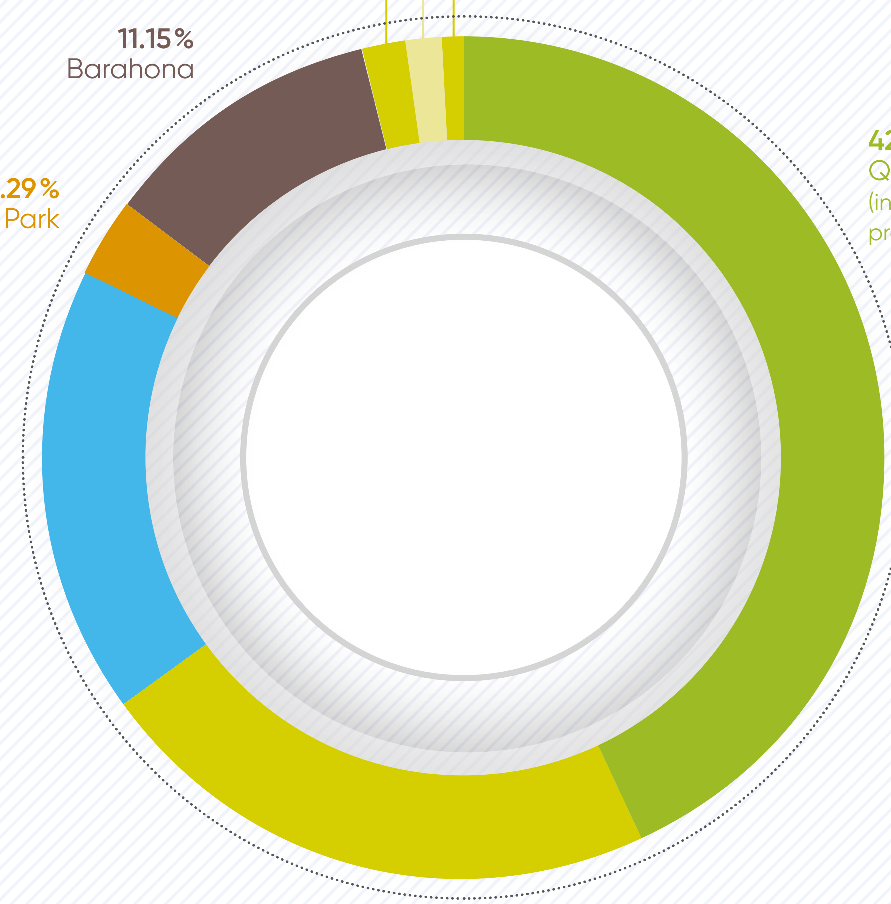
In 2021, the total net energy production in commercial injection busbars was 3,073.81 GWh, a 16.1% higher than in 2020 when production was 2,647.06 GWh. This increase in generation compared to 2020 was due to a greater real time dispatch related to the good operational performance of our generation units and the gradual reopening of the country's productive activities, after months of dealing with the pandemic.

The company's main generation units continued to actively participate in the Primary and Secondary Frequency Regulation process, to which EGE Haina contributes by providing stability to the National Power Grid (SENI) operation.

2021 Production

3,073.81 GWh





2021 ENERGY PRODUCTION

Quisqueya 2

The total net energy produced in 2021 by Quisqueya 2 was **1,318.93 GWh**, compared to 1,183.60 GWh in 2020.

EGE Haina's Wind Farms

The total net energy produced by wind farms in 2021 was **528.40 GWh**. The total production for the year 2020 was 489.49 GWH.

The maximum peak power reached by all wind turbines was 172.86 MW versus 175.0 MW installed, which occurred on March 28, 2021 at 9:00 in the morning.

Here is the production breakdown by wind farm:

Los Cocos Wind Farm – Phase 1

The net energy produced by phase 1 of the Los Cocos Wind Farm in 2021 was **51.65 GWh**. It reached 48.87 GWh in 2020. During 2021, the scheduled short- and medium-term maintenance work continued to be performed.

Los Cocos Wind Farm – Phase 2

The net energy produced by phase 2 of the Los Cocos Wind Farm was **143.54 GWh**. Production during 2020 was 137.60 GWh.

Larimar Wind Farm – Phase 1

The net energy produced by phase 1 of the Larimar Wind Farm was **194.23 GWh**. The 2020 production was 178.12 GWh.

Larimar Wind Farm – Phase 2

The net energy produced by phase 2 of the Larimar Wind Farm was **138.98 GWh**. Production during 2020 was 124.90 GWh.

Sultana del Este

The total net energy produced by Sultana del Este in 2021 was **669.93 GWh**. Of this total, 253.05 GWh were dispatched to SENI and 416.88 GWh to CEPM. In 2020, the total reached 509.72 GWh (232.13 GWh to SENI and 277.59 GWh to CEPM).

Girasol Solar Park

The net energy produced by the Girasol Solar Park in 2021 was **101.02 GWh**. Construction of this solar park began in 2020 and had its first test interconnection to SENI on July 11, 2021.

The maximum peak power reached by the Girasol Solar Park was 102.04 MW versus 120.0 MW installed, and this occurred on August 5 at 12:00 noon.

Barahona

The net energy produced by the Barahona plant in 2021 **342.63 GWh**. Total production during 2020 was 360.27 GWh.

Haina

The net energy produced in 2021 by the Haina turbo gas plant was **44.86 GWh**, while production for 2020 was 26.68 GWh. Its production is very variable since it normally operates as an emergency plant when other units of the National Power Grid (SENI) are experiencing operational restrictions.

Pedernales

Total net energy produced in 2021 by the Pedernales plant was **22.98 GWh**. This included a shutdown period of 11.2 days due to major maintenance work on unit #2. Total production in 2020 was 20.70 GWh.

Palenque

The net energy produced by the Palenque plant in 2021 was **43.17 GWh**, while the production for 2020 was 54.68 GWh.

Quisqueya Solar

Total energy production of Quisqueya Solar was **1.89 GWh** in 2021, while it was 1.93 GWh in 2020. This facility has continued to provide energy for the consumption of the Quisqueya 2 auxiliary equipment, making its operation cycle more efficient.

EFFICIENCY

According to a measurement certified by authorized companies, the consolidated caloric power consumption of EGE Haina's base units during 2021 was **7,109 Btu/kWh**, compared to 7,457 Btu/kWh in 2020. This favorable variation of 4.7% was due to the renewable energy input coming from the new Girasol Solar Park.

The Quisqueya 2 heat rate was 7,999 Btu/kWh in 2021 vs 8,083 Btu/kWh in 2020, a 1.0% improvement due to higher average power (181 MW in 2021 vs 170 MW in 2020). The 2021 heat rate for Sultana del Este was 8,469 Btu/kWh, remaining the same as in 2020. For Barahona. the 2021heat rate was 12,799 Btu/kWh vs 12,591 Btu/kWh in 2020, which meant an unfavorable 1.7%, due to an increased operation at minimum load and requested dispatch service outputs.

CENTRALIZED MAINTENANCE

Important maintenance projects were carried out during the year 2021, according to the estimated time and resources. Maintenance works are detailed below:

Quisqueya 2

- 48,000 hours of major maintenance work on unit 6
- 60,000+ hours of major maintenance on units 1, 2, 5, 7, 8, 9, 10 and 11
- 60,000 hours of maintenance work on the steam turbine generator

Sultana del Este

- 120,000+ hours of major maintenance on units 6 and 9
- 132,000 hours of maintenance work on units 4, 5 and 7
- 144,000 hours of maintenance work on unit 1

Pedernales

- 56,000+ hours of major maintenance on the Hyundai 2 unit

GRI: 103-1, 103-2, 103-3, 403-1

INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH

The company implements a rigorous Industrial Safety and Occupational Health Management System. Each of its plants has an operation certification from the General Directorate of Industrial Hygiene and Safety of the Dominican Republic's Ministry of Labor. These certifications are subject to review and renewal every 3 years, and are subject to 522-06 Regulation on Health and Safety at Work.

EGE Haina's management system is based on the OHSAS 18001 regulation. The Health and Safety Coordinators, and a mixed group of the Operations and Maintenance team, are certified by an official U.S. OSHA educational center in industrial safety and occupational health best practices and procedures. This program is based on the U.S. code of federal regulation. EGE Haina's management system focuses on:

- The identification and analysis of risks.
- Control of risks through their elimination or replacement, engineering controls, warnings, administrative controls, and the use of personal protective equipment.
- Periodic inspections of generation systems, auxiliary systems and emergency care systems to ensure their proper operation.
- Operational control of industrial safety includes an incident reporting system through which all operational, safety and environmental anomalies that occur in the company are recorded. Incidents considered major are evaluated using the Root Cause Analysis method to obtain lessons learned and generate best practices for immediate implementation.
- The Crisis Response Plan establishes guidelines to safeguard people and assets during uncommon and unexpected events, such as hurricanes, earthquakes, and pandemics.

2021 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT METRICS

Incident Reporting

The company has a robust incident reporting system through which any deviation from normal equipment operation and its technical and human processes is recorded. During 2021, 12 reportable industrial safety incidents were registered according to the rules of the United States Bureau of Labor Statistics (BLS). Three of those incidents resulted in lost time.

January to December 2021	Girasol Construction	Q1 + LdC	Q2 + Palenque	SDE	DO, P&M, SEGPAT, Lab Comb	Haina	LT230 and SEPB	Barahona + Pedernales	Wind Farms	EGE Haina Total
Population: employees and contractors (monthly average)	255	94	117	119	53	19	38	98	69	862
Reported incidents Total	6	1	2	2	-	-	-	1	-	12
Incidents with lost time	1	-	1	-	-	-	-	1	-	3
Men hours worked	693,722	253,179	332,105	290,259	108,889	63,413	110,654	228,981	161,767	2,242,969
TRIR by plant	1.7	0.8	1.2	1.4	-	-	-	0.9	-	1.1
TRIR BLS 2020 private industry by size	3.5	3.5	3.5	3.5	2.2	2.2	2.2	3.5	3.5	3.0
LTCR by plant	0.3	-	0.6	-	-	-	-	0.9	-	0.3
LTCR BLS 2020 private industry by size	1.6	1.6	1.6	1.6	0.9	0.9	0.9	1.6	1.6	1.2

Overall rate of reportable incidents

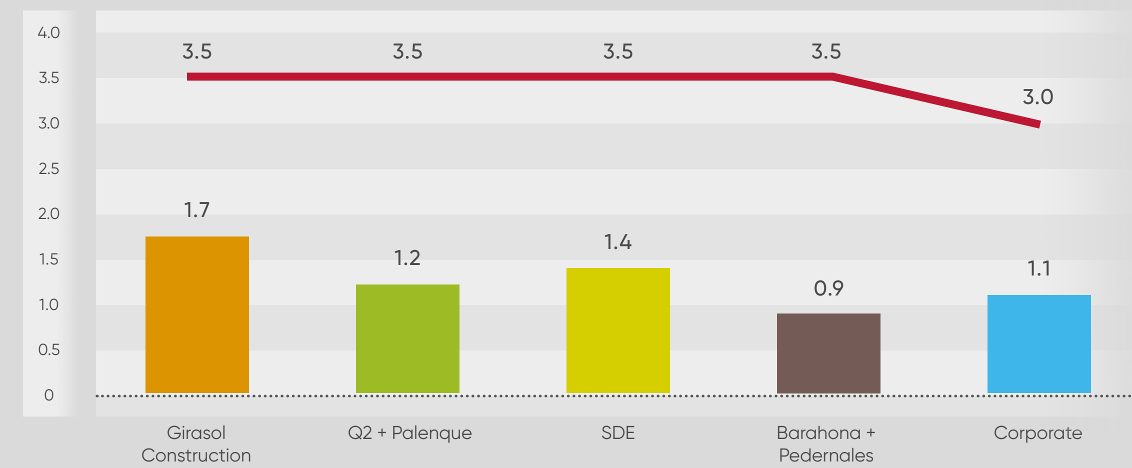
The reportable incident rate (TRIR) for each EGE Haina plant is significantly lower than the private industry BLS.

Lost time incident rate

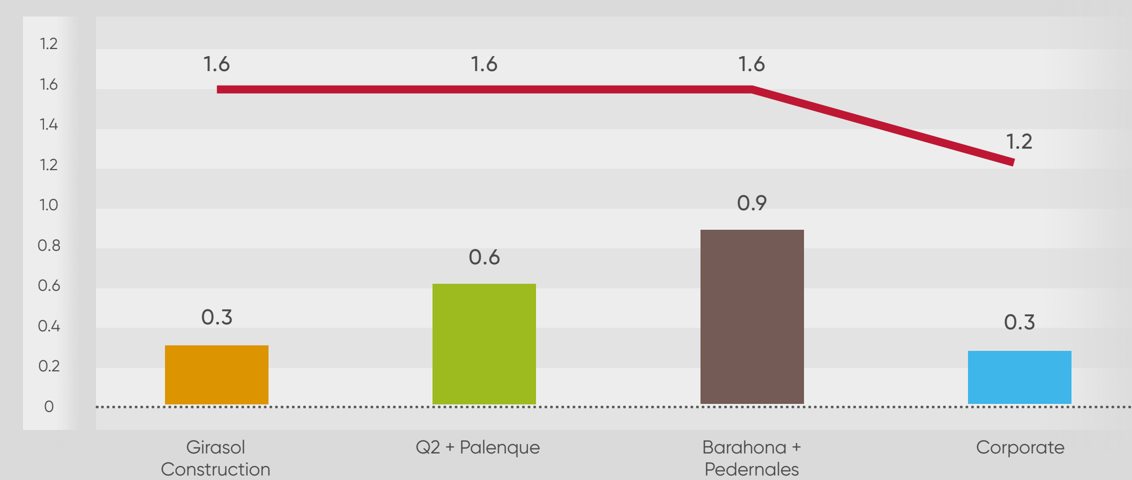
Similarly, the lost time incident rate (LTCR) for each EGE Haina plant is significantly lower than the rate indicated by the U.S. BLS for private industry.

There were 264 incidents, of which 129 (49%) were operational and included forced departures in some cases, 123 (47%) were related to safety, and 12 incidents (5%) were classified as environmental.

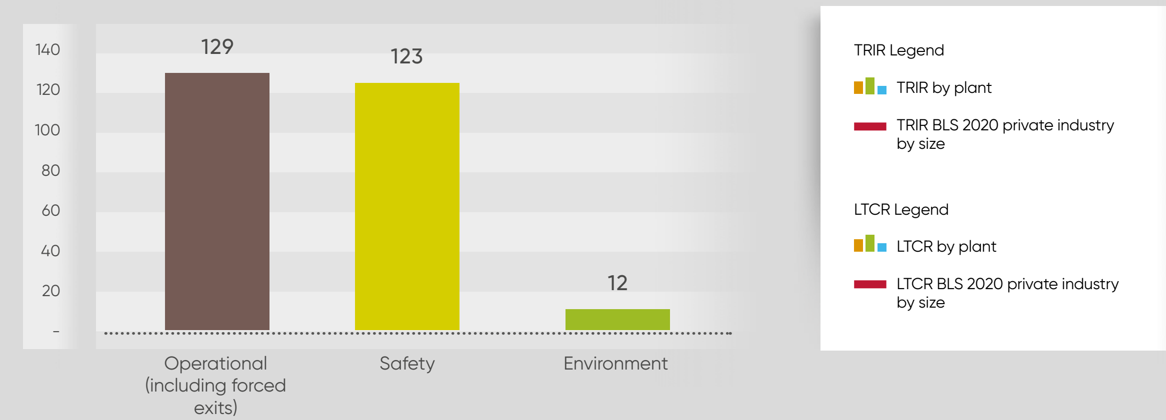
2021 TRIR BY PLANT VS. U.S. PRIVATE INDUSTRY



2021 LTCR BY PLANT VS. U.S. PRIVATE INDUSTRY



OPERATIONAL INCIDENTS, SAFETY AND ENVIRONMENT



Occupational Health and Safety Training

EGE Haina invested on average 20 hours per employee and 10 hours per contractor in providing training related to safety and the environment during the year 2021, to ensure their updated knowledge on these issues.

Employees

Employees who received training: 396
Training hours: 8,081
Hours per employee: 20.4

Contractors

Contractors who received training: 265
Training hours: 2,664
Hours per contractor: 10.1

The industrial safety coordinators are trained in occupational safety and industrial health, while the wind farms' operators have been trained in the areas of safety, health and emergency care in wind turbines.

Before entering the EGE Haina plants, every employee, contractor or visitor receives an induction in the Safety and Environment Management Systems, through an in-person session given by personnel from this area.

To control emergency situations that may arise, each EGE Haina plant has fire, rescue, first aid, spill control and communication brigades.

To ensure compliance with the Safety and Environment Management Systems in the plants, the Operations Management carries out scheduled and unannounced audits. During the audits, deviations or non-conformities with the Management Systems and their procedures are evident. The closure of these deviations is also continuously monitored. By the end of 2021, the plants had closed more than 99% of the findings reported during the audits.

Additionally, the company's insurance broker conducts compliance audits at all EGE Haina plants and recommends improvements to ensure the safety of its assets. By the end of 2021, EGE Haina had implemented all the improvements recommended by the insurance company.

Health Services

The implementation of EGE Haina's Occupational Health Program is the responsibility of the Safety, Health and Environmental Management, together with the Talent Management Directorate. For the occupational health service (OSH), there is an outsourced medical insurance provider, which manages the medical dispensaries, carries out annual medical surveillance of all employees and periodic medical visits in all facilities to follow up on health cases, holds health days and provides continuous training.

The program focuses on preventing risk factors that could be harmful to human health, as well as diagnosing, planning, organizing and executing actions required in the face of conditions that may occur.

Likewise, this program complies with the legislation of the Dominican Republic, including General Health Law 42-01, Law 87-01 that creates the Social Security System, and the Regulation 522-06 on Health and Safety at Work.

RECORD OF TRAINING HOURS AND 5-MINUTE TALKS AT THE PLANTS JANUARY-DECEMBER 2021

Hours / plants	Sultana	Q1	Q2 and shared	Barahona	Pedernales	Substation	Transmission line	Wind Farms	Palenque	Haina	Girasol	Operations Management	Patrimonial Security	San Pedro De Macorís	Fuel Processes	Santo Domingo	Project and Maintenance	Process / Fuel Line	Total
Employees																			
Total employees in the plant	**70**	**65**	**73**	**67**	**6**	**6**	**9**	**10**	**14**	**5**	**8**	**9**	**8**	**10**	**3**	**9**	**22**	**2**	**396**
E-Learning	244	276	391	178	38	6	35	54	60	13	45	29	30	8	24	34	45	44	1,555
HH/ 5-min talks	1,031	630	731	1,895	99	91	171	99	394	74	130		-			-	-	-	5,347
HH/Induction and re-induction	12	102	104	2	6	-	-	3	-	-	75		-			-	-	-	304
HH/Training on safety, health and environment	234	252	329	-	2	-	-	2	-	-	25		-			-	-	-	843
Total men hours	1,521	1,260	1,554	2,076	146	97	206	158	455	87	275	29	30			34	45	44	8,018
H/H by employee	**22**	**19**	**21**	**31**	**24**	**16**	**23**	**16**	**32**	**17**	**34**	**3**	**4**			**4**	**2**	**22**	**20.2**
Contractors																			
Total contractors in the plant	48	22	30	20	4	10	10	61	6	12	39	-	2				1	-	265
HH/5-min talks	312	184	5	-	29	99	-	29	81	-	81	-	-					-	820
Hh/Induction and re-induction	114	439	363	112	1	107	-	214	-	-	188	-	-					-	1,537
HH/ Training on safety, health and environment	93	18	16	-	1	-	-	-	-	-	178	-	-					-	306
Total	518	641	384	112	31	206	-	242	81		448								2,664
H/H by contractors	**11**	**29**	**13**	**6**	**8**	**21**	**0**	**4**	**14**	**0**	**11**								**10.1**

EGE Haina carries out an annual medical surveillance for all its employees, in which the provider of the company's Occupational Health Service (SSO by its Spanish acronym) carries out voluntary health examinations for the early detection of possible repercussions of the working conditions on health, the identification of occupational risks and the monitoring of the individual medical conditions of all employees. In addition, every month an occupational doctor from EGE Haina's SSO provider visits all the plants and the corporate office. During these visits, all permanent and non-permanent employees can get individual consultations about their specific health conditions. Medical follow-up is given to the conditions identified or detected during the medical surveillance and referrals are made to external specialists as needed.

EGE Haina has a medical care facility at the Quisqueya Thermal Power Plant that operates 24 hours a day. It has the license of the Ministry of Health to operate as a primary care center. Due to the COVID-19 pandemic, EGE Haina also added offices with medical staff available 24 hours a day at the Sultana del Este and Barahona plants.

The company also has an Occupational Health Committee that meets on a monthly basis to follow up on the periodic reports of the company's Occupational Health Service provider. In compliance with Regulation 522-06, all of the company's plants, and the corporate office have a Joint Health and Safety Committee.

These committees meet every month and the minutes are deposited with the Ministry of Labor of the Dominican Republic. Likewise, the committees create plans to close the gaps that may arise and follow up on their status until their final resolution.

To improve the well-being of its employees, the company also carries out periodic occupational monitoring to ensure that workspaces comply with the optimal conditions for noise levels, lighting and ergonomics.

During 2021, a total of 235 disability cases non related to occupational health were registered, resulting in 2,709 work days lost.

COVID-19 RESPONSE

In response to the World Health Organization's declaration of COVID-19 as a global pandemic in March 2020, EGE Haina activated a security and bio-security plan for all its facilities to prepare them for the imminent spread of the virus in the country.

As a first step, the company put its Crisis Committee in permanent session and activated a response plan to the health challenge, based on reliable information, rapid organization capacity and a sense of prudence, always prioritizing the safety, health and well-being of EGE Hain's employees and all its stakeholders, as well as fulfilling its mission of generating energy for all Dominicans.

EGE Haina took on the challenge of safeguarding the health of its staff, giving continuity to its operations and carrying out its new project development program.

Based on the risk analysis carried out, a comprehensive plan was developed on a continuous basis and in different stages, which included the following actions:

- Declare the Crisis Committee in permanent session, with frequent virtual follow-ups.
- Establish telework for the functions that allowed it and create the technical, administrative and cultural conditions to guarantee the effectiveness of the processes through virtual collaborative environments.
- Establish operations with special shifts in response to the curfew decreed by the government.
- Obtain letters of safe conduct for employees and contractors.
- Ensure the supply and daily use of PPEs and hygiene supplies in all facilities.
- Sanitize equipment and work surfaces at each shift change.
- Increase medical presence in the plants up to 24 hours.
- Establish a communication protocol to have remote health support for employees and their families.
- Perform chemical disinfection by continuous misting of the personnel's mass transport buses, central air ducts of administrative buildings, control rooms and lockers.
- Quarterly installation and replacement of high-efficiency filters in air conditioning ducts to remove bacteria, viruses, fungi and other contaminants from the environment.
- Provide disinfected and safe bedrooms for the plants's staff to carry out quartering when necessary.
- Create an Open Line to answer the employees' questions by email and phone.
- Develop trainings, campaigns and a continuous flow of contagion prevention information aimed at employees, their families, contractors and the communities where the company has a presence.
- Closely follow up the COVID-19's suspected or positive cases at EGE Haina.
- Hire a specialized virtual concierge of medical specialists to quickly and effectively evaluate the health status of our employees with COVID-19 symptoms, and receive their indications and medical prescriptions virtually.
- Implement a plan for the detection, treatment and prevention of COVID-19 throughout the company, guided by a specialized physician and his team.
- The initiatives, provisions and actions developed by EGE Haina in response to the pandemic had successful results that demonstrate the resilience and will that characterize the organization.

GRI: 102-9

SUPPLY CHAIN

EGE Haina recognizes its purchasing power in the market, which it can use to make its supply chain sustainable, and a means for inclusive growth. Likewise, sustainable supply requires the inclusion of best practices and key elements in value creation.

To achieve the sustainability of its supply chain, EGE Haina focuses on the control of environmental, social and economic impacts in supply management, adopting broad criteria of environmental management, safety and social responsibility in the selection of its suppliers.

The ethical business conduct is one of the basic areas of sustainable growth in the supply chain that promotes good practices throughout the life cycle of goods and services.

Sustainability criteria have been incorporated into the bidding and supplier contracting evaluation processes. The organization makes sure that all its suppliers are aligned and in compliance with EGE Haina's Code of Ethics and that all current local regulations on environmental conservation, human rights and occupational safety are complied with. These conditions are verified at the beginning of the business relationship and continuously throughout.

Similarly, EGE Haina has a policy and executes an effective program for the Prevention of Money Laundering and Terrorist Financing ("PLAFT" by its Spanish acronym), which is based on an adequate process of knowledge and due diligence of the client or supplier, in order to strengthen the internal controls of the company and minimize the risks of operational, reputational and financial losses, while avoiding administrative, civil and criminal sanctions, both for the company as well as its officials and employees.

One of the basic sustainability pillars of EGE Haina's supply strategy and work execution is directly related to contracting, whenever possible, those suppliers, customers, communities and human capital from the localities where the company operates.

EGE Haina's integrated purchasing process, which is part of the supply chain, is based on an annual expenditure budget that is approved by the company's Board of Directors. The first step in this process is planning the operating, administrative and human resources management needs.

Throughout the year, the different company areas make their requests for materials, equipment, services and other inputs through a digital platform enabled for this purpose. These requests initiate the process of quotation, evaluation, selection and hiring of suppliers, based on the criteria set out above, to which we have included the principles of sustainability.

The company contracts approximately $242 million a year in goods and services required for its operation. This amount is mainly composed of the expenditure on fuels, lubricants, spare parts and technical services.

The main goods and services used for power generation are procured through medium- and long-term contracts or purchase orders. This strategy seeks not only to ensure the provision of spare parts, fuels and lubricants in the times and ways required, but also greater efficiency in logistics, reducing the number of shipments and transports contracted in the supply chain.

The company has purchasing policies that contemplate minimum stock provisions, including fuel availability, which are adjusted or increased during the hurricane season. Likewise, it has supplies of critical equipment and materials for emergencies.

EGE Haina has about 500 active and recurring suppliers. Of these, about 15 to 20 suppliers could be considered key or strategic. The sustainable supply program focuses primarily on these suppliers, as their goods and services are an essential part of the maintenance and operation of the company's assets. These suppliers include renowned firms from America, Europe (Germany, Finland and Sweden) and other nationalities, such as: Wärtsilä Corporation, Siemens AG, ABB Group, Kurita Water Industries Ltd. (formerly U.S. Water Services) and ESD Korea (Hyundai's representative), all with clearly defined sustainability policies, as shown in their annual reports on this matter.

The Dominican Republic has regular sea and air routes, which facilitates the logistics of supplying the spare parts, fuels and lubricants it uses. Many of EGE Haina's main suppliers have dispatch and storage operations in the Caribbean and the Gulf of Mexico that allow for cost and time reductions in the shipment of maritime cargo, resulting in a greater operational efficiency.

GRI: 102-6, 102-7

ELECTRIC POWER MARKET

EGE Haina's commercial activity aims to detect and satisfy the energy needs of the National Power Grid (SENI), for which it establishes relationships with:

a) Unregulated Users (UNR)
b) Regulatory and supervisory institutions of the electricity subsector
c) Electricity Distribution Companies (EDE)
d) Other electric power generation companies

In the development of its functions, the company operates both in the contract market and in the opportunity market or Spot.

EGE Haina develops its operations under specific regulations of the electric power subsector in the Dominican Republic, which have historically been applied in a stable manner.

Most of the electrical energy consumed by the country is produced and distributed in the National Power Grid (SENI), and the rest by some isolated systems. For its commercial performance, the company also has permanent relations with the Superintendence of Electricity, the National Energy Commission, the Ministry of Energy and Mines, and the SENI Coordinating Agency (OC-SENI).

MAIN PLAYERS IN THE ELECTRICITY MARKET

The electricity subsector in the Dominican Republic is integrated by regulatory entities, such as the Ministry of Energy and Mines, the National Energy Commission and the Electricity Superintendence, in addition to those that produce, transport, distribute and consume electricity. There is also a coordinating entity for the SENI operation, which is the Coordinating Body.

The SENI National Power Grid includes five electricity distribution companies: EDE Norte, EDE Sur and EDE Este, Compañía de Luz y Fuerza de Las Terrenas, and Empresa Distribuidora el Progreso del Limón. The first three are owned by the Dominican State and the remaining are privately owned. In addition to SENI, there are isolated system operators, such as the Punta Cana-Macao Energy Consortium (CEPM) and EDE Sur, which also supplies electricity in the Pedernales isolated system.

Both hydroelectric generation and electricity transmission are reserved for the State through the Dominican Hydroelectric Generation Company (EGEHID) and the Dominican Electric Transmission Company (ETED), respectively. Additionally, the Dominican State participates in the Wholesale Electricity Market (MEM) as owner of the Punta Catalina Thermoelectric Power Plant, and as a distribution agent.

Those users who have an installed capacity equal to or greater than 1 MW can apply to the Superintendence of Electricity for a certification as a Non-Regulated User (UNR), with which they can negotiate the prices of the energy supply directly with MEM agents (generating and distribution companies).

WHOLESALE ELECTRIC POWER MARKET TRANSACTIONS

Purchases and sales in the electricity market can be made through:

- Private contracts or PPAs (Power Purchase Agreements), through which specific energy and capacity transactions are agreed. These contracts are governed by commercial law and can be long-term (five or more years) or short-term (typically one to two years). Negotiated terms include period of time, price, payment terms, warranties and other standard provisions. Contracts between generation and distribution companies and/or non-regulated users are registered and administered by the OC-SENI.
- Direct transactions in the opportunity market or Spot at the short-term marginal cost of energy, according to the variable dispatch costs declared by the thermal generation units. The OC-SENI programs the dispatch of the generating units declared available in the market in order of merit or economic dispatch, to match the supply and demand of energy at a particular time, optimizing the relationship between the cost of supplying the demand and the system security. On a monthly basis, the OC-SENI reconciles the amounts of electricity put into the system (by generation) and withdrawal (by sales via contracts or Spot) by each agent, and determines the resulting balance of the buyers and sellers of energy and capacity in the Spot market.

In 2021, the energy produced by the company was destined to the National Power Grid (SENI), two isolated systems (the Punta Cana-Macao Energy Consortium and the Pedernales electricity system) and Unregulated Users (UNR).

EGE Haina supplied 13.63% of SENI's energy demand and 22% of the energy used by Non-Regulated Users (UNR).

Sectors serviced by EGE Haina

- Wholesale electric power market (MEM by its Spanish acronym)
- Commercial
- Industrial
- Manufacturing
- Fuel
- State
- Mining

Products or services provided or borrowed

- Energy sale
- Sale of capacity
- Compensation for frequency regulation
- Third-party asset operation services
- Leasing assets for storage of High Sulfur Fuel Oil (HSFO)
- Operation and maintenance services (O&M)

Types of customers and beneficiaries of EGE Haina's production

- Power generation and distribution company
- Electricity distribution companies and local generation companies
- Airports
- Mining
- Cement manufacturing plants
- Local duty-free zone
- Food production and distribution industry
- Metallurgy
- Fuel importer
- Product distributor
- Construction materials company

5

Environment

COMMITMENT AND ENVIRONMENTAL MANAGEMENT

For EGE Haina, the preservation of the environment is a priority. Aware of the fact that responsible management is of vital importance for present and future generations, environmental commitment is a fundamental component in the planning of its actions In all areas of the company.

In its Environmental Policy, EGE Haina emphasizes that a healthy environment is vital for the well-being of the team, the business and the communities where it operates, as well as to achieve sustainable development as a nation. Hence, the environmental management of the company focuses on: prevention of damage to the environment that could occur as a result of energy production; compliance of the company and its suppliers with Dominican environmental legislation; awareness and training of its employees on the responsibility to preserve the environment, and preponderance of environmental criteria for the design of the company's plans and the development of its operations.

ENVIRONMENTAL POLICY

EGE Haina has established in its policy clear objectives, commitments and actions related to the environment.

Objectives:

- Produce electricity in accordance with Dominican laws, regulations and environmental standards.
- Operate in harmony with the environment in such a way, that meeting the needs of future generations is not compromised.
- Identify, evaluate and take mitigation measures regarding the potential impact to power generation.
- Promote positive actions and attitudes related to pollution prevention and environmental preservation.
- Internally promote respect and concern for the environment by emphasizing individual responsibility through communications and training.
- Periodically review the environmental management system to ensure continuous improvement.

Commitments and actions:

- Make environmental considerations a priority in planning, maintenance and operations.
- Maintain air emissions, effluents and waste within legally established levels and produce adequate supporting documentation.
- Direct the facilities focusing on prevention of environmental accidents.
- Have the necessary preparation to respond quickly and appropriately to environmental accidents that may result from operations.
- Ensure that employees and contractors comply with the environmental policy, in order to achieve the goals defined by the company.
- Require suppliers to comply with Dominican environmental regulations.
- Ensure that all employees and contractors have the right and duty to stop at any time any work that puts the environment at risk.

ENVIRONMENTAL COMPLIANCE

EGE Haina's environmental management system is based on the ISO 14001-2015 standards and the environmental management and adaptation programs that are developed based on the results of the environmental impact studies that the company submits to the Ministry of Environment and Natural Resources when applying for its environmental licenses. The company currently has 17 environmental licenses from the Ministry of the Environment, including: 10 for plants in operation, 1 plant under construction, 2 demobilized plants and 4 projects to be built.

EGE Haina's environmental work includes the management of solid and oily waste, liquid effluents, water quality and atmospheric emissions; the proper storage, treatment and transport of chemicals and waste; environmental noise control, and spill prevention and protection. Likewise, the company's work in this area includes the continuous training of the corresponding personnel on the required management procedures.

All EGE Haina plants have a spill control brigade that ensures the rapid and adequate containment of any liquid effluent that is discharged unexpectedly during production activities.

During 2021, no fines or penalties were recorded due to environmental non-compliance.

EMISSIONS MANAGEMENT

EGE Haina is aware that environmental polluting emissions harm the planet and life in general, as well as being the cause of global warming and undermining the hope of achieving a plentiful future. Therefore, the company has focused on reducing its carbon footprint through the development of renewable generation and the optimization of its production assets to make them more efficient.

By regularly measuring emissions from the plants' fixed sources, the company ensures compliance with national permissible limits. These measurements are reported to the Ministry of Environment and Natural Resources.

For calculating the equivalent CO_2 produced, the method of the United States Environmental Protection Agency (EPA) is used. In 2021, EGE Haina emitted 1,547,487 tons of CO_2e into the atmosphere, based on the equivalent CO_2 content of the fuel used for electricity generation in its plants.

The generation of EGE Haina's renewable power plants avoided in 2021 the emission of 401,488 tons of CO_2e, the equivalent of 26% of EGE Haina's thermal production that year. That proportion is up from 21% in 2020. For this calculation, a SENI emission factor of 0.6216 tons of CO_2e per MWh generated was used, which is a factor formalized by the United Nations Framework Convention on Climate Change (UNFCCC).

This emissions reduction was mainly due to the activation of the Girasol Solar Park on June 19, 2021, which contributed 102,042 MWh of renewable energy during the year.

An updated regulation on air emissions from fixed sources, established by the Ministry of Environment and Natural Resources, came into effect in 2019. This regulation reduces the permissible levels of atmospheric emissions, both for existing plants and for plants that enter the system after their emission. EGE Haina, which is governed by international environmental compliance standards, keeps its emission levels well below the limits set by the Ministry.

INPUT AND SOLID WASTE MANAGEMENT

Waste management

EGE Haina responsibly and properly manages the waste resulting from its industrial processes. Consequently, all waste generated from the operations is stored under specific conditions before its final disposal, which is carried out according to the legal guidelines of the Ministry of Environment and Natural Resources.

In 2021, the company's operations generated a total of 3,264 m^3 of domestic solid waste and 232 m^3 of special waste with management controlled by the authorities. In addition, 5,652 m^3 of oily liquid waste was generated, which were disposed through companies approved by the Ministry of Environment and Natural Resources.

Likewise, a total of 35,592 m^3 of ash was generated (16,564 m^3 of light ash and 19,028 m^3 of bottom ash), which were transported to CEMEX Dominicana, as an aggregate for cement manufacturing.

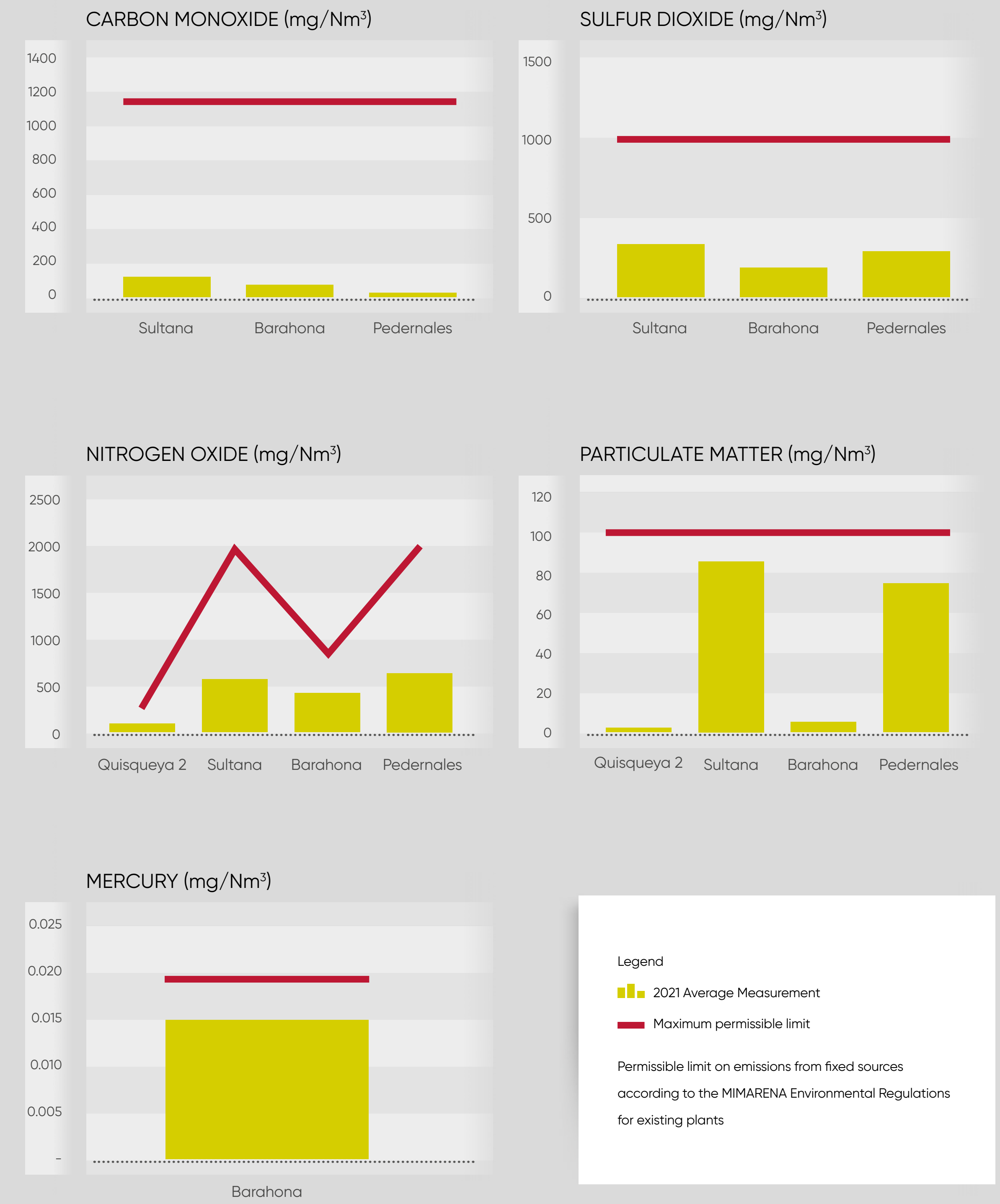
CO_2 EMISSIONS DURING 2021

Plant	Installed Capacity MW	Gross Generation in 2021 MWh	Fuel Consumption				CO_2 Equivalent Emissions	
			Natural Gas (mmBtu)	HFO (Bls)	LFO (Bls)	Coal (Ton)	Total CO_2e Tons	ve/MWh Emissions Intensity
Quisqueya 2	225.2	1,390,519	8,466,135	354,566	15,110	-	624,194	0.45
Sultana del Este	153.9	678,334	-	892,426	297	-	423,788	0.62
Barahona	51.9	368,784	-	-	-	192,879	410,183	1.11
Haina	100	45,280	-	-	97,273	-	41,841	0.92
Pedernales	7.6	24,654	-	32,010	4,689	-	17,213	0.70
Palenque	25.6	43,864	-	63,710	52	-	30,267	0.69
Totals	**564.2**	**2,551,436**	**8,466,135**	**1,342,712**	**117,421**	**192,879**	**1,547,487**	**0.61**

CO_2 EMISSIONS AVOIDED DURING 2021

Technology	Renewable Parks	Installed Capacity MW	Gross Generation In 2021 MWh	CO_2 Equivalent Emissions	
				Total CO_2e Tons	CO_2e/MWh Emissions Intensity
Wind	Los Cocos 1	25.2	52,484	(32,624)	(0.62)
	Los Cocos 2	52.0	145,838	(90,653)	(0.62)
	Larimar 1	49.5	199,020	(123,711)	(0.62)
	Larimar 2	48.3	144,622	(89,897)	(0.62)
Solar Photovoltaic	Quisqueya Solar	1.5	1,890	(1,175)	(0.62)
	Girasol	120.0	102,042	(63,429)	(0.62)
Totals		**296.5**	**645,895**	**(401,488)**	**(0.62)**

AIR EMISSIONS OF EGE HAINA DURING 2021



Water management

A total water consumption of 1,842,479 m^3 was registered in 2021, of which 2% corresponded to domestic water consumption and 98% to industrial water consumption.

Spills

During 2021, twelve operational fuel and oil spills were reported. However, these were all in compliance with regulations by not causing direct impacts on the environment.

Fuel consumption

In 2021, EGE Haina's plants utilized 8,466,135 mmBtu of natural gas, 1,342,712 barrels of heavy fuel oil (HFO), 117,241 barrels of light fuel oil (LFO), and 192,879 tons of mineral coal.

WASTE GENERATED IN 2021

Solid waste generated (cubic meters)	BA	CO	HA	PA	PE	Q1	Q2	SU	GI	Total
Solid waste total	**1,496**	**41**	**271**	**11**	**16**	**415**	**405**	**472**	**137**	**3,264**
Dump total	1,496	37	271	4	9	332	330	417	137	3,033
Hazardous total	-	4	-	6	8	83	75	55	-	232
Ash total	**35,592**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,592**
Volatile ash	16,564	-	-	-	-	-	-	-	-	16,564
Background ash	19,028	-	-	-	-	-	-	-	-	19,028

Liquid waste generated (cubic meters)	BA	CO	HA	PA	PE	Q1	Q2	SU	GI	Total
Liquid waste total	**318**	**-**	**283**	**55**	**197**	**1,276**	**1,291**	**2,225**	**18**	**5,662**
Neutralization tank	308	-	-	-	-	-	-	-	-	308
Sludge (m^3)/oily waters	10	-	273	55	189	1,173	1,098	2,136	-	4,934
Used oil (m^3)	-	-	10	-	-	-	151	76	-	237
Residual septic waters (domestic)	-	-	-	-	8	102	23	14	18	165
Boiler washing water	-	-	-	-	-	-	19	-	-	19

BA: Barahona, CO: Wind, HA: Haina, PA: Palenque, PE: Pedernales, Q1: Quisqueya 1, Q2: Quisqueya 2, SU: Sultana del Este, GI: Girasol

WATER MANAGEMENT

Water (metros cúbicos)	BA	CO	HA	PA	PE	Q1	Q2	SU	GI	Total
Domestic water consumption	7,380	90	330	3,600	48	3,459	487	516	17,846	33,756
Industrial water consumption	151,208	0	21	2,917	595	215	811,873	826,371	15,523	1,808,724
Total	**158,588**	**90**	**351**	**6,517**	**643**	**3,674**	**812,360**	**826,887**	**33,369**	**1,842,479**

FUEL CONSUMPTION

Plant	Installed Capacity MW	Gross Generation in 2021 MWh	Fuel Consumption			
			Natural Gas (mmBtu)	HFO (Bls)	LFO (Bls)	Coal (Ton)
Quisqueya 2	225.2	1,390,519	8,466,135	354,566	15,110	-
Sultana del Este	153.9	678,334	-	892,426	297	-
Barahona	51.9	368,784	-	-	-	192,879
Haina	100	45,280	-	-	97,273	-
Pedernales	7.6	24,654	-	32,010	4,689	-
Palenque	25.6	43,864	-	63,710	52	-
Totals	**564.2**	**2,551,436**	**8,466,135**	**1,342,712**	**117,421**	**192,879**

6 Our People

TALENT MANAGEMENT

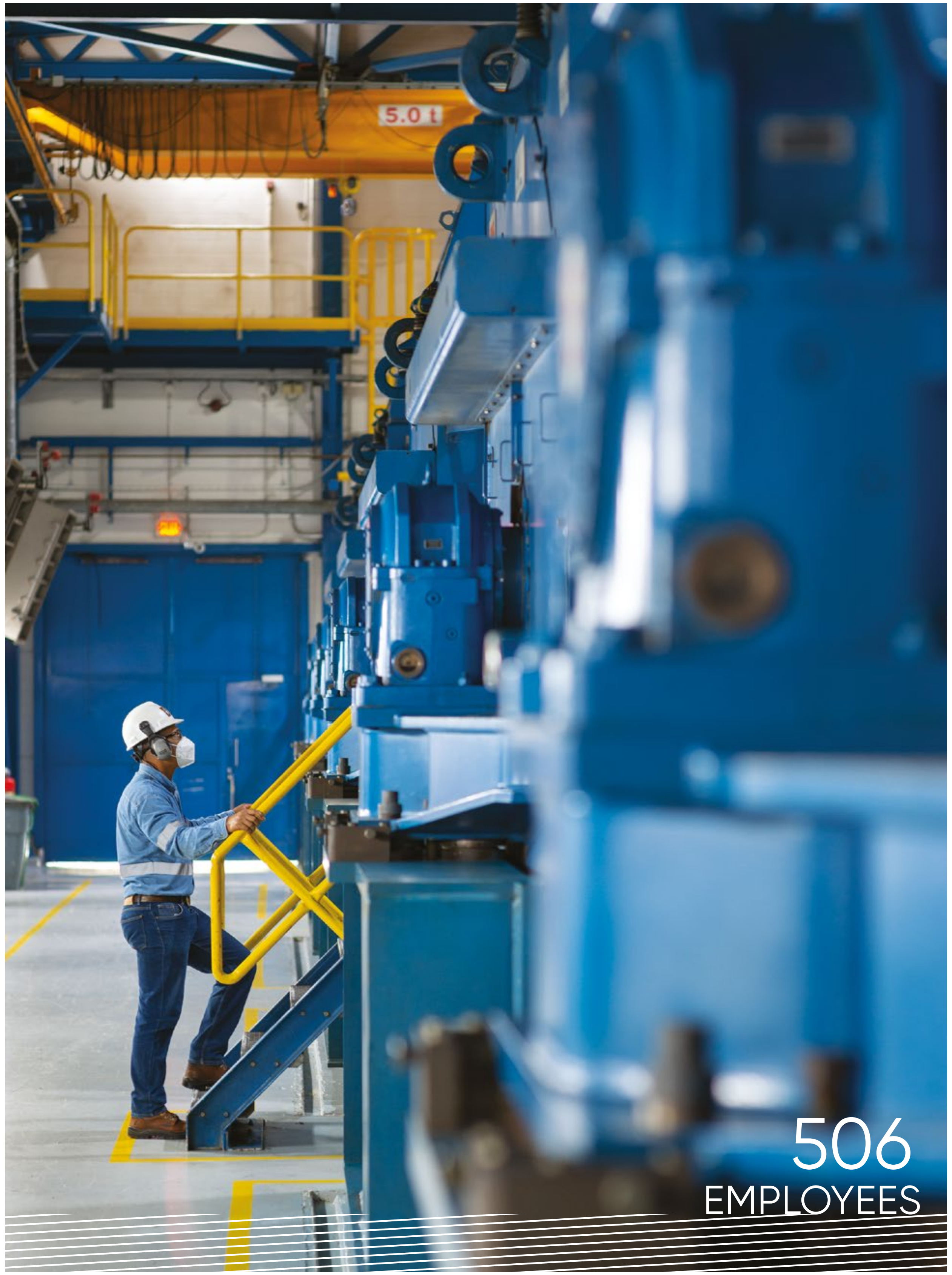
With the support and commitment of the entire team, the company was able to achieve the objectives set for 2021, despite still being under the effects of the COVID-19 pandemic.

The dedication of the staff translates into an environment of collaboration geared towards continuous improvement in all areas of the organization, always focused on safety and environmental protection.

As it is customary every year, all talent management processes were reviewed to ensure fair and inclusive practices, including personnel selection, hiring, compensation, development, retention, telework and other related areas.

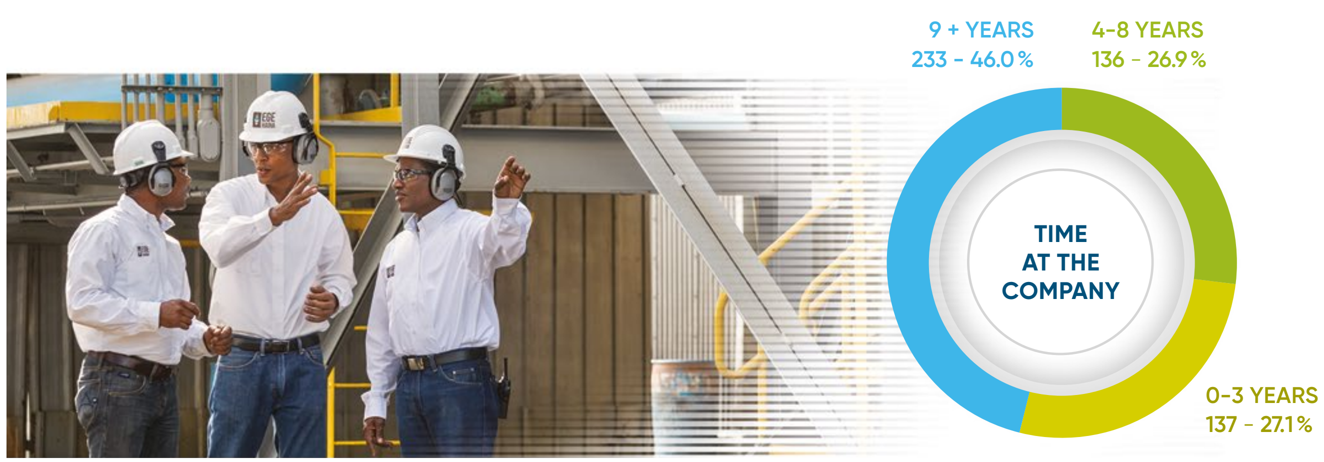
In this spirit, the company continues to strengthen a working culture that fosters human rights, diversity and inclusion, at the same time it develops wellness plans focused on employees and their families with the purpose of promoting physical and mental health, contributing to attain a personal-work life balance and generating spaces for social and recreational exchange.

The company also has a Code of Ethics to govern the organization's actions, establish the appeal channels, ensure a good organizational coexistence and a balanced, fair, integral and violence-free environment. The document, which was updated in 2021, is distributed throughout the organization.



EGE HAINA EMPLOYEES

As of December 31, 2021, the EGE Haina team consisted of 506 employees: 491 with a fixed employment contract and 15 with a defined-term contract.



NATIONALITY. 495 (97.8%) from the Dominican Republic and 11 (2.2%) from other countries: Colombia 4, Peru 2, Argentina 1, Chile 1, Costa Rica 1, Spain 1, Uruguay 1 and Venezuela 1.

EMPLOYMENT AND BENEFITS

Due to the pandemic, the company continued operating during 2021 under a strict protocol to prevent the spread of the COVID-19 virus and outbreaks. Support was provided on an ongoing basis and all cases were closely followed-up. In addition, telework facilities were maintained for those in administrative positions and the operations personnel with health vulnerabilities.

Throughout the year, various initiatives were developed aimed at strengthening the organizational culture in order to guarantee a healthy, safe, equitable, diverse and fair work environment, while providing opportunities for professional growth. These included numerous talks on topics related to work-life balance and the proper management of emotions and mental health, as these areas could be affected by the pandemic.

DIVERSITY AND EQUAL OPPORTUNITIES

For the second consecutive year, EGE Haina received the NORDOM 775 Certification issued by the Dominican Institute of Quality (INDOCAL) and the IGUALANDO RD Seal's Gold mention, granted by the Ministry of Women and the United Nations Development Program (UNDP) in recognition of the company's continuous development and best practices related to a gender equality culture for all its staff.

The Human Rights, Diversity and Inclusion Policy guides the company's actions to promote the reconciliation of work, family and personal life, equitable access to work, equal pay, elimination of discrimination associated with sexual and labor harassment, and prevention of domestic violence and violence against women, among others.

DISABILITY AND INCLUSION

The strengthening of inclusion-related wellness initiatives allowed the company to obtain the 2021 silver certificate for the DR's Best Practices Seal, granted by CONADIS and UNDP, which acknowledges those efforts to raise awareness on inclusion and disability among the staff.

Another great advance regarding inclusion was the alliance established with Best Buddies for the sensitization of part of the administrative staff and the incorporation of a person with disabilities to work in the corporate offices' reception area. This initiative has been very positive for the work environment, as well as for the person who occupies this position, who has since had the opportunity to acquire further skills and knowledge, while performing the required tasks with the support of company colleagues.

LEADERSHIP AND PERSONNEL DEVELOPMENT

Aware of the great importance of its talent for the company's success, EGE Haina continued to develop and train its staff throughout 2021. This included holding a series of leadership and supervision workshops for the company leaders, among many other initiatives.

The annual talent development plan is aligned with the needs identified in the performance evaluations conducted for all the staff. During the feedback process, engagement is created between staff and supervisory levels to drive the development of different skills.

The wellness, safety, health, environmental, risk identification, cybersecurity and sustainability programs require training that favorably impacts both the people and the company.

The company and its directors worked together to update the first line of succession plan. The talent

profiles were reviewed in each area and plans were set for their development in the short, medium and long term.

During the year, the leadership and internal customer satisfaction levels were measured. The results provide valuable feedback for the leaders and are used to create development plans for each of the areas, always looking to encourage the team growth and positively impact their outcome.

TRAINING

In 2021, the company provided 3,714 internal and external training sessions as well as international courses. A total of 464 collaborators participated, which represents 93% of the population. These totaled 32,577 hours of training, representing an average of 70.21 hours per employee. The training activities met different needs of the work areas and the development of technical and behavioral skills aimed at promoting staff performance, as well as educational actions in the industrial safety and occupational health fields.

The training actions were aimed at the entire population and included various issues, including well-being, sustainability, security, risk prevention, leadership, as well as awareness of inclusion and gender violence, among others.

TALENT ATTRACTION AND RETENTION

During the year 2021, the company made 93 personnel movements. These included 51 promotions in different positions and areas assigned through internal competition and 42 vacancies that were filled with new income personnel.

Something worth highlighting is the diversification of recruitment sources and the strengthening of EGE Haina's contacts with universities and educational institutions to attract new talent. The company also used publications on social networks to publish its vacancies, which definitely help to expand the candidate base for the external recruitment processes.

COMPENSATION

As in 2020, during 2021 the company guaranteed the jobs to its staff, who continued to work without interruption during both years despite the pandemic. Likewise, EGE Haina granted employees an annual salary rise to compensate for the increase in the family basket prices.

As for the company's objectives, they were met by 104%, which had a favorable impact on the employees' compensation.

EGE Haina's processes are continuously updated and increasingly automated to achieve greater efficiency, thus reducing the process time while guaranteeing fewer manual registrations and higher quality services. Within this framework, adjustments were made to the payroll system and the attendance control module.

ORGANIZATIONAL CLIMATE

Year after year, the company conducts the organizational climate survey to determine its staff perception regarding the work environment. In addition, there are other measurements made throughout the year allowing the company to obtain a 360 vision of its organizational climate.

EGE Haina measures leadership, employee experience, internal customer satisfaction and work environment levels. Different dimensions are measured and results are used to develop action plans that

allow to close the identified gaps in the following areas: climate, internal service improvements, determining the training required to strengthen leadership and improve the employees' experience and satisfaction. The areas that obtained over 90% in satisfaction levels were: COVID-19 initiatives, clarity, responsibility, support, communication and development.

The climate survey was conducted among all of the company's permanent employees, and it covered 100% of the areas and attained a 93% response level. The overall organizational climate index obtained was 90%, and that same percentage of employees would recommend the organization to colleagues, friends and family as a good place to work.

The company permanently develops action plans to raise staff satisfaction and initiatives that promote continuous improvement in all aspects of interest to the personnel and the company.

INTERNAL CELEBRATIONS

In 2021, it was once again necessary to maintain social distancing due to COVID-19. Hence, the events, talks, trainings and activities were offered in virtual mode, including those involving the personnel's family members.

Some of the wellness initiatives included: mothers' day and fathers' day gift-giving events, summer day for employees' adolescent children and two virtual storytelling events for the little ones, both focusing on inclusion and diversity.

10 YEARS
21 EMPLOYEES

15 YEARS
42 EMPLOYEES

20 YEARS
11 EMPLOYEES

In the summer, the employee's children Academic Excellence was recognized during three face-to-face events held under the established guidelines for social distancing and health protection. The event held at the Quisqueya plant was for the young people of the eastern zone, the Novocentro event focused on the Santo Domingo, Haina, Palenque and Girasol staff, while the Barahona event was attended by the southern region personnel. A total of 43 youngsters were recognized for their outstanding grades, of which 17 scored 95+ grades.

Another face-to-face event was the staff recognition ceremony for years of service and merit. In 2021, 21 employees celebrated 10 years of service while 42 had their 15-year work anniversary in the company and 11 employees reached the 20-year mark. In addition, 42 people were recognized for their outstanding performance during the year.

As a token of appreciation, all employees received a Christmas basket and shopping vouchers, and a Christmas party was held in virtual format once again, but filled with the real joy and team spirit that characterizes the company. During this celebration, a special recognition was given to three employees for their long trajectory of excellence at the company.

42 PEOPLE
RECOGNIZED FOR THEIR OUTSTANDING PERFORMANCE DURING THE YEAR

7

Communities

COMMITMENT TO COMMUNITIES

Contributing to the sustainable development of those communities located nearby its operations is an integral part of EGE Haina's sustainability strategy.

Through its Social Responsibility Program, the company helps to improve the community infrastructure, health, education, environmental care, sports as well as strengthening the relief agencies and civil society organizations.

The initiatives developed or sponsored by the company always include the participation of local communities and have benefited more than 34,000 people in 22 communities in the provinces of San Pedro de Macorís, San Cristóbal, Barahona, and Pedernales.

To promote the collaborative construction of a sustainable development, EGE Haina uses various channels to maintain a permanent dialogue with the communities and direct contact with social leaders and authorities in their areas of influence. Moreover, the company carefully evaluates every request received.

SCHOOL SPONSORSHIP

Educational materials and school supplies

At the start of the 2021-2022 school year, the company donated 3,000 backpacks filled with school supplies. These were the schools benefited with the donations: Punta Pescadora Elementary, Batey II-Monte Largo and Hoyo del Toro in San Pedro de Macorís; El Corte, El Maizal and Thelma Germán Guante in San Cristóbal; Juancho and José Eugenio Pérez Elementary Schools in Pedernales; Álvida Marina Santana and Domingo Matos in Barahona ; Primero de Mayo Elementary in Valverde.

By delivering these school supplies, the company contributes to the education of students in vulnerable situations thus, helps to achieve the 2030 Agenda's SDG #4, Quality Education.

Likewise, EGE Haina delivered educational and expendable materials in all the 8 schools it sponsors in the country's eastern and southern region to support the completion of the educational curriculum and the diversification of teaching resources. It's part of the recovery and school leveling efforts to compensate for the detrimental impact the pandemic had on learning.

Biosafety materials

More than 5,000 students and teachers from 16 schools in the communities near the plants located on the eastern and southern region received biosecurity supplies from EGE Haina. These included masks, gallons of liquid soap, disinfectant gel and alcohol to help them continue their school work with the appropriate protection measures against the COVID-19 pandemic, as guaranteeing the right to education is considered a company priority.

The schools benefited by this initiative in San Pedro de Macorís were Punta Pescadora Elementary, Batey 2 Monte Largo Elementary and Hoyo del Toro. In the southern region, materials were distributed in the following elementary schools: El Tanque (Álvida Marina Santana), Ismael Miranda, Tatiana Rodríguez, La Malagueta, Domingo Matos, Peñalba, Dora Corcia Sánchez, Bienvenido Cuevas Ruíz, Juancho, and José Eugenio Pérez. Also, Liceo José Francisco Peña Gómez, Polytechnic Guarocuya and Liceo Antonio Guzmán

"Eco Escuelas" Environmental Education Program

This Environmental Education program was reactivated during 2021 in 5 ecological schools sponsored by the company and implemented under the leadership of the Institute of Environmental Law (IDARD). In each of these educational centers, an environmental committee was created, talks were given and materials were delivered to serve as work guidelines to follow the program's methodology.

STRENGTHENING THE FIRE DEPARTMENTS

As part of EGE Haina's program to strengthen the fire departments in the Dominican Republic, a series of key initiatives were implemented in 2021. Among them, construction of the Guayacanes Fire Station, repair of several fire trucks and donation of materials, furniture, tools, uniforms and specialized equipment.

In addition, under the sponsorhip of EGE Haina, the fire departments of Barahona, Enriquillo, Juancho, Pedernales, Oviedo, Paraíso and La Ciénaga received training in first aid and vehicle rescue, conducted by Colonel Rafael Javier Bueno, a renown international instructor and Specialist in Emergency Response.

Pure air filling compressor for the eastern region

The company donated a pure air filling compressor to the fire department of San Pedro de Macorís. This equipment is used to deal with large-scale fires and other situations where the atmosphere is low in oxygen or is compromised with gases that pose a danger to human life.

This is the first compressor of its kind put into service in the eastern region and the second in the entire country. Previously, firefighters in the area had to travel to the city of Santo Domingo to fill up their tanks, so this donation will bring considerable cost and time savings, which translates into greater efficiency of the work performed by these relief agencies.

The donated equipment has an installed cost of more than USD 30,000. It will benefit the fire departments of San Pedro de Macorís, Quisqueya, Consuelo, Ramón Santana, Guayacanes, San José de los Llanos, Villa Gautier, Hato Mayor, El Valle, Sabana de la Mar, La Romana, El Seibo, Pedro Sánchez, Miches, Laguna de Nisibón, Bayahibe, San Rafael de Yuma and Verón.

Guayacanes Fire Station

EGE Haina led the renovation and expansion of the Guayacanes Fire Station in San Pedro de Macorís, with the purpose of contributing to the efficiency of its work in emergency situations.

The company Brisas de Guayacanes, under the management of Terra RD Partners, granted the use of the land for the station through a long-term usufruct agreement, while EGE Haina covered 70% of the construction work. Also contributing to making this project a reality: Barrick Pueblo Viejo, San Pedro Bio Energy, Bloques Aguayo, Dominican Municipal League and Club Hemingway.

Other donations

- Bunk beds for the Guayacanes Fire Department
- Uniforms and bunk beds for the San José de los Llanos Fire Department
- Chainsaw, hoses and pistons for the Palenque Fire Department
- Tires for the Enriquillo Fire Department truck and preliminary studies for the station construction in that municipality
- Fire truck engine and repair for the Pedernales Fire Department
- Uniforms, safety boots and motor pump for the tanker truck of the Barahona Fire Department

Relief agency operations

Continuing with its tradition, the company supported relief agencies for their Easter and Christmas operations, which are carried out in order to safeguard the citizens' wellbeing.

The company provided its support to Fire Departments, Civil Defense, Politur, Operations and Emergency Center, Red Cross and the Barahona Port Captainship located in different towns of San Pedro de Macorís, San Cristóbal, Barahona, Enriquillo, Villa Central, and Pedernales.

COMNUNITY INFRASTRUCTURE

Land donation to build a street in San Pedro de Macorís

EGE Haina donated to the San Pedro de Macorís Mayor's Office a portion of 522.96 meters of land located between the La Barca and Placer Bonito sectors which corresponded to the plot occupied by the San Pedro Turbo Gas Power Plant. The Mayor's Office used this space to extend the Enrique A. Valdez Street in order to improve traffic and mobility in that town.

Rainwater drainage and other works in Yaguate, San Cristóbal

EGE Haina and Elecnor Dominicana joined forces in the construction of a civil work project that contributes to a dignified and safe life for the inhabitants of the La Javilla sector, a neighboring community of the Girasol Solar Park in the municipality of Yaguate, San Cristóbal province.

With an investment of USD 516 thousand, a retaining wall was built to deal with the proper discharge of water that used to spill to inhabited areas, forcing people to flee the area and causing significant material losses, especially during the rainy season.

This infrastructure, which provides a solution to the floods that have afflicted that community for years, has a dimension of 265 linear meters and an approximate height of 4 meters. It has the ability to redirect tributary flows to a temporary storage area.

Likewise, EGE Haina has contributed with the Mayor's Office of Yaguate in other construction projects in this municipality, including the Michael Pineda basketball court, a road solution to prevent water from blocking transit and a Primary Care Center which, together with the National Health Service's hospital network, provides medical care to the families living in this area.

In 2021, the rainwater drainage project was formally presented during an inaugural act where Mayor Rosa Peña and other officials of the Yaguate syndicate, businessmen, relief agencies representatives and community leaders participated.

Public streetlights

In order to have illuminated public spaces that contribute to the safety of the communities where the company operates, in 2021 EGE Haina donated about 400 outdoor lamps.

The company delivered LED lamps to the municipalities of Yaguate, Quisqueya, Barahona, Enriquillo, Arroyo Dulce and Juancho, in addition to Punta Pescadora, Monte Largo, Paraíso, the Ismael Miranda School in Enriquillo, and to the little league stadium and the Macena Vargas softball stadium in Barahona.

TECHNICAL TRAINING PROGRAM

Together with INFOTEP, in 2021 EGE Haina offered eleven training courses to help participants get better prepared for the job market, which were aimed at women and men in the Enriquillo and Juancho communities.

A total of 213 people ages 16 to 42 participated. An 80% of the participants were women, mostly heads of household in vulnerable situations.

The trainings focused on the following areas: hospitality & tourism, hotel room maids, basic English, bakery, pharmacy, secretarial work & computer science, hairdressing & manicure, and product decoration.

HEALTH

The initiatives undertaken in this area during 2021 are mostly part of EGE Haina's efforts to respond to the healthcare needs arising since the beginning of the COVID-19 pandemic in those communities where it has a presence.

Support to hospitals

One of the most valuable aspects of the company's social initiatives during the COVID-19 pandemic has been to provide support to public health facilities to help them do their work.
Within this framework, donations of medical supplies, biosecurity, medicines, and personal protective equipment (PPE) were made during 2021 to various health centers: Hospital Dr. Jaime Oliver Pino (San Pedro de Macorís), Juan Pablo Pina Hospital (San Cristóbal), Barsequillo Municipal Hospital (Haina), Jaime Mota Regional University Hospital (Barahona), Enriquillo Municipal Hospital (Pedernales), Dr. Elio Fiallo Provincial Hospital (Pedernales), and the Juancho CPNA Primary Care Center (Pedernales).

COVID-19 vaccination and prevention

EGE Haina supported the Patronato de Industrias de Haina (PADESHA) during the COVID-19 vaccination day held by that municipality. The vaccination center was installed in the premises of the Haina Industries and Southern Region Association (AIEHaina) and 11,548 doses were administered.

As an active member of PADESHA, EGE Haina also contributed to the healthy spaces educational days initiative aimed at promoting preventive measures to identify, mitigate and control the risk of contagion of COVID-19 in the Framboyán and Los Rieles communities of Bella Vista, San Cristóbal province.

On that day alone, 600 families received health services in their homes, including hygiene and protection materials. A mobile clinic was also set up with a team in charge of taking quick samples and PCR tests, as well as for the detection of other conditions, such as diabetes and hypertension.

Dengue and Zika prevention

EGE Haina sponsored the Dengue prevention and control program in the municipality of Los Bajos de Haina, San Cristóbal, carried out by the Patronato de Industrias de Haina (PADESHA), which benefited 5,000 families in different sectors of this municipality.

Dengue is a disease with an epidemiological, social and economic impact which has become a growing problem for many communities. The province of San Cristóbal is at high risk due to the more than 15 creeks and improvised landfills that exist.

Training on health issues was provided to the staff of the Primary Care Units in Haina and guidance on how to avoid this disease was offered to the families living in this area.

SPORTS

Tournament sponsorship and uniforms & props donations

During 2021, EGE Haina contributed to the development of women's and men's sports through the donation of 336 uniforms, caps and sports props for baseball, softball, volleyball, football and basketball teams and clubs in Barahona, Juancho and San Pedro de Macorís. The company also sponsored basketball tournaments in San Pedro de Macorís and Barahona and volleyball tournaments in San Pedro de Macorís. It also donated award plaques, trophies and medals.

Below is a list of the clubs, leagues and sports organizations that EGE Haina supported in 2021:

- Gregorio Pineda League, Barahona
- Savica Cultural Club, Barahona
- José Gómez Baseball League, Barahona
- Las Duras del Seis, Barahona
- Softball and Baseball referees and scorers Association, Barahona
- Los Quetzales de Juancho, Pedernales
- Basketball Association of San Pedro de Macorís
- Grupo Scout #20 Sports and Cultural Club, San Pedro de Macorís
- Guzmán League, San Pedro de Macorís
- Rafa Rivera League Foundation, San Pedro de Macorís
- Community Action Team (EDAC)
- Barahona Province Basketball Association

In addition, the company collaborated with the third induction ceremony in the Barahona Sports Hall of Fame to recognize those athletes who have been a glory of sport in the southern region.

Sponsorship of the EGE Haina Cup pre-superior basketball tournament in Enriquillo

The tournament was managed by Sport and Organized Culture, an organization that promotes the practice of sport and healthy recreation among young people in the municipality of Enriquillo. This sports competition, which is the first of its kind to be held in this town, was a tribute to Luis Manuel Recio Pérez, an outstanding athlete of this community. Four pre-superior basketball teams participated in this event, attended by many renown people in the field of sports in the province and a wide audience.

ENVIRONMENTAL EFFORTS

Endangered flora conservation program

EGE Haina formalized an agreement with the Misión Rescate Lista Roja endangered flora rescue project to collaborate in the conservation of the Cacheito de Oviedo palm (Pseudophoenix ekmanii). This program, which promotes the conservation of species of Dominican vascular flora that are on the red list for being in danger of extinction, is supported by the Ministry of Environment and Natural Resources, the National Botanical Garden, the German Cooperation Agency (GIZ) and ECORED.

In addition to supporting the reproduction and planting of the sponsored species, awareness-raising activities aimed at internal and external audiences are contemplated to promote its conservation.

Arboretum in the Girasol Solar Park

As part of its sustainability plan, EGE Haina is committed to promoting reforestation and environmental care through relevant initiatives carried out in alliances with different organizations. In this context, an agreement was established with the Sur Futuro Foundation and ECORED to implement a reforestation plan on the grounds of the Girasol Solar Park, within the framework of the endangered flora conservation program Misión Rescate Lista Roja.

The goal of this initiative is to plant 70,000 meters on land in this Solar Park, including 5,000 plants of endangered species, along with other honey and fruit producers for bird consumption, in order to increase the genetic, species and ecological biodiversity of the area.

Baseline study on the status of marine species

The company supported the Ministry of the Environment to conduct a baseline study on the state of the population of the herbivorous fish species (parrotfish, doctor or surgeon fish, angelfish, butterfly fish and sea cucumber) that are banned until July 2, 2023.

These species are being protected due to their contribution to the preservation of coral reefs and marine biodiversity balance in the most important coastal provinces, among which Barahona and Pedernales are included.

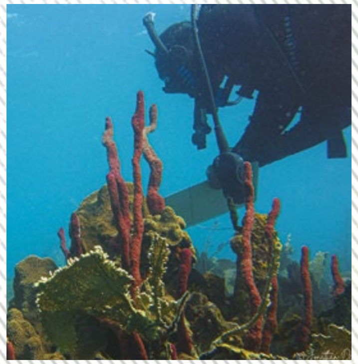
Barahona beach cleaning

As part of the International Beaches, Coasts and Rivers Cleaning Day celebration, the company collaborated with the Barahona coastal cleaning day organized by the Barahona Provincial Directorate of Environment, in which more than 100 volunteers participated.

In addition, the company donated computer and projection equipment to the provincial office of the Ministry of the Environment in Pedernales, Enriquillo to carry out environmental education events in schools in the municipality of Enriquillo and surrounding areas

Climate change awareness talks

Within the framework of the actions taken to achieve the 2030 Sustainability Plan, nine internal virtual talks were held to inform and raise awareness about climate change and sustainability, where 241 employees participated, representing 46% of the company's team.



In these spaces, ECORED addressed the issue of climate change and its implications, as well as international and national frameworks to face the situation and the individual's role to reduce the personal impact and contribute to mitigate the effects of this phenomenon. Likewise, the Company's Sustainability Directorate presented EGE Haina's progress in terms of sustainability.

VOLUNTEERING

A newly created Corporate Volunteer Program

The company has been carrying out social actions for years counting of the participation of its employees as volunteers. However, it went further in 2020 as it created a general framework that formalizes the EGE Haina Corporate Volunteering Program that includes the philosophy, components and axes of action, as well as the modes of collaboration, roles and training stages of the volunteer staff.

The Program aims to contribute to the environmental preservation and sustainable development of the communities where the company operates, through the participation of employees in actions that generate shared value.

The creation of the Program took into consideration a diagnosis of interests of employees, community leaders and representatives of organizations in the areas of influence of the company.

The company plans to develop, together with allied organizations, a series of volunteer actions under three fundamental axes:

- Healthy and sustainable environment. Reforestation activities with endemic and native species, coastal cleaning days and environmental education.
- Improvement of community infrastructure. Actions to renovate community spaces and homes for families in vulnerable situations.
- Social development in health and education. Training will be provided for children and adults in various areas and preventive actions taken to preserve health.

To measure the effectiveness of the program, different aspects of the development of voluntary activities will be evaluated. This will be of great value to ensure continuous improvements, especially during the first year of implementation and consolidation of voluntary events. Among other indicators, the number of people mobilized and benefited per year in voluntary events and the number of voluntary and training activities carried out will be recorded.

TECHO's painting marathon

EGE Haina has supported the construction of homes in vulnerable communities in San Pedro de Macorís since 2017.

In 2021, EGE Haina's employees participated in the Pintatón Solidario painting marathon organized by TECHO RD in La Carretera community, San Pedro de Macorís, which is close to the company's facilities. In this event, 18 emergency homes were painted with the support of volunteers from the company and their families, community members and young people from the TECHO non-governmental organization (NGO). This initiative is linked to the achievement of goal 11 of the 2030 Agenda, "Sustainable Cities and Communities", as it promotes access to decent housing and structural improvements in those communities where we operate.

DONATIONS AND SPONSORSHIPS

In the course of 2021, EGE Haina's Donations and Sponsorships Committee received 132 requests for support from associations, relief agencies in the country's southern and eastern region and NGOs, as well as educational, health, sports and cultural clubs and groups. Of these requests, 81 initiatives were approved to contribute to the work carry out by these entities.

These are some of the institutions benefited by EGE Haina: relief agencies of San Pedro de Macorís, Quisqueya, Haina, San Cristóbal, Villa Central, Barahona and Pedernales; Specialized Port Security Corps; Ministry of Interagency Defense in Enriquillo; Haina Industries Association; Wide-Open Project; Save the Children Dominicana; Hogar Crea Haina; Board of Neighbors of Monte Largo; Gisell Eusebio Foundation; Manos Unidas Foundation for Autism; Canillitas with Don Bosco; Employers' Confederation of the Dominican Republic; Dominican College of Journalists; Xterra; Energyear, Santo Domingo Tennis Players Union; Barahona Cultural Managers Association; Serve D; St. Jude Foundation; EDUCATE; Sinfonías de Barahona Schools of Musical Initiation; Las Merceditas Association in Enriquillo; Escuelita Rayo de Sol Foundation; Heart Care Dominicana; Villa Providencia SPM Sports and Cultural Club; Prof. Juan Bosch Educational Center in San José de las Matas.

8

Risks and Resilience

COMMITMENT TO COMPREHENSIVE RISK MANAGEMENT

EGE Haina is committed to Comprehensive Risk Management (CRM) with the purpose of contributing to the creation and preservation of value, sustainability and organizational resilience. The company has continued its efforts to implement CRM and internal controls in accordance with the international standards ISO 31000, COSO 2013 and COSO ERM 2017 (Committee of Sponsoring Organizations of the Treadway Commission), in addition to business continuity management best practices.

CRM (also known as GIR by its Spanish acronym) is a priority principle in the performance of the organization's employees and is part of the proactive culture of awareness and self-control regarding risk management. All company employees are responsible for knowing the risks to which they are exposed in the exercise of their functions and within the processes in which they participate, as well as managing them properly.

The Risk and Quality Board is responsible for leading the implementation and continuous improvement of risk management practices in the company, so it exercises governance, provides guidance, issues guidelines, defines practices and monitors risk management and internal control. Through its direction, a strategic and holistic approach has been given to the integral management of risks, quality, insurance, and business continuity management, maximizing the synergies of these issues and further contributing to the organizational resilience. The Senior Risk and Quality Management reports directly to the General Manager, to whom the Risk Manager and the Quality Manager also report to.

In addition, the company has a multidisciplinary team of risk managers or champions, who meet periodically to discuss issues related to risk, quality, internal control and business continuity, always advocating for its continuous improvement. The CRM assurance is led by the Risk and Quality Management, and monitored through the Resilience Committee at the Senior Management level, which verifies the establishment of the CRM, and analyzes and recommends the approval of business risks. This committee operates as a monitoring and review body for the organization's risk profile and functions as a mechanism for communication and articulation of the second-line of defense roles.

The Risk & Quality Champions is a devoted group of 26 people who belong to different processes, areas or projects of the organization and have assumed an additional responsibility regarding the coordination, centralization of information, controls, treatment plans and monitoring of risks. They are also overseeing the design and review of processes and issues in their respective areas that contribute to excellence in quality and organizational resilience. The managers are appointed by the senior directors and respond functionally to the Risk and Quality Management in its role as a facilitator and internal consultant of its area in this matter and to contribute to the continuous improvement and value creation through proactive actions and the generation of synergies.

COMPREHENSIVE RISK MANAGEMENT POLICY

EGE Haina has established the following commitments regarding its CRM policy:

- Incorporating comprehensive risk management at all levels and processes of the organization.
- Defining and implementing a risk appetite framework.
- Adopting a methodology for comprehensive risk management aligned with the best international and market practices.
- Identifying and comprehensively managing the relevant risks, taking into account their possible impact on the objectives, corporate governance, sustainability and operations continuity.
- Building a risk matrix for strategic objectives, processes and projects that meet the materiality criterion, which subsequently allow their consolidation into the corporate risk map, in favor of their scaling and timely management.
- Having adequate business continuity management and crisis management to ensure adequate organizational resilience.
- Updating the risk matrix periodically, by taking into account the different risk sources, as well as their events, causes and situations that potentiate them.
- Providing periodic follow-up at the Resilience Committee regarding the most important risks of the organization, as well as its treatment plans and significant materialized events.

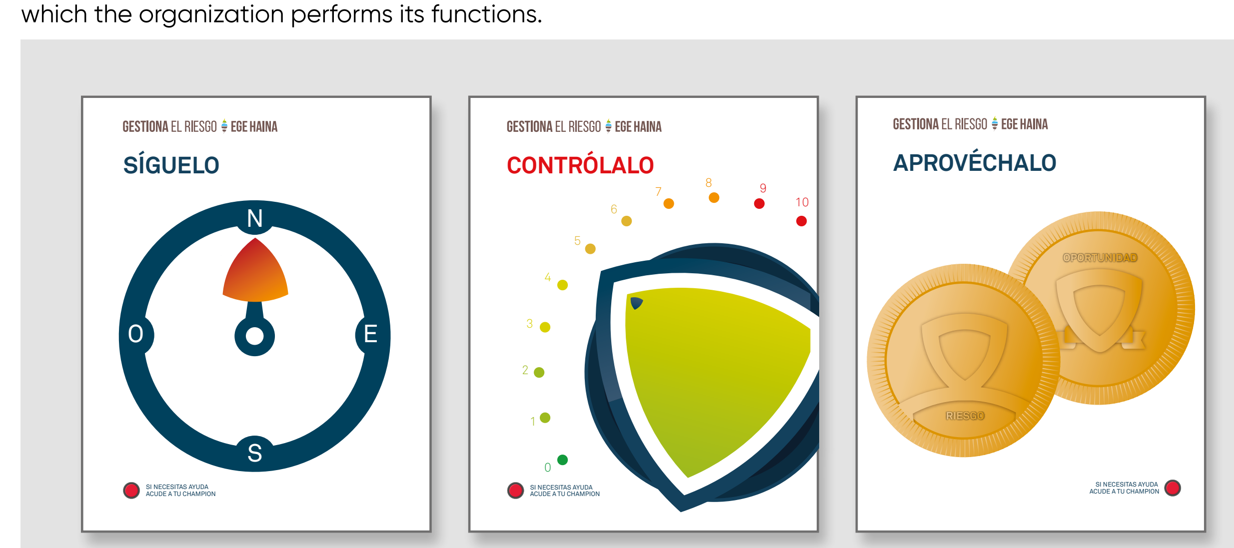
ADVANCES IN COMPREHENSIVE RISK MANAGEMENT AND RESILIENCE

During 2021, the company took an important path towards the consolidation and continuous improvement of the CRM, starting from an advanced terrain in 2020 and aiming for an adequate level of maturity, through the following actions:

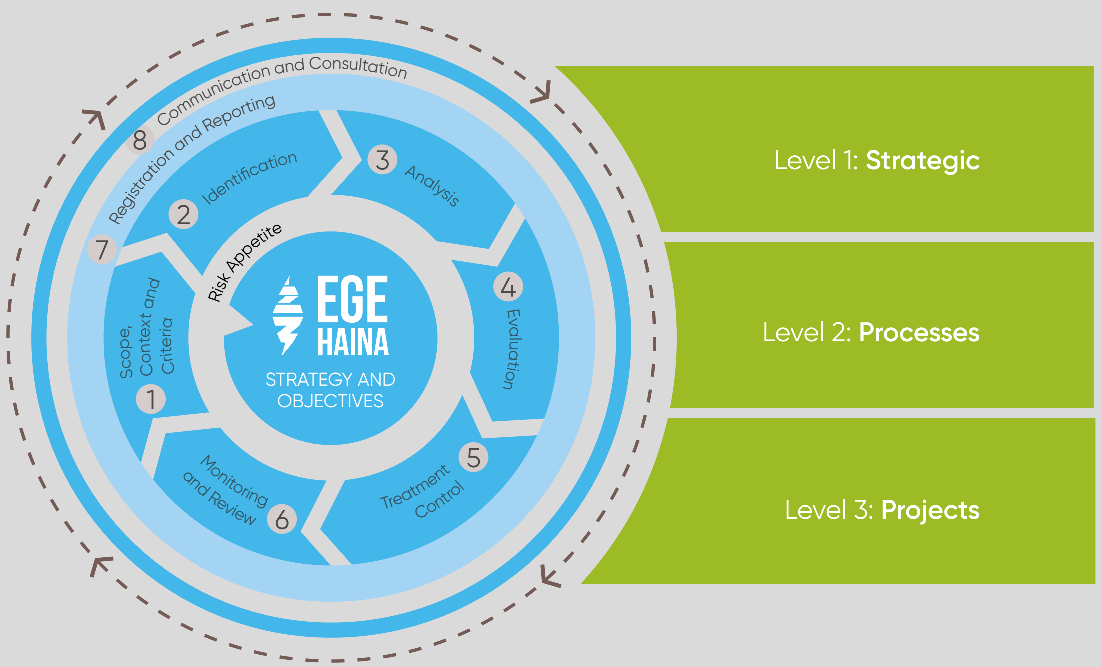
- Lifting controls and treatment plans for risks at the strategic level (#1) and process level (#2).
- Project risk assessment (level 3) in all applicable new projects, as well as risk updating in existing projects.
- Periodic update of risks, emerging risks, materialized risks, changes in the state of risks through the reports of the champions at the process level.
- The Resilience Committee held 7 sessions during 2021. It is led by the General Management and coordinated by the Senior Risk and Quality Management. Any issue related to risk management, quality management, or organizational resilience can be added to the committee by any EGE Haina employee, either directly, or through the Champions of their area or process.
- Launched a risk management communication campaign at all levels of the organization with the purpose of raising awareness and contributing to an appropriate risk management culture.
- Measurement of the risk culture baseline through existing surveys led by the Talent Management Board.
- Strengthening of business continuity management, with the purpose of promoting the maintenance and continuous improvement of the company's organizational resilience, culminating in the publication of the business continuity plan and its respective policy.
- Structuring of the Resilience Portal, where champions and risk owners can access all risk management resources in one place, as well as their risk boards, policy, manual, and training videos, among others.

COMPREHENSIVE RISK MANAGEMENT OPERATION AT EGE HAINA

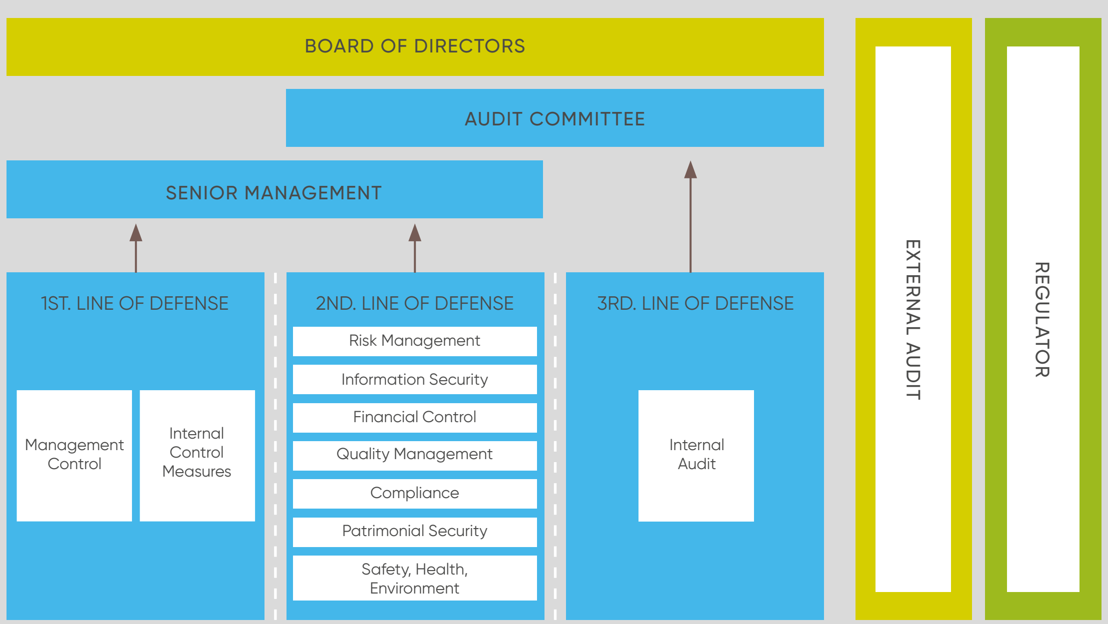
Comprehensive risk management at EGE Haina is a strategic and dynamic process, which is applied in all areas and levels of the business, in all its processes and activities and in all the geographical locations in which the organization performs its functions.



COMPREHENSIVE RISK MANAGEMENT



COMPREHENSIVE RISK MANAGEMENT. THE THREE LINES OF DEFENSE MODEL



A culture of comprehensive risk management is promoted, fostering attitudes, values and behaviors for strategic and operational decision-making. In total, the risk management process consists of eight steps and is applied comprehensively to the three defined levels. EGE Haina has based its comprehensive risk management and internal control framework on the three lines of defense model.

The purpose of this management approach is to separate roles and responsibilities on the front line, represented by the owners of the risks; on the second line, for the roles of supervision and follow-up, and on the third, for the independent review or internal audit. The purpose of this model is to allow the owners of the risk, or the first line of defense, to have all the tools to manage the risk properly, while relying on the support of the second and third line of defense.

The company will continue to develop its comprehensive risk management in the short, medium and long term, with special emphasis on measuring, monitoring and strengthening the level of maturity of the risk management culture as an evaluation mechanism.

9 Economic Results

CONTRIBUTION TO THE NATIONAL ECONOMIC DEVELOPMENT

As the country's main joint venture (50% public and 50% private) in terms of assets, investment and contribution to the State, EGE Haina is a permanent ally of the social and economic development of the Dominican Republic. Between 1999 and 2021, the company paid USD 1,028 million to the State in dividends and taxes.

Wherever it has a presence, the company is a source of wellbeing through its tax payment contribution, the promotion of equal opportunities, the hiring of suppliers and contractors who work in each region, the sponsorship of community infrastructure development and the support of social projects for the benefit of the communities.

Through investment in these projects, the company seeks to help the communities where it has a presence so they are able to develop capabilities and have the tools required to achieve their own development, thus generating a shared value.

In addition, EGE Haina's work allows it to contribute to the achievement of global objectives, such as the Sustainable Development Goals (SDGs), promoted by the United Nations (UN).

DIRECT ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED BY EGE HAINA

Amounts in USD	2021	2020	2019
Sales	411,289,955	305,452,792	473,134,464
Other income	4,342,781	5,467,161	34,210,274
Direct economic value generated	**415,632,736**	**310,919,953**	**507,344,738**
Operating expenses	(299,854,105)	(233,799,981)	(365,159,374)
Employee compensation	(18,617,921)	(18,262,556)	(19,574,668)
Payments to capital providers	(144,552,925)	(79,943,045)	(89,849,956)
Payments to public administration	(12,941,814)	(11,927,591)	(25,037,642)
Investments to benefit the community	(722,385)*	(832,424)	(536,603)
Distributed economic value	**(476,689,150)**	**(344,765,597)**	**(500,158,243)**
Retained economic value	(61,056,414)	(33,845,644)	7,186,495

*Note: In 2021, EGE Haina and Elecnor made a joint investment of USD 510,971 for the construction of a rainwater drain adjacent to the Girasol Solar Park, which benefits the plant's neighboring communities. This investment is not included in the reported distributed economic value for 2021, but it is part of the contributions and commitment to sustainable development that the company has with the communities where it operates.

OPERATING RESULTS

Considered a year of consolidation for EGE Haina, 2021 was marked by improved operating results and a restructuring of the business' financial liabilities, highlighted by the access to international capital markets with the issuance of a USD 300 million bond linked to sustainability. The company experienced an increase both in power generation and sales and in the period's EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). Consequently, it reported an EBITDA and a net profit higher than the ones recorded in 2020 by 23% and 33%, respectively.

As of December 2021, the liquidity situation was adequate for the company, with a cash flow balance and cash equivalents of USD 60.3 million. Favorable operating results and adequate collection levels allowed for healthy cash levels to be maintained as well as a robust net debt coverage ratio of 2.6 times the EBITDA.

Amounts in USD	2021	2020	Variation	Percentage
Revenue from customer contracts	411,289,955	305,452,792	105,837,163	35%
Fuel costs and energy purchases	(223,081,697)	(137,570,311)	(85,511,386)	62%
Operating and general expenses, employee benefits	(63,960,143)	(66,634,505)	2,674,362	-4%
Depreciation and amortization	(48,259,218)	(46,395,462)	(1,863,756)	4%
Foreign currency exchange loss, net and other expenses, net	(270,297)	(2,294,683)	2,024,386	-88%
Operation profits	75,718,600	52,557,831	23,160,769	44%
Financial expenses, net	(35,213,978)	(7,478,283)	(27,735,695)	371%
Profit before income tax	40,504,622	45,079,548	(4,574,926)	-10%
Income tax	3,435,130	(11,927,591)	15,362,721	-129%
Net profit	**43,939,752**	**33,151,957**	**10,787,795**	**33%**
Another comprehensive, tax-net result	(325,735)	(44,041)	(281,694)	640%
Comprehensive result	**43,614,017**	**33,107,916**	**10,506,101**	**32%**

During 2021, the Company had **revenues from client contracts** of $411.3 million, compared to $305.5 million in 2020. This increase was mainly due to:

- An increase in energy sales of USD 53.8 million during 2021, compared to the same period in 2020. This overall increase was mainly due to: a) an increase in the generation of Quisqueya 2 after its conversion to natural gas; b) an increase in the demand for UNRs, which was affected in 2020 by COVID-19; c) new generation associated with the Girasol Solar Park.
- An increase of USD 51.0 million in the price of energy sold, compared to 2020, due to the increase in fuel prices.
- A decrease of USD 3.3 million in ancillary services as a result from a decrease in frequency regulation revenues.
- An increase of USD 4.4 million in other operating income from CERs and VERs sales from the wind farms.

As a result of its operations, during 2021 the company obtained an **EBITDA** of USD 124.2 million, compared to USD 101.2 million in 2020. This increase was mainly due to:

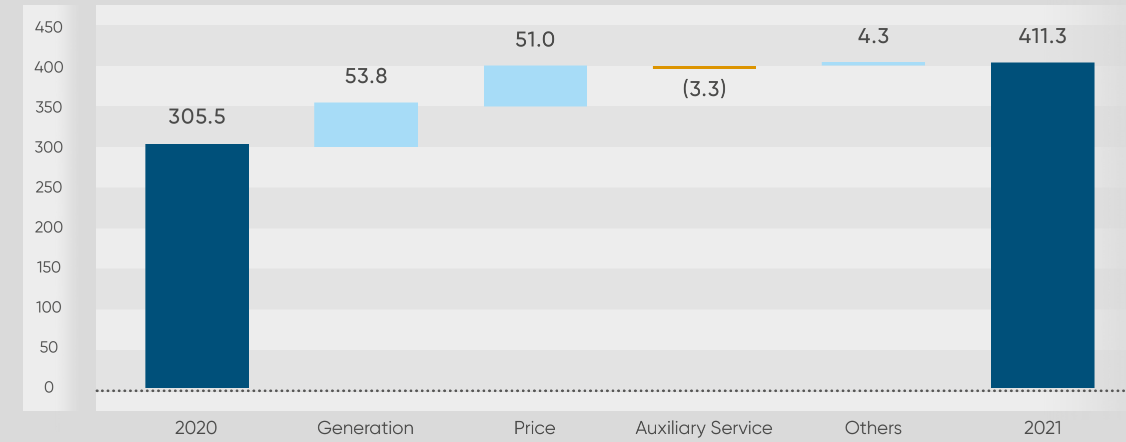
- An increase of USD 105.8 million in revenues from customer contracts, compared to 2020, as explained above.
- An increase of USD 85.5 million from fuel costs and energy purchases, mainly due to the increase in fuel prices, compared to the same period in 2020.
- Consolidated operating and general expenses and employee benefits showed a net decrease of $2.6 million, compared to the same period last year. This decrease is mainly due to: 1) the expiration of the HIC administration contract in December 2020, and 2) lower general and administrative expenses (G&A) and less research and development costs for new projects.
  These effects were partially offset by (a) higher operating expenses resulting from the changes in Sultana's maintenance cycles, and (b) increased insurance expenditure from changes in coverage and insurance prices.

At the close of fiscal 2021, the company reported a **net profit** of $43.9 million, compared to $33.2 million in 2020. The increase in net profit is mainly due to:

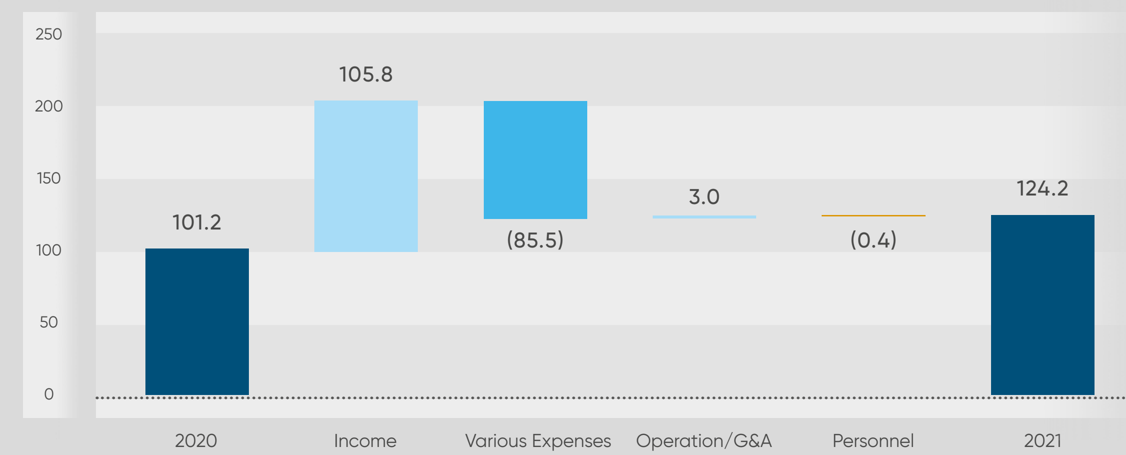
- The increase in EBITDA, as described above.
- The increase in net financial expenses, due to the early redemption of debt in local bonds and a decrease in interest income from investments associated with the use of funds.
- The decrease in income tax expense, associated with the deferred tax liability reversal of the Larimar 1 Wind Farm as a result of the transfer of economic rights to the Larimar 1 Trust.

The detailed items resulted in an increase in the return on equity that went from 8.3% in 2020 to 12.5% in 2021.

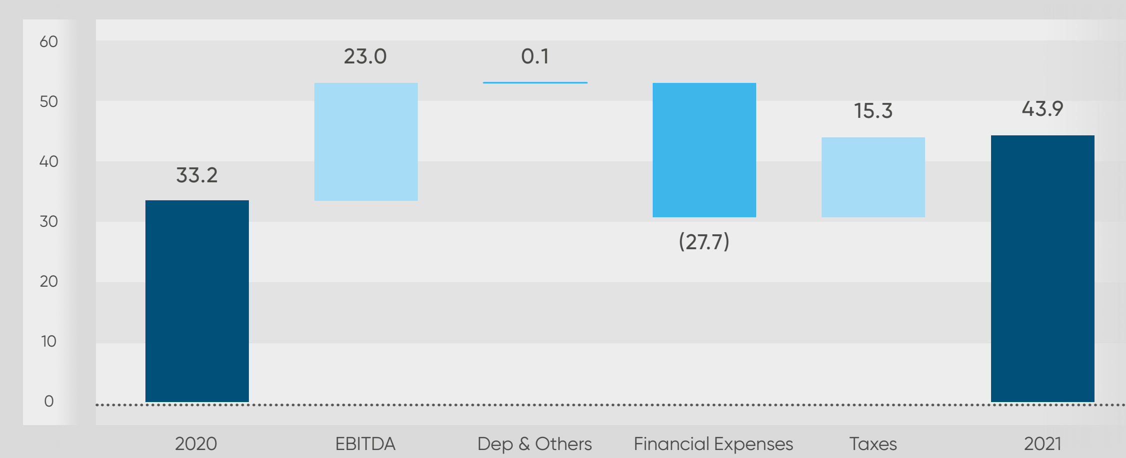
REVENUE FROM CONTRACTS WITH CLIENTS



EBITDA



NET PROFIT



FINANCIAL SITUATION

Cash management

The following table shows the cash flow situation and cash equivalents:

Amounts in USD	2021	2020	Variation	Percentage
Net cash provided by operating activities	50,619,009	21,620,625	28,998,384	134%
Net cash used in investment activities	(37,616,543)	(62,268,459)	24,651,916	-40%
Net cash used in financing activities	(63,913,644)	(26,213,965)	(37,699,679)	144%
Net decrease in cash and cash equivalents	(50,911,178)	(66,861,799)	15,950,621	-24%
Cash and cash equivalents at the beginning of the year	111,232,092	178,093,891	(66,861,799)	-38%
Cash and cash equivalents at the end of the year	60,320,914	111,232,092	(50,911,178)	-46%

At the end of 2021, the Company had a cash availability and cash equivalents of USD 60.3 million. These balance sheets are adequate for the proper operation of the business and sufficient to meet short- and medium-term commitments. This balance represents a decrease of USD 50.9 million compared to the end of 2020, which is mainly due to the effects described below.

Net cash provided by operating activities

Net cash provided by operating activities increased by USD 29.0 million or 134% in 2021 compared to 2020, primarily due to:

- An increase in collections, product of invoice balances of previous years of the CDEEE and the income increase.
- Lower tax payments for balances receivable to the Treasury at the end of 2020.

These effects were partially offset by:

- Higher fuel payments due to the increase in international prices and a higher consumption by the generation units.
- Higher payments associated with operational maintenance.
- Increased energy purchases in the spot market.

Net cash used for investment activities

Net cash used for operating activities decreased by USD 24.7 million or 40% in 2021 compared to 2020, primarily due to:

- Lower disbursements associated with the Girasol project until its capitalization in August 2021.

Net cash used for financing activities

Net cash provided by financing activities increased by USD 37.7 million or 144% in 2021 compared to 2020, mainly due to:

- The funds obtained from the corporate bond issued in the international markets.
- The placement of the first tranche of the green bond authorized to the Larimar 1 Trust.

These effects were partially offset by:

- Early repayment of local bonds and the costs associated with them.
- Higher dividends paid in 2021 compared to 2020.
- Payment of the costs associated to issuing the new international debt.

Debt management

In terms of debt management, 2021 was a prolific year, in which the entire long-term business debt was refinanced through the structuring and placement of two sustainable finance instruments: an international bond linked to sustainability for USD 300 million and a local green bond of USD 100 million, of which USD 20 million had been placed as of December 31, 2021. The USD 100 million green local issuance is being used for the construction of renewable energy projects. The USD 300 million international issue linked to sustainability has a commitment to reach an installed capacity of renewable energies of 526.5 MW by December 2026.

At the end of 2021, the Company's financial debt includes short-term credit lines for USD 75 million, green bonds issued on the Dominican Republic Securities Market amounting to USD 20 million, and an unsecured corporate bond issued in international markets under Rule 144A and Regulation S of the Securities Act of the United States of America for USD 300 million, for total financial debt of USD 395 million, with an increase of USD 62.2 million relative to financial debt reported as of December 31, 2020.

The variation in total financial debt is mainly due to the restructuring of long-term debt executed with the issuance of international bonds and the early repayment of local bonds that are current in 2020 with the funds obtained from this financing; in addition to this effect, the Company executed the placement of the first tranche of the green bond authorized to the Larimar 1 Trust for an amount of USD 20 million.

Credit rating

At the end of 2021, the Company holds international long-term ratings of Ba3 with a stable outlook by Moodys and BB- with a stable outlook by Fitch Ratings.

Dividends

Note 20 to the audited consolidated financial statements accompanying this report includes disclosures related to dividends declared and paid in 2021.

*The consolidated financial statements as of December 31, 2021 include the financial statements of Empresa Generadora de Electricidad Haina, S.A., with its subsidiaries: Haina Overseas Corporation, Inc. ("HOC"), EGE Haina Renovables, S.A.S. ("EGE Haina Renovables"), and the Larimar I Securities Offering Trust No. 04-FP ("Larimar 1 Trust"), collectively known as "the Company".

SUSTAINABLE FINANCING

Green Values Framework

On April 27, 2021, the Superintendency of the Dominican Republic Securities Market approved, through resolution R-SIMV-2021-10-FP, the Larimar 1 Trust and its green securities issuance program for up to USD 100 million.

At the date of publication of this report, securities of the Larimar 1 Trust have been placed for USD 60 million, of which the amount of USD 57 million has been returned to EGE Haina; with up to USD 40 million remaining to be placed.

EGE Haina, in accordance with the Green Values Framework associated with this issuance program, has allocated all the resources obtained to the refinancing of the Girasol Solar Park. With a total investment of USD 94.2 million, and an installed capacity of 120 MW, it is estimated that each year of its useful life, Girasol will produce on average 240,000 MWh and will contribute to avoid the emission into the atmosphere of 150,000 tons of CO_2 per year.

EGE Haina declares that at the date of publication of this report, it has complied with the guidelines set out in the Green Values Framework. Likewise, it ensures that the Girasol Solar Park, to which the funds raised have been allocated, has a valid environmental license and is in compliance with the requirements of the relevant environmental compliance reports, without identifying material gaps.

Amounts in USD million	Total	Proportion	Percentage
Amount approved and placed by the issuance program	100.0	60.0	60.0%
Amount placed and returned	60.0	57.0	95.0%
Amount returned and allocated	57.0	57.0	100.0%
Total investment and allocated proportion	94.2	57.0	60.5%

	Unit	2021	Proportion
Installed capacity	MW	120.0	72.6
Total energy generated	GWh	101.02	61.1
Annual emissions avoided*	Tons of CO_2e	63,429	38,374

EGE Haina recognizes its responsibility towards the environment and has assumed the commitment to sustainability, the SDGs and the 2030 Agenda (an agenda that conceptualizes and formulates the vision, objectives and goals of the 203 National Development Strategy in the Dominican Republic). In this sense, the funds raised through the issuance program associated with the Green Values Framework have contributed during the year 2021 to the achievement of the SDGs as follows:

* Calculated using the SENI emission factor for the period of 0.6216 according to the UNFCCC. Source: https://cambioclimatico.gob.do/phocadownload/Documentos/emisiones/ASB0047-2020_PSB0048.pdf

SDGs	Description	Methodology	Indicator
SDG 7: Affordable and clean energy	Share of renewable energy in total final energy consumption.	Total energy generated in GWh, as measured at the injection point. Total energy consumption in GWh, according to the report of the Coordinating Body.**	0.32 % (proportional)
SDG 13: Climate Action	Invested capital attributed to the Green Bond.	Mobilized amount of USD per year since 2020.	USD 57.0 million

** Total SENI withdrawals: 19,078.17 GWh. Source: https://www.oc.do/Informes/Administrativos/Memoria-Anual.

Sustainability-Linked Financing Framework

On November 8, 2021, EGE Haina issued an unsecured bond linked to sustainability in international markets for USD 300 million, under rule 144A and regulation S of the Securities Act of the United States of America, due on November 8, 2028. This bond was listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market of that exchange.

In accordance with the Sustainability Performance Target (SPT) included in the Sustainability Linked Financing Framework and the international bond issuance contract, EGE Haina has committed to achieving an installed capacity from renewable sources of 526.5 MW as of December 31, 2026, based on the manufacturer's nameplate capability and regulatory verification. As disclosed in the audited consolidated financial statements, and in this report, EGE Haina has a renewable installed capacity of 296.5 MW as of December 31, 2021. It is integrated by the following renewable sources:

Technology	Renewable Plants	Installed Capacity MW	Starting Year
Wind	Los Cocos 1	25.2	2011
	Los Cocos 2	52.0	2013
	Larimar 1	49.5	2016
	Larimar 2	48.3	2018
Solar Photovoltaic	Quisqueya Solar	1.5	2015
	Girasol	120.0	2021

The carbon emission intensity of the company's plants was reduced from 0.54 tons of CO_2e in 2020 to 0.48 tons of CO_2e in 2021** thanks to the increase in emissions avoided by renewable plants from 305,466 tons of CO_2e to 401,488 tons of CO_2e.

EGE Haina is currently in the process of building the Esperanza Solar Park, which will provide 90 MW of solar power and is expected to start operation in early 2023. With this park, the company's installed capacity of renewable sources would increase to 386.5 MW; subtracting 139 MW to reach the SPT, on which EGE Haina has a portfolio of renewable projects of 540 MW that are advanced within the development process.

*Measured based on fuel consumption per plant and applying the emission factor published by the U.S. Environmental Protection Agency (EPA) to each type of fuel.

**Carbon emission intensity equals CO2e emissions, calculated as mentioned above, divided by the total electricity generation of EGE Haina's plants, including those from renewable sources.

CONSOLIDATED FINANCIAL STATEMENTS

Empresa Generadora de Electricidad Haina. S. S. y Subsidiarias

December 31, 2021

Together with the report of the Independent Auditors

Index

Independent Auditors' Report

To the Shareholders and Board of Directors of
Empresa Generadora de Electricidad Haina, S. A.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Empresa Generadora de Electricidad Haina, S. A. and its subsidiaries (hereinafter "the Company") as at December 31, 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Institute of Authorized Public Accountants of the Dominican Republic (ICPARD) that are relevant to our audit of the consolidated financial statements in the Dominican Republic. We have fulfilled our ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the ICPARD.

PricewaterhouseCoopers República Dominicana, S. R. L., Ave. Lope de Vega No. 29, Edificio Novo-Centro, Piso PwC, Apartado Postal 1286, Santo Domingo, República Dominicana
Teléfono (809) 567-7741, Telefax (809) 541-1210, RNC 132-09535-9

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To the Shareholders and
Board of Directors of
Empresa Generadora de Electricidad Haina, S. A.
Page 2

Key audit matters

We have determined that there are no Key Audit Matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the "Informe de Sostenibilidad" (Sustainability Report), but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Informe de Sostenibilidad, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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To the Shareholders and
Board of Directors of
Empresa Generadora de Electricidad Haina, S. A.
Page 3

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats of safeguards applied.

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To the Shareholders and
Board of Directors of
Empresa Generadora de Electricidad Haina, S. A.
Page 4

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Omar Del Orbe.

PricewaterhouseCoopers
Registration Code SIV: SVAE-006

March 31, 2022

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2021
(Amounts expressed in United States dollars - USD)

	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents	7	60,320,914	111,232,092
Restricted cash	7	-	385,112
Short term investment		243,468	-
Trade receivables and other	8	131,069,357	78,499,441
Inventories	10	55,799,972	41,507,179
Income tax receivable	19	-	4,907,134
Prepaid expenses	11	5,029,922	9,675,177
Total current assets		252,463,633	246,206,135
Non current assets			
Property, plant and equipment, net	12	628,486,751	636,084,898
Right of use assets	13	10,273,976	13,227,624
Intangibles and other assets	14	16,594,954	19,070,142
Total non current assets		655,355,681	668,382,664
Total Assets		**907,819,314**	**914,588,799**
Liabilities and Equity			
Current liabilities			
Financial debt	15	76,333,333	75,000,000
Accounts payable	16	109,878,331	94,245,825
Income tax payable	19	3,317,036	-
Lease liabilities	13	746,582	1,036,297
Other liabilities	17	3,413,097	2,964,819
Total current liabilities		193,688,379	173,246,941
Non current liabilities			
Financial debt	15	312,040,602	257,403,024
Deferred tax liabilities	19	67,075,588	83,452,532
Lease liabilities	13	10,702,727	14,069,679
Other liabilities	17	5,892,849	6,611,471
Total non current liabilities		395,711,766	361,536,706
Total liabilities		589,400,145	534,783,647
Equity	20		
Share capital		289,000,000	289,000,000
Legal reserve		28,900,000	28,900,000
Retained earnings		893,466	61,953,714
Other comprehensive income		(374,297)	(48,562)
Total equity		318,419,169	379,805,152
Total Liabilities and Equity		**907,819,314**	**914,588,799**

The accompanying notes are an integral part of these consolidated financial statements.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2021

(Amounts expressed in United States dollars - USD)

	Note	2021	2020
Revenue from contracts with customers	21	411,289,955	305,452,792
Cost of fuel and energy purchases	22	(223,081,697)	(137,570,311)
Operating and general expenses	23	(45,342,222)	(48,371,949)
Personnel expenses	24	(18,617,921)	(18,262,556)
Depreciation and amortization	12, 13 & 14	(48,259,218)	(46,395,462)
Loss on foreign currency exchange, net		(171,218)	(1,756,429)
Other expenses, net	25	(99,079)	(538,254)
Operating income		75,718,600	52,557,831
Financial income	26	4,342,781	5,467,161
Financial expenses	27	(35,708,748)	(29,350,876)
(Loss) gain on foreign currency exchange, net		(3,848,011)	16,405,432
Financial expenses, net		(35,213,978)	(7,478,283)
Income before tax		40,504,622	45,079,548
Income tax expense	19	3,435,130	(11,927,591)
Net income		43,939,752	33,151,957
Other comprehensive income, net of tax			
Items that may not be subsequently reclassified to profit or loss			
Actuarial loss	24	(325,735)	(44,041)
Comprehensive income		43,614,017	33,107,916

Earnings per share from net income attributable to the Company's common shareholders:

	Note	2021	2020
Basic and diluted earnings per share[1]	20	0.96	0.72

The accompanying notes are an integral part of these consolidated financial statements.

[1] Amounts expressed in cents of USD.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended December 31, 2021

(Amounts expressed in United States dollars - USD)

	Note	Share capital	Legal reserve	Retained earnings	Other comprehensive income	Total equity
Balance at January 1, 2020		289,000,000	28,900,000	95,801,757	(4,521)	413,697,236
Net income		-	-	33,151,957	-	33,151,957
Declared dividends	20	-	-	(67,000,000)	-	(67,000,000)
Actuarial loss	24	-	-	-	(44,041)	(44,041)
Balance at December 31, 2020		**289,000,000**	**28,900,000**	**61,953,714**	**(48,562)**	**379,805,152**
Net income		-	-	43,939,752	-	43,939,752
Declared dividends	20	-	-	(105,000,000)	-	(105,000,000)
Actuarial loss	24	-	-	-	(325,735)	(325,735)
Balance at December 31, 2021		**289,000,000**	**28,900,000**	**893,466**	**(374,297)**	**318,419,169**

The accompanying notes are an integral part of these consolidated financial statements.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Consolidated Statement of Cash Flows
For the year ended December 31, 2021

(Amounts expressed in United States dollars - USD)

	Note	2021	2020
Cash flows from operating activities			
Income before tax		40,504,622	45,079,548
Adjustments to reconcile income before tax to net cash provided by operating activities			
Depreciation and amortization	12, 13 & 14	48,259,218	46,395,462
Disposal and sale of property, plant and equipment	12 & 25	(27,208)	22,149
Financial expenses, net	15, 26 & 27	35,213,978	7,478,283
Unrealized gain on foreign currency exchange, net		(33,068)	(831,187)
Impairment of property, plant and equipment	25	99,436	535,913
Short term and low value leases		43,381	37,074
Tax on assets	19 & 25	48,779	596,048
Changes in assets and liabilities			
Trade receivables and other		(55,040,656)	(12,614,790)
Inventories		(20,615,480)	(5,096,427)
Prepaid expenses		4,645,255	(6,914,998)
Other assets		-	1,137,301
Accounts payable		24,877,866	(14,441,594)
Other liabilities		(147,749)	(42,017)
Cash provided by operating activities		77,828,374	61,340,765
Interest received		3,529,857	5,670,555
Interest paid		(26,012,412)	(27,791,633)
Taxes paid		(4,726,810)	(17,599,062)
Net cash provided by operating activities		50,619,009	21,620,625
Cash flows from investing activities			
Additions to property, plant and equipment	12	(36,940,022)	(61,255,245)
Cash received from the sale of property, plant and equipment		43,684	1,015
Additions of intangibles	14	(476,737)	(1,014,229)
Short term investments		(243,468)	-
Net cash used in investing activities		(37,616,543)	(62,268,459)
Cash flows from financing activities			
Debt proceeds	28	350,000,000	99,606,123
Debt repayments	28	(291,671,812)	(57,877,005)
Dividends paid	9	(104,996,166)	(66,997,601)
Early redemption costs	15 & 27	(9,881,689)	-
Financing costs payments	15	(6,322,984)	-
Lease payments	23 & 28	(1,040,993)	(945,482)
Net cash used in financing activities		(63,913,644)	(26,213,965)
Net decrease in cash and cash equivalents		(50,911,178)	(66,861,799)
Cash and cash equivalents at the beginning of the year		111,232,092	178,093,891
Cash and cash equivalents at the end of the year	7	**60,320,914**	**111,232,092**

The accompanying notes are an integral part of these consolidated financial statements.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

1. Corporate Information

Empresa Generadora de Electricidad Haina, S. A. ("EGE Haina") was established on August 17, 1999 and incorporated on October 28, 1999 in conformity with the laws of the Dominican Republic, as part of the electric sector's capitalization process executed in that year.

The Company's registered office is located at Lope de Vega Avenue, Novo-Centro Tower, 17th floor, Naco, Santo Domingo, Dominican Republic. The shareholders of EGE Haina are Haina Investment Co. Ltd. ("HIC") (50 %) - the controlling entity, Fondo Patrimonial de las Empresas Reformadas ("FONPER") - an entity of the Dominican State (49.993 %), and other minority shareholders (0.007 %).

The consolidated financial statements at December 31, 2021 include the financial statements of Empresa Generadora de Electricidad Haina, S. A. and its subsidiaries: Haina Overseas Corporation, Inc. ("HOC"), EGE Haina Renovables, S.A.S. ("EGE Haina Renovables"), and Fideicomiso de Oferta Pública de Valores Larimar I No. 04-FP ("Larimar 1 Trust"), collectively "the Company".

HOC is a subsidiary 100 % owned by EGE Haina; which was created in March 2015, under the laws of the Cayman Islands as a tax-exempt company, to venture into potential foreign investments.

EGE Haina Renovables is a subsidiary 99.994 % owned by EGE Haina, which was created in April 2021 under the laws of the Dominican Republic. The purpose of this entity is to be a beneficiary of the Larimar 1 Trust or other trusts constituted for the financing of new renewable projects in the Dominican Republic. EGE Haina Renovables can also execute any other business activity related to the renewable energy sector.

Larimar 1 Trust is a subsidiary 100 % owned by EGE Haina; which was created in September 2021 under the laws of the Dominican Republic, to support a local securities market bond issuance program using trust assets contributed by EGE Haina.

1.1. Our Power Plants

EGE Haina operates an aggregate installed capacity of 1,094.2 MW, of which:

i) 835.1 MW are directly owned by EGE Haina, made up of ten generation facilities in the Dominican Republic; which are commercially available and distributed in different regions of the country: Sultana del Este, Quisqueya 2 and Quisqueya Solar in the eastern region; Haina and Girasol in the south-central region; and Barahona, Pedernales, Los Cocos 1, Los Cocos 2, Larimar 1 and Larimar 2 in the southwest region.

ii) 25.6 MW are leased and commercialized by EGE Haina through the Palenque plant, under a lease agreement with DOMICEM, S. A ("DOMICEM"). This power plant, located in the south-central region of the country, has four light fuel oil engines.

iii) 233.5 MW are operated by EGE Haina and owned by third parties:

- Quisqueya 1 - a combined cycle plant with dual fuel (high sulfur fuel oil and natural gas) located in the eastern region of the country, with a net installed capacity of 225.2 MW, a 230/138 KV substation and a 230 KV transmission line; operated according to the operation and maintenance services contracts signed with Pueblo Viejo Dominicana

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Corporation Branch ("PVDC"), a Dominican subsidiary of Barrick Gold Corporation and power plant owner.

- Quilvio Cabrera wind farm - under the operation and maintenance contract signed with Consorcio Energético Punta Cana Macao. This farm located in the southwest region of the country has five wind turbines, with a net installed capacity of 8.3 MW.

These facilities in commercial operation consist of a number of conventional generation sources operated with natural gas, high sulfur fuel oil ("HSFO"), light fuel oil ("LFO") and coal, as well as renewable energy sources such as wind and solar. The table below shows the diversified portfolio at the date of the consolidated financial statements:

Source	Installed capacity (MW)	% Installed capacity
Natural gas	450.4	41.2 %
HSFO	187.1	17.1 %
Wind	183.3	16.8 %
Solar	121.5	11.1 %
LFO	100.0	9.1 %
Coal	51.9	4.7 %
Total	**1,094.2**	**100.0 %**

1.2. Regulatory Framework

The Company complies with all laws, regulations and standards that apply to its operations and constitution, as a public limited company, issuer of securities and agent of the electric sector in the Dominican Republic.

Electric sector

It is composed of regulatory entities, including the Ministry of Energy and Mines, the National Energy Commission, the Superintendence of Electricity ("SIE"), the Coordinating Office of the National Interconnected Electric System ("OCSENI" by its Spanish acronym) and entities that produce, transport, distribute and consume electricity.

Financial sector

As an entity of public interest, due to its condition of issuer in the Dominican Republic and in international financial markets, the Company complies with all the regulatory provisions required by regulatory entities or by best corporate practices associated to the Company's financial information right of access.

1.3. Authorization of Consolidated Financial Statements

The Company's Board of Directors authorized Management the issuance of the consolidated financial statements on March 31, 2022. These consolidated financial statements must be submitted to the Shareholders' General Assembly for definite approval. They are expected to be approved without changes.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

2. Basis of Preparation of the Consolidated Financial Statements

2.1. Basis of Preparation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The Company's consolidated financial statements have been prepared on a historical cost basis; except for items measured at fair value, and monetary assets and liabilities in foreign currency in conformity with IFRS.

The consolidated financial statements are presented in United States dollars (USD). The integer amounts do not include decimal places and have been rounded to the nearest unit of one dollar (USD 1), unless otherwise stated.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates; it also requires Management to use its judgment while applying the Company's accounting policies. The areas that involve a greater degree of judgment or complexity, or areas where assumptions or estimates are important for the consolidated financial statements, are disclosed in Note 6.

2.2. Basis of Consolidation

A subsidiary is an entity over which EGE Haina has control. EGE Haina controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated as of the date on which control is transferred to EGE Haina, and it is deconsolidated from the date that control ceases.

The financial statements of the subsidiaries were prepared at and for the same years as EGE Haina, using consistent accounting policies.

All balances, transactions, income, expenses, earnings or losses related to intercompany activities, have been fully eliminated in the consolidation process.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

3. Adoption of Accounting Policies

The accounting policies adopted by the Company to prepare its consolidated financial statements at December 31, 2021 are consistent with those that were used for the preparation of the consolidated financial statements at December 31, 2020.

The Company adopted the following amendments and interpretations at January 1, 2020; without significant impact on the amounts recognized in the previous, current or future periods:

- Changes to the taxonomy of IAS 1, IAS 7, IAS 12, IAS 16, IAS 19, IAS 21, IAS 33, IFRS 3, IFRS 5, IFRS 9, IFRS 15 and IFRS 17 – General changes and best reporting practices in the financial statements.
- Interest rate benchmark reform: Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Additionally, the Company evaluated the following amendments at January 1, 2021 and identified that they did not apply to the financial information presented in these consolidated financial statements.

- Amendments IFRS 16 – COVID-19-related rent concessions beyond June 30, 2021.

4. Summary of the Significant Accounting Policies

4.1. Currency, Foreign Currency Transactions and Financial Statements Conversion

The items included in the consolidated financial statements are valued using the currency of the primary economic environment in which the Company operates ("functional currency"). The Company determines as its functional currency, the currency which influences the way in which its main operating, financial and investment transactions are denominated and converted into cash.

The Company reviews its functional currency annually or when facts or circumstances so indicate. At December 31, 2021, the Company's functional currency is the United States dollar (“USD”).

The Company records its transactions in currencies other than the functional currency using the exchange rates prevailing on the date of the transaction.

At the end of the reporting period, to determine its financial position and operating results, the Company remeasure and adjusts its monetary assets and liabilities in foreign currency using the closing period exchange rate. Foreign exchange differences that may result from the application of this policy are recognized in the consolidated statement of comprehensive income.

Non monetary items in currencies other than the functional currency and measured at historical cost, are translated to the functional currency using the spot exchange rates. Non monetary items in currencies other than the functional currency and measured at fair value, are translated to the functional currency using the spot exchange rates when the fair value was determined.

The exchange rates used by the Company at December 31, 2021, to translate balances in foreign currency ("DOP") and euros ("€") to United States dollar were DOP 57.34 (2020: DOP 58.40) for USD 1.00 and € 0.86 (2020: € 0.80) for USD 1.00.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

4.2. Classification Current – Non Current

The Company presents assets and liabilities in the consolidated statement of financial position based on a current or non current classification.

An asset is classified as current when:

- It is held primarily for the purpose of trading.
- It is expected to be realized or sold within the twelve months following the reporting period or in its normal cycle of operation.
- It is cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

A liability is classified as current when:

- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or in its normal cycle of operation.
- There is no unconditional right to defer the settlement of the liability, for at least twelve months after the reporting period.

All other liabilities are classified as non current.

Deferred tax assets and liabilities are classified as non current assets and liabilities.

4.3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid short term investments, with a maturity equal to or less than three months from their date of acquisition, and are subject to an insignificant risk of changes in value.

For purposes of the consolidated statement of cash flows, cash and cash equivalents are presented by the Company net of bank overdrafts, if any.

4.4. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company’s financial assets include cash and cash equivalents, short term investments and trade receivables and other. The trade receivables and other are non derivative financial assets with fixed or determined payments that are not quoted in an active market.

The Company’s financial liabilities include financial debt, accounts payable, lease liabilities and other liabilities.

4.4.1. Initial Recognition and Measurement

Financial instruments are initially recognized when the Company becomes a contractual party to the instrument, except for trade receivables and other that are initially recognized when they originate, according to the provisions of the contracts with the customers.

A financial instrument (asset or liability) - except for a receivable that does not contain a significant financing component - is initially measured at fair value through profit or loss, plus or less transaction costs directly attributable to its acquisition or issuance. Trade receivables and other that do not contain a significant financing component are initially measured at the amount of the unconditional consideration.

4.4.2. Fair Value Measurement

Fair value estimates are calculated based on relevant market information and information related to the financial instruments. These estimates do not reflect a premium or discount that could result in holding financial instruments as available for sale.

The nature of these estimates is subjective and involves uncertain aspects and Management's judgment, thus these figures cannot be determined with absolute accuracy. Consequently, should there be changes in the assumptions on which the estimates are based, these could differ from the final results.

Fair value hierarchy

The Company uses the following hierarchy, at its lowest level of significant information, to determine and disclose the fair value of its financial instruments:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: Valuation techniques using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuation techniques that include inputs with a significant effect on the fair value that are not based on observable market data.

4.4.3. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position if currently there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis the assets and liabilities simultaneously.

4.4.4. Financial Assets

4.4.4.1. Financial Assets – Business Model

The Company performs an annual evaluation of its operations to determine how it manages its financial assets to generate cash flows and to designate business models by groups of assets that achieve a particular business objective, which do not depend on Management's intentions for an individual instrument, but on a higher level of aggregation.

The levels of aggregation considered by Management to evaluate the business model are four: 1) cash and cash equivalents and short term investment; 2) accounts receivable from government distribution companies, Corporación Dominicana de Empresas Eléctricas Estatales ("CDEEE"), power generation companies and other electric market agents; 3) accounts receivable from unregulated users ("UNR") and other receivables; and 4) accounts receivable from related parties.

The business model consists of recovering contractual cash flows at maturity in order to fulfill Management's objectives. In situations of credit or liquidity risks, the Company may consider the sale of financial assets. However, the frequency, value and timing of sales of financial assets in prior periods are evaluated to determine if they represent a change in the way financial assets are managed.

4.4.4.2. Financial Assets – Test of Solely Payment of Principal and Interest ("SPPI")

As part of the classification process of its financial assets, the Company evaluates the contractual terms to identify if the SPPI test is met or not.

- Principal: The objective of this test is to define whether the fair value of the financial assets initially recognized has changed over the estimated life of the financial asset.
- Interest: The most significant elements to perform the evaluation of the SPPI are typically the time value of money and the credit risk. The Company apply estimates and other factors that are considered relevant for the test, such as: the currency in which the financial asset is specified and the period for which the interest rate is defined.

While executing this test, it is also evaluated whether the financial asset contains any contractual terms that could change the timing or amount of contractual cash flows in order to determine if the test is met or not, such as: contingent events, terms that can adjust the rate, payment characteristics and extension options; and convertibility.

A prepaid characteristic is consistent with the characteristics of solely payments of principal and interest if the prepaid amount represents substantially the outstanding amounts of principal and interest, which may include reasonable additional compensation for early termination of the contract.

4.4.4.3. Financial Assets – Classification and Subsequent Measurement

The Company determines the classification of its financial assets at the date of its initial recognition.

Financial assets are not reclassified after initial recognition unless the Company changes the business model, in which case all affected financial assets are reclassified on the first day of the first reporting period after the model change.

Subsequent measurement considerations due to changes in the business model

a) A financial asset is subsequently measured at amortized cost if it meets the following two conditions:

- It is managed within a business model whose objective consists in maintaining assets to recover contractual cash flows; and
- Its contractual terms are only payments of principal and interest on the amount of outstanding principal.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Financial assets at amortized cost are subsequently measured using the effective interest method (the calculation takes any premium or discount on the acquisition and includes transaction costs and fees that are an integral part of the effective interest rate). The amortized cost is reduced by impairment losses.

Subsequent recognition: Interest income, and gains or losses on foreign currency exchange, disposal of assets or impairment are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and it can be objectively related to an event subsequent to the recognition of the impairment, the impairment loss is reversed. Once the reversal has been recorded, the carrying amount of the financial asset must not exceed the original amount recorded. The amount of the reversal is recognized in profit or loss for the year in which it occurs.

b) A financial asset is subsequently measured at fair value through other comprehensive income if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms are solely payments of principal and interest on the principal amount outstanding.

The fair value of an investment that is traded in an organized financial market is determined by references to quoted prices in that financial market of trades executed at the date of the consolidated statement of financial position. For those financial instruments of which there is no active financial market, the fair value is determined using valuation techniques. Such techniques include recent market transactions between concerned and informed parties that operate under conditions of mutual independence; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation models.

Investments in equity instruments recognized at fair value through other comprehensive income are subsequently measured at fair value.

Subsequent recognition: dividends are recognized as income in profit or loss, unless the dividend represents a recovery of the investment cost. When the assets are derecognized, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

c) All financial assets that are not measured at amortized cost or fair value through other comprehensive income, as described above, are measured at fair value through profit or loss. This category of measurement includes all financial derivative instruments.

The Company opts out to irrevocably designate the measurement of financial assets at fair value through profit or loss or other comprehensive income.

4.4.4.4. Financial Assets – Impairment

A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset and that the event of loss detected has an impact in the estimated future cash flows for the financial asset or group of financial assets that can be reliably estimated.

The Company recognizes an allowance for expected credit losses on all financial assets not measured at fair value through profit or loss, except for cash and cash equivalents due to their high liquidity or maturity date proximity. The expected credit losses matrix is based on the difference between the contractual cash flows and the cash flows that the Company expects to receive, discounted at the appropriate effective rate.

For the determination and valuation of the expected credit losses, the Company adopts the simplified approach and the rebuttable presumption of "default" after 90 days; except for assets in the second business model (accounts receivable from government distribution companies, CDEEE, power generation companies and other electric market agents) for which the default was defined after 365 days.

While estimating the impairment, the Company uses historical information on the portfolio's behavior and recoveries during the last three years, excluding balances with guarantees and payment agreements. This matrix is reviewed every three years, unless there are new conditions or changes that materially affect the behavior of the financial assets' recovery.

With the objective of incorporating forward-looking information, the Company analyzed variables that affect and help predict the behavior of the financial assets' recovery; for which no adequate correlation was shown. However, the Company periodically performs qualitative risk analyses to identify changes in the estimated losses.

4.4.4.5. Financial Assets – Derecognition

Financial assets are derecognized by the Company only when the contractual rights to receive cash flows from the asset have expired; or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity and has transferred the contractual rights to receive cash flows from the asset; or when the Company retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also a liability according to a criterion that reflect the rights and obligations that it has retained.

4.4.5. Financial Liabilities

4.4.5.1. Financial Liabilities – Classification and Subsequent Measurement

The Company determines the classification of its financial liabilities at the date of its initial recognition.

After initial recognition, the financial liabilities are measured at amortized cost using the effective interest rate method. The Company recognized gains or losses in the period's profit or loss when the financial liability is derecognized as well as through the amortization process.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

4.4.5.2. Financial Liabilities – Derecognition

Financial liabilities are derecognized when the obligation has been paid, canceled or expired. When a financial liability is replaced by another, the Company derecognizes the original and recognizes a new financial liability. Differences that may result from replacements of financial liabilities are recognized in profit or loss for the year in which they occur.

4.5. Inventories

Inventories consist of spare parts and bulk fuels (coal, HSFO and LFO); and are measured at cost or its net realizable value, whichever is less. The cost is determined using the average cost method.

Inventory costs include all costs derived from their acquisition, as well as other costs incurred to bring them to their present condition and location. Merchandise in transit is recorded at its invoiced cost.

If it is expected that inventories will not be recovered through operating income, the Company recognizes an impairment loss in the consolidated statement of comprehensive income. In addition, the carrying amount of spare parts inventories is reduced only if an obsolescence has been identified.

4.6. Property, Plant and Equipment, Net

Initial recognition and measurement

- Initial recognition costs, as well as subsequent ones, are included in the book value of the asset or as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will be transferred to the Company, that the cost of such item can be reliably measured and that such economic benefits are provided for more than one year.
- Property, plant and equipment are recorded at historical cost. The historical cost includes expenditures directly attributable to the acquisition of the items; also includes the estimated costs of decommissioning liabilities of assets on leased land, which are capitalized to the respective assets and amortized over the term of the land lease.
- Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These works in process include all disbursements directly related to the design, development and financial costs attributable to the asset.
- Interest expenses related to general and specific loans that are directly attributable to the acquisition or construction of property, plant and equipment, are capitalized as part of the cost until the assets are substantially ready for use.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Subsequent measurement

- After the initial recognition, the Company has chosen to use the cost model for the valuation of property, plant and equipment components, less accumulated depreciation and the accumulated amount of any impairment loss.
- The costs of maintenance expenses (including those incurred in the reconditioning of the generation assets as major and minor maintenance) are charged directly to the consolidated statements of comprehensive income in the period in which they are incurred.
- Depreciation is calculated on a straight-line basis, over the estimated useful life of each asset. The estimated useful lives of the Company's assets are as follows:

Category	Useful life (years)
Buildings	05 – 32
Generation assets, including capital spare parts*	01 – 40
Transportation equipment	03 – 10
Furniture and office equipment	02 – 05
Minor equipment	03 – 20

* Capital spare parts, as opposed to inventory spare parts, are those that can be repaired and reused. Their estimated useful life is 5-20 years and do not exceed the useful life of the underlying generation assets.

- The impairment, estimated useful life, decommissioning obligations and depreciation methods of assets in this category are reviewed annually by the Company, or when facts or circumstances indicate that the values recorded may not be recoverable and are prospectively adjusted when it results relevant. To determine the fair value of the decommissioning, the Company makes estimates of the expected cost, the discount rate, and the expected date that these costs will be incurred.

Derecognition of property, plant and equipment

A component of property, plant and equipment is derecognized when it is expropriated, sold, or when no future economic benefits are expected from its use or disposal. Any loss or gain arising from the derecognition of an item of property, plant and equipment (determined as the difference between its carrying amount and the sales proceeds) is recognized in profit or loss for the year in which the transaction occurs.

4.7. Intangibles and Other Assets

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost and are capitalized based on the amount incurred to acquire or put them into operation. The recognition of the costs in the carrying amount will end when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Company.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

The intangible assets held by the Company corresponds to:

- Software.
- Easement contracts, which correspond to payments to third parties for an indefinite period of time for the use of land. These assets are subject to amortization based on the useful lives of the underlying assets owned by the Company.
- Right of use contracts, which grant the Company the shared-use of assets such as substations and pipelines.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed and classified as either finite or indefinite.

Intangible assets with finite lives are amortized under the straight line method over the estimated useful economic life of the assets, which are reviewed annually by the Company. The amortization expenses on intangible assets are recognized in profit or loss for the year in which they are incurred. The useful lives of the intangible assets are as follows:

Category	Useful life (years)
Software	01 – 10
Easement contracts	22 – 25
Right of use contracts	05 – 25

4.8 Impairment of Non Financial Assets

Impairment is recognized when the carrying amount of a non financial asset (property, plant and equipment, and intangible assets) exceeds its recoverable amount. A recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In order to assess for impairment, the assets are grouped at the lowest levels for which the cash flows are highly independent (cash generating units) and the recoverable value is estimated using the expected future flows discounted at present value.

If the impairment analysis indicates recoverable values higher than the existing carrying amount, the Company recognizes reversals up to the amount of impairment losses previously recognized as long as they do not exceed the original acquisition cost.

4.9 Leases

At the beginning of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company reevaluates whether a contract is, or contains, a lease only if the terms and conditions of the contract change.

The Company chose to apply the consideration of IFRS 16-Leases for the classifications of short term and low value lease contracts. Lease contracts for which the term of the lease ends within 12 months from the date of initial application and lease contracts for which the underlying asset is of low value are recognized as straight-line expenses in the consolidated statement of comprehensive income. In determining the lease term, the Company considers all the facts and

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

circumstances that create an economic incentive to exercise an extension option or not to exercise it.

For lease contracts in which the Company is a lessee:

- A right of use asset and its corresponding lease liability are recognized on the date the leased asset is available for use.
- At the commencement date, a right of use asset is measured at cost and the lease liability is measured at the present value of the lease payments that have not been paid on that date.
- After the commencement date, the Company measure:
  - o The right of use asset applying a cost model. The right of use asset depreciates in a straight line over the lesser of the lease term or the estimated useful life of the asset; an impairment loss is recognized, when applicable; and is adjusted for any new measurement of the lease liability when the contract has been modified.
  - o Its lease liability is recognized including the financial cost of the contract, the executed lease payments and the effect of modifications to the contract. The financial cost is recognized in the period's profit or loss, for the remaining value of the liability in each period. Lease payments are discounted using the interest rate implicit in the contract or the incremental rate of the Company's financial debt.

The useful lives of the Company's lease contracts are as follows:

Category	Useful life (years)*
Land	12 – 35
Generation assets	06
Other	20 – 24

* The maturities of the contracts are individually negotiated and contain different terms and conditions, which include renewal options that were evaluated by the Company to determine the maturity of the leases.

- The Company recognizes variable payments that do not depend on an index or rate at the time they are incurred and are presented as operating costs (i.e., costs of fuels and energy purchases, or operating and general expenses) in the consolidated statement of comprehensive income. This presentation applies to short term and low value leases.

4.10 Provisions

Provisions are recognized: i) when the Company has a present obligation, either legal or implicit, as a result of a past event; ii) it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation; and iii) a reliable estimate of the obligation's amount can be made.

Long term provisions are recognized based on the present value of the disbursements expected to be required to settle the obligation using the incremental rate of the Company's financial debt

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as a financial expense.

The amount of recorded provisions is assessed periodically, and the required adjustments are recorded in the period's profit or loss.

4.11 Equity

Share capital

The Law 479-08 of the Dominican Republic, *Commercial and Limited Liability Corporations Law*, establishes that the amount of share capital is recognized when it is issued, in accordance with the value of all the contributions of its common shareholders.

Legal reserve

The Law 479-08 establishes that at least 5 % of the annual net income should be segregated as part of the Company's legal reserve until the balance is equal to 10 % of the outstanding capital. This reserve cannot be capitalized, reassigned to retained earnings or used for the payment of dividends. In 2016, the Company reached the maximum legal amount required.

Dividends

The Foreign Investment Law of the Dominican Republic establishes the right to repatriate share capital and remit benefits in freely convertible currencies. Dividends may be declared each fiscal year, up to the total amount of accumulated earnings and net benefits of the year, and are subject to a 10 % withholding tax payment. Dividends distributed and not paid are recognized as a liability in the consolidated financial statements until the disbursements are made.

4.12 Revenue

The Company classifies its operating income as revenue from contracts with customers. These operating income are sub classified as: revenue from direct contracts with customers and revenue from sales in the spot market.

The Company recognizes, in the period's profit or loss, other non operating income related mainly to financial components of operating income, investment income and income from the sale of tangible assets.

4.12.1 Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers under the terms and conditions established by *IFRS 15 – Revenue from Contracts with Customers*.

Revenue from direct contracts

The Company mainly classifies as revenue from direct contracts with customers, income related to:

- Revenue from sales of electricity. This category includes revenue from sales of energy, capacity and other ancillary services.
- Revenue from services. This category includes mainly the revenue from the operation and maintenance of third party assets, and the fuel storage service.
- Other operating income. This category mainly includes the sales of fuel's sub products.

For these contracts or any other included in this category, revenue is recognized when the control of the goods and services has been transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue from sales in the spot market

Revenue from sales of electricity (energy, capacity and other ancillary services), both contracted directly with the customers and through transactions in the spot market, are recognized based on the electricity produced and demanded by customers on each calendar month.

OCSENI, which is the entity in charge of reporting system transactions, schedules the dispatch of the generating units declared available in the market in order of merit or economic dispatch, to match the supply and demand of energy at a particular time, optimizing the existing relationship between the cost of supplying the demand and the security of the system.

Each entity in the National Interconnected Electric System ("SENI" according to its acronym in Spanish) reports the end of month metering reading to the OCSENI. This entity reconciles the amounts of electricity injected (by generation) and withdrawn (by sales) in the system and determines the quantity of energy sold by direct contracts and energy sold in the spot market. Direct contracted energy sales are priced according to contract's specifications and those sales made in the spot market are priced according to the prices declared by the marginal generation units.

4.12.2 Financial Income

This category includes interest on financial instruments (mostly related to trade receivables) and investments considered as cash equivalents in the consolidated statement of financial position.

Income arising from financial instruments are recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal and applying the interest rate applicable to each financial instrument.

4.13 Segment Information

Operating segments are components that involve business activities that could obtain revenue or incur in expenses, whose operating results are regularly reviewed by Management, and for which discrete financial information is available. Management decides which resources should be assigned to an operating segment and assesses on a regular basis the Company's operational performance and returns based on cash flows, contracts and agreements with suppliers of equipment, services and operators, and plans for advertising and growth.

Management has determined on the basis of quantitative and percentages thresholds of its earnings before interest, tax, depreciation and amortization (EBITDA) that the Company has a single operating segment: production and sale of electricity; therefore, the consolidated financial

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

statements and their accompanying notes contain the information required to evaluate the nature and financial effects of the business activities in which the Company engages and the economic environments in which it operates.

4.14 Employee Benefits

Post-employment and termination benefits

The Company maintains a defined contribution post-employment plan in accordance with the Dominican law, which is operated by independent administrators selected by the employees. In addition, the Company maintains an internal plan for the recognition of termination benefits ("mutual agreement").

- Pension plan: starting on the effective date of Law 87-01, which establishes the Dominican Social Security Administration ("SDSS" according to its acronym in Spanish), the Company recognizes as personnel expenses the monthly contributions. These contributions, as well as employee contributions, are remitted to the entity responsible for the collection, distribution and payment of the financial resources of the SDSS; which are deposited in the individual capitalization accounts of the employees managed by the fund administrators. Obligations are measured on an undiscounted basis. Under this defined contribution plan, the Company has no legal or implicit obligation to make additional contributions, in the event that the fund does not have sufficient assets to attend the benefits of employees that are related to the services they have provided in the current or past periods.
- Mutual agreement policy: to estimate this obligation, the Company uses an actuarial method under the projected credit unit method. These estimates are performed annually by an independent actuary. Remeasurements of gains or losses from actuarial reviews are recognized as other comprehensive income.

Other benefits

The Company grants other benefits to its employees, such as bonus, vacations, Christmas bonus, among others, in accordance with the provisions of the Dominican Labor Code and its internal policies. These benefits are recognized as a personnel expense when incurred.

4.15 Taxes

The Company recognizes taxes payable, withheld, or collected based on the provisions of Law 11-92, *Tax Code of the Dominican Republic*, its rules and modifications, and accepts exemptions that are attributable to the type of operation it executes.

The Tax Code requires taxpayers to maintain their accounting records and prepare tax returns in Dominican pesos (local currency). This requirement also applies for those who use a functional currency different from the Dominican peso. The tax authorities annually indicate the foreign exchange rate to be used in the measurement of monetary items originated in foreign currencies.

The foreign subsidiary's operations are exempt from income tax in its country of incorporation, since its operations take place outside said jurisdiction.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Current income tax

The Company calculates this amount by applying to income before tax the adjustments of certain tax deductible or nondeductible items, in accordance with current tax regulations. The current income tax is recognized by the Company as a liability net of tax advanced payments and the applicable carryforward of unused tax losses or credits. If the net amount paid at the end of the year exceeds the amount to be paid for that period, the excess is recognized as an asset.

Deferred income tax

Deferred income tax is recognized for the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred tax is determined using tax rates in effect, or substantially in effect, at the date of the consolidated financial statements and which are expected to be applicable when the corresponding deferred tax asset is realized or the tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that there will be available future taxable income to apply against the temporary differences.

The Company offsets its assets and liabilities for deferred taxes, when it has the legally enforceable right to offset the amounts recognized before the same tax authority and when it intends to liquidate them for the net amount or to realize the asset and cancel the liability simultaneously.

Asset tax

The tax on assets established by the Dominican legislature, is an alternative or minimum tax calculated for energy generation, transmission and distribution companies - as defined in the *General Electricity Law* No. 125-01, based on 1 % of the balance in Dominican pesos of property, plant and equipment, net of depreciation.

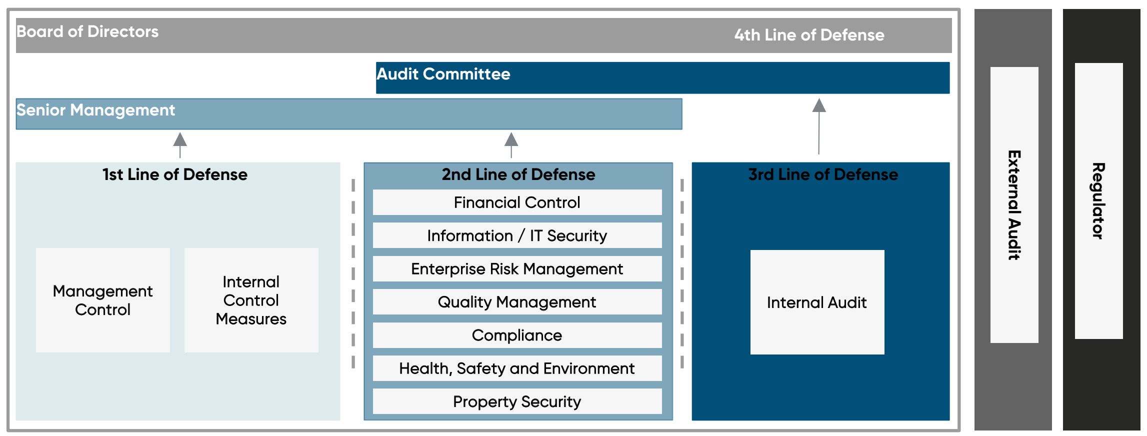
Tax on assets co-exists with current income tax, and taxpayers must pay the higher of the two each year. If for the year, the Company's tax obligation is to pay tax on assets, the excess over the current income tax is recorded as an operating expense in the consolidated statement of comprehensive income.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

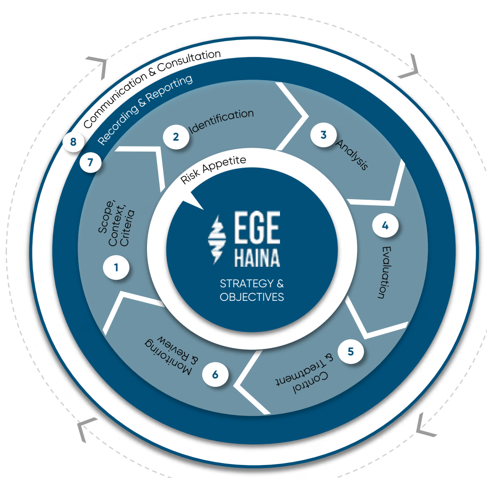
4.16 Enterprise Risk Management

The Company is committed to a comprehensive enterprise risk management approach, which strives towards organizational resilience, and continuous improvement. Our risk management framework is based upon international standards and best practices on risk management, resilience, as well as internal control, and corporate governance. The Company's risk management model ensures the determination and management of its risks based on ISO 31000:2018 - *Risk Management* and COSO ERM 2017 (Enterprise Risk Management), which are aligned with the organization's strategic framework.

The Company has designed its risk management framework based on the three lines of defense model.



The Company executes the risk management as a strategic and dynamic process, which is carried out at the different levels within the organization. The Company promotes a culture of integrated risk management, fostering attitudes, values, and risk-based behaviors for strategic and operational decision-making.



<u>Risk management</u>

To ensure that all risks are properly identified, assessed, and managed, the Company identifies risks to focus adequate financial and human resources on what is a priority, to guarantee the achievement of its short, medium, and long term objectives. For such purposes, it conducts the 8 steps of the risk management process illustrated above. The Company is exposed to a universe of risks that may be of operational, financial, compliance, environmental or external nature (Note 29).

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

5. Future Changes in Accounting Policies

Standards, interpretations or amendments, which have been issued but have not become effective at December 31, 2021, are described below. The Company has the intention of adopting them when they become effective, if applicable.

Standard	Description	Adoption date	Status and/or estimated effect
IFRS 17 – Insurance Contracts (including amendments of June 2020)	This standard replaces IFRS 4. It applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; however, a few scope exceptions will apply.	01/01/2023 early application is permitted	Under evaluation, no early application or changes are expected.
Amendments IAS 1 – Classification of Liabilities as Current or Non current	This amendment modifies the conditions for classifying liabilities into current and non current, and clarifies the right to defer liabilities and compensation.	01/01/2023 early application is permitted	Under evaluation, no early application or changes are expected.
Amendments IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.	The amendment reduces the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	01/01/2023 early application is permitted	Under evaluation, no early application or changes are expected.
Amendments IAS 8 – Accounting Policies, Changes in Estimates.	The amendment helps entities to distinguish between accounting policies and accounting estimates.	01/01/2023 early application is permitted	Under evaluation, no early application or changes are expected.
Amendments IAS 1 – Presentation of Financial Statements and Statement of Practice IFRS 2, on Judgments on Materiality or Materiality Relative Importance	This amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to the IFRS 2 Statement of Practice provide guidance on how to apply the concept of materiality to accounting policy disclosures.	01/01/2023 early application is permitted	Under evaluation, no early application or changes are expected.
Amendments IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	This amendment clarifies the costs that apply to fulfill contracts considered onerous and that can be included in the provision.	01/01/2022 early application is permitted	Under evaluation, no early application or changes are expected.
Amendments to IAS 16 - Property, Plant and Equipment, Revenue before intended use	This amendment modifies the costs directly attributable to the asset. It clarifies the accounting of accrued income before the asset operates in the manner intended by the Administration.	01/01/2022 early application is permitted	Under evaluation, no early application or changes are expected.
Annual Improvements 2018–2020 cycle	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	01/01/2022 early application is permitted	Under evaluation, no early application or changes are expected.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

6. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires Management to conduct judgments, estimates and assumptions affecting the reported figures of revenue, expenses, assets and liabilities and their corresponding disclosures, as well as the disclosure of contingent liabilities. However, given the implicit uncertainty of these judgments, estimates and assumptions, it could derive in situations requiring adjustments of significant impact on the amounts of assets and liabilities recognized in future periods.

In the process of applying its accounting policies for the consolidated financial statements at December 31, 2021, the Company has considered the following relevant judgments, estimates or assumptions:

Significant judgments, estimates and assumptions	Note
Functional currency	4.1
Fair value, business model and expected credit losses on financial instruments	4.4
Estimated useful life and decommissioning provision of property, plant and equipment	4.6
Impairment of non financial assets	4.8
Leases term	4.9
Actuarial valuation of mutual agreement policy	4.14
Deferred tax assets	4.15

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

7. Cash and Cash Equivalents, and Restricted Cash

	2021	2020
Cash on hand		
Denominated in United States dollars	1,500	1,500
Denominated in Dominican pesos	14,562	13,442
Denominated in euros	1,626	1,745
Cash in banks[2]		
Denominated in United States dollars	36,585,629	21,026,429
Denominated in Dominican pesos	3,475,225	4,484,752
Denominated in euros	242,372	81,369
Cash equivalents[3]		
Denominated in United States dollars	20,000,000	85,397,653
Denominated in Dominican pesos	–	225,202
Cash and cash equivalents	60,320,914	111,232,092
Restricted cash in United States dollars[4]	–	385,112
Cash and cash equivalents, and restricted cash	**60,320,914**	**111,617,204**

At December 31, 2021, there was no difference between the carrying amount and the fair value of these financial asset.

[2] The deposits earn interest based on daily rates determined by the corresponding banks. These accounts generated an interest of USD 0.1 million in 2021 (2020: USD 0.3 million) (Note 26).
[3] Certificates of deposit that expire in three months or less, which accrue interest at weighted average annual rates in Dominican pesos of 2021: 5.9 % (2020: 6.4 %) and 0.7 % (2020: 0.6 %) in United States dollars. These certificates, and those cancelled during the year, generated interest of USD 0.3 million in 2021 (2020: USD 2.5 million) (Note 26).
[4] In 2020 the restricted cash corresponds to escrow accounts payments for additions of property, plant and equipment of USD 0.4 million.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

8. Trade Receivables and Other

	Note	2021	2020
Trade receivables			
Related parties	9	52,786,763	2,932,203
Third parties		76,195,981	74,310,774
		128,982,744	77,242,977
Other receivables			
Third parties		591,169	33,631
Related parties	9	20,844	23
Advances to suppliers		399,895	896,350
Fuel tax[5]		1,274,304	512,313
		2,286,212	1,442,317
Expected credit losses allowance	25 & 29	(199,599)	(185,853)
		131,069,357	78,499,441

The detailed maturity of the trade receivables and other is as follows:

Year	Not expired	1-30 days	31-60 days	61-90 days	> 90 days	Total
2021	63,962,567	7,605,249	4,164,619	15,093,231	40,243,691	**131,069,357**
2020	45,131,266	18,200,525	3,194,024	3,930,776	8,042,850	**78,499,441**

Past due trade receivables generate interest equivalent to the average commercial banking active rate published by the Central Bank of the Dominican Republic. For the year ended December 31, 2021, the annual average rate was 9.6 % (2020: 10.8 %) for balances in Dominican pesos, and 3.5 % (2020: 4.5 %) for balances in United States dollars.

For the year ended December 31, 2021, interest generated by trade receivables amount USD 4.0 million (2020: USD 2.7 million) (Note 26). This interest is reported as financial income in the consolidated statement of comprehensive income.

[5] After the enactment of Decree No. 275-16, which regulated the reimbursement process of selective consumption taxes on fossil fuels and petroleum derivatives created through Law 253-12, the payment of taxes for import of fuels began. These amounts are reimbursed to the extent that fuels are consumed.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

9. Balances and Transactions with Related Parties

The Company has significant balances and transactions with related parties. These transactions are conducted under terms agreed by the parties, equivalent to transactions' terms with independent parties.

The transactions that the Company conducts with related entities and shareholders consist mainly of energy and capacity sales, operation services, payment of management fees, fuel purchases, land leases, among others.

The balances and transactions with related parties and shareholders are as follows:

	Relationship	2021	2020
<u>Balances</u>			
Trade receivables			
Gerdau Metaldom, S. A.[6]	Related	654,944	1,202,801
DOMICEM[6]	Related	1,266,274	1,170,386
Pasteurizadora Rica, S. A. ("RICA")[6]	Related	700,648	559,016
Empresa Distribuidora de Electricidad del Este, S. A. ("EDE Este")[7]	Related	3,521,639	-
EDENORTE Dominicana, S. A. ("EDE Norte")[7]	Related	32,274,933	-
EDESUR Dominicana, S. A. ("EDE Sur")[7]	Related	14,368,325	-
		52,786,763	2,932,203
Other receivables			
HIC	Shareholder	20,844	-
San Pedro Bio Energy, SRL[6]	Related	-	23
Balances of accounts receivable		**52,807,607**	**2,932,226**
Trade payables			
HIC	Shareholder	-	1,626,347
DOMICEM[6]	Related	122,791	122,791
Cristóbal Colon, S. A.[6]	Related	4,500	13,500
EDE Sur[6]	Related	1,909	-
EDE Este[7]	Related	1,189	-
V Energy, S. A.[8]	Related	-	26,207
		130,389	1,788,845
Other accounts payable			
Compañía Anónima de Explotaciones Industriales (CAEI)[6]	Related	691,041	691,041
Dividends payable to non controlling interests	Shareholder	23,287	19,453
Balances of accounts payable		**844,717**	**2,499,339**

[6] Entities related through members of the Board of Directors of HIC, shareholder of EGE Haina, or direct or indirect relationship through it.
[7] Entities related through FONPER, minority shareholder with significant influence in EGE Haina. In 2020, the minority shareholder indicated the cessation of its significant influence on these entities and in 2021 were subsequently integrated into the group of related parties' entities as a result of the liquidation of the CDEEE assets.
[8] Entity related through a member of the Board of Directors of HIC, shareholder of EGE Haina. In 2021, was indicated by the shareholder the cessation of its significant influence on this entity.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

	Relationship	2021	2020
Transactions			
Revenue			
Electricity sales and interest charges			
DOMICEM	Related	15,687,595	11,454,185
Gerdau Metaldom, S. A.	Related	7,180,927	5,372,922
RICA	Related	3,472,037	1,765,482
San Pedro Bio Energy, SRL	Related	9,440	7,912
EDE Este	Related	27,548,312	-
EDE Sur	Related	38,741,020	-
EDE Norte	Related	80,027,230	-
		172,666,561	18,600,501
Costs and expenses			
EDE Norte	Related	1,013,802	-
EDE Sur	Related	1,194,461	-
EDE Este	Related	86,438	-
San Pedro Bio Energy, SRL	Related	714,290	232,863
Cristóbal Colón, S. A.	Related	580,027	580,027
DOMICEM	Related	524,825	653,819
LEXGEO, S.R.L.	Related	71,440	48,722
Oficina de Abogados OMG[6]	Related	21,122	20,359
V Energy, S. A.	Related	-	1,441,016
HIC[9] - Management fees	Shareholder	-	9,010,857
Escuela de Alta Dirección BARNA, Inc.[6]	Related	-	33,923
RICA	Related	-	131,192
		4,206,405	12,152,778
Asset acquisition			
Compañía Anónima de Explotaciones Industriales (CAEI)[10]	Related	-	1,854,087
Dividends paid			
HIC	Shareholder	52,500,000	33,500,000
FONPER	Shareholder	52,493,145	33,495,626
Minority	Shareholder	3,021	1,975
		104,996,166	66,997,601

At December 31, 2021, EGE Haina's investment in subsidiaries is detailed in Note 1 of these consolidated financial statements; these subsidiaries have a common share capital held directly by EGE Haina and do not possess a significant non controlling interest. The basis of preparation and consolidation of these consolidated financial statements are disclosed in Note 2.

[9] Company's operational management agreement signed as part of the capitalization process, by which the Company pays to the controlling shareholder a percentage of its annual net revenue (Note 23). This contract expired in December 2020.
[10] Land purchase agreement signed in December 2020.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

Compensation to key personnel

During the year ended December 31, 2021, the expenses related to salaries and compensations paid to key personnel and severance benefits amounted USD 9.3 million (2020: USD 6.5 million), which apply to personnel occupying the positions of General Manager, Senior Directors, Directors and Managers.

10. Inventories

	2021	2020
Spare parts	25,152,353	23,381,622
Fuels		
HSFO	14,486,834	8,625,327
Coal	9,559,003	1,687,314
LFO	1,315,684	773,658
Inventory of spare parts in transit[11]	5,286,098	7,039,258
	55,799,972	41,507,179

For the year ended December 31, 2021, the Company recognized USD 20,892 (2020: USD 1,926) in obsolescence and impairment losses for its inventories (Note 25).

11. Prepaid Expenses

	2021	2020
Advances for fuel purchases[12]	1,933,311	6,832,401
Insurances	2,579,517	2,524,547
Other	517,094	318,229
	5,029,922	9,675,177

[11] Correspond to spare parts inventories, which were in transit at year end. These include specific import costs at that date. 100 % of the inventory in transit was received at the date of issuance of these consolidated financial statements (2020: 100 % received).
[12] Corresponds to prepayments for the following month's estimated consumption of natural gas and other associated charges, net of accounts payable related to this fuel purchase contract.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

12. Property, Plant and Equipment, Net

	Land	Buildings	Generation assets[13 and 14]	Transportation equipment	Furniture and office equipment	Minor equipment	Assets under construction[13]	Total
Acquisition cost								
January 1, 2020	14,200,786	64,130,127	764,272,865	3,037,164	5,212,339	2,876,311	3,193,979	856,923,571
Additions	2,033,693	75,728	766,812	137,926	109,942	238,720	67,170,172	70,532,993
Disposals	-	-	(89,531)	(101,493)	-	(29,516)	-	(220,540)
Transfers	-	-	4,683,419	-	(2,758,909)	2,899,975	(4,824,485)	-
Adjustments and reclassifications[14]	-	1,071	(798,036)	13,456	-	(508)	-	(784,017)
December 31, 2020	**16,234,479**	**64,206,926**	**768,835,529**	**3,087,053**	**2,563,372**	**5,984,982**	**65,539,666**	**926,452,007**
Additions	996,673	-	6,547,014	362,479	251,566	285,730	29,069,516	37,512,978
Disposals	-	-	-	(155,655)	-	-	-	(155,655)
Transfers	-	15,369,988	76,974,302	-	-	500,000	(92,844,290)	-
Adjustments and reclassifications[14]	-	304,732	850,380	-	(31,873)	(274,835)	-	848,404
December 31, 2021	**17,231,152**	**79,881,646**	**853,207,225**	**3,293,877**	**2,783,065**	**6,495,877**	**1,764,892**	**964,657,734**
Accumulated depreciation								
January 1, 2020	-	(21,598,852)	(215,968,870)	(2,032,276)	(4,794,984)	(1,156,962)	-	(245,551,944)
Depreciation for the year	-	(3,542,711)	(40,502,431)	(356,916)	(152,549)	(445,877)	-	(45,000,484)
Disposals	-	-	81,566	101,493	-	14,317	-	197,376
Transfers	-	-	-	-	2,611,882	(2,611,882)	-	-
Adjustments and reclassifications[14]	-	(1,071)	413	(13,456)	-	2,057	-	(12,057)
December 31, 2020	**-**	**(25,142,634)**	**(256,389,322)**	**(2,301,155)**	**(2,335,651)**	**(4,198,347)**	**-**	**(290,367,109)**
Depreciation for the year	-	(3,828,075)	(41,196,513)	(378,150)	(159,543)	(380,772)	-	(45,943,053)
Disposals	-	-	863	138,316	-	-	-	139,179
Adjustments and reclassifications[14]	-	(334,832)	218,760	-	16,653	99,419	-	-
December 31, 2021	**-**	**(29,305,541)**	**(297,366,212)**	**(2,540,989)**	**(2,478,541)**	**(4,479,700)**	**-**	**(336,170,983)**
Net carrying amount								
December 31, 2021	**17,231,152**	**50,576,105**	**555,841,013**	**752,888**	**304,524**	**2,016,177**	**1,764,892**	**628,486,751**
December 31, 2020	**16,234,479**	**39,064,292**	**512,446,207**	**785,898**	**227,721**	**1,786,635**	**65,539,666**	**636,084,898**

[13] In February 2020, EGE Haina signed an Engineering, Procurement and Construction contract for the construction of Girasol photovoltaic solar plant. In August 2021, the Company capitalized this project with a net investment of USD 92.2 million of the total amount transferred.
In August 2019 and September 2019, EGE Haina signed Engineering, Civil and Electromechanical Works and Commissioning Construction contracts for the conversion to natural gas of Quisqueya 2. The Company capitalized this project in July 2020 with a net investment of USD 4.7 million of the total amount transferred.
[14] The adjustments and reclassifications include: 1) adjustment related to the annual review of Quisqueya 2 decommissioning provision. The impact was recognized in other non current liabilities. 2) impairment of San Pedro de Macorís plant, which operations have been discontinued (Note 25). 3) reclassifications of assets due to the reassignment of categories (without impact on other accounts).

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Property, plant and equipment, net includes USD 1.7 million (2020: USD 0.8 million) corresponding to the present value of Quisqueya 2 decommissioning provision, net of depreciation. The market rate adjusted used to discount future flows of such liability was 5.4 % (2020: 6.4 %). At December 31, 2021, a depreciation of USD 0.1 million (2020: USD 0.1 million) was recorded for this concept, which is presented as depreciation and amortization in the accompanying consolidated statement of comprehensive income.

Out of the total amount of acquisitions in 2021 of USD 37.5 million (2020: USD 70.5 million), USD 10.2 million (2020: USD 11.1 million) do not represent cash outflows. Additionally, during 2021 were paid USD 8.8 million (2020: USD 0.1 million) related to outstanding balances from the previous year.

Property, plant and equipment, net includes fully depreciated assets in use with an acquisition cost of USD 32. 4 million (2020: USD 25.5 million).

During the year ended December 31, 2021, the Company recognized USD 0.1 million (2020: USD 0.5 million) of impairment losses of property, plant and equipment (Note 25).

At December 31, 2021, property, plant and equipment, net includes capitalized interest on loans attributed to assets under construction amounting to USD 3.1 million (2020: USD 1.6 million) (Note 27). The average capitalization rate used was 7.7 % (2020: 8.2 %).

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

13. Leases

The following table shows the leases' right of use assets:

	Land	Generation assets	Other	Total
Right of use				
At January 1, 2020	10,953,617	2,846,339	1,710,531	15,510,487
Additions	20,860	-	-	20,860
At December 31, 2020	**10,974,477**	**2,846,339**	**1,710,531**	**15,531,347**
Adjustments and reclassifications[15]	(2,095,557)	-	-	(2,095,557)
At December 31, 2021	**8,878,920**	**2,846,339**	**1,710,531**	**13,435,790**
Accumulated amortization				
At January 1, 2020	(620,788)	(691,819)	(130,207)	(1,442,814)
Amortization for the year	(312,163)	(474,389)	(74,357)	(860,909)
At December 31, 2020	**(932,951)**	**(1,166,208)**	**(204,564)**	**(2,303,723)**
Amortization for the year	(311,176)	(474,390)	(74,356)	(859,922)
Adjustments and reclassifications	1,831	-	-	1,831
At December 31, 2021	**(1,242,296)**	**(1,640,598)**	**(278,920)**	**(3,161,814)**
Net carrying amount				
At December 31, 2021	**7,636,624**	**1,205,741**	**1,431,611**	**10,273,976**
At December 31, 2020	**10,041,526**	**1,680,131**	**1,505,967**	**13,227,624**

The following table shows the carrying amount of lease liabilities:[16]

	2021	2020
Current	746,582	1,036,297
Non current	10,702,727	14,069,679
	11,449,309	15,105,976

Lease payments are discounted using the risk-specific market rate of that liability of 11.0 % and 12.0 % for leases in pesos and 6.5 % for leases in dollars.

[15] Reviews performed on the lease agreements' term. The impact was recognized as a decrease in interest expenses of USD 0.6 million and lease liabilities of USD 2.7 million, recognized against the value of the lease.
[16] The annual monetary and non monetary movement of lease liabilities, plus the future commitments of lease payments and associated interest are detailed in Note 28.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

The maturity detail of undiscounted lease liabilities is as follows:

	2021	2020
<1 year	746,582	1,036,297
1 - 2 years	1,283,876	1,131,786
3 - 5 years	716,879	493,650
> 5 years	8,701,972	12,444,243
	11,449,309	**15,105,976**

The following table shows the value recognized in the consolidated statements of comprehensive income for lease contracts:

	Note	2021	2020
Amortization expense for right of use assets		859,922	860,909
Interest expense on lease liabilities	27	430,589	1,064,825
Short term lease expenses	23	6,306	-
Low value lease expenses	23	37,075	37,074
		1,333,892	1,962,808

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

14. Intangibles and Other Assets

	Intangibles			Other assets		Total
	Right of use[17]	Easements	Software	Leasehold improvement	Other[18]	
Other non current assets						
At January 1, 2020	18,750,089	668,285	1,347,186	274,418	1,382,008	22,421,986
Additions	519,690	38,384	34,744	-	615,290	1,208,108
Adjustments and reclassifications[19]	-	-	-	-	(1,024,868)	(1,024,868)
At December 31, 2020	**19,269,779**	**706,669**	**1,381,930**	**274,418**	**972,430**	**22,605,226**
Additions	398,210	-	78,526	-	898,692	1,375,428
Adjustments and reclassifications[19]	(891,682)	-	-	-	(1,502,692)	(2,394,374)
At December 31, 2021	**18,776,307**	**706,669**	**1,460,456**	**274,418**	**368,430**	**21,586,280**
Accumulated depreciation						
At January 1, 2020	(1,794,397)	(29,766)	(1,098,987)	(77,865)	-	(3,001,015)
Depreciation for the year	(300,940)	(29,766)	(156,154)	(47,209)	-	(534,069)
At December 31, 2020	**(2,095,337)**	**(59,532)**	**(1,255,141)**	**(125,074)**	**-**	**(3,535,084)**
Depreciation for the year	(550,438)	(30,408)	(118,861)	(47,157)	-	(746,864)
Adjustments and reclassifications[19]	(709,378)	-	-	-	-	(709,378)
At December 31, 2021	**(3,355,153)**	**(89,940)**	**(1,374,002)**	**(172,231)**	**-**	**(4,991,326)**
Net book value						
At December 31, 2021	**15,421,154**	**616,729**	**86,454**	**102,187**	**368,428**	**16,594,954**
At December 31, 2020	**17,174,442**	**647,137**	**126,789**	**149,344**	**972,430**	**19,070,142**

[17] Corresponds to intangibles for the shared-use rights of the pipeline and the transmission line (owned by PVDC), related to the fuel supply and connection of Quisqueya 2 power plant, respectively. These contracts expire in 2037 with a renewal option until 2062, with deferred payments which are recognized against other liabilities.
[18] Cash flows from investing contains USD 0.8 million (2020: USD 1.8 million) of advances paid to suppliers of property, plant and equipment, which are presented under other assets.
[19] Reviews performed on right of use contracts term. The impact was recognized as a decrease in interest expenses of USD 0.7 million and the intangible cost of USD 0.9 million, against other liabilities. In addition, was recognized a decrease in amortization expense for the period of USD 0.7 million. The balance in other assets corresponds to reclassifications of advances paid to suppliers of property, plant and equipment.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

15. Financial Debt[20]

	Note	2021	2020
Current financial debt			
Credit lines		75,000,000	75,000,000
Current portion of local bonds		1,333,333	-
		76,333,333	75,000,000
Non current financial debt			
International bonds	28	300,000,000	-
Local bonds	28	18,666,667	257,823,803
Debt issuance costs		(6,626,065)	(420,779)
		312,040,602	257,403,024
		388,373,935	**332,403,024**

15.1. International Bonds

Issuance

On November 8, 2021, EGE Haina issued an unsecured bond in the international markets ("Senior Notes") for USD 300.0 million, under rule 144A and regulation S of the Securities Act of the United States of America, with maturity on November 8, 2028 and issue price of 99.288 %. This bond was listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market of that exchange.

The funds obtained from the issuance were used to: i) the repayment of the outstanding principal of the bonds issued in the Dominican Republic stock market for USD 261.7 million, plus the charges associated with their early redemption amounting to USD 9.9 million; and ii) the remaining amount as a contribution to the USD 30.0 million dividend declared in October 2021 and payable to the shareholders.

Senior Notes accrue interest at a rate of 5.625 %, payable semi-annually on May 8 and November 8 of each year. This rate would have an increase at December 31, 2026 of 50 basis points (6.125 %) if the Sustainability Performance Target ("SPT") is not met and not confirmed by a third-party verifier.

All payments associated with Senior Notes made to bondholders will be free of withholdings or discounts of present or future taxes, according to the contractual conditions of the offering.

Commitments and guarantees

- Sustainability-Linked Bond: In accordance with the SPT included in the Sustainability Linked Bond Framework and the international bond offering, EGE Haina has committed to achieving a renewable installed capacity of 526.3 MW at December 31, 2026, based on the capacity of the manufacturer's nameplate.

  At December 31, 2021, EGE Haina has a renewable installed capacity of 296.5 MW as evidenced by the manufacturer's nameplate capacity and regulatory verification.

[20] The annual monetary and non monetary movement of financial debt, plus the future commitments for financial debt and associated interest payments are detailed in Note. 28.

- Financial commitments ("covenants"): In accordance with the contractual terms of the international bond, the Company is obliged to comply with certain covenants that would limit its borrowing capacity in the event of default. These commitments include:
  - Consolidated interest coverage ratio not less than 2.0: 1.0, and
  - Net consolidated financial debt to consolidated EBITDA ratio greater than zero and less than: i) 4.25: 1.0 from November 1, 2021 to December 31, 2023; (ii) 4.0: 1.0 from 1 January 2024 to 31 December 2026 (inclusive); and (iii) 3.75: 1.0 thereafter.

  The Company has fulfilled these financial commitments during the reporting period. At December 31, 2021, the consolidated interest coverage ratio was 4.2: 1.0 and the net consolidated financial debt to consolidated EBITDA ratio was 2.1: 1.0.

15.2. Local Bonds

Issuance

On April 27, 2021, the Superintendency of the Securities Market of the Dominican Republic approved the issuance of a bond for USD 100.0 million through the Larimar 1 Trust. These bonds will accrue interest semi-annually and their principal will be repaid on an annual basis.

This debt, structured in accordance with the guidelines of the Green Bond Principles published by the International Capital Markets Association, has been verified as a Green Bond by the international firm Pacific Corporate Sustainability and certified by the Climate Bond Initiative, and is the first green public offering in the Dominican Republic Securities Market.

The Larimar 1 Trust has as its main underlying asset the economic rights and obligations of the Larimar 1 wind farm, which EGE Haina owns.

EGE Haina is a settlor of 100 % of the assets of the Trust, which are managed by Fiduciaria Popular, S. A. The funds obtained by the bond are granted to EGE Haina as settlor and beneficiary of the Trust, to be used in the financing or refinancing, partially or totally, of new or existing projects that are eligible as green projects.

The following table shows in detail the green bond placements executed at December 31, 2021:

Registry	Tranche	Amount in USD	Annual rate	Issuance date	Repayment calendar
SIVFOP-008	1	20,000,000	5.15 %	12/29/2021	Annual

Early redemption

The following table shows the effect of the local bonds' early redemption in 2021:

	Principal repayment	Early redemption costs	Accelerated amortization of issuance costs
SIVEM-095 and SIVEM-105 – local bonds in DOP	161,671,812	3,380,008	187,629
SIVEM-084 – local bonds in USD	100,000,000	6,501,681	155,888
	261,671,812	9,881,689	343,517

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

16. Accounts Payable

	Note	2021	2020
Fuel purchases		90,828,919	64,033,770
Local energy suppliers		2,784,465	3,647,328
Other local suppliers		6,597,467	8,078,226
Other international suppliers		4,378,444	13,662,926
Trade payables to related parties and dividends	9	844,717	2,499,339
Withholdings payable and accruals		4,444,319	2,324,236
		109,878,331	94,245,825

From the total accounts payable, USD 90.8 million (2020: USD 64.0 million) correspond to outstanding balances on fuel purchases, with due dates up to 180 days and accruing annual interest of LIBOR plus an annual average of 2.0 % (2020: LIBOR 180 days plus an annual average of 2.0 % per year). At December 31, 2021, fuel suppliers have executed monetization of these accounts through international commercial banks of USD 78.8 million (2020: USD 61.8 million). Most of the remaining accounts payable have maturities from 0 to 30 days.[21]

17. Other Liabilities

	Note	2021	2020
Current			
Provision for personnel compensation		2,575,171	2,355,315
Provision mutual agreement policy	24	680,306	557,655
Other liabilities	14	157,620	51,849
		3,413,097	2,964,819
Non current			
Decommissioning provision		1,991,866	981,460
Deposits received in guarantee		3,000	3,000
Other liabilities	14	3,897,983	5,627,011
		5,892,849	6,611,471
		9,305,946	9,576,290

18. Contingent Assets and Liabilities

A December 31, 2021, the Company is involved in certain claims, lawsuits and legal proceedings that arise in the normal course of business. The Company recognizes a provision for litigation when a liability may have been incurred, and the amount of the loss can be reasonably estimated.

On September 11, 2020, the Company filed an international arbitration in order to recover the payment of bills owed by a local power generation and distribution customer according to the Power Purchase-Sale Agreement ("PPA") signed between the parties. In July 2021, the selection of

[21] In Preparation for the LIBOR Transition after December 31, 2021, the Company has negotiated with financial institutions the determination of a mutually agreed replacement interest rate. If a successor rate to LIBOR cannot be agreed upon and LIBOR becomes unavailable, any request new or pending of line of credit, or of monetization for Payments of fuel will be considered an application using the agreed interest rate indices of the United States.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

arbitrators was completed. At December 31, 2021, the claim remains awaiting a procedural hearing.

The Company believes that it has meritorious defenses to all lawsuits and claims made against it and will vigorously defend itself in these cases; however, there are no guarantees that the efforts will be successful. Although the final result cannot be established with certainty, the Company - based on the review of the facts and representations of its legal advisors - considers that the final resolution of these procedures will not result in a material adverse effect on the consolidated financial statements, therefore a contingent provision has not been recognized at December 31, 2021.

19. Income Tax

Income tax expense

	2021	2020
Current income tax	12,941,814	3,603,478
Deferred income tax	(16,376,944)	8,324,113
	(3,435,130)	11,927,591

Current income tax

Below is a reconciliation between income before tax, at the current tax rate, and the expense of the year for this concept, as well as a reconciliation of the Company's effective current income tax rate.

	2021	2020
Income before tax	40,504,622	45,079,548
Income tax calculated at the statutory rate	10,936,248	12,171,478
Taxes and other nondeductible expenses	565,608	283,825
Foreign exchange differences	5,367,424	(4,417,300)
Share of losses in subsidiaries	104,436	31,858
Exempt income, net[22]	-	(1,263,863)
Adjustment of tax depreciation	(3,007,530)	(3,054,082)
Realized exempt capital gain[23]	(543,771)	-
Other adjustments	(480,601)	(148,438)
Current income tax	12,941,814	3,603,478

[22] The activities related to Los Cocos 1 and Los Cocos 2 wind farms were benefit from a 100% income tax exemption until 2020, according to Law No. 57-07 - Incentive for the Development of Renewable Energy.
[23] Tax effect of the exempt capital gain corresponding to the assets contributed to the Larimar 1 Trust.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

	2021	2020
Statutory income tax rate	27.0 %	27.0 %
Taxes and other nondeductible expenses	1.4 %	0.6 %
Foreign exchange differences	13.3 %	(9.8) %
Share of losses in subsidiaries	0.3 %	0.1 %
Exempt income, net[22]	0.0 %	(2.8) %
Adjustment of tax depreciation	(7.4) %	(6.8) %
Realized exempt capital gain [23]	(1.3) %	0.0 %
Other adjustments	(1.2) %	(0.3) %
Effective current income tax rate[24]	**32.1 %**	**8.0 %**

The movement of income tax payable (receivable) is as follows:

	Note	2021	2020
Balance at the beginning of the year		(4,907,134)	9,161,560
Unrealized foreign exchange differences		(93,259)	(669,158)
Taxes paid during the year			
Advance tax payments of the previous year		(760,990)	(863,402)
Advance tax payments of the current year		(3,966,801)	(9,190,600)
Taxes paid of the previous year		-	(7,511,213)
Credits on bank interest withholdings		(3,333)	(26,237)
Withholdings and other taxes compensations		4,314	(7,610)
		(4,726,810)	(17,599,062)
Current income tax expense		12,941,814	3,603,478
		3,214,611	(5,503,182)
Tax on assets expense	23	48,779	596,048
Tax penalties		53,646	-
Income tax payable (receivable)		**3,317,036**	**(4,907,134)**

Deferred income tax

The movements of the deferred income tax expense and the composition of the deferred tax assets and liabilities are as follows:

	2021	2020
Tax base difference of property, plant and equipment	(18,165,567)	6,422,933
Other non monetary assets[25]	2,857,653	1,889,398
Provisions and others	(1,069,030)	11,782
Deferred income tax	**(16,376,944)**	**8,324,113**

[24] The effective tax rate of the total income tax expense at December 31, 2021 was (8.5 %) (2020: 26.5 %).
[25] This category corresponds mainly to inventory and prepaid expenses.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

	2021	2020
Deferred tax assets		
Provisions and others	1,286,140	217,110
Total deferred tax assets	1,286,140	217,110
Deferred tax liabilities		
Tax base difference of property, plant and equipment	60,315,994	78,481,561
Other non monetary assets	8,045,734	5,188,081
Total deferred tax liabilities	68,361,728	83,669,642
Deferred tax liabilities, net	**67,075,588**	**83,452,532**

Tax on assets

In 2021, the income tax turned out to be higher than the tax on assets, therefore the tax was paid on a taxable income basis. In 2020, the tax on assets (alternative minimum tax) turned out to be higher than the income tax, and the tax was paid on this basis. This tax is detailed as follows:

	Currency	2021	2020
Property, plant and equipment, net		24,839,473,569	28,337,894,943
Exempt assets [22]		-	(3,981,744,470)
Revaluation of assets		(424,367,027)	(424,367,027)
Assets subject to taxation	DOP	24,415,106,542	23,931,783,446
Tax rate		1 %	1 %
Tax on assets	DOP	244,151,065	239,317,834
Average foreign exchange rate		57.34	58.40
Tax on assets	**USD**	**4,257,954**	**4,097,908**

20. Equity

Share capital

At December 31, 2021 and 2020, the share capital consisted of 45,951,000 common shares issued and outstanding, with a nominal par value of DOP 100 (USD 6.29). Below is an itemization of the distribution and class of shares of the Company:

	Shares issued	Class of shares	Total amount
HIC	22,975,500	B	144,500,000
FONPER	22,972,500	A	144,481,132
Other shareholders	3,000	A	18,868
	45,951,000		289,000,000

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Dividends declared

In April 2021 and October 2021, the Company declared dividends for its shareholders of USD 105.0 million (in April 2020: USD 67.0 million). USD 23,287 (2020: USD 19,453) remain unpaid to other minority shareholders, related to dividends declared in 2021 and in previous periods. At December 31, 2021, the dividends declared per share is USD 2.29 – DOP 130.55 (2020: USD 1.46 – DOP 79.96).

Earnings per share

The determination of earnings per share is as follows:

	2021	2020
Net income	43,939,752	33,151,957
Number of shares	45,951,000	45,951,000
Net income per share for the year	0.96	0.72

At December 31, 2021 and 2020, the Company has no diluted shares or discontinued operations.

21. Revenue from Contracts with Customers

	2021	2020
Revenue from direct contracts	358,816,317	195,499,933
Revenue from sales in the spot market	52,473,638	109,952,859
	411,289,955	305,452,792

The timing of the revenue recognition from contracts with customers is as follows:

	2021	2020
Over time	407,087,382	305,322,384
At a point in time	4,202,573	130,408
	411,289,955	305,452,792

The composition of revenue from direct contracts is as follows:

	2021	2020
Energy sales	326,556,697	169,890,450
Capacity sales	25,210,530	22,902,372
Operation and maintenance services	1,840,364	1,357,234
Fuel storage service	1,155,354	1,061,813
Other	4,053,372	288,064
	358,816,317	195,499,933

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

At December 31, 2021, the Company has 31 PPAs with different entities, including distribution companies, isolated systems and UNR. The energy and capacity sales from direct contracts of approximately USD 351.8 million (2020: USD 192.8 million) correspond to the type of customers detailed below:

	2021	2020
Distributions companies and CDEEE	224,369,415	119,403,081
Isolated systems	65,164,350	39,302,636
UNR	62,233,461	34,508,276
Other	7,049,091	2,285,940
	358,816,317	195,499,933

The composition of revenue from sales in the spot market is as follows:[26]

	2021	2020
Energy sales	11,970,500	66,333,323
Capacity sales	40,503,138	43,619,536
	52,473,638	109,952,859

22. Cost of Fuel and Energy Purchases

	2021	2020
HSFO	86,225,314	62,364,556
Gas	80,142,271	40,418,240
Coal	17,580,260	12,189,197
LFO	9,772,305	4,969,761
Fuel costs	193,720,150	119,941,754
Energy and capacity purchases - spot market	17,135,629	5,073,154
Energy and capacity purchases - PPA	916,119	637,382
Energy and capacity purchases	18,051,748	5,710,536
Connection rights	11,309,799	11,918,021
	223,081,697	137,570,311

[26] The Company participates in the Dominican electricity spot market, as a seller or buyer. From the energy dispatched to the SENI, the portion that is not fully contracted results in a sale to the spot market; otherwise, when the sale contracts exceed the dispatched energy, this results in a purchase to the spot market. During 2021, the Company sold excess energy for 81.3 GWh (2020: 827.8 GWh).

Energy sales in the spot market include USD 1.6 million (2020: USD 2.3 million), which correspond to a compensation service fee charged by the Superintendence of Electricity ("SIE Compensation") and USD 4.0 million (2020: USD 6.5 million), which corresponds to the frequency regulation service.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

23. Operating and General Expenses

	Note	2021	2020
Maintenance expenses		21,291,031	17,060,503
Insurance		7,540,096	6,698,128
Chemicals and lubricants		2,701,612	2,926,936
Office operating costs		2,387,701	1,889,213
Fees to the Superintendence of Electricity and OCSENI[27]		2,273,805	1,737,633
Professional services		1,962,302	1,977,642
Security services		1,774,228	1,444,893
Research and development expenses		1,661,205	1,793,374
Technical services		1,474,799	809,795
Tax on assets	19	48,779	596,048
Low value and short term leases	13	43,381	37,074
Management fees	9	-	9,010,857
Other		2,183,283	2,389,853
		45,342,222	48,371,949

24. Personnel Expenses

	2021	2020
Employee benefits	17,415,607	16,995,621
Social charges	1,129,249	1,072,383
Severance benefits	(257,613)	15,512
Other expenses related to personnel	330,678	179,040
	18,617,921	18,262,556

<u>Mutual agreement policy</u>

The Company performed the best estimate of its obligation under the mutual agreement policy (Notes 4.14 and 17). The movement of this provision is as follows:

	Note	2021	2020
Balance at the beginning		557,655	503,206
Service cost		(257,613)	15,512
Interest cost		44,219	42,115
Foreign exchange rate effect		10,310	(47,219)
Actuarial loss		325,735	44,041
	17 & 28	680,306	557,655

[27] Contribution to regulatory entities of the Dominican electricity sector according to the requirements of Law 125-01- General Electricity, Law 57-07- Incentive for Development of Renewable Energy and their Special Regimes, and their regulations.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

25. Other Expenses, Net

	Note	2021	2020
Impairment of property, plant and equipment	12	99,436	535,913
Tax on checks and transfers		83,225	98,817
Obsolescence, impairment and adjustments of inventories	10	20,892	1,926
Disposals of property, plant and equipment		16,476	23,164
Impairment loss on financial assets	29	13,746	-
Sale of scrap metal		(44,531)	(15,711)
Gain on sale of property, plant and equipment		(43,684)	(1,015)
Lab analysis service		(33,367)	(68,556)
Land use		(18,000)	(18,000)
Other expenses (income), net		4,886	(18,284)
		99,079	538,254

26. Financial Income

	Note	2021	2020
Interest on trade receivables	8	3,974,044	2,705,431
Interest on certificates of deposit	7	255,799	2,509,891
Other financial income	7	112,938	251,839
		4,342,781	5,467,161

27. Financial Expenses

	Note	2021	2020
Interest on financial debt		26,353,656	27,305,129
Interest on trade payables due to local energy suppliers		4,971	18,425
Capitalized interest	12	(3,136,748)	(1,564,825)
Interest subject to capitalization, net		23,221,879	25,758,729
Early redemption costs	15	9,881,689	-
Interest on fuel purchases financing		1,506,206	1,578,118
Lease interest	13	430,589	1,064,825
Amortization of debt issuance costs[28]	15	559,668	87,628
Intangible interest		369,126	372,624
Interest related to decommissioning		62,568	69,587
Intangible useful life adjustments[19]		(679,970)	-
Other financial expenses		356,993	419,365
		35,708,748	29,350,876

[28] In 2021, the amortization of debt issuance costs includes USD 0.3 million corresponding to the accelerated amortization of the USD and DOP local bonds issuance costs, due to their early redemption (Note 15).

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

28. Financial Instruments

Derivative financial instruments

At December 31, 2021, the Company does not have derivative financial instruments subject to hedge accounting.

Fair value

The following table shows a comparison of the carrying amount and the fair value for the Company's financial instruments, excluding those when carrying amount approximates their fair value.

The fair value of these instruments was measured and classified at level 2 of the fair value hierarchy. The valuation is done using the annual average of the prices of the transactions executed by tranche, according to the lists of the secondary market operations published by the stock exchanges where these instruments were traded, or at its registered value for those that were not traded.

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial debt – international bond	300,000,000	303,994,296	-	-
Financial debt – local bonds	20,000,000	20,000,000	332,823,803	346,925,027
	320,000,000	323,994,296	332,823,803	346,925,027

Changes in liabilities derived from financing activities

	Movement type	Financial debt	Dividends	Lease liabilities	Total
At January 1, 2020		306,991,709	17,059	15,091,244	322,100,012
Additions-declarations	Non monetary	-	67,000,000	20,860	67,020,860
Amortizations	Non monetary	87,629	-	1,064,825	1,152,454
Foreign exchange differences	Non monetary	(16,405,432)	(5)	(162,545)	(16,567,982)
Cash inflows	Monetary	99,606,123	-	-	99,606,123
Cash outflows	Monetary	(57,877,005)	(66,997,601)	(908,408)[29]	(125,783,014)
At December 31, 2020		**332,403,024**	**19,453**	**15,105,976**	**347,528,453**
Additions-declarations	Non monetary	(441,972)	105,000,000	-	104,558,028
Amortizations	Non monetary	559,668	-	430,589	990,257
Foreign exchange differences	Non monetary	3,848,011	-	7,351	3,855,362
Other adjustments	Non monetary	-	-	(2,089,340)	(2,089,340)
Cash inflows	Monetary	350,000,000	-	-	350,000,000
Cash outflows	Monetary	(297,994,796)	(104,996,166)	(2,005,267)[29]	(404,996,229)
At December 31, 2021		**388,373,935**	**23,287**	**11,449,309**	**399,846,531**

[29] The consolidated statement of cash flows includes, in addition to these outflows, the short-term, low-value lease payment (Notes 13 and 23), and segregates lease cash outflows between principal and interest.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

Future commitments associated with financial liabilities

The table shows the financial commitments of the Company based on their undiscounted contractual cash flows and grouped according to their remaining contractual maturity:

Balances 2021	< 1 year	1 - 2 years	3 - 5 years	> 5 years	Total
Financial debt	76,333,333	1,333,333	4,000,000	313,333,334	395,000,000
Interest on financial debt	19,312,500	16,875,000	50,625,000	31,312,500	118,125,000
Accounts payable	109,878,331	-	-	-	109,878,331
Other liabilities	2,575,171	-	-	3,000	2,578,171
	208,099,335	18,208,333	54,625,000	344,648,834	625,581,502

Balances 2020	< 1 year	1 - 2 years	3 - 5 years	> 5 years	Total
Financial debt	75,000,000	-	100,000,000	157,823,803	332,823,803
Interest on financial debt	24,050,473	48,100,945	43,506,631	19,886,266	135,544,315
Accounts payable	94,245,825	-	-	-	94,245,825
Other liabilities	2,355,315	-	-	3,000	2,358,315
	195,651,613	48,100,945	143,506,631	177,713,069	564,972,258

29. Financial Risk Management

The Company has identified 11 main risks for the year ended December 31, 2021, which mitigation measures are aligned with the organization's strategy.

The key actions to manage risks included in the financial quadrant are detailed below.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Amounts expressed in United States dollars - USD)

Financial risk management

a) Exchange rate risk

As a result of the Company's operations in foreign currency, it is exposed to exchange rate risk when the values of its assets and liabilities are denominated in a foreign currency (different from functional); therefore, their periodic measurement depends on the foreign currency exchange rate in effect in the financial market, mainly the Dominican peso and the euro. The exchange rate risk consists of the recognition of foreign exchange differences in the Company's profit or loss, resulting from exchange rates variations between the functional currency and the respective foreign currency.

This risk depends on the net position in foreign currency. To reduce its exposure to the exchange rate risk, the Company makes debt offerings in the local stock market in Dominican pesos which offset the assets in this currency, mainly comprised of spot market trade receivables.

A summary of the monetary financial assets and liabilities denominated in foreign currency, included in various categories of the consolidated statements of financial position, is presented below:

	2021	2020
Denominated in Dominican pesos		
Monetary assets		
Cash and cash equivalents	3,489,787	4,723,396
Short term investment	243,468	-
Trade receivables and other	5,507,428	6,206,797
Income tax receivable	-	4,907,134
	9,240,683	15,837,327
Monetary liabilities		
Accounts payable	3,649,986	4,128,828
Income tax payable	3,283,933	-
Other current liabilities	1,869,552	1,616,414
Financial debt	-	157,823,801
Lease liabilities	1,289,462	1,310,365
	10,092,933	164,879,408
Excess of monetary liabilities	(852,250)	(149,042,081)

	2021	2020
Denominated in euros		
Monetary assets		
Cash and cash equivalents	243,999	83,114
Trade receivables and other	23,032	12,538
	267,031	95,652
Monetary liabilities		
Accounts payable	2,562,044	6,857,697
Excess of monetary liabilities	(2,295,013)	(6,762,045)

The following table[30] shows a sensitivity analysis of the effect on income before tax, presented in the consolidated statement of comprehensive income, derived from a reasonable variation in the exchange rate of the Dominican peso and the euro versus the United States dollar:

		Exchange rate variance	Effect on results
2021	DOP	+5 %	(40,583)
2021	DOP	-5 %	40,583
2020	DOP	+5 %	(7,100,122)
2020	DOP	-5 %	7,100,122
2021	€	+5 %	(109,286)
2021	€	-5 %	109,286
2020	€	+5 %	(322,002)
2020	€	-5 %	322,002

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument could fluctuate as a result of variations in market interest rates. The Company's exposure to this risk is basically related to long term obligations with variable interest rates.

The Company maintains a limited exposure to the risk of variable interest rates, in the use of current credit lines, which can periodically review their price, according to market conditions. Also trade receivables past due accounts accrue interest at market active rates or higher, thus covering the cost of their financing.

At December 31, 2021, the Company's non current debt and its current portion is agreed at fixed rates, thus the Company is not exposed to this risk (Note 15).

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to fulfill its financial obligations. To mitigate this risk, the Company monitors its liquidity needs so that it has enough cash in banks and short term investments to fulfill its operational requirements, and also maintains the availability of credit lines with local and international banks to be used if their need it.

In order to mitigate the liquidity risk associated with the credit risk assumed through trade receivables, the Company performed the following activities:

[30] The positive exchange rate variation (+ 5%) indicates devaluation and the negative (-5%) indicates an appreciation of the foreign currency against the US dollar. The effect on results is presented according to the excess of monetary liabilities: negative balances represent estimated exchange gains; and positive balances, estimated exchange losses.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

- Second quarter of 2021: USD 30.0 million were repaid at maturity and funds obtained from credit lines for the same amount. At December 31, 2021, financial debt related to short term credit lines amounts to USD 75.0 million.
- Second quarter of 2020: funds obtained from credit lines for USD 100.0 million, of which USD 25.0 million were repaid at maturity. At December 31, 2020, financial debt related to short term credit lines amounts to USD 75.0 million.

At December 31, 2021 based on the evaluation of the future cash flows of its operations and the expected credit losses, the Company expects to meet the commitments of its financial instruments (Note28) until the date of their contractual maturity.

d) Credit risk

Credit risk is the risk that one of the counterparts does not comply with the obligations derived from a financial instrument or sale-purchase contract, and this translates into an economic loss. The credit risk arises mainly from cash and cash equivalents, and trade receivable.

The financial assets that potentially expose the Company to credit risk concentration consist primarily of accounts receivable from energy and capacity dispatched through the SENI to the government distribution companies and CDEEE (main buyers). Although these accounts show delay in their current payments, the Company has had no history of uncollectability with those companies. Additionally, the Company has PPAs with important industrial customers in the country, which maintain their accounts payable up to date.

Regarding the risks of cash and cash equivalents, the Company's maximum exposure from a non-compliance by a counterpart would be the carrying value of these assets. The credit quality of financial assets is assessed based on equity levels and the credit rating given by credit agencies to the institutions where these financial assets are located.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

The credit quality of the financial assets that have not matured and that have not suffered impairment losses can be assessed in relation to the credit rating ("rating") granted by external entities, as follows:

	2021	2020
Cash in banks		
Local credit rating - Fitch/Feller		
AAA	-	616
AA+	42,803,807	91,257,429
AA-	563	-
A+	792	684
A	2,079	-
A-	265	2,066
BBB+	-	236
B-	1,278,547	-
	44,086,053	91,261,031
International credit rating – Fitch		
AAA	-	5,010
AA	5,016	-
A+	16,212,157	20,334,036
BB	-	441
	16,217,173	20,339,487
Cash on hand	17,688	16,686
	60,320,914	111,617,204

The Company performed an impairment analysis for its trade receivables and other at the end of 2021 and 2020, using a provision matrix which measures the expected credit losses and evaluates other objective impairment condition. The Company estimates that the trade receivables and other credit risk concentration for all its business models is low based on its historical collectability and recognized an impairment credit loss expense in 2021 of USD 13,746 (2020: no impairment credit loss expense was recognized). The revenue from spot market transactions with a private distribution company in the process of financial restructuring and legally claimed, for which an impairment credit loss expense was recognized in 2019, were not recognized during 2021 and 2020 due to their recoverability assessment.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

The expected credit loss matrix is presented below; the gross balances have been grouped based on the default presumption per financial instruments' business model:

		In default			
December 31, 2021	In compliance	+ 90 days		+ 365 days[31]	Total
Expected credit loss rate	0 %	0 %	0 %	100 %	
Customer in restructuring and legally claimed	-	-	-	199,599	199,599
Business model - Level 2	104,561,007	-	7,011,540	-	111,572,547
Business model - Level 3	15,625,304	-	-	-	15,625,304
Business model - Level 4	3,871,506	-	-	-	3,871,506
Gross balance - trade receivables and other	124,057,817	-	7,011,540	199,599	131,268,956
Expected credit losses allowance	-	-	-	199,599	199,599

		In default			
December 31, 2020	In compliance	+ 90 days		+ 365 days	Total
Expected credit loss rate	0 %	0 %	0 %	100 %	
Customer in restructuring and legally claimed	-	-	-	185,853	185,853
Business model - Level 2	69,498,262	-	37,825	-	69,536,087
Business model - Level 3	5,992,014	39,114	-	-	6,031,128
Business model - Level 4	2,932,203	23	-	-	2,932,226
Gross balance - trade receivables and other	78,422,479	39,137	37,825	185,853	78,685,294
Expected credit losses allowance	-	-	-	185,853	185,853

	Note	2021	2020
Allowance at the beginning of the year		185,853	185,853
Impairment loss recognized in profit or loss	25	13,746	-
Expected credit losses allowance	8	199,599	185,853

e) Fuel price risk

The Company is exposed to the risk resulting from the fluctuation of international fuel prices. Since the Dominican Republic is not a fuel producer, the Company purchases natural gas and fuel oil for energy generation from local and international suppliers at prices based on international indexes plus a transportation charge and other associated charges. In general, the natural gas cost is determined by reference to the index published by Nymex Henry Hub, and the index published by Platts for the fuel oil. Both indices are used in the indexation formulas in the power sale-purchase agreements. Additionally, the energy prices declared for spot

[31] Invoices due more than 365 days in the business model – level 2 are part of the arbitration case described in the Note 18.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

market transactions include the fluctuations of fuel prices. As a result, the Company has a natural hedge against these fluctuations.

The Company is also exposed to the risk resulting from changes in the cost of coal. Currently, it acquires the coal necessary for the operation of the Barahona power plant from the best market offer. The variable cost of this plant has historically been cheaper than the marginal price of the system.

30. Other Relevant Facts

30.1. Impact of COVID-19

The World Health Organization declared the coronavirus disease "COVID-19" as a pandemic on March 11, 2020; therefore, the Company activated its crisis response plan. Measures designed to safeguard personnel and guarantee the continuity of operations were put in place, including financial, commercial, legal and supply safeguarding.

The preventive plan implemented by the Company in the face of this health challenge has been successful. No significant risks related to COVID-19 have been materialized that could impact the Company's consolidated financial position, comprehensive income, changes in equity and cash flows at December 31, 2021. Although it is not possible to estimate with certainty the future impacts of COVID-19, the estimates evaluated up to the date of issuance of these consolidated financial statements indicate that there is no objective evidence that could affect the Company's presumption of going concern.

31. Subsequent Events

The Company has evaluated subsequent events until March 31, 2022, the date of issuance of these consolidated financial statements, and there are no significant subsequent events requiring disclosure, except those described as follows:

31.1. Ukraine-Russia Conflict

Given the armed conflict that began on February 24, 2022 between Ukraine and Russia, and the impact that the increasing international sanctions have had on the Russian economy, the Company is closely monitoring this geopolitical event to execute mitigating actions on any measurable impact that results from it (primarily those that affect our supply chain).

Although the primary sources of the fuels used by EGE Haina are mainly outside the conflict area, the Company has met with suppliers to ensure short-term supply and the maintenance of optimal inventory levels that ensure the continuity of operations. It is also important to note that, regardless of the recent event, the Company recurrently manages this risk and has effective coverage as described in Note 29-e).

The diversification of our energy sources through the development of 1,000 MW of non-conventional renewable energy by 2030, and the commitment to generate electricity for the

Empresa Generadora de Electricidad Haina, S. A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021
(Amounts expressed in United States dollars - USD)

Dominican Republic in a competitive and sustainable manner, continue to be the primary axes of our strategy and mission as a company.

Since the conflict is currently unfolding and because it is considered an on-going event, we have not identified conditions that could determine if at the date of these financial statements there is a possible economic impact affecting the Company as a going-concern or that could affect the judgments and estimates described in Note 6.

31.2. Subsidiary Debt Issuance

On February 22, 2022, the Larimar 1 Trust executed the second tranche of the issuance program under the SIVFOP-008 registry, for an amount of USD 40.0 million. These bonds will accrue interest semi-annually at a rate of 5.05 % and their principal will be repaid on an annual basis.

The funds obtained from this issuance will be used by the Company, as settlor, according to the Green Bond Principles guideline under which it was structured (Note 15.2).

10 About this Report

GRI REPORT PRODUCTION

This is the third Sustainability Report prepared by EGE Haina in accordance with the Essential Standards option of the Global Reporting Initiative (GRI) and it covers the 2021 period.

The company's reporting cycle is annual. In 2021, the second Report prepared under the GRI methodology was published, corresponding to the company work during the year 2020.

For the 2019 Report, the definition of materiality was carried out with the active collaboration of the stakeholders, based on the evaluation of the economic, social and environmental impact of each one of them and taking into consideration both internal and external factors.

For the second Report, a process of assessment of each of the material issues was carried out from the perspective of the business strategy and the expectations of the stakeholders. As a result, the commitment to society and the communities close to the company's operations was added as a material theme.

For this third Report, a new assessment process was carried out and the same seven material topics reported during the previous year were maintained.

EGE Haina is working on the management of all identified issues.

To define the relevant contents for this volume, the GRI Standards were used for the preparation of sustainability reports. These standards defined the steps to determine the aspects and topics to be included, as well as the principles for establishing and presenting the contents.

For the present report, there is no restatement of the information contained with respect to the previous report and its coverage. For comments, suggestions or inquiries regarding this document or its contents, please contact: sostenibilidad@egehaina.com.

GRI Standard	Content	Page Number or URL	Omission
GRI 101: 2016 Fundamentals			
General Content			
GRI 102: 2016 General Content			
1. ORGANIZATON PROFILE			
102-1	Organization name	24	
102-2	Events, brands, products and services	24, 25	
102-3	Headquarters location	25	
102-4	Operations location	28, 29	
102-5	Ownership and legal form	26, 27	
102-6	Markets serviced	101-103	
102-7	Size of the organization	28, 29, 101-103, 122, 123, 162, 163	
102-8	Information about employees and other workers	122, 123	
102-9	Supply chain	99, 100	
102-10	Significant changes in the organization and its supply chain		No significant changes were reported on the organization and its supply chain during the period covered by this report.
102-11	Precautionary principle or approach	106-109	
102-12	External initiatives	66-69	
102-13	Memberships in associations	70	
2. STRATEGY			
102-14	Statement of senior executives responsible for decision-making	6-9	
3. ETHICS & INTEGRITY			
102-16	Values, principles, standards and norms of conduct	10, 11, 24, 25	
4. GOVERNANCE			
102-18	Governance structure	10-21	
5. STAKEHOLDERS PARTICIPATION			
102-40	List of stakeholders		
102-41	Collective bargaining agreements		To date, no collective bargaining agreements have been signed.
102-42	Stakeholder identification and selection	61-65	
102-43	Focus on stakeholder engagement	61-65	

GRI Standard	Content	Page Number or URL	Omission
102-44	Key issues and concerns mentioned	61-65	
6. REPORTING PRACTICES			
102-45	Entities included in the consolidated financial statements	163	
102-46	Definition of the report's contents and the coverage of the topic	228	
102-47	List of material topics	58	
102-48	Restatement of information		No restatement of information during this reporting period.
102-49	Changes in reporting		No changes reported while producing this Report.
102-50	Reporting period	228	
102-51	Date of last report	228	
102-52	Reporting cycle	228	
102-53	Point of contact for questions about the report	228	
102-54	Declaration of report preparation in accordance with the GRI standards	228	
102-55	GRI Table of contents	228-233	
102-56	External verification		No external verification was performed for the reported period.

Material Topics			
Sustainable Economic Performance			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	158-165	
103-2	The management approach and its components	158-165	
103-3	Evaluation of the management approach	158-165	
GRI 201: 2016 Economic Performance			
201-1	Direct economic value generated and distributed	158	
201-2	Financial implications and other risks and opportunities arising from climate change	150-155	
Good corporate governance and ethics			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	10-21	
103-2	Management approach and its components	10-21	
103-3	Evaluation of the management approach	10-21	
Operational Excellence			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	84-90	
103-2	Management approach and its components	84-90	
103-3	Evaluation of the management approach	84-90	
Environmental Commitment and Management			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	106-117	
103-2	Management approach and its components	106-117	

GRI Standard	Content	Page Number or URL	Omission
103-3	Evaluation of the management approach	106-117	
GRI 307: 2016 Environmental Compliance			
307-1	Non-compliance of environmental regulations and legislation	108, 109	
Renewable Energy Focus			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	54-57	
103-2	Management approach and its components	54-57	
103-3	Evaluation of the management approach	54-57	
GRI 305: 2016 Emissions			
305-1	Direct GHG emissions (scope 1)	110-113	
305-5	Reduction of GHG emissions	110-113	
Commitment to our communities and society			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	132-147	
103-2	Management approach and its components	132-147	
103-3	Evaluation of the management approach	132-147	
GRI 413: 2016 Local Communities			
413-1	Operations involved with the local communities, impact evaluations and development programs	132-147	
Commitment to Our People			
GRI 103: 2016 Management Approach			
103-1	Explanation of the material topic and its coverage	120-129	
103-2	Management approach and its components	120-129	
103-3	Evaluation of the management approach	120-129	
GRI 403: 2018 Occupational Health and Safety			
403-1	Occupational health and safety system	91	
403-2	Identifying the risks, risk evaluation and incident investigation	92, 93	
403-3	Health services at work	95, 96	
403-4	Employee participation, consultation and communication on occupational health & safety	95, 96	
403-5	Employee training regarding occupational health & safety	94, 95	
403-6	Employees health promotion	95, 96	
403-7	Prevention and mitigation of impacts on the health and safety of workers directly linked to business relationships	92	
403-8	Coverage of the occupational health and safety management system	95, 96	
403-9	Work-related injuries	92	

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