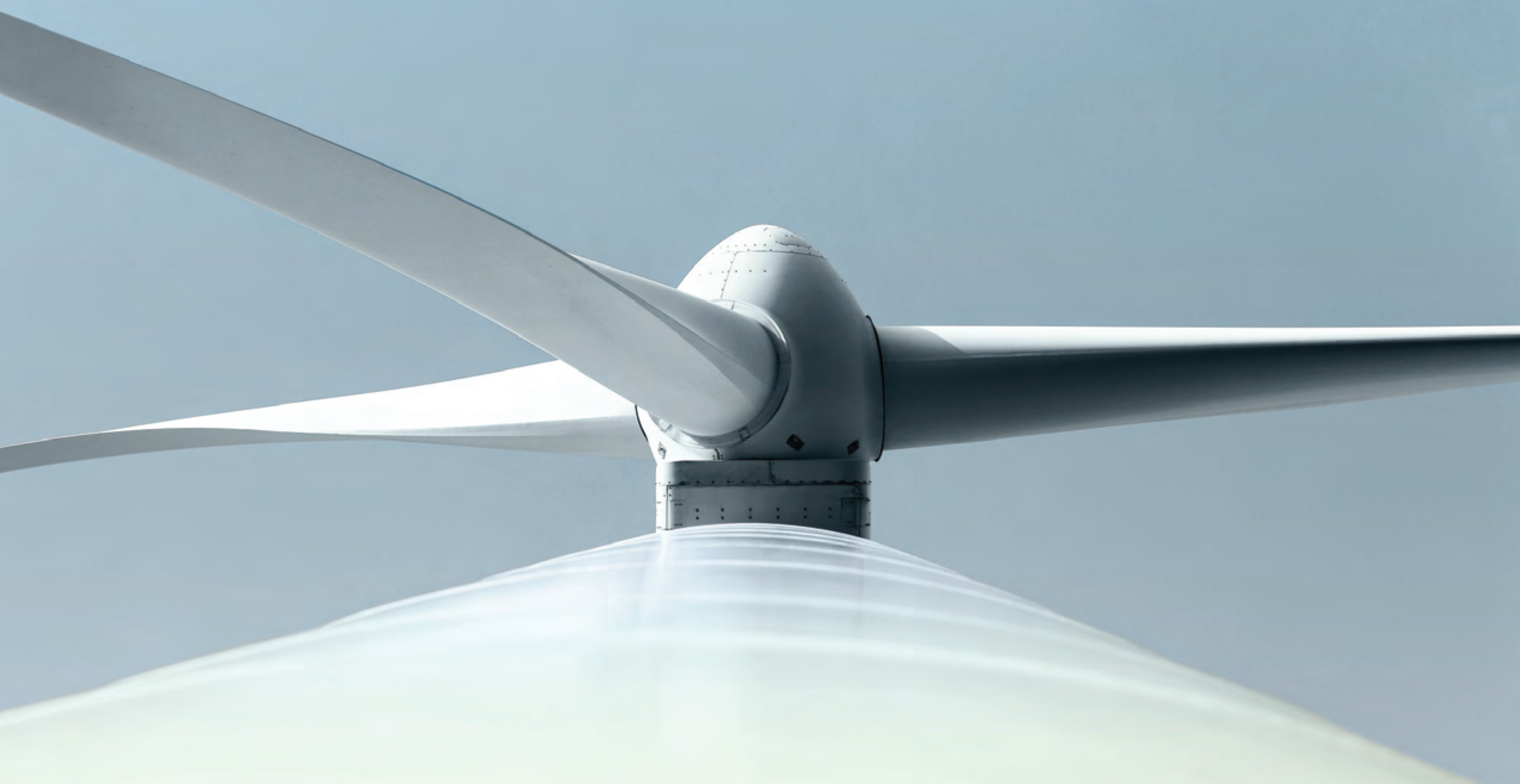
SUSTAINABILITY REPORT 2019



EGE HAINA

ENERGÍA SOSTENIBLE

SUSTAINABILITY REPORT 2019

EGE HAINA
ENERGÍA SOSTENIBLE

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STRATEGIC LEADERSHIP

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Producing energy sustainably is our purpose and guiding light

MESSAGE FROM OUR GENERAL MANAGER

For this edition, our annual report is therefore a two-fold special occasion. First, because in 2019, the company celebrated its 20th anniversary, and this milestone calls upon us to take stock of its accomplishments during this first score trajectory. Secondly, because it is the first time we report as per GRI Standards, adopting the best practices to inform the financial, environmental, and social impact of the company and its contributions to sustainable development.

Our first 20 years

In October 2019, EGE Haina celebrated its 20th anniversary; its foundation is the result of the capitalization of state-owned energy generation companies, hence setting forth a new mixed, public-private model, which has proven to be successful, as the information below indicates:

In 1999, the company was valued at USD$ 290 million, whereas currently, its assets have reached USD$ 1,000 million due to the myriad energy generation investment capital deployment.

In addition to its many significant investments in energy production, EGE Haina has paid the State a total USD$ 880 million in taxes and dividends, likewise contributing to its efficient and constant production to supplying energy nationwide.

Amid its first operational decade, asides triplicating its setup power capacity, the company increased its availability from 60 % to 89 %, reduced the unavailable output from 9 % to 2.7 % and increased efficiency by 50 %.

In its second decade, aside from increasing its output by almost 40 %, it was done in a sustainable manner. Proof thereof is the reduction of its CO2 emissions per kilowatt hour produced by 50 %, an accomplishment that comes hand-in-hand with its national and Caribbean leadership position in non-conventional renewable energy, which is already at 25 % of the in-house setup capacity.

We can regard this as proof, that in the two decades since its inception, the company grew, became reliable and efficient, and diversified its matrix by aiming it towards sustainability. All the above was achieved through an investment of USD$ 960 million in power stations, and with the committed effort of a competent team, that grows as the company grows.

2019

2019, as you can appreciate herein, was a remarkably productive year. Net generation totaled at 3,511.38 GWh, with a consolidated availability of 96.8 %, while we performed 11 high-level maintenance services to the fleet of Internal Combustion Engines (ICE). Haina TurboGas registered 121 startups to supply all urgent needs by the National Energy Grid (SENI) and developed a mechanical system which prevents the entry of gulfweed to the capacitor in the Barahona plant.

In terms of trade agreements, it was a momentous year. 16 energy purchase contracts were formalized which contribute to the EGE Haina Strategic Execution Plan, in all matters concerning renewable energy production, the incorporation of natural gas to the EGE Haina energy matrix and the long-term optimization of our assets. When looking ahead, we are pleased to inform that our energy is contracted by 100 %, hence granting the company stability and the certainty of cashflow to focus on our growth strategy. Another milestone worth mentioning is that both phases of the Los Cocos Wind Farm have become the first national power station to obtain Carbon Credits, an international mechanism that promotes the reduction of polluting emissions – the main cause of global warming- to the environment.

With regards to the wellbeing of our People, since last year, we have been solidifying our institutional culture by way of a human rights, inclusion and diversity management system, which aims, among other key matters, to ensuring equality to men and women throughout the organization, and providing equal opportunity to persons with disabilities.

2020

The unforeseen COVID-19 pandemic, which represents a global challenge in all matters regarding health, the economy, and other key aspects of life, caused for the company to rethink its efforts. The preventive plan designed by EGE Haina before this health crisis was successfully rolled-out. Our energy production never stopped; operational, maintenance and administrative duties continued running smoothly, while prioritizing on the safety, health and well-being of our team and stakeholder groups. Likewise, the company showed its solidarity to the neighboring communities and vulnerable groups before the COVID-19 pandemic. These collaborative efforts focused mainly on hospital donations, support to 25 communities located in the vicinity of our facilities, and our endorsement to the Medical Assistance Program of Casa de Ayuda.Do and Quiéreme como Soy.

The unexpected appearance of COVID-19 in the governance agenda has not impeded the progress of our strategic plan. Two important works began this year; one of them is the adaptation of the Quisqueya 2 Power Plant, set now to operate with natural gas, which -alongside other power stations located in San Pedro de Macorís- will reduce by 60 % the environmental footprint caused by these mainlines, while contributing to reducing energy prices in the Spot market, hence translating into an estimated savings to the system by USD$ 1,000 million over the course of the next ten years.

The other project we set forth in 2020 is the construction of the Girasol Solar Park, located in Yaguate, San Cristóbal. Featuring a 120 MW setup capacity, it will be the biggest photovoltaic power station in the Caribbean. Likewise, it will be first in-country mainline to use sun-trackers, hence the name of the project. This is unquestionably a firm step forward towards accomplishing our goal of developing 1,000 MW of renewable energy by 2030.

Future

As you can see, 2019 was the successful culmination of two decades of fruitful history, and from where we stand, the future looks even more promising.

It is estimated that the demand for electricity in the Dominican will double by 2040, and EGE Haina is more than willing to play a protagonist role in that energy supply. Our growth plan for 1,400 MW of renewable and natural gas energy will require investments surpassing the sum of USD$ 1,000 million. Therefore, we will also deploy a financial strategy that will pave the way to rolling out those new projects. We will explore competitive and innovative sources of financing and capital, through the securities market as well as trusts, which will be open to those wishing to join us and partake in our expansion plan.

Our vision of becoming the regional leader in sustainable energy development and management, expresses the future we envision, working tirelessly every day, towards achieving it with drive and determination.

Luis Mejía Brache
General Manager

BOARD OF DIRECTORS

2019 Annual Ordinary General Assembly

The EGE Haina Administrative Governance is headed by a Board of Directors, composed of at least five (5) members: The Chairman, a Vice-president, a Secretary and two Members.

The Board Members, except for the Secretary, are appointed by HIC. The Secretary is appointed by FONPER.

The Board of Directors is elected yearly by the Ordinary General Assembly. Members of the Board need not necessarily be shareholders, however, said Members may be representatives of State-Entities or lawfully established companies.

The Board Members can be reelected more than once and will remain in office until their replacements are elected and have taken office.

Rafael Vélez
Chairman

Leonel Melo
Vicepresident

Carlos Hernández
Secretary

Manuel Jiménez
Member

José Aquino
Member

The EGE Haina Board of Directors approved in the 2020 Annual Ordinary General Assembly the appointment of: Leonel Melo, Chairman; Rafael Vélez, Vicepresident; Manuel Jiménez, Member; José Manuel Ortega, Member; and Carlos Hernández De Moya, Secretary

EXECUTIVE COMMITTEE

Effective as of April 16th 2020

Luis Mejía Brache
General Manager

Milcíades Melo
Senior Director
Equity Security

Gilda Pastoriza
Senior Director
Talent Management

Maribel Álvarez
Senior Director
Administration & Systems

Esteban Beltré
Senior Director
Operations

José Rodríguez
Senior Director
Development

Guillermo Sicard
Senior Director
Legal and Government Affairs

Mario Chávez
Senior Director
Comercial & Regulatory Affairs

Antonia Durán
Senior Director
Operational Risk & Quality

Ginny Taulé
Senior Director
Communications & CSR Sustainability

Rodrigo Varillas
Senior Director
Finance

CORPORATE GOVERNANCE BEST PRACTICES

The decisions impacting the entirety of EGE Haina stakeholders, among them: staff members, shareholders, financial institutions, government organizations and the community, are based on policies and good Corporate Governance practices. By deploying said practices, the yield and decisions of the company are done in a responsible and transparent fashion.

The company features a Code of Ethics, which establishes the behavior guidelines to be abided by all EGE Haina employees (regardless of their company role), as well as consultants, contractors, and partner companies. This code serves the purpose of guiding all decision-making processes and supporting all employees during their performance, hence always maintaining a behavior pattern which reflects excellence and accountability, based on all conduct guidelines deemed acceptable in the workplace.

The company features a communications pipeline, available on a continuous basis, 365 days of the year so that any person, group or spokesperson, can file a grievance through the whistleblowing line if they consider they have been affected by an administrative decision, by the actions of any of the company executives, operational, trade, or any other activity.

Grievances can be received confidentially via Email, telephone or the website messages of a third-party provider contracted for said purposes, and/or on-site. The EGE Haina Code of Ethics and information on reporting channels are posted on our website: www.egehaina.com.

The internal committees, the Board of Directors and General Shareholders Assembly are all active organs, responsible for the constant decision-making. In 2019, twelve (12) Board Meetings were hosted as well as the Annual Shareholders General Assembly.

Likewise, all relevant results during said term were notified to the Securities Superintendence (SIV) and through the EGEHaina website. In addition, EGE Haina drafted and presented the SIV with its Good Corporate Governance Report of 2019.

> The Code of Ethics establishes all conduct guidelines that must be abided by all personnel

EGE Haina is duly compliant with all regulations and norms applicable to its operations and incorporation as a Limited Liability Company, an entity listed in the Dominican Republic Stock Exchange and as an agent of the Dominican Republic's electrical sub-sector. By way of example yet not limited to, the EGE Haina agenda is done fully compliant to the following norms and regulations: The Uniform Act on Commercial Companies and Individual Companies of Limited Liability; Law on the Securities Market; Regulation for the Application of the Stock Market Law; General Law on Electricity; Regulation for the Application of the General Law on Electricity; Law on Incentives for the Development of Renewable Energy Sources and Special Regimes; Regulation for the Application of the Law on Incentives for the Development of Renewable Energy Sources and Special Regimes; and the General Law on the Environment and Natural Resources of the Dominican Republic

On the other hand, per the best practices in the administration, management, and oversight of companies worldwide, EGE Haina possesses the structures for the administrative oversight of the company. Among the main structures are:

Board of Directors

Body authorized by the General Shareholders Assembly, whose purpose is the management and administration of EGE Haina during the term amid which the General Assembly is not deliberating to resolve any matter nor perform any act, except for the exclusive powers of the General Assembly.

General Management

Position authorized and established by the Articles of Association whose functions are determined by the Board of Directors.

The General Management is responsible for leading and overseeing all the activities of the company in fulfilling its social objective, based on the internal rules and guidelines in application of the laws that regulate the business. The company's management reports to the General Management and operates based on strategies, plans and budgets that have been clearly defined and authorized by the Board of Directors.

Executive Committee

Administrative group presided by the General Manager and integrated, in addition, by its direct reports, which lead all areas of the company. This Committee analyzes, reviews, and controls all relevant issues in the company per the established goals and objectives.

Strategic Committee

Group comprised of the General Management and all its direct reports, its purpose is to present the progress of research and development of projects and activities related to the Corporate Strategic Plan. Generally, these meetings are of an informative nature, at the same time as development objectives are defined.

Bids Committee

A group composed of personnel from various areas, who are responsible for controlling and supervising all the tender bids carried out in the company, in order to ensure an adequate contracting of goods and services in accordance with the standards required by the company, seeking integrity and transparency in all negotiations. This Committee is made aware of the bids for services and goods for amounts greater than USD$ 50,000.

Procurement & Purchasing Committee

Group responsible for analyzing all disbursement requirements surpassing the amount of USD$ 10,000 to therefore ensure its approval. Likewise, this Committee approves the rollout of all tender bid processes for the procurement of goods and services entailing values equal or greater than USD$ 50,000.

Audit Committee

The Audit Committee assists the EGE Haina Board of Directors and provides audit support for all of the company's reports and financial statements, as well as procedures, ensuring the integrity and due compliance of all legal and regulatory requirements, supervision and control over the performance of all in-house and external auditors, monitoring over the internal control systems, the company's risk management platform, and compliance-related activities. In 2019, this Committee was composed by Carlos Barreto, as Chairman, and Ivelisse Ortiz, José M. Taveras and Alfredo Cruz Polanco, as members.

External Audit

The 2019 external audit of the company was conducted by Ernst & Young (EY). In their report, the firm expresses a favorable but unqualified opinion, indicating that the consolidated financial statements accurately presented the company's financial position, including the consolidated operating results and cash flows for the fiscal year ended December 31, 2019 (FY 2019), in accordance with International Financial Reporting Standards.

Internal Audit

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

Crisis Committee

The main role of the Crisis Committee is to give response before lost-time incidents (LTIs) and/or force majeure events, which require the allocation of special resources or strategic decision-making to safeguard the integrity of the personnel and ensure operational continuity. The Committee is composed the following positions: General Management, the Directors for Finance, Operations, Trade & Regulatory Affairs, Communications & CSR, Talent management, Administration & Systems, Equity Security, and Risk & Quality. The committee is headed by the Manager for Health, Safety and Environment (HSE)

Donations & Sponsorship Committee

Group composed of representatives from seven (7) areas of the company, whose mission is to assess all donation and sponsorship requests, for their further approval or refusal, in accordance with the EGE Haina Social Responsibility Policy. This committee documents all response and course for said requests. Likewise, it ensures the efficient and strategic execution of the annual budget allocated for said purposes.

Compliance Committee

It is the body that monitors, analyzes, and makes decisions relevant to the ethical behavior of company personnel. This Committee meets whenever necessary to deal with an infringement, determining the sanctions and imposing them upon the offenders. It also meets when deemed necessary to evaluate standards or rules, and duly suggest modifications or staff training, when appropriate. The Committee makes decisions in accordance with the provisions of the EGE Haina Code of Ethics.

Human Rights, Diversity & Inclusion Committee

This is the body that reviews and approves internal policies and actions on non-discrimination and inclusion in the workplace, equal opportunities, sexual harassment, and gender-based or domestic violence, among other issues addressed by the Human Rights, Inclusion and Diversity Policy. The Committee makes its decisions based on the provisions of the Code of Ethics and the above-mentioned policy.

The following Committees were created during the first quarter of 2020:

Information Technology Committee

This is an advisory committee, responsible for assessing and promoting the best practices in all matters regarding technology and innovation. The aim of the Committee is to review and monitor the technology strategy and significant technology investments, which support the global and strategic needs of the business.

> In line with the corporate best practices, EGE Haina features an administrative control structure

Sustainability Committee

Responsible for defining the sustainability policies and their adoption into the Corporate Strategic Plan, as well as the allocation of resources and efforts for its further implementation.

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OUR COMPANY

We are an electrical energy generation company, operating in favor of the development and sustainability of the energy sector of the Dominican Republic

EGE HAINA IN ESSENCE

CORPORATE PHILOSOPHY

We are an electrical generation company, operating in favor of the development and sustainability of the energy sector of the Dominican Republic.

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

Our Vision: To become the regional leader in sustainable energy production and management.

Values:
- Results-oriented performance
- Operational Excellence
- Social Responsibility
- The wellbeing of our People
- Integrity
- Drive

A COMPANY THAT IS 100% DOMINICAN

- EGE Haina is the successful partnership between the State and Private Sector
- It was founded by the Law on Public Enterprise Reform of October 28th, 1999. In 2019, EGE Haina celebrates its first 20 years.
- It is the main in-country mixed public-private model company (50% State- 50% Private) in assets, investment, and contribution to the State, with a net worth of USD$ 1 Billion in assets.
- 100 % Dominican investment capital
- Of every 100 pesos generated in utilities, RD 75 are paid to the State under concept of Taxes and Dividends.
- In twenty years since its inception in 1999 until 2019, EGE Haina has paid the State a total USD$ 880 M in taxes and dividends

INVESTMENT & FINANCING

- EGE Haina has invested USD$ 960 million in power generation mainlines.
- From 2010-2018 it contributed with 410mMW to the National Energy Grid (SENI), featuring an investment of USD$ 725 million.
- EGE Haina is the main corporate bonds issuer in the domestic capital market. Since 2009, it has successfully allocated USD$ 480 million.
- The company features the following credit ratings: A+ Stable by Feller Rate and AA-(dom) stable outlook by Fitch Ratings.

EXCELENCIA EN LAS OPERACIONES
OPERATIONAL EXCELLENCE

- Operational capacity of 970.5 MW produced by ten (10) (7 company-owned and 3 third-party) power generation mainlines
- Its diversified matrix includes natural gas, HFO, wind, sun, and coal-based energy
- The company features 98 energy generation units distributed among the provinces of San Pedro de Macorís, San Cristóbal, Barahona and Pedernales.
- Over the course of 2019, EGE Haina supplied 17 % of the consumed energy of the National Energy Grid (SENI) and used contractual agreements to supply 17 % of the energy for consumption by non-regulated users.

The company also delivered -through a long-term agreement- part of the energy required by the Consorcio Energético Punta Cana- Macao for its concession area. It also produced the total energy consumed by the isolated power grid of Pedernales

LEADER IN WIND ENERGY PRODUCTION IN THE NATIONAL AND CARIBBEAN MARKET

- EGE Haina is pioneer and national leader in wind energy production in the power sector of the Dominican Republic
- Featuring an installed capacity for wind energy production of 175 MW. The first wind farm became operational in 2011.
- The Los Cocos and Larimar wind farms have turned the Dominican Republic into the greatest wind energy producer of the Caribbean, with an estimated annual output of 600,000 MWh
- The Los Cocos Wind farm features an installed capacity of 77.2 MW with 40 wind turbines.
- The Larimar Wind Farm features an installed capacity of 97.8 MW with 29 wind turbines.
- Altogether, these wind farms help prevent the emissions into the atmosphere of some 300,000 tons of CO2, as well as the import of 1,000,000 barrels of crude oil.

GROWTH STRATEGY

- Develop 1,000MW of non-conventional renewable energy (wind, and solar photovoltaic) by 2030.
- Optimize some existing assets, converting them to natural gas.
- Produce 400 MW of natural gas-based power by 2030

CAPACITY & COMMITMENT

- As of December 31st, 2019, the company featured 512 employees (499 permanent employees and 13 temps). 73.9 % have been working in the company for 5 years or longer.
- It is one of the best companies to work for in the Dominican Republic and the Caribbean, per the firm Great Place to Work (GPTW). Satisfaction Index: 92.65 %
- Positioned as #1 in the "Most Admired Power Companies" of the local energy sector, per the 2019 ranking by Mercado Magazine, survey conducted by the Reid Research & Consulting Firm.

SOCIAL RESPONSIBILITY

- In 2009-2019 alone, EGE Haina has invested around USD$ 10 million in projects benefiting 20 neighboring communities, located nearby the power generation mainlines in the provinces of San Pedro de Macorís, Barahona, Pedernales and San Cristóbal.
- Our social management plan has favored thousands of people through:

  Community Infrastructure. Development and improvement of fire stations, roads, and sidewalks, educational, sports, recreational, cultural, and medical centers.

  Education. Collaborative efforts alongside 18 schools via training workshops, equipment donation, school supplies, internet service, celebrations, and student recognition ceremonies.

  Revenue Streams. Supporting technical education and the empowerment of productive guilds.

  Health. Sponsorship of medical assistance missions, water sanitation projects, and community clean-ups. Donation of medical equipment supplies and medication.

  Sports. Rural electrification of sports facilities, and donation of scoreboards, uniforms, supplies and tournament sponsorship.

  Environment. Coordination of Reforestation and Beach Cleaning Day and developing environmental awareness outreach programs.

TWO DECADES OF HISTORY

The Empresa Generadora de Electricidad Haina, S.A (EGE Haina) is a power generation company, founded on August 17th, 1999, and incorporated under the laws of the Dominican Republic on October 28th, 1999, as part of the capitalization of the national electric sub-sector, resulting from the Law on Public Enterprise Reform No. 141-97, of June 14th 1997.

1999
Founding of EGE Haina

The Law on Public Enterprise Reform provided that all organizations previously controlled by the State should be restructured to hence allow investments by private enterprises. Haina Investment Company, Ltd. ("HIC"), a private investor, submitted the winning bid for USD$ 144.5 million, during public international bidding process for the capitalization of EGE Haina, and thus purchased 50% of its total shares, termed "Class B Shares". On their behalf, on the same date, the Dominican Corporation of State Electricity Companies (*known by its official name in Spanish: Corporación Dominicana de Electricidad- CDE, currently known as Corporación Dominicana de Empresas Eléctricas Estatales CDEEE), in accordance to the processed set forth by Law No. 141-97, issued contributions in kind for the incorporation of the company, consisting of: land lots, power generation units, equipment and furniture, among others, and hence maintained 49.993% of the company shares, called "Class A Shares".

Thereupon, said shares were transferred to the Reformed Enterprise Equity Fund (*in Spanish: Fondo Patrimonial de las Empresas Reformadas- FONPER), representing the State as shareholder in EGE HAINA. The remaining 0.007% of the EGE Haina shares are held by former employees of the CDE and are known as "Class A Shares". After the capitalization, EGE Haina modernized its administrative and operational processes to tailor them to the best practices in the utility services industry.

Since 1999 up until 2019, EGE Haina has led an investment program to repair and rehabilitate the generation assets provided by the CDE, and to add new power generation units for an amount surpassing USD$ 960 million.

The company features a subsidiary, the Haina Overseas Corporation, Inc. (HOC), fully owned by EGE Haina, founded in 2015, for the purpose of conducting investments abroad.

960
Total investment of USD$ 960 million

OUR FIRST 20 YEARS

The History and Evolution of EGE Haina from 1999-2019

1999

Founding of EGE Haina

2000

Restructuring and Operationalization of Haina IV

2001

Relaunch of the Company Logo

Rehabilitation and Operationalization of Puerto Plata I

Long-term agreement underwritten with EDENORTE, EDESUR and EDEESTE

Installed capacity increase by 209 MW

Barahona Power Plant becomes operational

Sultana del Este Power Plant becomes operational

2002-2008

Relaunch of the Company Logo

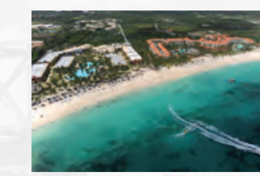
The first in-country Wind Energy Capacity Environmental Impact Assessments (EIAs) are conducted, which allowed to identify the potential of developing a wind farm in Juancho, Pedernales

Availability increase from 60 % to 89 %

Reduction of forced outputs from 9 % to 2.7 %

Efficiency increase by 50% (from 22 % to 33 %)

Long-term agreement underwritten with Consorcio Energético Punta Cana-Macao (CEPM), to supply capacity and energy for its concession zone



2009

Purchase agreement underwritten with Vestas, to acquire wind turbines for Phase I of the Los Cocos Wind Farm

Corporate bonds placement in the local capital market for USD$ 30 million

2011

Inauguration of Phase I of the Los Cocos Wind Farm

Additional capacity contracted by CEPM

Corporate bonds placement in the local capital market for USD$ 50 million

Relaunch of the Company Logo

Contractual underwritten with Wartsila, for the design and development of the Quisqueya II Power Station

Sponsorship of the Masters in Renewable Energy Program of the PUCMM University

Long-term loan agreement with EDESUR, to revamp their power lines in the Southern region

2012

UN Accreditation of the Los Cocos Wind Farm under the Kyoto Protocol's Clean Development Mechanism (CDM)

Groundbreaking for construction of the Quisqueya Power Plant

Construction of the San Pedro de Macorís- Cotuí power transmission line

Contract underwritten with Barrick Pueblo Viejo for the operationalization and maintenance of the Monterio Power Plant

Publishing of Book "The Energy the Wind Blows: The Los Cocos Wind Farm" (official title in Spanish: La energía que trae el viento: Parque Eólico Los Cocos)

First Mountain Bike Competition in Juancho, Los Cocos, hosted in two editions

2013

Relaunch of Company Logo

EGE Haina Book Stand in National Book Fair

Inaguration of phase II of Los Cocos Wind Farm

Inauguration of the Quisqueya Power Plant

Recording of Phase II of the Los Cocos Wind Farm in the UN Clean Development Mechanism

Los Cocos Wind Farm wins the "Cleanest Production" and "Atabey" Award

Refinancing of the International Bond for USD$ 175 million and structuring of an additional bond for USD$ 100 million in the domestic market

2014

Groundbreaking for the Larimar Wind Farm

Groundbreaking for the Quisqueya Photovoltaic Solar Farm

Construction of an alternative power substation in the Quisqueya Power Station

Placement of USD$$ 100 M and structuring of another USD$ 100 million, making EGE Haina the largest corporate dollar issuer of the local capital market

Winner of the "Local Investor of the Year" Award, by the Caribbean Export Development Agency

EGE Haina is certified as one the "10 Best Companies to work for in the DR" per the firm Great Place to Work. EGE Haina made the list again in 2016, 2017, 2018 and 2019

Setup of a Hyundai 2 Power Generation Unit in Pedernales

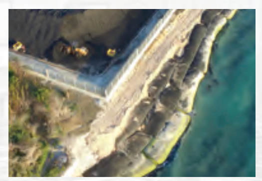
Celebration of the First Edition of the "Lights Certificate Program: Insight on the electricity sector" which is already on its 4th Edition

Los Cocos Wind Farm wins the "Infrastructure 360°" Award by the Inter-American Development Bank (IDB)

2015

Placement in the Dominican Stock Market of the 4th Corporate Bond Issuance Program for USD$ 100 million

Lease Agreement underwritten with DOMICEM for the Palenque Power Plant



Construction in Barahona of a coastline protection wall from the erosion affecting the Neiba Bay

EGE Haina wins the "Cleanest Production" Award as recognition for its successful implementation

"The Future looks Green" Campaign Launch

Quisqueya Solar Park becomes operational

2016

Inauguration of Phase I of the Larimar Wind Farm

Power Purchase Agreement underwritten with CDEEE to purchase Larimar Wind Farm output

Recognition of EGE Haina by the Barahona Town Hall as a "Distinguished Company" for its vast contributions to developing the Southwest Region

EGE Haina wins the "Atabey Environmental Award" for its investments in renewable energy

Inauguration of two view points and an artistic mural in the EGE Haina Wind Farms

Launch of Photography Contest and PhotoShow #CapturaelViento (Catch the Wind)

EGE Haina is recognized as "The Most Admired Energy Company of the DR" per a study conducted by Mercado Magazine

2017

Corporate Bonds placement for RD$ 4,665 million

Power Purchase Agreement underwritten with the CDEEE for the purchase and sale of the Barahona Plant output

Several contracts underwritten with non-regulated users (NRUs)

Kick-off of the Barahona Power Plant Repowering works

The Pedernales Plant's "Hyundai I" Power Unit reaches its first 100,000 operational hours

The Larimar I Wind Farm wins the "Cleanest Production Award" under the "Successful Deployment" category by the Ministry of Environment and Natural Resources (MIMARENA)

Groundbreaking for Phase II of the Larimar Wind Farm

2018

Development of the 2018-2030 Corporate Strategic Plan

Increase by 53% of the company's contracted capacity

EGE Haina's Palenque Power Plant becomes operational

Inauguration of Phase II of Larimar Wind Farm

Output increase by 8.4%

Rehabilitation and betterments of the Sultana del Este Power Plant

Contract agreement with VESTAS for the operation and maintenance of Wind Farms

"Quisqueyita" Substation becomes operational

On-site setup of the NOVEC Protection System against fire hazards in the Sultana del Este and Wind Farms

EGE Haina's Credit Rating increases to A+ (dom) by Feller Rate

Repowering of the Barahona Power Plant

2019

Net output of 3,511.38 GWh

Consolidated energy availability of 97%

11 maintenance services to the internal combustion engines

121 startups of the Haina Turbogas Power Plant, to meet the National Energy Grid (SENI) urgent supply needs

Multi-event drills performed in all power generation facilities

Progress achieved in implementing the ISO 9001 Quality System

Development and setup of a mechanical protection system against gulfweed inlet, in the Barahona Power Plant Capacitor

The Los Cocos Wind Farm – Phase I and II become the first in-country power stations to receive Carbon Credit Certification

Successful integration of the EGE Haina Dispatch Center into the new Communication Platform for the Lead Agency

16 Power Purchase Agreements were formalized; several enabled the incorporation of natural gas into the EGE Haina matrix, whereas others were more oriented towards renewable energy outputs

Completion of 28,000 hrs of training, 28% over the average training time per person versus 2018

In-house and public celebration of EGE Haina's 20th anniversary

Kick-off of two (2) new projects on Team Wellness; the first one aimed towards ensuring equitable policies and practices to male and female workers, and the second aimed to offering Equal Opportunity to persons with disabilities

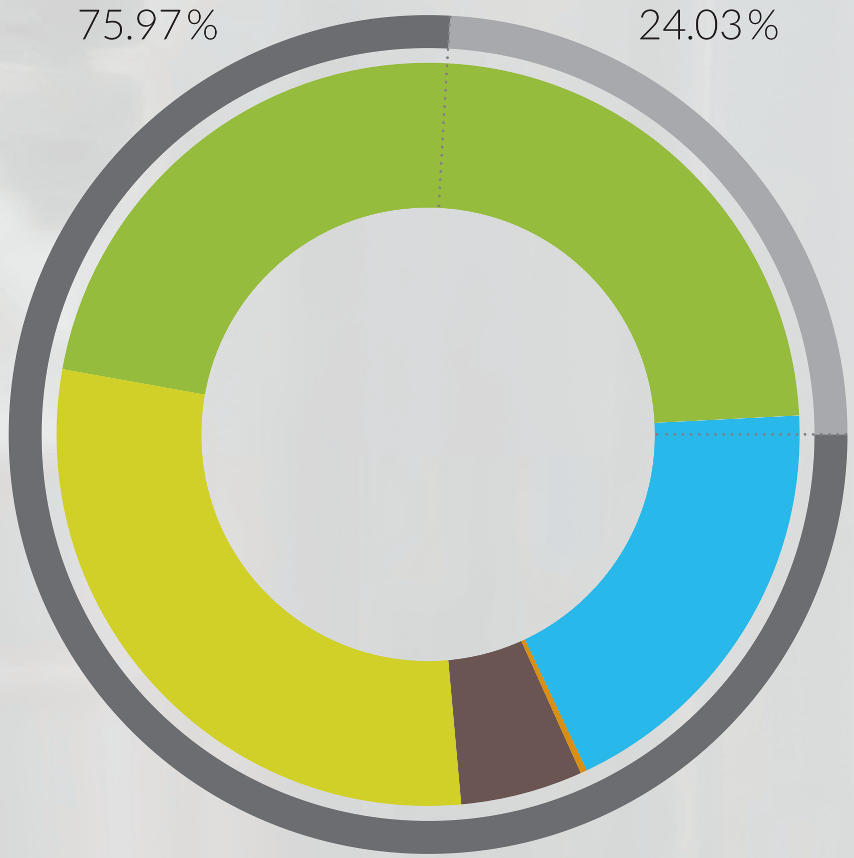
OUR POWER PLANTS

Total
Operational Capacity

970.5 MW

737.3 MW
company-owned
75.97%

233.2 MW
third-party
24.03%



The EGE Haina Corporate Office is located on Av. Lope de Vega #29, Torre Novo-Centro, 17th Floor, Naco, Santo Domingo

HFO and natural gas
450.5 MW
46.41%

225.24 MW
Quisqueya 2

225.24 MW
Quisqueya 1
of Barrick
Pueblo Viejo

HFO and Diesel
283.7 MW
29.23%

153 MW
Sultana del Este

100 MW
Haina TG

25.6 MW
Palenque

5.1 MW
Pedernales

Wind
183 MW
18.86%

97.8 MW
Larimar Wind Farm

77.2 MW
Los Cocos Wind Farm

8 MW
Quilvio Cabrera Wind Farm
(owned by CEPM)

Coal-based
51.9 MW
5.35%

51.9 MW
Barahona

Solar
1.5 MW
0.15%

1.5 MW
Quisqueya Solar

Quisqueya 2

225.24 MW
Installed Capacity

Operational since
2013

Total Investment of
USD$ 280 million

12 engines and 1 steam turbine

Natural Gas

Located 7Kms from the town of San Pedro de Macorís, in the San Pedro Province, and some 100 kilometers east of Santo Domingo.

After a deployed investment of USD$ 280 million, it began its operations in 2013. Its total installed capacity reaches 225.24 MW, featuring 12 factory-equipped flexible system engines, which can use natural gas as well as liquid fuel. It also features a combined cycle steam turbine with a 20 MW output capacity, using the residual heat from the engines.

Quisqueya 2 features two fuel storage tanks, each with a storage capacity of 90,000 barrels, totaling 180,000 barrels. Fuel oil is sourced from the main tank located in the Eastern Sultana Power Plant, through an 8.5 Km pipeline.

The power plant is connected to the National Energy Grid (SENI) through a 230 KV double-circuit power line which flows from San Pedro de Macorís all the way to the Piedra Blanca Substation in Bonao, therefore reducing the risk of limitation due to congestion in the Eastern region.

Quisqueya Solar

1.5 MW
Installed Capacity

Operational since
2015

Total Investment of
USD$ 3.25 million

4,760 Panels

Solar Energy

Quisqueya Solar Park began its operations during the last quarter of 2015. It feeds energy into the Quisqueya 2 Power Plant to be consumed by its ancillary equipment.
Quisqueya Solar features a 1.5 MW output capacity and was built with a total investment of USD$ 3.25 million.

It features 4,760 J A Type Solar Panels – manufactured in China- and 50 SMA Sunny Tripower inverters -manufactured in Germany- of 25 KW capacity each. This is the first solar photovoltaic project ever developed by EGE Haina, and the first solar energy park by a Power Station connected to the National Energy Grid (SENI).

Sultana del Este

153 MW
Installed Capacity

Operational since
2001

Total Investment of
USD$ 120.9 million

9 Engines

HFO

This Power Plant is located 5Km from the town of San Pedro de Macorís, in the province of San Pedro, and a 100Km east of the city of Santo Domingo.

Featuring an installed capacity of 153 MW, which makes it one of the largest barge-mounted power plants in the world. It was built in 2000-2001, at a cost of USD$ 120.9 million, and became operational in October 2001.

It features nine (9) internal combustion engines that operate with HFO #6, each with a installed capacity of 17 MW, and is anchored in the bank of the Higüamo River, near the Port of San Pedro de Macorís.

The plant features fuel storage tanks with a total capacity of 176,000 barrels. Fuel oil is fed through a pipeline connected to ships anchored near the barge.

Los Cocos Wind Farm

77 MW
Installed Capacity

Barahona-Pedernales

Operational since
2011 (Phase I)
2013 (Phase II)

Total Investment
USD$ 185 million

40 Wind Turbines

Wind Energy

Phase I

Phase I of the Los Cocos Wind Farm is located between the towns of Juancho, in Pedernales, and Los Cocos, in Barahona, in the Southwest region of the Dominican Republic. It encompasses 14 VESTAS V90 Wind Turbines, each with a 1.8 MW output capacity, for a total installed capacity of 25.2 MW. It became operational in 2011, with an estimated total investment of USD$ 82 million.

Phase II

Phase II of the Los Cocos Wind Farm extends from Los Cocos to Enriquillo, in Barahona. It is composed of 26 Gamesa G90 and G97 Wind Turbines, each with a 2.0 MW output capacity. In January 2013, EGE Haina inaugurated Phase II with a total investment of approximately USD$ 103 million.

Larimar Wind Farm

97.8 MW
Installed Capacity

Operational since
2016 (Phase I)
2018 (Phase 2)

Total Investment of
USD$ 220 million

29 Wind Turbines

Wind Energy

Phase I

Phase I of the Larimar Wind Farm is in Loma Buena Vista, in Enriquillo, Province of Barahona, Southwest of the Dominican Republic. This wind farm features 15 VESTAS V 112 wind turbines, each with a 3.3 MW output capacity, for a total capacity of 49.5 MW. This wind farm became operational in March 2016.

Phase II

Phase II of the Larimar Wind Farm is also located in Enriquillo, in the Barahona province. It encompasses fourteen 150 meters high VESTAS V117 wind turbines, each with a 3.45 MW output capacity.

The total installed capacity is 48.3 MW and is the fourth wind farm developed by EGE Haina in the Southwest region of the Dominican Republic. It became operational in December 2018.

Barahona

52 MW
Total Installed Capacity

Operational since
2001

Total Investment
USD$ 47.1 million
Upgrade Costs
USD$ 30.3 million

Steam Turbine

Mineral Coal

Located in the town of Barahona, capital town of the province of the same name, located some 200 Km west of Santo Domingo. It consists of one (1) power generation unit with a steam turbine and its boiler uses mineral coal as fuel.

It was built between 1999-2001, at a total cost of USD$ 47.1 million and became operational in 2001.

The Barahona Power Plant underwent a modernization process, which included the change of the turbogenerator and the condenser. This increased the total unit power from 45.6 MW to 52.0 MW, for the same amount of coal used, which represents an improvement of its efficiency by 13 %. The commercial operation of the unit with its new turbogenerator began in November 2018 and had an overall cost of USD$ 30.3 million.

The Power Station features a coal yard with a capacity of 50,000 tons. Coal is fed through a conveyor belt system from the ships anchored in the port next to the Power Station.

Haina TG

100 MW
Installed Capacity

Operational since
1998

Total Investment
USD$ 29 million

Gas Turbine

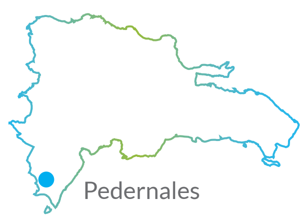
HFO

This Power Plant is located in Haina, in the province of San Cristóbal, adjacent to the southwestern section of the city of Santo Domingo and towards the coast. It consists of a Siemens gas turbine that operates with diesel fuel and became operational in 1998, at a total cost of USD$ 29 million.

The power plant features fuel storage tanks with a capacity of 184,100 barrels. The fuel oil reaches the storage tanks mainly by ship. The tanks can also be supplied through a pipeline sourced from a refinery that is located approximately 1 kilometer to the east of this facility.

Pedernales

5.1 MW
Installed Capacity



Operational since
1978, 2003 and 2014

Total Investment
USD$ 5.1 million

3 Engines

HFO

It is located in the city of Pedernales, province of the same name. It is composed of three diesel generators: Pedernales CAT, which uses diesel oil, and the Hyundai I and II units, which use HFO to operate. Each unit has a setup capacity of 1.7 MW, for a total of 5.1 MW, with an investment of USD$ 5.1 million.

The Pedernales CAT unit began operations in 1997 and was upgraded between 1999 and 2002. Hyundai I was set up in 2003 and Hyundai II in 2014.

The fuel storage tanks for this power plant have a total capacity of 981 barrels. The fuel oil is sourced by means of trucks from other EGE Haina plants. The plant is connected to an isolated electrical network that services the municipality of Pedernales, featuring one of the highest levels of availability and continuity of power supply in the country.

Palenque

25.6 MW
Installed Capacity

Operational since
2005

Investment
USD$ 450,000

4 Engines

HFO

This power plant became operational originally in 2005. Since 2018, EGE Haina has been operating the Palenque Power Plant under a lease agreement underwritten with DOMICEM, S. A., after investing USD$ 450,000 in the refurbishment of this plant.

It features four diesel engines, operating with HFO, with a net setup capacity of 25.6 MW.

San Pedro Vapor

The San Pedro Vapor Power Plant became operational in 1990, and given its antiquity and low performance, it has long since ceased operations -since November 2012-, and it is unlikely it will be required to produce energy again in the future.

Quisqueya 1

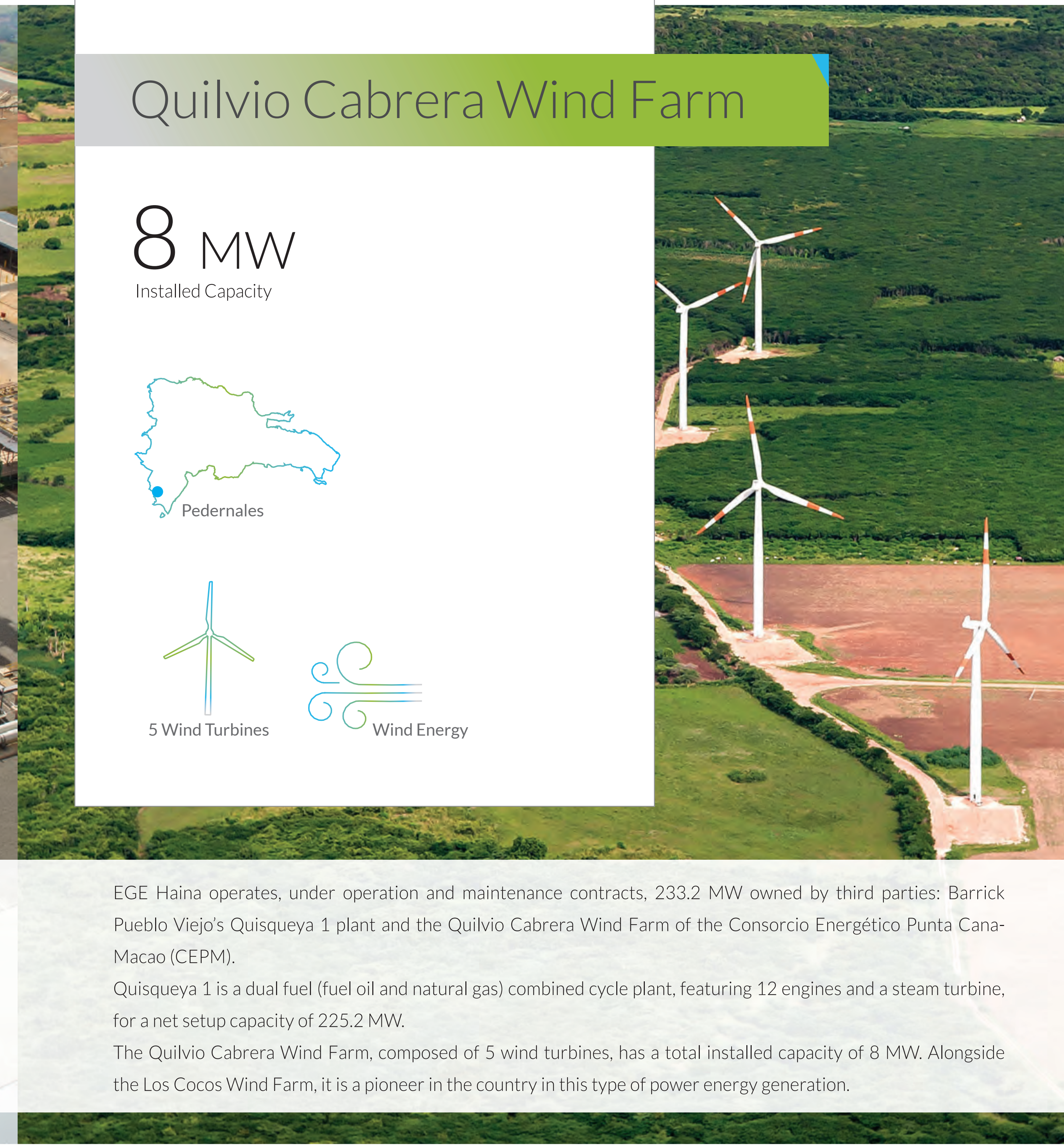
225.2 MW
Installed Capacity

San Pedro de Macorís

12 combustion engines and one (1) steam turbine

HFO

Natural Gas



Quilvio Cabrera Wind Farm

8 MW
Installed Capacity

Pedernales

5 Wind Turbines

Wind Energy

THIRD PARTY UNITS

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

Quisqueya 1 is a dual fuel (fuel oil and natural gas) combined cycle plant, featuring 12 engines and a steam turbine, for a net setup capacity of 225.2 MW.

The Quilvio Cabrera Wind Farm, composed of 5 wind turbines, has a total installed capacity of 8 MW. Alongside the Los Cocos Wind Farm, it is a pioneer in the country in this type of power energy generation.

STAKEHOLDER GROUPS & MATERIALITY

3

Improving peoples' lives is our greatest source of inspiration

VALUABLE RELATIONSHIPS

Throughout its history, EGE Haina has been known for developing close, responsible, and productive relationships.

Throughout its operations, the company continuously works to establish and maintain respectful and permanent relationships with its collaborators, local communities, regional and national authorities, financial and electricity sector institutions, clients and other stakeholders involved in each of its projects and their operational management, with whom the company has established transparent and open communication channels.

The company has identified its stakeholders through technical, legal, and operational feasibility assessments, environmental impact studies, management workshops, dialogue tables and the management of its day-to-day operations.

Likewise, this selection considers the relevance that these stakeholder groups represent for the company, as well as the degree of dependence and influence that they exert.

EGE Haina holds a special interest in the groups identified, based on their degree of engagement and involvement in the material issues established by the company, for example, those which, due to their involvement in the company and its objectives, are preponderant and a priority.

EGE Haina has been distinguished for building, close, responsible, and productive relationships

IDENTIFIED STAKEHOLDER GROUPS	TOPICS OF INTEREST	RELATIONSHIP BUILDING STRATEGY	RELATIONSHIP TACTICS
Shareholders	Economic Performance Market Share Environmental Compliance Social Responsibility (CSR)	Informative, Consulting	Reports, briefings, and direct liaising Strategic Plan presentations, projects, budgets, and results
Financial Institutions	Economic Performance Market Share Corporate Governance Best Practices Social Responsibility (CSR)	Informative	Reports, briefings, and direct liaising Publicity Website Media Outreach
Team of Collaborators	Economic Performance Business Performance Indicators (BPIs) Occupational Health & Safety Employment & Employee Benefits Social Responsibility	Informative, Dialogue	Intranet Website Email Novocentro Chats, East and South Corporate Newsletter Surveys, interviews and focus groups
Clients	Economic Performance Business Performance Indicators (BPIs) Environmental Compliance Corporate Governance Best Practices Renewable Energy Energy Sector Status Reports	Informative	Direct Liaising (Meetings, et al.) Annual Report Website Social Report Publicity Media Outreach Contracts

IDENTIFIED STAKEHOLDER GROUPS	TOPICS OF INTEREST	RELATIONSHIP BUILDING STRATEGY	RELATIONSHIP TACTICS
Service Vendors & Contractors	Procurement Practices Occupational Health & Safety Corporate Governance Best Practices	Collaborative Approach	Direct Liaising Round Tables Contracts
Government & Local Authorities	Environmental Compliance Biodiversity Action Plan (BAP) Emissions Corporate Governance Best Practices Renewable Energy Social Responsibility (CSR) Climate Change Mitigation	Informative, Collaborative Approach	Direct Liaising Website Social Media Meetings Briefings Annual Report
Communities	Social Responsibility (CSR) Environmental Compliance Local Employment Opportunities	Informative, Collaborative approach	Direct Liaising Website Social Media Meetings Annual Report Brochures Publicity Media Outreach
Business Community	Economic Performance Business Performance Indicators (BPIs) Environmental Compliance Biodiversity Action Plan (BAP) Emissions	Informative	Website Social Media Meetings Annual Report Direct Liaising Publicity Media Outreach
Civil Society	Economic Performance Business Performance Indicators (BPIs) Environmental Compliance Biodiversity Action Plan (BAP) Emissions Corporate Governance Best Practices Renewable Energy Social Responsibility (CSR) Climate Change Mitigation	Informative	Website Social Media Meetings Annual Report Brochures Forums Publicity Media Outreach
Mass Media	Economic Performance Business Performance Indicators Environmental Compliance Biodiversity Action Plan Emissions Corporate Governance Best Practices Renewable Energy Social Responsibility (CSR)	Informative	Press Releases Direct Liaising Meetings & Press Conferences Interviews & Feature Stories Website Annual Report Publicity Social Media

MEMBERSHIP IN PROFESSIONAL GUILDS

EGE Haina EGE Haina is part of relevant associations for the civilian and institutional life of the regions where it operates, and related to energy in the Dominican Republic, the Caribbean and Central America.

Through these affiliations, the company promotes and supports initiatives which contribute to the development of the country, the national electricity sector and energy sustainability in the region.

- Asociación de Empresas de Haina y Región Sur
- Asociación de Industrias de la República Dominicana (AIRD)
- Asociación Nacional de la Industria Eléctrica (ADIE)
- American Chamber of Commerce (AMCHAMDR)
- British Chamber of Commerce (BRITCHAMDR)
- Cámara de Comercio y Producción de SD
- Cámara Minera y Petrolera de la República Dominicana
- Caribbean Electric Utility Services Corporation (CARILEC)
- Centro Regional de Estrategias Económicas Sostenibles (CREES)
- Clúster Ecoturístico y de Producción de Barahona
- Coalición Multisectorial para la Conservación del Rio Higüamo
- National Council of Private Enterprise (CONEP)
- Comisión de Integración Energética Regional (CIER)
- Comité Regional de CIER para Centroamérica y el Caribe (Cecacier)
- Confederación Patronal Dominicana (COPARDOM)
- Edison Electric Institute
- Mesa Redonda de Países de la Mancomunidad
- Patronato de Industrias de Haina
- Red Nacional de Apoyo Empresarial para la Protección Ambiental (ECORED)

MATERIALITY: THE DRIVING FORCE BEHIND OUR ACCOMPLISHMENTS

To EGE Haina the material issues are those that directly affect the business model of power generation, creating value for our stakeholders. From a collaborative and inclusive exercise, the following issues were identified, which are key to both our stakeholders and the operation of the company:

- Economic Performance
- Corporate Governance Best Practices
- Environmental Compliance
- Renewable Energy
- Emissions
- Occupational Health & Safety

COMMUNICATION IN EGE HAINA

EGE Haina is convinced of the importance of open communication about its initiatives, projects, and achievements, and carries out this activity by disseminating relevant information.

The company, through its Communications and CSR Department, implements a comprehensive system of platforms and procedures that facilitate a permanent relationship with its internal and external audiences, based on the principles of consistency, honesty, and transparency.

Through printed and audiovisual media, and its digital properties (Website, Facebook, Instagram, and Twitter), the company disseminates information of interest to its stakeholders and the public.

Likewise, the company also publishes a management report and an Annual Report, audiovisual materials, publicity campaigns and other key communication materials that are shared with internal and external stakeholders.

The company prepared communication material to share with internal and external stakeholders

Website

The website www.egehaina.com offers information on the news and operations of the company. It features a section dedicated to investors in EGE Haina's corporate bond issuance containing financial results and reports, relevant facts, ratings, and bondholder's representative reports. The website features all Annual Reports available for download, as well as internal publications and special volumes.

Management Report and Annual Report

In April 2019, EGE Haina delivered its annual management report for FY 2018. Likewise, in July of the same year, it presented its 2018 Annual Report and made it available to all the interested public, in print version and digital format on its corporate website.

The media and specialized journalists received a printed copy of the document and published relevant information.

This report, also published in English, reported on the consolidation of the company, thanks to investments in power generation that add up to an additional 125 MW from the construction of Phase II of the Larimar Wind Farm (48.3 MW), the setup of the new turbogroup at the Barahona Power Station (52 MW), and the repowering of the Palenque Power Station (25 MW).

"En Linea" Magazine

Four editions of the quarterly magazine "En Línea" ("On line") were published in 2019. Issue number 15 of this internal newsletter reviewed the company's 20 years and the achievements of its first two decades. Every employee at EGE Haina receives a copy of this publication, which highlights the excellence of the company's operations and the potential of its people.

2018 Annual Report and "En Línea" Magazine

Digital Community

In 2019, EGE Haina's digital properties experienced a growth of 22 %, which translates into a total of 5,192 new followers on its Instagram, Facebook, Twitter, LinkedIn accounts, and its YouTube channel. By year-end, the company had spread almost 900 publications on these platforms and had a digital community of 28,826 followers.

Media Outreach

In 2019, the company released information to the public through the media by means of press releases and meetings with press representatives. The first was held in February 2019, when executives from EGE Haina participated in the Grupo de Comunicaciones Corripio Luncheon, with extensive coverage in the newspapers Hoy, El Día and El Nacional, and on the television channels Teleantillas (Channel 2) and Telesistema (Channel 11) of said multimedia group.

5,192
new followers on our social media networks in 2019

In April, a large group of journalists, who covered the events of the "Descubre Barahona" (*In English: "Discover Barahona") Fair, visited the facilities of the Los Cocos and Larimar Wind Farms and learned about the details of the operation of these renewable-energy power plants.

On occasion of its 20th anniversary, EGE Haina received a broad welcome from the print, radio, audiovisual and social media. The economy section of the morning newspaper Diario Libre, dedicated two covers highlighting the work and importance of the company in the electricity sector in its two decades of existence.


Almuerzo Grupo de Comunicaciones Corripio

EGE Haina ha invertido más de US$ 900 MM en generación eléctrica

Futuro eléctrico
EGE Haina apuesta al desarrollo de la energía renovable y gas natural

EGE Haina a favor energía renovable
En su 20 aniversario anunció seguirá inversión para el desarrollo de 1,400 megavatios de generación renovable y de gas natural

Inversión social

"Seguiremos invirtiendo en generación de la mano con la energía sostenible"

Apagones financieros por bajas cobranzas de las Edes

Press coverage of the Grupo de Comunicaciones Corripio Luncheon, and publicity ads published on Diario Libre on occasion of the 20th anniversary celebration.


Visit by members of the press and other stakeholders to the Quisqueya Power Station


Press crew that attended the "Descubre Barahona" Fair, visited the EGE Haina Wind Farms

Likewise, specialized publications such as Revista Mercado, Forbes, and Contacto carried out reports on the company's management and interviewed some of its executives.

Audio-visual Material

During 2019, to communicate relevant messages about the company and its social initiatives to the entire organization and other audiences of interest, EGE Haina produced a total of 18 audiovisual pieces that served as support for presentations and forums in which the company participated, and which were also broadcasted on social media and its YouTube channel.

Publicity

To publicize its projects, initiatives, investments and commemorate important dates, such as the celebration of its 20th anniversary last year, EGE Haina placed printed advertising in newspapers, television, specialized magazines, and gateways.


INTEC students visit the Barahona Power Station


Visit by EDESUR representatives to the Los Cocos Wind Farm

Power Plant Visiting Program

Thanks to the company's program of visits to power plants, various academic and technical groups are familiar with its operations. In 2019, a total of 769 people visited the different facilities of EGE Haina.

Participation in Forums and Tradeshows

Every year, executives from EGE Haina take part in numerous tradeshows, seminars, forums, and conferences to share their experiences. In 2019, the company participated in 14 of these events. Among them are: AMCHAM's Energy Forum, S&P Global Platts, The "Descubre Barahona" Tourist Fair, the Dominican-French Renewable Energy Forum, Renpower, CIGRE's Ibero-American Regional Meeting (Brazil), Energy Transition and Climate Change Conference of the Ministry of Energy and Mining of the Dominican Republic, Deloitte's Natural Gas Conference in the Dominican Republic, The ADIE Present and Future of Renewable Energy Talks, Energyear and 40 Under 40 of Mercado Magazine.

Email

Through this channel, all employees of EGE Haina received 61 corporate communications over the course of 2019. Some of the usual content were notification of company initiatives and achievements, acknowledgments, notification of vacant positions, capsules on policies and procedures, special commemorations, invitations to Health Days, auction opportunities, safety messages, invitations to meetings and gatherings, among others.

Intranet

The Intranet is an internal platform that delivers a diversity of content and tools for employees. It has a section of current news, access to internal publications, photo gallery, logos, presentations, brand manual, and updates on company policies and procedures.

Informative Murals

In each of EGE Haina power stations, there are informative murals that highlight the relevant information circulated by e-mail as well as others of general interest to all employees.

In March 2020, 3 internal chat channels were created: Este (East), Sur (South) and Novo-centro (Metro), which reach all personnel.

20th Anniversary Communications

On occasion of its 20th anniversary, EGE Haina celebrated its successful trajectory through different initiatives with its associates and external stakeholders.

Company announcement of the 20th anniversary and workers from the Barahona Power Station join in on the celebration

Workers share their experience in one of the Newspaper Walls on occasion of the company's 20th anniversary

In-house celebrations

On October 28, 2019, the day of EGE Haina's 20th anniversary, an agenda of activities was developed in each location of the company to commemorate this milestone. Upon arrival at each power station, employees and collaborators found billboards alluding to the anniversary, and meetings were held where experiences were shared and a video was shown by the general manager, who invited everyone to answer the question: What has EGE Haina generated in me? The audiovisual piece, besides driving people to share their own experiences in the company, urged everyone to continue working with dedication and focus to achieve the vision of making EGE Haina a regional leader in sustainable energy development and management.

In line with this motivation, a mural was mounted in each of the power stations and corporate offices, inviting everyone to respond in writing to the question posed by Luis Mejía Brache. The answers were forthcoming. Meaningful, moving, and thought-provoking words were shared by all with genuine enthusiasm and then captured in a video documenting the activities which were led by the leaders of each location.

For the occasion, all the workers in each one of the locations received promotional items with the logo alluding to the twenty years: umbrellas, an eco-friendly bag, and a T-shirt and cap that they had to wear on the day of the anniversary.

The company's 20th anniversary was celebrated on October 18th, 2019

Anniversary Campaign

As part of its 20th anniversary celebration, the company presented a publicity campaign in which it highlights its commitment to "boosting the generation of the future", to refer both to the production of clean energy, and to the new generations committed to equity and the environment. The campaign was composed of a television commercial, radio commercial and ads for newspapers and magazines of national circulation. These pieces presented the company's new slogan: "EGE Haina: Sustainable Energy".

Anniversary Cocktail Party

EGE Haina celebrated its 20th anniversary with a cocktail party on October 30th, 2020, which was attended by government authorities, shareholders, representatives from the electricity sector, financial institutions, business associations, the media, executives from friendly and partner companies and from EGE Haina.

Speeches, presentations and audiovisual features served to explain what the company has achieved in its first twenty years, and its growth plan of 1,400 MW of renewable generation and natural gas that will require investments exceeding one billion dollars in the next 10 years.

Employee Recognition to all workers with 20 years in the Company

On the same day, the company held a luncheon to honor all employees who have completed 20 years of work at EGE Haina.

During this emotional event, many of the guests shared stories and testimonials of their time in the company and received a commemorative gift along with the button that records their time in the company.

Driving Sustainability Forward

Through various initiatives in 2019, EGE Haina promoted the importance of sustainability and the use of innovative electrical technologies among its partners and stakeholders.

One of these initiatives was the donation to the Theme Park on Renewable Energies, located in Ciudad Juan Bosch, of an 18-meter high wind turbine, raised in August 2019. This functional wind turbine

Luis Mejía Brache, EGE Haina GM, during his speech, amid the 20th anniversary cocktail party

is a contribution by the company to the Ministry of Energy and Mines, to support the purpose of educating visitors about renewable energy and its importance for sustainable development.

In addition, the campaign and the company's 20 th anniversary slogan were based on the double connotation of the generation of the future, focused on the advantages of clean energy. Data was presented on what EGE Haina has achieved in terms of increasing its electricity production while reducing its emissions per kilowatt hour (KW/h). The company's development strategy, which focuses primarily on renewable energy, was presented to all interested parties.

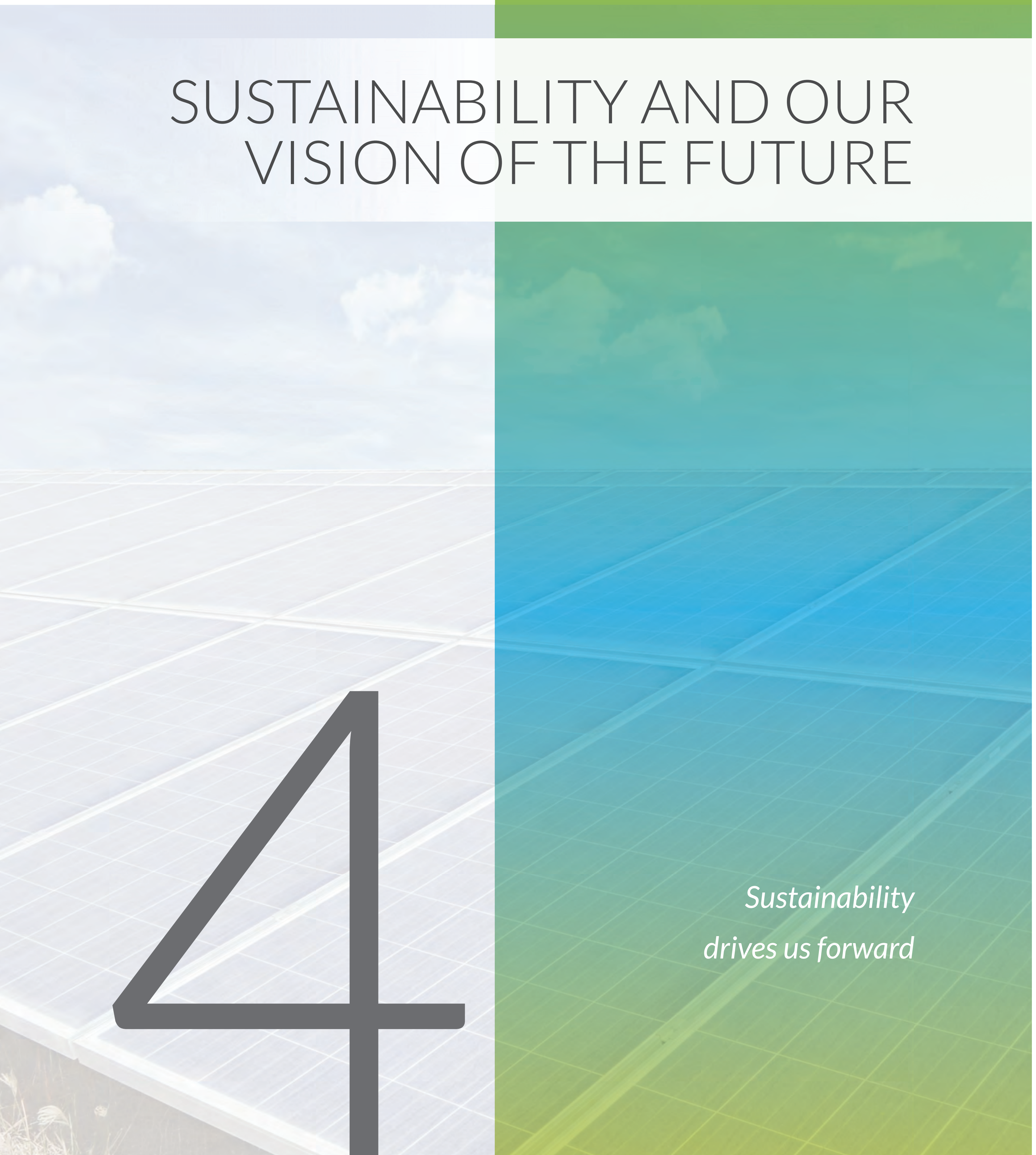
Furthermore, the company used a placarded electric vehicle to present among employees and at the EGE Haina stand at the "Descubre Barahona" Tourism Fair the multiple advantages of this type of mobility, related to sustainability. With the same objective, at the Christmas party, 10 electric motors were raffled off among the company's employees.


Workers recognized for their longstanding history in the company

Rafael Vélez during his speech at the 20th anniversary cocktail party

Images captured during the 20th anniversary celebration

SUSTAINABILITY AND OUR VISION OF THE FUTURE



4

Sustainability drives us forward

A SOCIAL AND ENVIRONMENTAL COMMITMENT

EGE Haina operates guided by sustainability as the be-all and end-all of its actions, with the awareness that this is fundamental to achieve lasting and environmentally responsible development, for the well-being of our country.

The company's commitment to society and its environment led it to undertake, from the beginning, with barely five years since its foundation, the first initiatives undertaken in the Dominican Republic aimed towards generating clean energy from non-conventional renewable sources.

This plan to develop green generation technologies began with the measurement of the national wind capacity, which evidenced the potential of the winds in the town of Juancho, in the southern province of Pedernales.

In 2011, with the inauguration of Phase 1 of the Los Cocos Wind Farm in that municipal district, the Dominican Republic began to form part of the world wind map.

From this moment on, the Dominican energy scene went from a before to an after, and its production matrix, where liquid fuels are the main source, began to become cleaner.

In 2013, EGE Haina inaugurated Phase II of Los Cocos, located between the towns of Juancho, Pedernales, and Los Cocos, Barahona.

To both these wind generation facilities the company added, in 2016, phase 1 of Larimar Wind Farm, and in 2018, Phase 2, built in Loma Buena Vista, Enriquillo, Barahona province.

EGE Haina Wind Farms have a total of 69 wind turbines, have a installed capacity of 175 MW and produce 600,000 MWh of clean energy annually.

Built with a consolidated investment of USD$ 400 million dollars, together they avoid the emission into the atmosphere of 300,000 tons of CO2 each year, as well as the annual import of one million barrels of crude oil.

300,000
tons of CO_2 avoided per year

The company's clean generation development plan continued with the construction of its first photovoltaic generation project, the Quisqueya Solar Park, with a installed capacity of 1.5 MW, inaugurated in 2015. Built with an investment of USD$ 3.25 million, its energy production is destined to the Quisqueya 2 Plant for the consumption of its ancillary equipment.

As part of its sustainability strategy, in 2019 the company began the conversion of Quisqueya 2 plant to natural gas. When this plant starts using this fuel, more than 60% of EGE Haina's production will consist of clean energy.

To ensure compliance with its sustainability plan, the company created the Sustainability Committee in early 2020, thereby solidifying its commitment to this transversal axis in the day-to-day operations of the entire organization.

The sustainability plan that governs EGE Haina's operations, aims to contribute to the Dominican Republic's energy balance by producing energy in an efficient and environmentally responsible manner, thus reducing the country's dependence on fossil fuels.

ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

EGE Haina is aware of its role as the main producer of wind energy in the country and the Caribbean. For this reason, the company has endorsed the Sustainable Development Goals (SDGs) established by the United Nations, which seek to protect the planet and achieve a more equitable world by 2030.

These seventeen purposes make up what is also known as the 2030 Agenda, which includes initiatives to be undertaken by global organizations "to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030", as expressed by the United Nations.

The Sustainable Development Goals recognize the key role of the business sector as a fundamental agent of economic, social and environmental progress in all countries, and the involvement of the private sector in overcoming the major challenges facing society, ranging from combating climate change and eradicating poverty to economic and social progress.

EGE Haina's strategic growth plan for the next decade is linked to the commitments made by the Sustainable Development Goals (SDGs), so that the company's projects contribute significantly to their achievement, considering the relevance of renewable energy generation as a determining agent in the development of a sustainable energy future.

In this sense, the work agenda, and operations of EGE Haina make a tangible contribution to the scope of the SDGs presented below:

7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE

Ensure access to affordable, reliable, sustainable, and modern energy for all

In its two decades of history, EGE Haina has invested USD$ 960 M in efficient and environmentally responsible power generation plants, which contribute to the national energy balance and sustainable development.

The company is a leader in wind power generation in-country and the Caribbean. Twenty-five percent (25 %) of its installed capacity uses wind to produce electricity, and in the next decade it will contribute an additional 1,000 MW of renewable energy to the Dominican Republic.

8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO

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

As an essential part of its social agenda, EGE Haina contributes to the generation of income in the communities where it operates by supporting productive guilds such as coffee growers, beekeepers, farmers, seamstresses, bakers and fishermen.

From an in-house perspective, the company's talent management is focused on promoting the productivity, well-being and comprehensive development of its human team, which consists of more than 500 employees, 40 % of whom have been with the company for 9 years or more and 70 % of whom have worked at EGE Haina for 5 years or more.

12 PRODUCCIÓN Y CONSUMO RESPONSABLES

Ensure sustainable consumption and production patterns

EGE Haina operates in faithful compliance with the regulations established by the General Law of Environment and Natural Resources (64-00) of the Dominican Republic. Based on its Environmental Policy, the company performs a rigorous task that guarantees the responsible management of liquid effluents and solid and oily waste; the adequate storage, treatment and transportation of chemicals and waste; the control of pollutant emissions and environmental noise; and the prevention and protection against spills.

13 ACCIÓN POR EL CLIMA

Take urgent action to combat climate change and its impacts

Since 2011, EGE Haina has setup four wind facilities and one photovoltaic facility, with a combined capacity of 176.5 MW of non-conventional renewable sources.

With the annual output of its wind farms, amounting to 600,000 MWh, the company avoids each year the emission of more than 300,000 tons of CO2 into the atmosphere and the import of one million barrels of crude oil.

In 2019, the two phases of Los Cocos Wind Farm became the first in-country energy plants to receive Carbon Credits, granted by the United Nations Framework Convention on Climate Change (UNFCCC), which promotes the reduction of pollutant emissions into the environment.

As a result of its commitment to clean energy, the company has halved its carbon dioxide emissions per every kilowatt hour it produces.

In addition, its growth strategy for the next decade is focused on the development of 1,400 MW of clean sources (wind, photovoltaic and natural gas), which will strengthen the company's contribution to the reduction of greenhouse gases and global warming.

17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

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

EGE Haina is part of the most renowned business guilds in the country, supporting 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 is a member of organizations that work for sustainable development and environmental protection in the areas where it operates.

Overall, the company maintains close relationships with over 50 government entities, and non-government organizations (NGOs), where it contributes to the design and development of a social agenda that achieves sustainable results in the communities.

Through its social projects, EGE Haina contributes to the achievement of four (4) of the most top-priority Sustainable Development Goals (SDGs):

1 FIN DE LA POBREZA

End Poverty in all its forms everywhere

As an essential part of its scope of work in the communities where it operates, EGE Haina supports the development and strengthening of various productive groups, mentioned above, through technical training and the donation of work equipment and supplies.

Since 2011, the company has been donating the electricity used by the water pumps that irrigate the agricultural area of the Juancho Valley, supporting the work of its farmers and plot owners.

Likewise, EGE Haina develops a continuous technical training program in areas such as electricity, computing, cabinetmaking, accounting, baking, cooking, leadership, and entrepreneurship, among others.

The workshops are aimed at young people and adults from the towns near the company operations, so that they can develop skills that will enable them to earn their livelihood and support their families.

These initiatives focus on promoting human development and income generation in these communities.

EGE Haina favors local employment in the communities where its power generation plants are located, both when selecting permanent personnel and as temporary hires, when building new projects.

3 SALUD Y BIENESTAR

Ensure healthy lives and promote well-being for all at all ages

EGE Haina develops initiatives that promote the health of employees, their families, and the communities of the locations where it operates.

The company features an occupational health program and conducts medical check-ups to preserve the health of its employees.

As part of its community work, the company carries out Health Days, especially dermatological and dental, focused on preventive health, and has contributed significantly to the improvement of the medical infrastructure and services of the Enriquillo Hospital in Barahona.

In 2020 the company circulated information to prevent the spread of COVID-19 in 25 communities near the power stations and donated personal protection materials, sheets, digital thermometers, lamps, and cleaning supplies to hospitals in San Pedro de Macorís, Barahona, San Cristóbal, and Santo Domingo.

In addition, it has supported the project Atención Médica en Casa developed by Ayuda.do and Quiéreme como soy which provides free medical services nationwide.

4 EDUCACIÓN DE CALIDAD

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

The company features an education and development plan for all its staff -technical and administrative-, based on closing performance gaps.

EGE Haina sponsors 18 educational centers in the Eastern and Southern regions of the country, with initiatives that favor more than 3,000 students. This program includes teacher-student training, student merit recognition, Eco-school program, special celebrations, donation of Internet service, backpacks, uniforms and school supplies, and projects to improve the educational facilities' infrastructure.

5 IGUALDAD DE GÉNERO

Achieve gender equality and empower 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, Inclusion and Diversity Policy expresses the organization's commitment to promote -internally and externally- the development of men and women with equal rights and opportunities. This Policy and the management system of same name strengthen the institutional culture regarding equal opportunities for all people, without exclusions of gender, or any other type and the conciliation between work and family life.

The company promotes non-discrimination, inclusion, diversity, respect, and the enjoyment of a working environment free of violence and harassment, as established in its Code of Ethics.

These principles also inspire the company's programs in the outer environment, through the development of technical training in the communities directed equally to men and women, without any gender difference.

OUR VISION OF THE FUTURE

In accordance with its business vision, EGE Haina operates to consolidate itself as a regional leader in the development and management of sustainable energy.

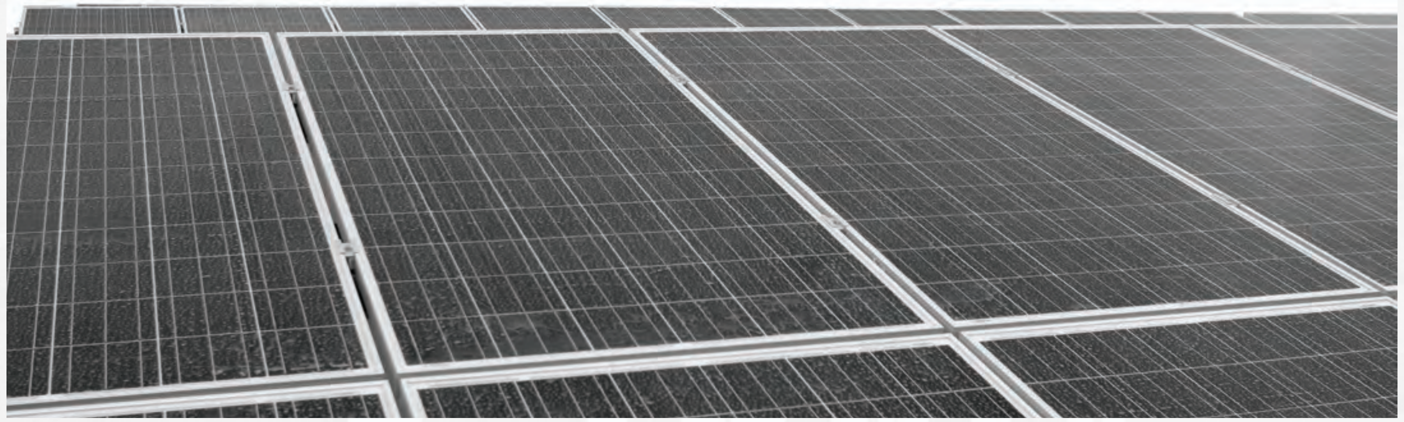
With this goal in mind, the company has designed a growth strategy for the next decade that contemplates the development of 1,000 MW of non-conventional renewable energy sources (wind and solar photovoltaic) by 2030; the optimization of part of its generation assets through conversion to natural gas, and the development of 400 MW of new electricity generation with natural gas by 2030.

1,000
new Megawatts from unconventional renewable energy sources

In conclusion, the company's strategic plan provides for the installation of more than 1,400 MW of renewable energy and natural gas over the next decade, and aims to meet the growing energy demand that the Dominican Republic will have over the next twenty years.

Indeed, EGE Haina's growth plan is based on the results of the assessment of the projected demand for energy in the Dominican Republic, carried out in 2018 by the specialized firm McKinsey & Co. which shows the progressive increase in the demand for in-country energy, which will have doubled by 2040 due to the increase in population and the growth of the national economy.

In this scenario, the company intends to be a key player in the supply of energy produced with efficiency and environmental responsibility.



RENEWABLE ENERGY

The development of power stations that generate electricity from renewable energy sources is at the heart of the sustainable growth plan undertaken by EGE Haina.

Understanding sustainability -in all the areas that this concept encompasses- would be impossible without referring to the key role it plays for the well-being of the planet and of societies through natural energy sources that are continuously renewed and inexhaustible. Sources such as the sun, wind or water, among others, which do not produce greenhouse gases, the main culprits of global warming.

With its plan to develop non-conventional renewable sources for the next ten years, EGE Haina firmly supports the commitment of the Dominican Republic, as a signatory of the Paris Agreement of 2015, under which, the signatory nations commit to reducing their pollutant emissions, thus reducing the effects of climate change.

As a result of the company's "green thinking", at present nearly 25 % of its installed capacity is renewable.

As a result of its growth strategy based on the development of clean energy generation sources, today EGE Haina is the leading in-country company in wind power production and the Caribbean and, based on its wind power output, has reduced its carbon dioxide emissions (CO2) by half per every kilowatt hour it produces.

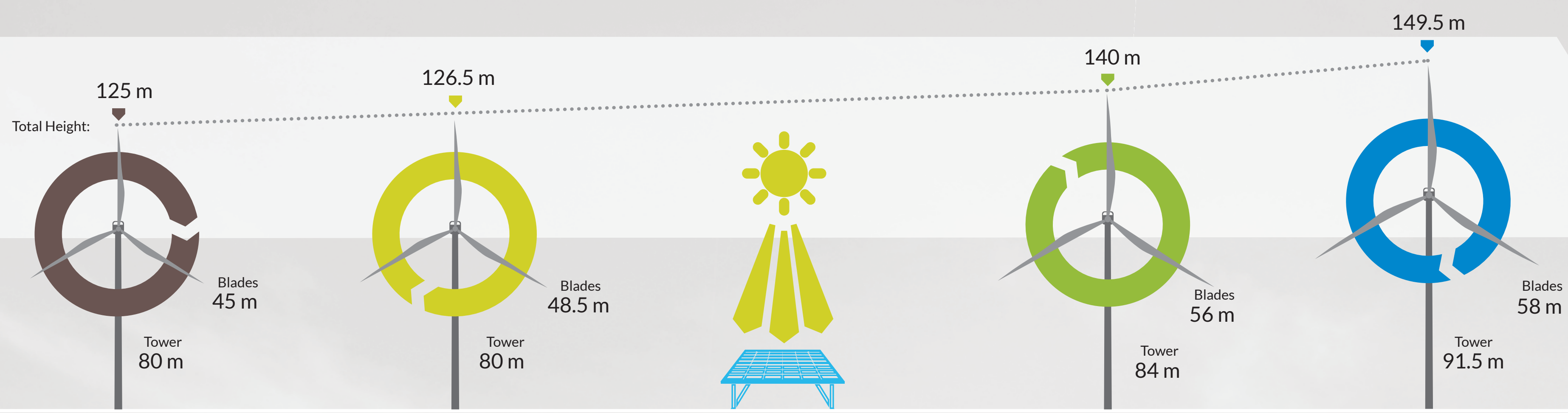
EGE Haina's renewable energy stations reduce the company's total carbon footprint by avoiding the emission of more than 314,000 tons of CO2 into the atmosphere each year.

By the end of 2019, the two phases of Los Cocos Wind Farm became the first power stations in the Dominican Republic to receive Certified Emission Reductions (CERs) or Carbon Credits, as they are also known.

These bonds, granted by the United Nations Framework Convention on Climate Change (UNFCCC), are an international mechanism that promotes the reduction of pollutant emissions into the environment that are responsible for global warming. They are established in proportion to the total tons of carbon dioxide equivalent that are not emitted into the atmosphere. In total, Los Cocos received 636,531 Carbon Credits or CERs.

636,531
Carbon Credits or CERs

Our renewable energy stations



	Los Cocos I	Los Cocos II	Quisqueya Solar	Larimar I	Larimar II
Commencement of Operations	September, 2011	January, 2013	September, 2015	March, 2016	December, 2018
Equipment	14 Vestas Wind Turbines	26 Gamesa Wind Turbines	4,760 Solar Panels	15 Vestas Wind Turbines	14 Vestas Wind Turbines
Installed Capacity	1.8 MW c/u ▸ 25.2 MW total	2 MW c/u ▸ 52 MW total	1.5 MW total	3.3 MW c/u ▸ 49.5 MW total	3.45 MW c/u ▸ 48.3 MW total
Capacity Factor	22%	31%	16%	42%	31%
Output in 2019	48,157 MWh	141,138 MWh	2,097 MWh	183,250 MWh	131,396 MWh
CO_2 prevented in 2019	29,934 Tons	87,731 Tons	1,304 Tons	113,908 Tons	81,676 Tons
Investment	**USD$ 82 MM**	**USD$ 103 MM**	**USD$ 3.25 MM**	**USD$ 118 MM**	**USD$ 102 MM**

69 Wind Turbines

4,760 Solar Photovoltaic Panels

176.5 MW Total Installed Capacity

US$407.2 MM Total Investment

506.05 GWH Total Energy Generation in 2019

314,553 Tons of CO_2 avoided in 2019

RENEWABLE PROJECTS

EGE Haina has been taking important steps towards advancing its growth strategy focused on the development of clean energy power stations.

In 2019 and early 2020, the company obtained six provisional concessions for the set-up of 411 MW of non-conventional renewable energy in different areas nationwide. The planning of these wind and solar photovoltaic projects is subject to change, based on the permanent exploration of opportunities. We present this graph as an indication of how EGE Haina will continue to solidify its path to sustainability.

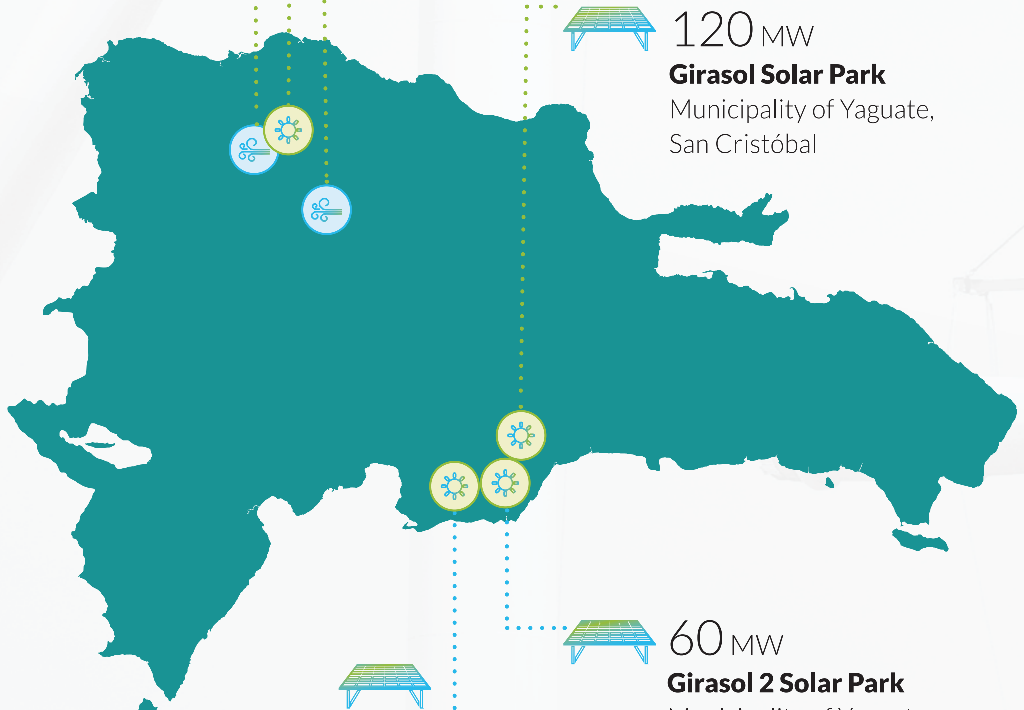
Provisional concessions obtained in 2019

50 MW
Esperanza Wind Farm
Municipality of Esperanza, Valverde Province

61 MW
Esperanza Solar Park
Municipality of Esperanza, Valverde Province

50 MW
Sajoma Wind Farm
Municipality of San José de las Matas, Santiago

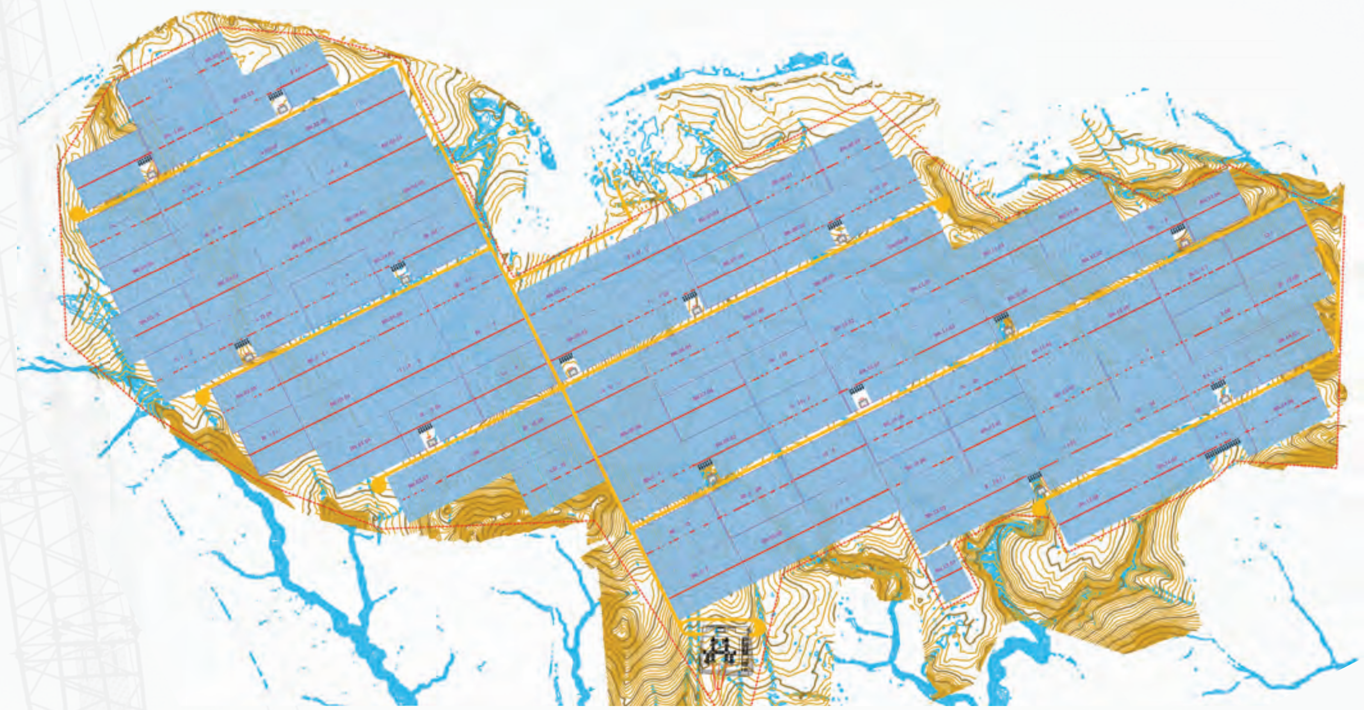
120 MW
Girasol Solar Park
Municipality of Yaguate, San Cristóbal



Provisional Concessions obtained in 2020

60 MW
Girasol 2 Solar Park
Municipality of Yaguate, San Cristóbal

70 MW
Tornasol Solar Park
Municipality of Santana, Peravia Province



Girasol Solar Park

After obtaining the concession, in 2019, for the development of the Girasol Solar Park, EGE Haina advanced with the necessary steps to start construction in early 2020.

This facility, which will be the largest photovoltaic plant in the country and the Caribbean, will have a capacity of 120 MW and is estimated to be completed in the first quarter of 2021.

The park will consist of 275,000 solar panels, with a 150 MVA power substation and a 10 km long 138 kV transmission line to inject the energy produced into the National Energy Grid (SENI).

275,000
Solar panels

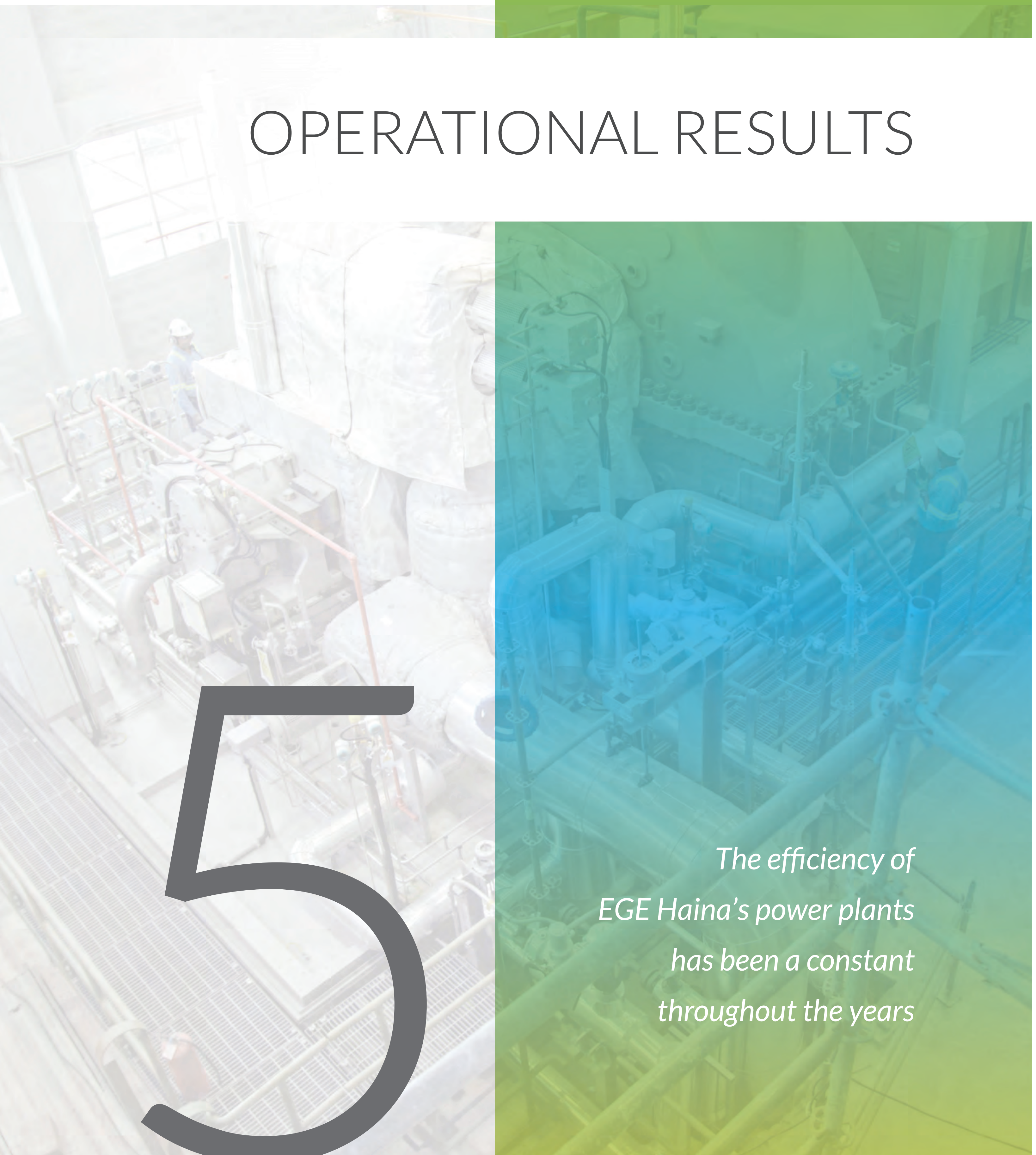
Girasol will shine for its high technology, with a system of solar position followers or "trackers", which rotate 104 degrees over twelve hours a day depending on the solar displacement to guarantee a better use of the irradiation, which increases the energy production of the project. Its estimated annual generation will be 240,000 MWh, a production capable of supplying 100,000 Dominican households.

120
MW Installed capacity

Girasol Solar Park will be located in the municipality of Yaguate, San Cristóbal province

As the country's largest photovoltaic plant, it will increase the national solar generation capacity by 64%.

It will also prevent the emission of 150,000 tons of CO_2 into the atmosphere and the import of 400,000 barrels of crude oil per year.



OPERATIONAL RESULTS

5

The efficiency of EGE Haina's power plants has been a constant throughout the years

OPERATIONAL MANAGEMENT

During 2019, EGE Haina's operations showed an excellent performance, highlighting the operational consolidation of the Barahona plant, after the completion this year of the last stage of its repowering project, with the completion of the civil work.

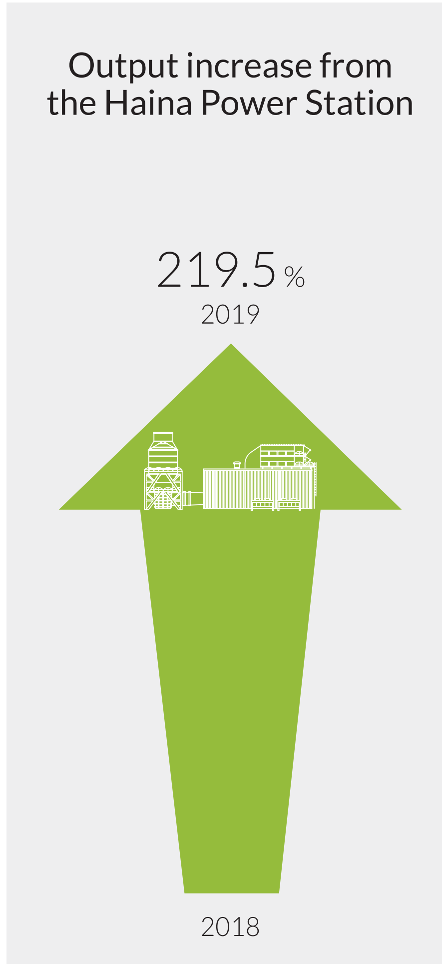
The commercial operation of this unit with its new turbogenerator began on December 18, 2018. Its total energy output in 2019 was 13.8 % higher versus 2018.

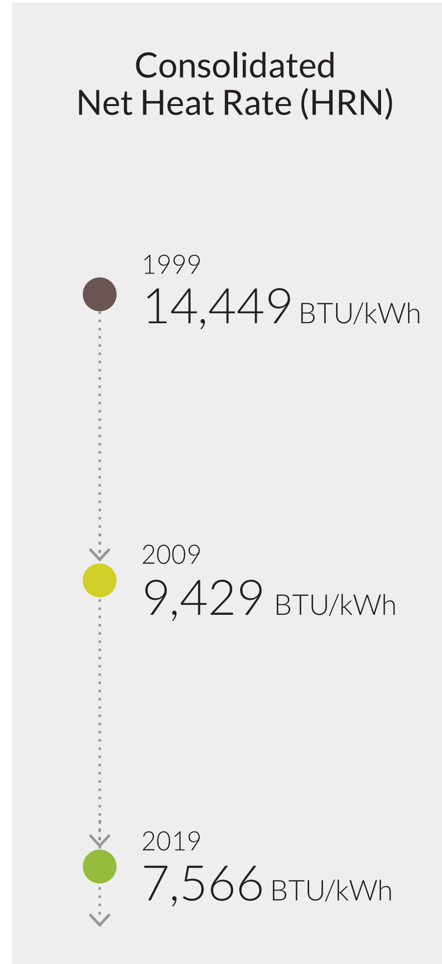
In 2019, EGE Haina's total net bar energy output was 3,511.38 GWh, higher than in 2018, which reached 3,080 GWh.

The company's main generators continued to actively participate in the Primary and Secondary Frequency Regulation process, an activity with which EGE Haina has maintained its contribution to the stability of the National Energy Grid (SENI) operation.

Output per Power Plant in 2019

Quisqueya 2	1,416.44 GWh
Sultana del Este	944.47 GWh
Barahona	390.22 GWh
Larimar Wind Farm. Phase 1	183.25 GWh
Haina	144.10 GWh
Los Cocos Wind Farm Phase 2	141.14 GWh
Larimar Wind Farm Phase 2	131.40 GWh
Palenque	90.65 GWh
Los Cocos Wind Farm Phase 1	48.16 GWh
Pedernales	19.47 GWh
Quisqueya Solar	2.10 GWh





Performance

The growing efficiency and solid operational performance of EGE Haina is evidenced, among other indicators, by the reduction experienced by its efficiency indicator (heat rate) over time.

In 1999 the consolidated net heat rate (NHR) of the company's power stations was 14,449 BTU/kWh; whereas in 2009 it had been reduced to 9,429 BTU/kWh even though all its production units were still thermal. Thanks to the diversification of its generation matrix and various energy efficiency projects, in 2019 the NHR was 7,566 BTU/kWh.

There was a slight increase in the 2019 heat rate compared to 2018 (7.344 BTU/kWh) due to a 15% increase (394 GWh) in the company's thermal production compared to 2018, which was significantly higher than the 8% increase (37 GWh) in its wind output.

Maintenance Procedures

Over the course of 2019 important maintenance activities were carried out -detailed below- which were executed as scheduled in terms of time and resources

- Quisqueya 2 Power Station: Maintenance work on units 1, 3, 6, 7, 8, 9, 10 and 11, and maintenance of the steam turbine generator.
- Sultana del Este: Maintenance on units 1, 2 and 4.
- Barahona Power Plant: Maintenance of all generators
- Pedernales: Maintenance of the Hyundai 1 unit.

Likewise, all pending works of the project for the repowering of the Barahona Coal Unit were completed, mainly those related to the completion of the civil work and the adjustments for the stable and efficient operation of the unit.

Projects under development

Over the course of 2019, EGE Haina's main investment project corresponded to commencing the conversion to natural gas of Quisqueya 2 Power Plant, as result of the agreement undersigned by the company with the Dominican Corporation of State Electrical Companies (*Corporación Dominicana de Empresas Eléctricas Estatales - CDEEE).

The project, which is estimated to be completed during the first half of 2020, is a vital part of the sustainable growth strategy of the company, which includes as one of its pillars the optimization of its assets and the output of 400 MW to natural gas.

After the conversion of Quisqueya 2 to natural gas, more than 60% of the company's production will be clean energy.

SUPPLY CHAIN

To develop its operations, EGE Haina has integrated the principle of sustainability into the management of its supply chain, adopting broad criteria of environmental management, safety and social responsibility in the selection of its suppliers.

In this sense, in addition to the technical and financial assessment, we have also incorporated sustainability criteria in the bidding and supplier contracting processes.

The organization ensures that all of its suppliers are aligned with and comply with the EGE Haina Code of Ethics and all local regulations in force regarding environmental conservation, human rights and occupational safety. These conditions are verified at the beginning of the business relationship and continuously throughout it.

EGE Haina considers sustainability criteria of all potential vendor companies amid the tender bid assessment process

EGE Haina's comprehensive purchasing process, which is part of the supply chain, is based on its expense budget approved annually by the Board of Directors. In other words, the first step in this process consists of planning the company's needs both in the operational aspect and in its administration and management of human resources.

Throughout the year, the different areas of the company make their requisitions for equipment, parts, services and other inputs through the digital platform enabled said purposes. These requests open the bidding process and subsequent selection and hiring of suppliers, based on the criteria set out above.

The main goods and services used for energy generation are acquired through contracts or purchase orders issued in the medium and long-term, that is, with multiple or single deliveries, in order to ensure, essentially, the provision of key spare parts, fuels and lubricants, in the time and manner required.

Likewise, the company may require the purchase of smaller products or services which are subjected to the same selection and contracting criteria are applied as for large suppliers.

EGE Haina has some 390 active suppliers. Among them, 25 to 30 suppliers could be considered key since their goods and services are related to the maintenance and operation of our assets. Among these suppliers we have renowned firms from Europe (Germany, The Netherlands and Sweden), such as Wärtsilä Corporation and its various subsidiaries, Siemens AG, ABB Group, MMS, and Alfa Laval AB.

For the reception of these spare parts, we have regular arrivals of ships and airplanes to the main in-country ports and airports. In matters of fuels and lubricants, our main suppliers are Exxon/Mobil Corporation, Glencore Plc, Shell, Novum Energy, Total, S.A. and CMC Coal Marketing Company, all with dispatch and storage operations in the Caribbean and the Gulf of Mexico. However, in extreme cases, we have also received products from the East Coast of the United States.

390
Active Vendors

We contract approximately USD$ 150 million a year in different goods and services inputs. This amount is primarily composed of expenditures on fuel, lubricants, spare parts, and technical services.

EGE HAINA features procurement policies (which can be viewed on our website) that provide for minimum stock levels, including fuel availability that is adjusted or increased during the hurricane season.

150
million per year in goods and services contracts

Likewise, the company maintains provisions of critical equipment and materials such as wind turbine blades, transformers, lubricants, chemicals, and swing-sets, among others

THE ENERGY MARKET

The commercial activity of EGE Haina is destined to supply the demand needs of the National Energy Grid (SENI), Non-Regulated Users (NRUs), the Dominican Corporation of State Electrical Companies (CDEEE), the Electrical Distribution Companies (EDES) and the opportunity or spot market.

USD$ 473.13
million total sales, in 2019

The company develops its operations under specific norms of the electric sub-sector in the Dominican Republic, which historically have been applied in a stable manner.

Most of the energy consumed in the country is produced and distributed in the SENI, and the rest in some isolated Systems.

Key Players of the Energy Market

The electric sub-sector in the Dominican Republic is composed of the following regulatory entities: Ministry of Energy and Mines, National Energy Commission, Superintendence of Electricity, and entities that produce, transport, distribute, and consume electric energy.

The SENI features five electricity distribution companies, three of which are owned by the Dominican State: EDENorte, EDESur and EDEEste.

Both the hydroelectric generation activity and the transmission of electricity are reserved to the State, through the Empresa de Generación Hidroeléctrica Dominicana (EGEHID) and the Empresa de Transmisión Eléctrica Dominicana (ETED), respectively. Additionally, the Dominican State participates in the Wholesale Electric Market as a distribution agent and as a representative of Independent Power Producers (IPP).

Users with a setup capacity equal to or greater than 1 MW may apply to the Superintendence of Electricity for certification as a Non-Regulated User (NRU), through which they may negotiate directly with the generation and distribution companies for energy supply rates.

Energy Trading Transactions

Trading in the electricity market can be done through:

- Private contracts or PPAs, through which specific energy and capacity transactions are agreed-upon. These contracts are governed by commercial law and may be long-term (e.g. five to twenty years) or short-term (typically one to two years). The terms negotiated include term, price, payment terms, warranties, and other standard provisions. Contracts between generators and distributors and/or unregulated users (NRUs) are registered and administered by OC-SENI.
- Direct transactions in the occasional or spot market at rates declared by the marginal generation units. The OC-SENI programs the dispatch of the generation units declared available in the market by order of merit or economic dispatch, in order to match the supply and demand of energy at a particular timeframe, optimizing the relationship between the cost of supply of the demand and the security of the system. On a monthly basis, the OC-SENI reconciles the quantities of system electricity injected (by generation) and withdrawn (by sales via contracts or spot) per each agent, and determines the purchase or sale position of energy and the capacity in the occasional market.

16.91%
of the energy demanded by the National Energy Grid was supplied by EGE Haina

EGE Haina supplied 16.91 % of the demand of the National Energy Grid (SENI) in 2019.

The energy produced by the company was destined to the SENI and two isolated systems: the Consorcio Energético Punta Cana-Macao and the Pedernales electricity system. In the SENI, the energy was traded on the spot market and through contracts with the Dominican Corporation of State Electricity Companies (CDEEE), the distribution companies EDESur, EDENorte and EDEEste and with non-regulated users (NRUs).

Sectors serviced by EGE Haina

- Wholesale Electric Market
- Commercial
- Industrial
- Manufacturing
- Fuel
- State
- Mining

Client Segments and Benefaciaries of the EGE Haina Output

- 1 Energy generation and distribution companies
- 1 State-owned electricity companies
- 3 Electricity distribution companies
- 2 Local power companies
- 1 Mining
- 1 Cement
- 1 Local Free Zone
- 2 Food, Production and Distribution
- 2 Metallurgy
- 1 Fuel Imports
- 1 General Trading Companies
- 1 Building Materials
- 1 Agribusiness

Goods and Services provided or rendered

- Sale of Energy
- Capacity Market Sales
- Compensation for frequency regulation
- Third-party active Operation Services
- Forced Dispatch System Compensation
- HFO Asset Storage & Leasing
- Operations Management Services

THE ENVIRONMENT

6

We are committed with the well-being of future generations

ENVIRONMENTAL AWARENESS OR "GREEN THINKING"

Preserving the environment is a priority at EGE Haina. Environmental awareness permeates all areas of the company and is a critical component in planning its actions, knowing that responsible management today contributes to the future of the upcoming generations.

The EGE Haina Environmental Policy emphasizes that a healthy environment is essential for the well-being of its team and the communities where it operates, as well as for the business and for achieving sustainable economic development.

Environmental awareness permeates all areas of the company, and is a critical component in planning its actions

The environmental management team of the company focuses on the prevention of harm to the environment that could result from energy production; on the compliance by the company and its suppliers with the in-country environmental legislations; on the awareness and training of its employees about the individual and team responsibility to preserve the environment, and on the prevalence of environmental criteria in the design of the company plans and the development of its operations.

The EGE Haina Environmental Policy establishes the following objectives:

- Produce energy in accordance with the environmental legislations, regulations, and norms of the Dominican Republic.
- To operate in harmony with the environment, in such a way that the satisfaction of the needs of future generations is not compromised.
- Promote positive actions and attitudes related to the prevention of pollution and the preservation of the environment, by identifying, assessing, and implementing mitigating measures regarding the potential impacts related to energy generation.
- Promote respect and concern for the environment by emphasizing individual responsibility in our employees through appropriate and effective communications and training.
- Periodically review our Environmental Management System to ensure continuous improvement.

Commitments and actions of the EGE Haina Environmental Policy:

- Make environmental considerations a priority in the planning, maintenance, and operations
- Maintain air emissions, effluents and waste within legally established levels and produce adequate supporting documentation.
- Promote energy efficiency and the reduction of water, chemical and material consumption overall.
- Manage our facilities by focusing on the prevention of environmental accidents.
- Be prepared to respond promptly and appropri-

ately to environmental accidents that may result from our operations.

- Ensure that employees and contractors comply with the environmental policy in order to achieve all goals defined by the company.
- Require our suppliers to comply with the environmental regulations of the Dominican Republic.
- Ensure that all employees and contractors have the right and duty to stop work at any time that compromises the environment.

CLIMATE CHANGE MITIGATION ACTIONS

EGE Haina continuously works to reduce its carbon footprint through initiatives and investments focused on strengthening the sustainability of the business, such as those presented below:

- Investment in zero emission assets
  Development to date of four wind farms and one solar project, with an investment of USD$ 400 M.
- Technological transformation
  Conversion of Quisqueya 2 from liquid fuel use (HFO) to natural gas, with an estimated investment of USD$ 6 M.
- Energy efficiency projects.
  - Repowering, energy recovery and particle filtering at the Barahona Power Station, with an investment of USD$ 35 M.
  - Replacement of lights in power stations and offices, with an investment of USD$ 1 M.

Through the deployment of these initiatives, EGE Haina has achieved:

- Increase efficiency in energy production.
- Halve the emissions per kW/h produced in 2019 vs. 1999, through the improvement of the company's thermal efficiency and the installation of non-conventional power stations
- To reduce emissions from the Quisqueya 2 Power Station by 67 % by adapting it to produce energy with natural gas as of 2020.
- Reduce emissions per kW/h produced by the Barahona Power Station by 15 % with its repowering, which concluded in 2018.
- Avoid the generation of more than 300,000 tons of CO2 per year with wind power production.
- Support the fulfillment of the goals of the Paris Agreement, established in the national contribution foreseen and determined nationwide.
- Reduce fossil fuel consumption by more than one million (1M) barrels of oil per year.

EGE Haina has invested USD$ 450 M in projects that contribute to climate change mitigation actions

Likewise, the company also actively sponsors programs to protect and recover watersheds and aquifers, plant trees, install and maintain coral reef nurseries, clean beaches, and mangroves, recycle solid waste, and raise environmental awareness among employees and communities.

The most relevant initiatives have been the construction of four wind farms and one solar power bank, the repowering of the Barahona Power Station to produce 15 % more with the same amount of fuel, the adaptation of Quisqueya 2 to operate with natural gas instead of fuel oil, the replacement of lights in the power stations and offices.

ENVIRONMENTAL COMPLIANCE

At EGE Haina we have an environmental management system based on the ISO 14001 standard. This system is designed based on the Environmental Management and Adaptation Programs that resulted from the Environmental Impact Assessments (EIAs) that were submitted to the Ministry of the Environment and Natural Resources (MIMARENA) to obtain the environmental licenses required by our operations.

EGE Haina features 11 environmental licenses in force and another 4 currently in process of validation by the Ministry of Environment and Natural Resources

EGE Haina currently has eleven environmental licenses in force and another four in process of validation by said Ministry. For each license issuance request, the company submits semi-annual Environmental Compliance Reports (ECRs) to the Ministry.

The focus of the company's environmental work is on the management of solid and oil waste, liquid effluents, water quality, and air emissions; the proper storage, treatment, and transport of chemicals and waste; the control of environmental noise; and spill prevention and protection.

EGE Haina provides ongoing training to its staff to

ensure that they are familiar with the procedures involved in this management.

In addition, all EGE Haina plants feature a spill control brigade that ensures rapid and adequate containment of any liquid effluent discharged unexpectedly during production activities.

All company operations comply with environmental laws and regulations. Throughout 2019, no fines or penalties were recorded for non-compliance in this area.

EMISSION MANAGEMENT

At EGE Haina, we are aware that environmental emissions harm the planet and life, are the cause of global warming and diminish the hope of achieving a sustainable future.

That is why the company has focused on developing the generation of renewable energy and optimizing its production assets to make them more efficient, steps that have been decisive in reducing its carbon footprint.

At EGE Haina we periodically monitor the emissions from fixed sources in the plants, to ensure compliance with maximum residue limits (MRLs). These measurements are reported to the Ministry of Environment and Natural Resources.

We have calculated the CO2 equivalent produced by the company according to the U.S Energy Information Administration (EIA) method.

Based on the CO2 equivalent content of the fuel used in the generation of electricity at our power stations, in 2019 EGE Haina emitted 1,701,731.26 tons of CO2e into the atmosphere.

Amid same period, the generation of EGE Haina Wind Farms avoided the emission of 314,553 tons of CO2e, the equivalent to 18.5 % of EGE Haina's annual thermal production. For this, a SENI emission factor of 0.6216 tons of CO2e per MWh generated was used, a factor made official by the United Nations Framework Convention on Climate Change (UNFCCC).

In 2019, an updated regulation on air emissions from fixed sources, established by the Ministry of Environment and Natural Resources, came into force.

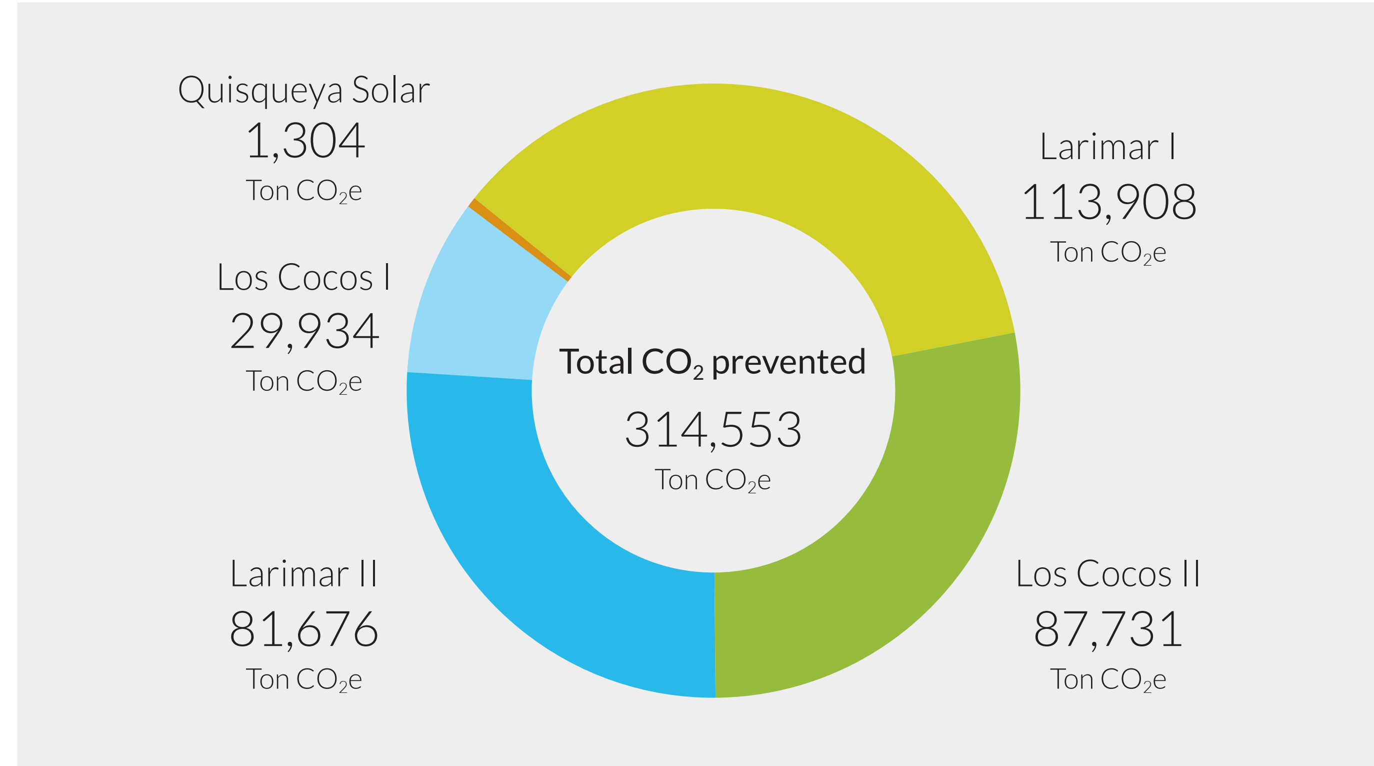
This regulation reduces the permissible levels of air emissions for both existing power stations and facilities that enter the system after they have been emitted. EGE Haina, governed by international environmental compliance standards, maintains its emissions well below the new limits determined by the Ministry.

We have focused on developing renewable energy generation and in optimizing our production assets

CO_2 emitted by Coal-fired Power Plants in 2019

Power Station	Fuel Consumption HFO (Bls)	LFO (Bls)	Coal (Ton)	Generation (MWh)	CO_2 Emissions (Ton CO_2e)
Quisqueya 2	1,969,091	945	0	1,416,438	927,967
Sultana SENI	539,507	583	0	384,241	254,384
Barahona	0	216	195,304	390,216	312,764
Haina TG	0	303,235	0	144,101	123,424.20
Pedernales	29,951	1,407	0	19,471	14,682
Palenque	144,769	772	0	90,646	68,510
Total	**2,683,317**	**307,158**	**195,304**	**2,445,113**	**1,701,731.26**

CO_2 avoided by renewable power plants



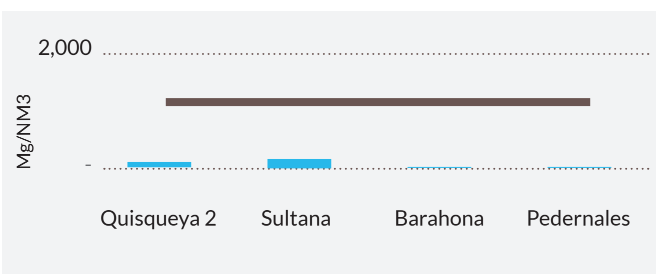
Power Station	Setup Capacity (MW)	Capacity Factor	Generation (GWh)	CO_2 prevented (Ton CO_2e)
Los Cocos I	25.2	22%	48.16	(29,934)
Los Cocos II	52	31%	141.14	(87,731)
Larimar I	49.5	42%	183.25	(113,908)
Larimar II	48.3	31%	131.40	(81,676)
Quisqueya Solar	1.5	16%	2.10	(1,304)
Total	**176.5**		**506.05**	**(314,553)**

EGE Haina emissions into the atmosphere in 2019

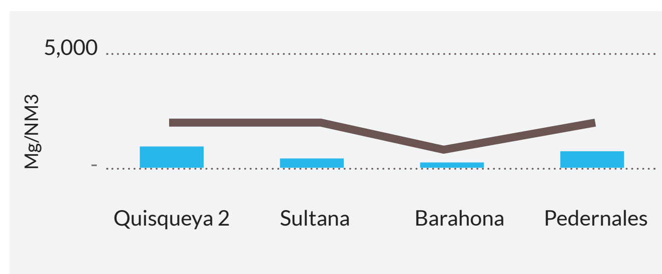
Parameter (Annual Average)	Quisqueya 2	Sultana	Barahona	Pedernales	Maximum Residue Limits for emissions from fixed sources per Technical Regulations by MIMARENA (applicable to existing Power Stations)
Carbon Monoxide (mg/Nm^{3}CO)	114	151	30	52	1150
Nytrogen Oxide (mg/Nm^3 NOx)	908.6 (a)	458.8 (a)	270.5 (c)	796.2 (a)	2000 (a) 1800 (b) 900 (c)
Sulphur Dioxide (mg/Nm^3 SO_x)	162	546	651	517	2000
Mercury (mg/Nm^3 Hg)	-	-	0.0003	-	0.02
Particulate Matter (mg/Nm^3)	65	91	62	87	100

(a): Based on dry-flow and 15% of O2. Thermal Systems reliant on Fuel Oil.
(b): Based on dry-flow and 15% of O2. Thermal Systems reliant on Diesel Fuel.
(c): Based on dry-flow and 6% of O2. Thermal Systems reliant on mineral coal.

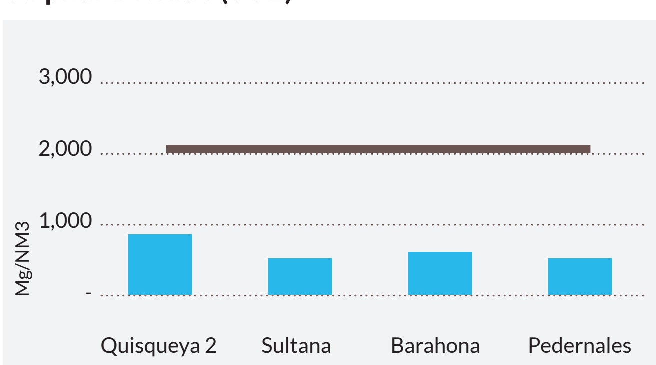
Carbon Monoxide (CO)



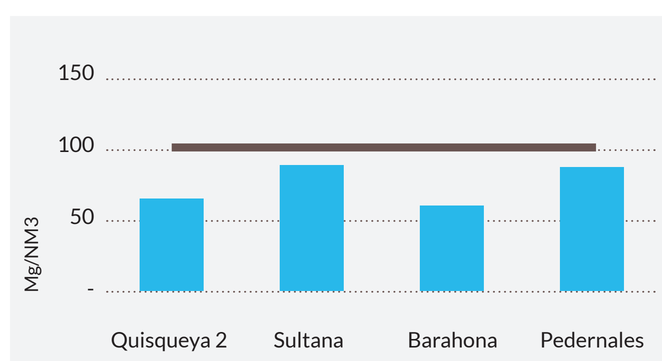
Nytrogen Oxide (NOx)



Sulphur Dioxide (SO2)



Particulate Matter



Annual Average 2019 Regulations for Existing Power Plants

INPUT & SOLID WASTE MANAGEMENT

Solid Waste Management

In EGE Haina we are committed to the responsible and adequate management of all waste resulting from our industrial processes. Hence, all the waste generated from our operation 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 (MIMARENA)

In 2019, our operations generated a total of 3,206 m3 of ordinary solid waste, which was sent to municipal landfills. A total of 4,941 m3 of special liquid waste and 258 m3 of special solid waste were produced and managed through third-party managers authorized by the Ministry of the Environment and Natural Resources.

In addition, 43,181 m3 of bottom ash were generated, part of which was transported to cement companies and used as aggregate for cement kiln firing.

Water Consumption Management

In 2019, a total water consumption of 1,035,660 m3 was recorded, of which 4% corresponded to domestic water consumption and 96% to industrial water consumption.

Spills

During 2019, ten small spills of fuel and oil were reported, without constituting a breach of any regulation and without driving direct impact on the environment.

Seven of them occurred at the Sultana del Este Power Plant, two at the Haina TG Power Plant and one at the wind farms.

Fuel Consumption

In 2019, EGE Haina power stations consumed 2,683,317 barrels of heavy fuel oil (HFO), 307,158 barrels of light fuel oil (LFO) and 195,304 tons of mineral coal.

Waste Production

Solid Waste Management	Quisqueya 2 + Quisqueya Solar	Sultana	Wind Farms	Barahona	Haina	Pedernales	Palenque	TOTAL
Ordinary solid waste deposited in landfills (m^3)	450	614	110	1,698	252	20	62	**3,206**
Special solid waste managed through third-party managers authorized by the Ministry of Environment (m^3)	47	59	37	103	0	12	0	**258**
Special liquid residue managed through third-party managers authorized by the Ministry of Environment (m^3)	1,909	2,544	27	0	30	19	412	**4,941**
Ash Production (m^3)				43,181				**43,181**

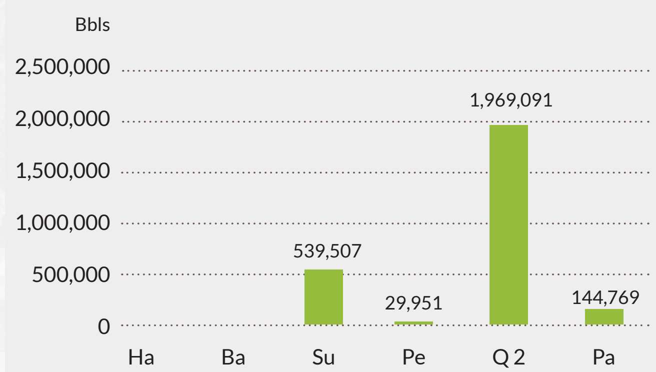
Water Consumption

	Quisqueya 2 + Quisqueya Solar	Sultana	Parques eólicos	Barahona	Haina	Pedernales	Palenque	TOTAL
Domestic water consumption (m^3)	1,290	12,754	110	16,469	3,600	2,636	-	**36,859**
Industrial water consumption (m^3)	689,307	159,281	-	145,198	3,233	237	1,545	**998,801**
Total								

Fuel Consumption

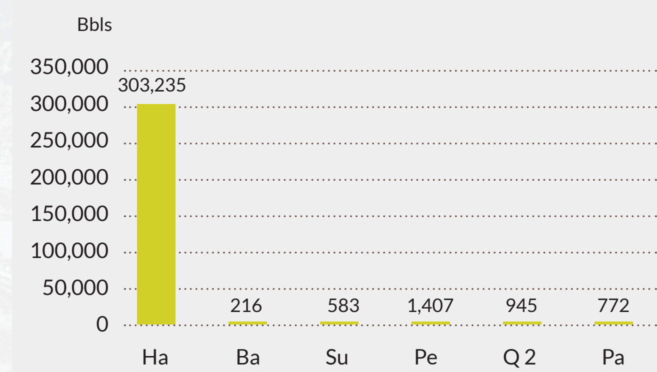
Heavy Fuel Oil (HFO)

Total Consumption = 2,683,317 Bbls



Light Fuel Oil (LFO)

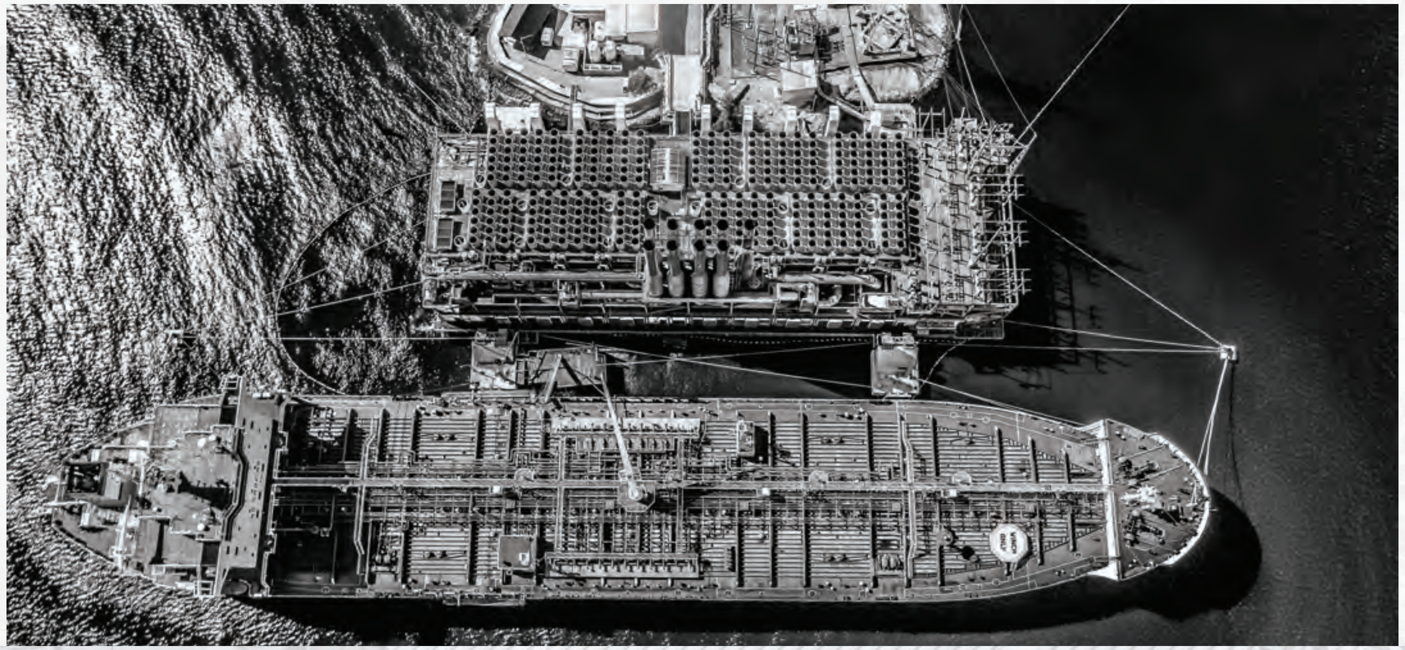
Total Consumption = 307,158 Bbls



Acronyms: Bbls. = Barrels, Ha = Haina, BA = Barahona, Su = Sultana, Pe = Pedernales, Q 2 = Quisqueya 2, Pa = Palenque

Coal

Barahona = 195,304 Tons



OUR HUMAN CAPITAL

7

The team at EGE Haina is the driving force behind our growth and importance as a company

GRI 102-7, GRI 102-8

TALENT MANAGEMENT

EGE Haina's most valuable asset is its human capital. Our people, their talent, and their commitment to the values of the organization, have been the protagonists of the growth we have achieved thus making us one of the main energy generation companies in the country.

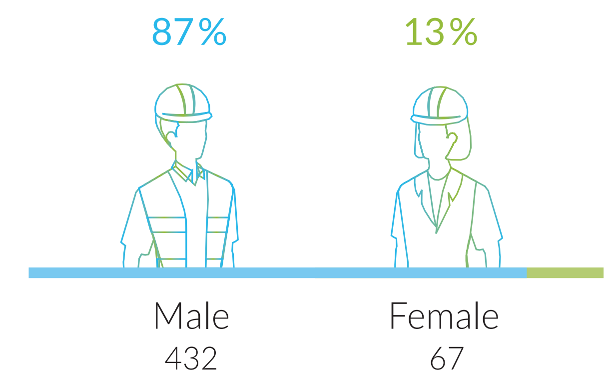
The well-being of our team guides the actions we undertake. EGE Haina's talent management is focused on ensuring their safety and productivity, through initiatives that stimulate their efficiency, their sense of belonging to the company, and their commitment to the strategic objectives.

512
Employees
499 full-time
13 temporary

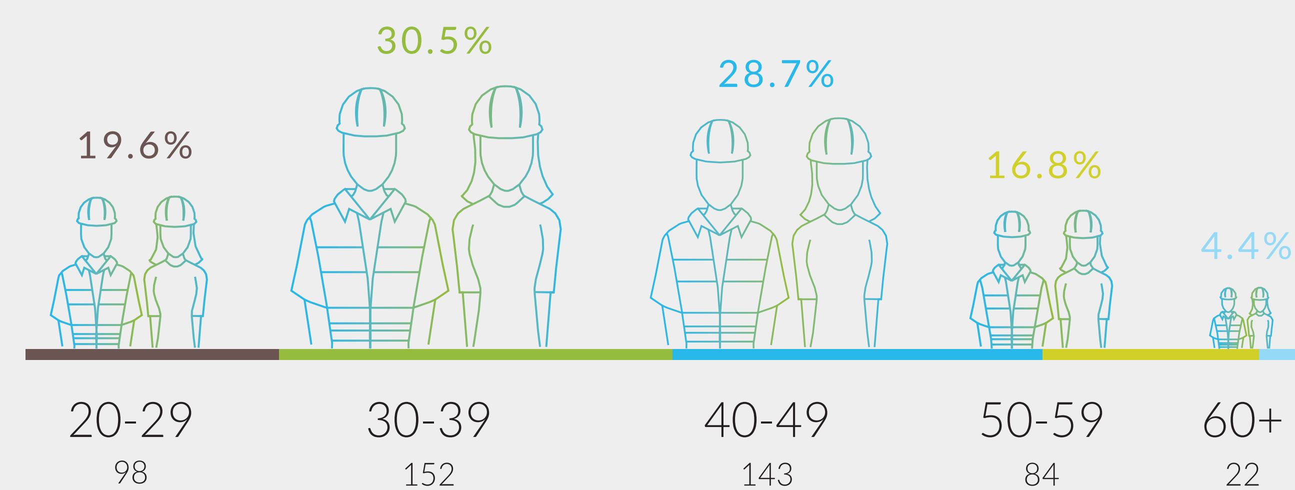
EGE Haina Workforce

By December 31st, 2019, the EGE Haina team was composed of 512 employees,
499 full-time and 13 temporary employees

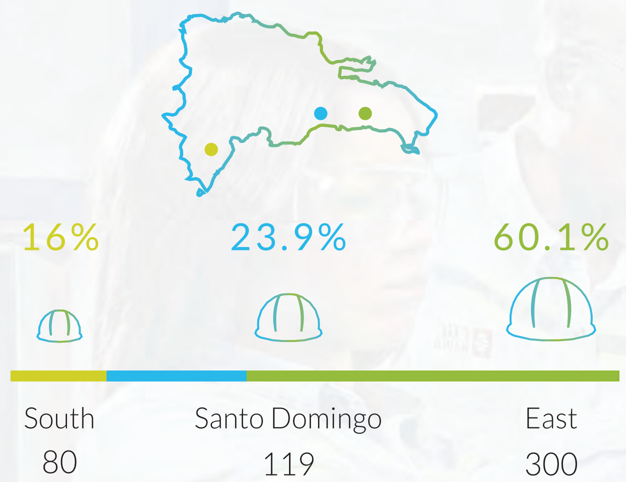
Gender



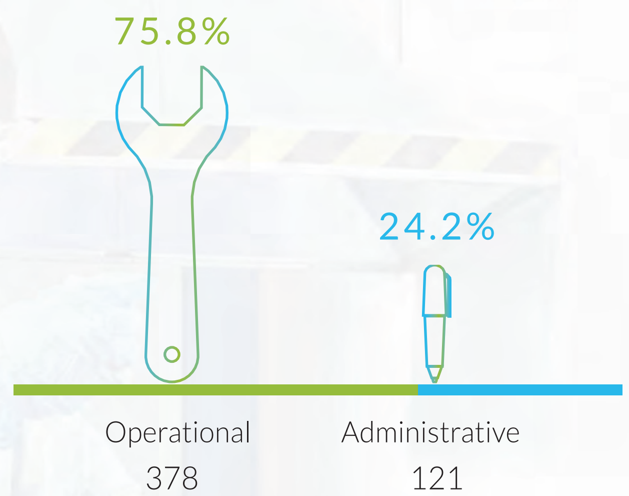
Age



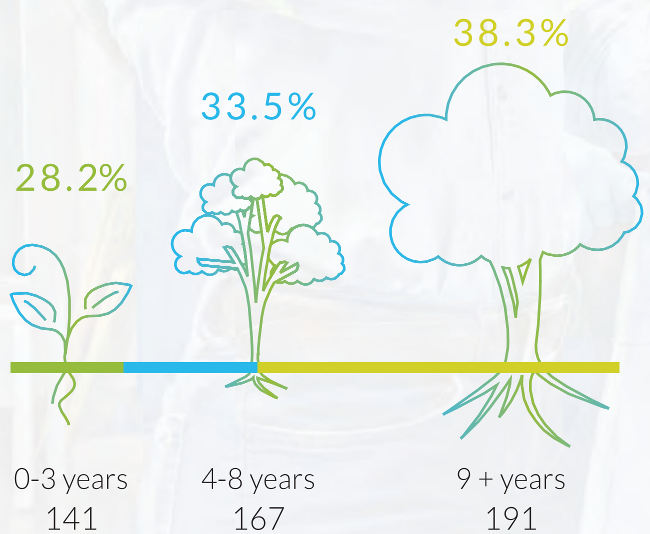
Locations



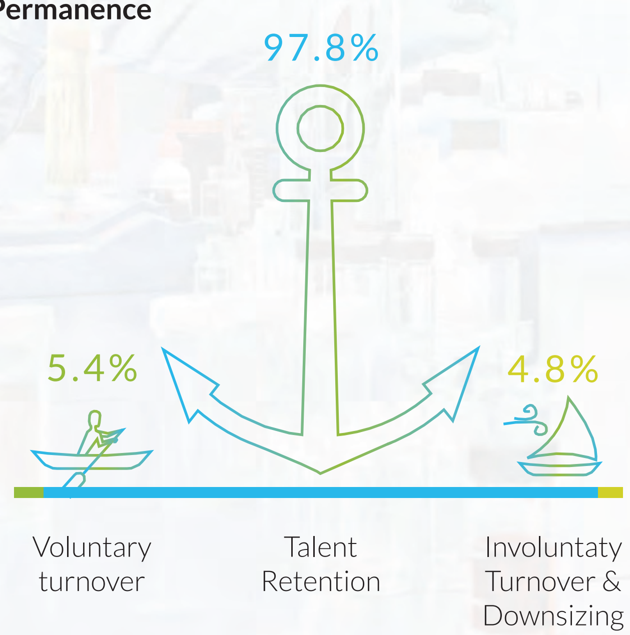
Duties



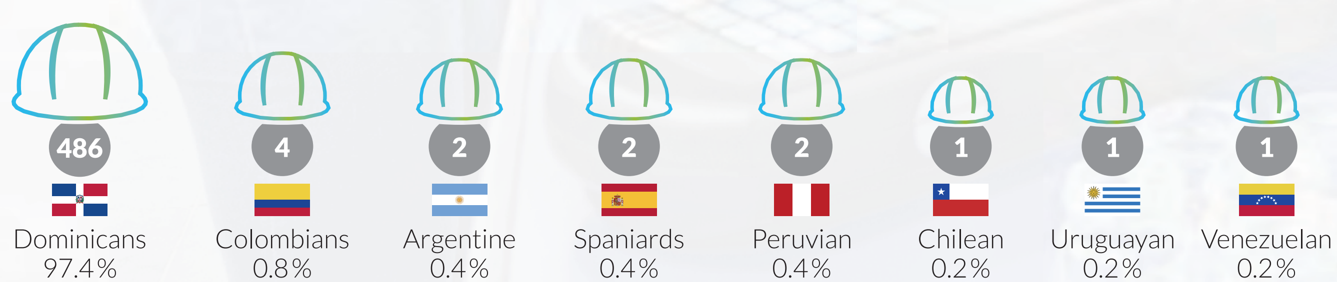
Seniority



Permanence



Nationalities



EMPLOYMENT & BENEFITS

EGE Haina's talent management aims to provide employees with a sound and balanced work environment, where respect and personal consideration are paramount, and professional development possibilities are offered based on performance and growth opportunities.

This management has been bolstered by various initiatives that promote diversity and inclusion as part of the company's culture. The most relevant are presented below:

> The company is committed to supporting gender quality and a non-discriminatory work environment

- **Diversity & Equal Opportunity**
  EGE Haina is strongly committed to the principles of gender equality and non-discrimination in the workplace. The organization respects and accepts the differences between people and guarantees equal treatment and opportunities for all its current and potential employees. In 2019, the company signed, alongside the Ministry of Women and the United Nations Development Program (UNDP), the Charter of Commitment for Equality of the Igualando RD Certification, which aims to incorporate best practices and initiatives that support gender equality, mainly in areas such as: reconciliation of work and family/personal life, access to employment opportunities, equal pay, elimination of discrimination associated with sexual and workplace harassment, and prevention of domestic violence and violence against women, among others.

- **Compromise & Flexibility**
  The company promotes actions aimed at promoting a flexible work culture, which facilitates

the personal, family, and professional balance of its workforce. In 2019, for the second year in a row, one of the initiatives implemented was the "Summer Schedule", which gave employees the opportunity to enjoy more quality time with their families.

- **Integration of Workers with Physical or Mobility Disabilities and Risk of Social Exclusion**
  EGE Haina is committed to providing employment opportunities for people with disabilities. In 2019, the company trained the Talent Management Team in the procedures and considerations to be considered for the recruitment process of this employee profile. The team participated in an American Sign Language (ASL) workshop and a survey of the organizational infrastructure was carried out to help determine the needs that must be met in the different locations and to undertake the improvements required to carry out this recruitment plan. In addition, awareness workshops were given to all company personnel.

Organizational Environment

In 2019, EGE Haina conducted Worki Climate and Safety Survey among its employees, with the objective of knowing the team's overall feel about the company's internal environment and taking the necessary actions to implement improvements in the areas requiring it so.

With the Work Climate and Safety Survey, the company assesses the organizational atmosphere and the internal environment that its members experience and perceive, and that influence their behavior and the operation of the company.

EGE Haina is aware that a high degree of satisfaction with the work environment drives positive impact on people, especially in retaining and attracting talent, as well as influencing the commitment and innovation factors of its team.

All areas of the organization were assessed through 489 surveys answered by an equal number of employees. On this occasion, the eMarsuite platform was used for the first time and was well received for its simple and intuitive handling, useful for measuring the work climate and other processes, such as performance assessments, internal customer satisfaction metrics, management and leadership, and employee experience.

96%
of all personnel would recommend EGE Haina as a great company to work for

Overall, the organizational climate index obtained in this measurement was 92.65 %, which represents the percentage of employees who perceive EGE Haina as a good company to work for. Likewise, the survey showed that 95.75 % of the employees would recommend the organization to colleagues, friends, and family as a good place for their professional performance.

The aspects measured in this process were: clarity, responsibility, commitment, recognition, innovation, support, respect, learning and development, emotional well-being, physical well-being, communication, trust, and purpose. Of all these, clarity and commitment were the best scored, with 94.84 % and 94.64 %, respectively. The wellness and innovation components scored 90.68 % and 90.99 %, respectively. All aspects scored above the average of similar surveys to EGE Haina evaluated on the same platform.

The results obtained from the assessment were shared individually with all directors and area managers. Action plans were then defined and implemented.

The initiatives that form part of these plans are aimed at leveraging the company's strengths and using them to reinforce the identified areas for improvement. The most important ones are aimed at continuing to optimize management and leadership skills, in increasingly flexible and diverse environments.

Leadership & Human Capital Development

EGE Haina works constantly to identify and develop the potential of its human capital team, so that their performance contributes to making the company a reference in the electricity sector, both nationally and regionally. Under this premise, the EGE Haina values and behaviors, and goal-oriented management systems guarantee the development of employees based on merit and their contribution and consist of processes which are constantly measured and improved.

In 2019, 94.39 % of EGE Haina's employees participated in performance assessment and professional development processes through the company system designed for this purpose. In turn, the organization has continued to carry out different

20th Anniversary celebration at the Quisqueya Power Station

Celebration of Super Family Day

Basketball Team composed of workers from Eastern Sultana and Quisqueya professional development actions, such as metrics and training in coaching, leadership and feedback topics for employees in charge; consulting for team development; workshops for skills improvement; business knowledge days and definition of succession plans.

In this sense, in 2019, EGE Haina completed a consulting process with the consulting firm Mercer, aimed at obtaining results and recommendations for the implementation of a development and succession plan for key positions, in favor of the objectives set for the coming years.

98%
of all personnel received training in 2019

Training

Over the course of 2019 the company carried out 5,030 training sessions, with the engagement of 491 employees, equivalent to 98% of the working population. Through this program, 32,481 hours of training were given, reaching an average of 66.15 hours per employee, translating into an increase of 57.7% versus the previous year, when the average number of training hours was 41.96 hours per employee. The investment in internal training in 2019 totaled USD$333,932.

The annual training plan of EGE Haina aims to ensure the adequate performance of people within the organization, as well as to encourage their professional development. In 2019 this plan focused on

Staff members attending the Financial Coaching Workshop

Graduation of workers enrolled in the "Advanced English" course

Children of employees recognized in the 2018-2019 Academic Excellence Award

supporting the fulfillment of the company's strategic objectives and enhancing the key competencies required to achieve them.

The organizational commitment to the development and training of its employees implies the inclusion of numerous training actions, among which those referring to safety, risk prevention, development of problem-solving skills, operational excellence, people management, communication and leadership stand out.

The 2019 training program covered all employee levels and followed up on the one carried out in 2018. In turn, the training developed in this period is a fundamental input for continuing the 2020 plan.

Training in management and leadership skills has been managed transversely among the different businesses and support areas. Its purpose is to improve the skills of the different professional categories and units, so that the corporate culture is shared

Another pillar that has been maintained over the years is the technical training of employees, continuing the Systems Expert Program, created in-house in order to generate specialized personnel to train the rest of the operating population and provide them with a global image of the operations. This initiative enables the professional progress of the technicians, providing them with the necessary qualification for the performance of their activities.

A total of
32,481
hours of training were deployed among all personnel

Likewise, the company develops training in the English language in several of its locations, with expert suppliers in this area.

Talent Procurement & Retention

EGE Haina has carried out actions to improve its positioning within the labor market and continue to make itself known as one of the best places to work in the Dominican Republic.

In recent years, the company has focused on attracting the best young talent through different means. To this effect, it has strengthened its relations with technical higher education institutions, universities, employment fairs and conferences, and professional training centers.

Our presence in specialized forums aims to convey to young people the strong interest the company has in innovation and in recruiting potential candidates who fit in with its core values: results orientation, operational excellence, social responsibility, well-being of our people, integrity and initiative.

GREAT PLACE TO WORK®

For 5 years in a row, EGE Haina has been rated as one of the "best companies to work for" in the DR

In this sense, EGE Haina has also strengthened its presence and diversified the digital channels it uses, to facilitate its communication and relationship with qualified talent. This has been possible through the timely and effective presence of EGE Haina in social media networks and other online platforms, channels which have contributed to the recruitment process.

Likewise, the company has an online tool for the reception of résumés and management of the recruitment and selection process. This tool is used both internally, for vacancies that may involve personnel rotation and promotion, and in external vacancies.

Another fundamental initiative for the growth and specialization of our staff is the Dual Training Program, implemented together with the National Institute of Technical and Professional Training (*official name in Spanish: Instituto Nacional de Formación Técnico Profesional- INFOTEP). This program aims to strengthen the technical knowledge of candidates who may hold positions as mechanics, electricians, and operators in our plants.

Under this program, as students learn the theory, they can also become familiar with the technical aspect within our facilities, accompanied by a monitor, a role played by a company employee with the ability to transmit knowledge.

These training days have a total duration of 2 years. Currently the company has been developing the program for 6 years, with the participation of 26 technicians who, upon completion of the training, can occupy a position at EGE Haina. So far 40% of the participants have become part of the organization.

The company also has an Internship Program that allows young recent graduates from areas such as finance and engineering, among others, to be trained in various subject areas. The internship period lasts 7 months, during which the trainees can learn about all of the company management, both administrative and operational. At the end of the program, the trainee goes to work in the area where they showed the best performance and that is of interest for their development.

In relation to the growth of the personnel within our structure, EGE Haina promotes internal promotion when filling the vacancies that arise, giving preference to professionals with an outstanding performance in their functions. The selection processes enhance the culture of diversity and meritocracy, as well as the values of the company.

Working conditions at EGE Haina comply with the standards established in the Dominican Republic Labor Code, guaranteeing equal treatment and a non-discriminatory environment for all employees.

OCCUPATIONAL HEALTH & SAFETY

In EGE Haina, the health and safety of its staff is non-negotiable. Its Health and Safety Policy emphasizes this by stating that the company's most important asset is its human capital.

Hence why it promotes among its personnel the principle expressed in this policy that "safety is not an option, but a life decision", and assumes as a priority "to operate and maintain all facilities in accordance with the local laws and regulations in force regarding safety and health, and with applicable international standards, wherever enforceable".

We promote the safety of all workers, contractors, and visitors

The company promotes the safety of its employees, contractors and visitors in every task and action performed, with the awareness that safeguarding their well-being is a commitment assumed by all. The health and safety initiatives are based on a preventive approach, whereby risks are reduced to a minimum.

Commitments and actions established by the Occupational Health & Safety Policy

- Comply with applicable legislations to maintain the safety of our employees and third parties overall.
- To promote and guarantee the conditions of safety, health, and physical, mental and social integrity of all personnel during the development of their work, avoiding risks and lost-time incidents (LTIs), as well as occupational diseases.
- To promote leadership in safety and health in all personnel and third parties.
- Act with a sense of urgency to eliminate and effectively control all hazards and risks of health and safety.
- Develop, implement, and maintain a specific Health and Safety Program in the facilities, as well as outside the workplace, per the current legislation.
- Maintain conditions of hygiene and cleanliness in all facilities, to ensure healthcare and welfare of all employees, partners, and others.
- Ensure that all employees, contractors, and visitors faithfully comply with the company health and safety standards.
- Identify hazards and assess and control significant occupational safety and health risks.
- Perform risk analysis as part of daily tasks and engineering design reviews.
- Be prepared with proven plans through training and drills to respond quickly, and appropriately to safety and health emergencies.
- Develop, implement, and maintain a safety and health training program.
- Implement a program of routine safety inspections, to identify and eliminate unsafe working conditions and activities.
- Promote and motivate all personnel in the prevention of Lost Time Incidents (LTIs) in all their activities, through communication and participation in all protocols designed to control and prevent incidents and accidents.
- Ensure that all employees and contractors have the right to say "no" if they are asked to carry out any task or activity where they consider that their life or that of their colleagues is at risk.
- Provide resources for prompt and thorough investigation of all incidents and accidents to determine their cause, corrective actions, and reduce the likelihood of recidivism.

Safety Management Systems

EGE Haina employs a rigorous Safety Management System. Each of its power stations is certified to operate by the General Department of Hygiene and Industrial Safety of the Ministry of Labor of the Dominican Republic. These certifications are subject to revision and renewal every 3 years and are in accordance with Regulation 522-06 of the Dominican Republic.

EGE Haina's safety management system is based on the OHSAS 18001 Standard. The Industrial Safety Coordinators and a mixed group of the Operations and Maintenance Team are certified in OSHA General Industry, a 30-hour industrial safety program, granted by the United States Department of Labor.

The Safety Management System focuses on:

- The identification and analysis of the risks to which all workers are exposed

- The control of these risks, through their exclusion or substitution, engineering controls, warnings, administrative controls or, finally, using Personal Protection Equipment (PPE).
- Periodic inspections of all generation systems, ancillary systems, and emergency care systems, to ensure their proper functioning.
- Operational control of industrial safety, including an incident reporting system through which all operational, safety and environmental anomalies occurring in the company are recorded. Those incidents considered major (Lost-Time Incidents or LTIs) are examined in depth using the Root Cause Analysis method. These incidents generate lessons learned and best practices which are communicated to the teams in all power stations of the company for immediate implementation.
- The Emergency Preparedness Response Management Plan (EPRMP), whereby the necessary procedures and actions are established to safeguard our operations under special risk conditions such as hurricanes, earthquakes, force majeure circumstances, acts of terrorism, etc.

Safety Management System certified by the Ministry of Labor

Occupational Health & Safety Metrics in 2019

Incident Reports

The company features a robust reporting system, which records all standard output from all operational, safety, health, and environmental systems.

During this period there were 7 reportable safety incidents according to OSHA rules and one lost time incident (LTI).

Global Rate of Recordable Incidents

The reportable incident rate (TRIR) for each EGE Haina power station is significantly lower than the U.S. OSHA recommendation for private industry.

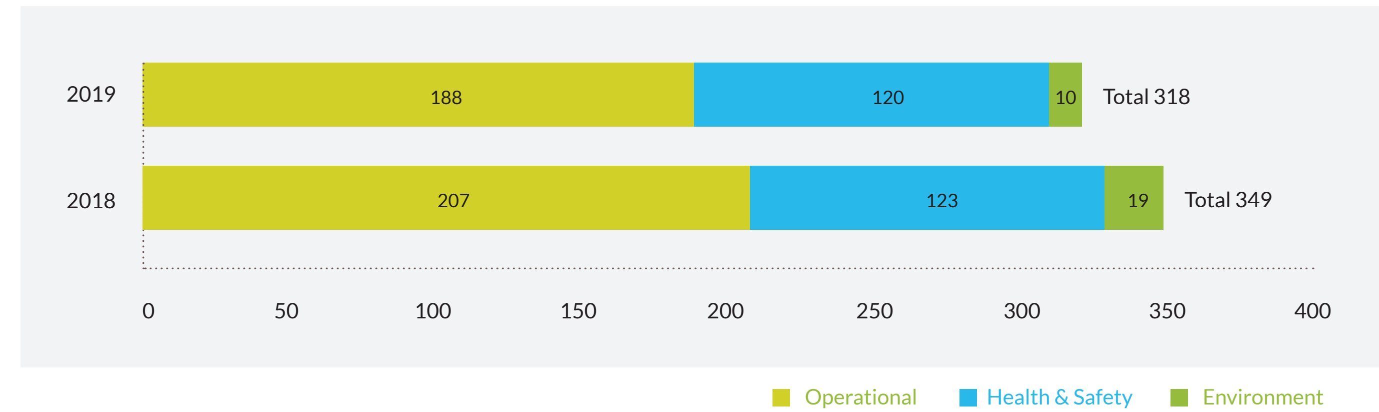
Lost Time Incident Rate

Similarly, the Lost Time Incident Rate (LTCR) for each EGE Haina power station is significantly lower than the U.S. OSHA guidance for private industry.

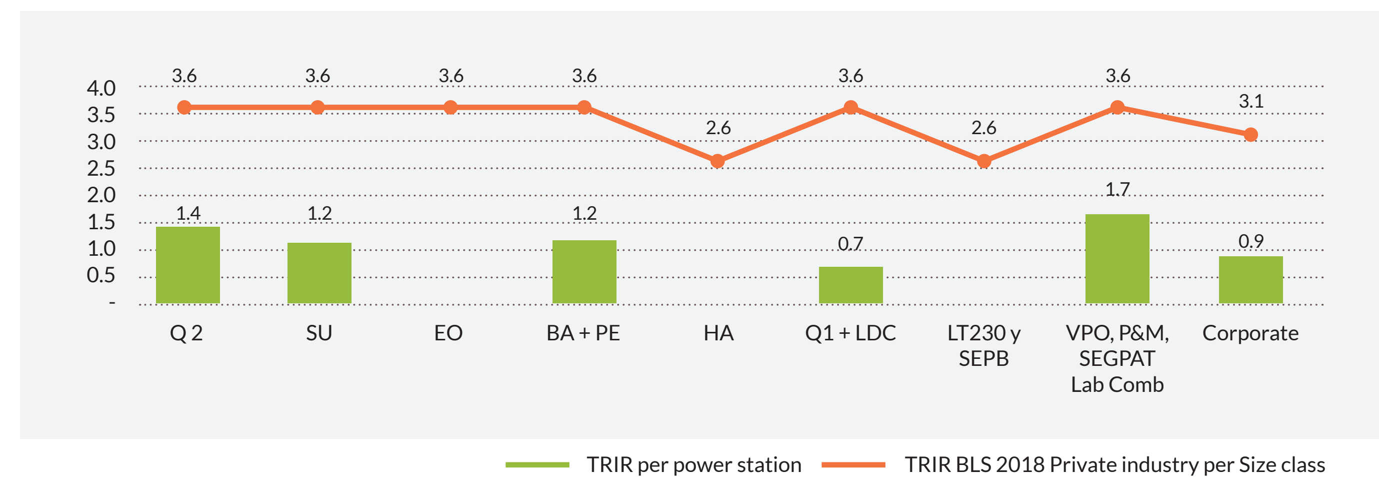
In addition, 318 incidents were recorded, of which 188 (59%) were operational and included forced departures in some cases, 120 (38%) were safety related, and 10 incidents (3%) were classified as environmental.

There was a 9 % reduction in incidents recorded in 2019 (318) versus 2018 (349).

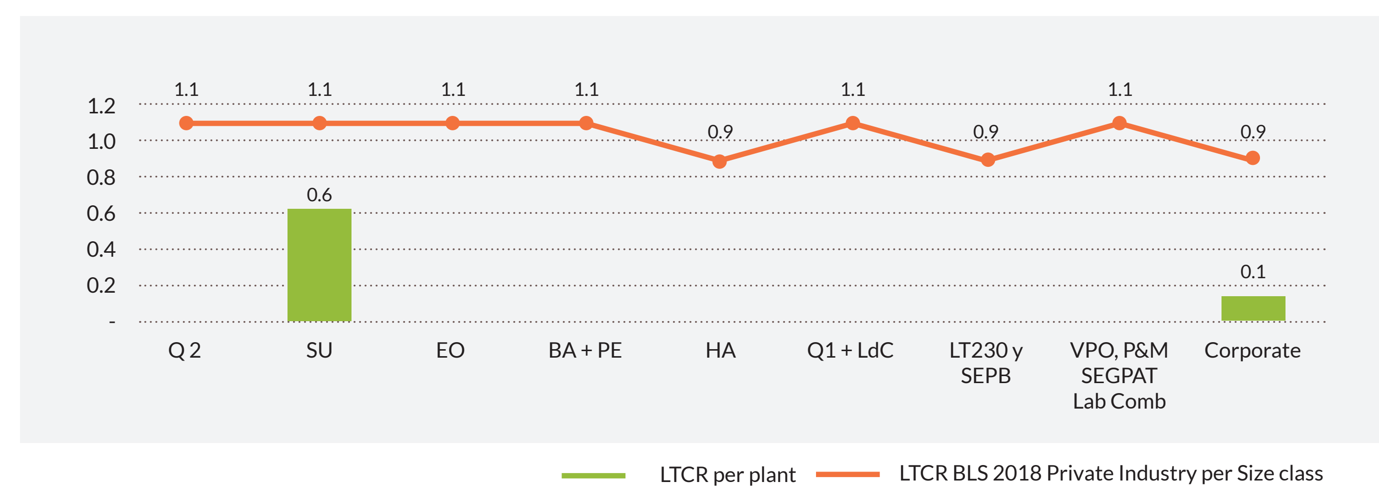
Incidents recorded in 2019 versus 2018



TRIR per power station vs. industry



LTCR per power station vs. industry



Acronyms: Q 2 = Quisqueya 2, SU = Eastern Sultana EO = Los Cocos and Larimar Wind Farms, BA = Barahona, PE = Pedernales, HA = Haina, Q 1 = Quisqueya 1, LDC = Fuel Line, LT230 = Transmission Line 230, SEPB = Piedra Blanca Sub-station, VPO = Vicepresidency of Operations, P&M = Projects & Maintenance, SEGPAT = Equity Security, Lab Comb = Fuel Testing Lab, Corporate = Corporate Office

Occupational Health & Safety Training

In 2019, EGE Haina invested an average of 30 hours per employee and 19 hours per contractor, in training related to Safety and the Environment (HSE), to assure their continuous knowledge on these topics.

Our Industrial Safety Coordinators are certified in the OSHA 511 Standard on Occupational Safety and Health standards for general industry and by the Global Wind Energy Organization on safety, health, and emergency response in wind turbines.

OSHA 511
Certification

Before entering our power stations, all employees and contractors receive an introduction to the Safety and Environmental Management Systems via a face-to-face session given by our staff.

To control emergency situations that may arise, each EGE Haina power station has emergency attention brigades, such as Fire, Rescue, First Aid and Communication Brigades.

Each of the company power plants, as well as the corporate office, feature a Joint Health and Safety Committee, in compliance with Regulation 522-06. The committees meet monthly and the minutes are reported to the General Directorate of Industrial Hygiene and Safety of the Ministry of Labor.

To ensure compliance with the Safety and Environmental Management Systems, the Operations Department conducts scheduled and surprise audits.

During the audits, deviations or non-conformities with the Management Systems and their procedures are evidenced. The closing of these deviations is also continuously monitored. By the end of FY2019, the power plants had closed more than 91% of the findings recorded during the audits.

In addition, the company insurance broker performs compliance audits at all EGE Haina power plants and recommends a series of improvements to ensure equity security. By late 2019, EGE Haina had implemented more than 85 % of the improvements recommended by the insurance company

Healthcare Services

EGE Haina offers an Occupational Health Program that is implemented in all of its facilities and aims to improve the health and safety conditions of all personnel.

The program focuses on preventing risk factors that could be harmful to human health, as well as on diagnosing, planning, organizing, and executing actions required for conditions that may arise.

It also complies with the legislation of the Dominican Republic, including the General Health Law (42-01), the Law Establishing the Dominican Social Security System (Law 87-01), and Regulation 522-06 on Health and Safety in the Workplace.

The deployment of EGE Haina's Occupational Health Program is the responsibility of the Safety, Health and Environmental Management Team, alongside the Talent Management Department. The Occupational Health Service (SSO) is sub-contracted through the company health insurance provider, whereby providing the following services: management of medical dispensaries, annual medical check-ups for all employees, periodic medical visits in all facilities to follow up on health cases, development of Health Days and continuous training.

Occupational Health & Safety Training

Employees	
Total employees that received training	383
Total Training Hours	11,506
Hours invested per employee	30
Contractors	
Contractors that received training	225
Total Training Hours	4,173
Hours per contractor	19

EGE Haina maintains an Occupational Health Committee that meets monthly to follow up on the periodic reports of the company Occupational Health Service provider. In addition, each location of EGE Haina, including the Corporate Office, has a Joint Committee for Safety and Health in the Workplace, in compliance with Regulation 522-06.

The committees meet monthly and the minutes are deposited with the Ministry of Labor of the Dominican Republic. Similarly, these committees create plans to close any gap that may arise and follow up on same until their final resolution.

The Occupational Health Program focuses on preventing risk factors and taking actions on identified conditions

Every year, the company carries out medical surveillance for all its employees in which the SSO provider performs voluntary health examinations for the early detection of potential repercussions of workplace conditions on health, the identification of occupational risks and the monitoring of individual medical conditions of all employees.

Based on these results and the individualized feedback and follow-up on each employee, programs are created to address the assessed aspects, such as additional medical referrals and training, among others.

The SSO provider develops an analysis of the population behavior per every EGE Haina facility, which includes an epidemiological profile of the health incidence of employees, evaluated according to risk factors by area, position, behavior, distribution and variation according to time of exposure, personal and family history, and toxic habits. In addition, this analysis contains general recommendations and control protocols to be implemented, based on national and international norms and standards.

The company performs periodic occupational monitoring whose purpose is to guarantee that workspaces comply with optimal conditions of noise levels, lighting, and ergonomics, for the good of our collaborators.

On a monthly basis, occupational physicians from the EGE Haina SSO provider visit all company headquarters and the corporate office. During these visits, both employees and on-site contractors participate in specific consultations about their medical conditions, from which known or detected findings are followed up during medical surveillance and referrals are issued to external specialists.

EGE Haina has a Medical Dispensary at the Quisqueya Thermal Power Plant, which offers 24-hour assistance. This facility is licensed by the National Ministry of Public Health, which authorizes it as a primary care center. In 2019, 138 medical disabilities not related to occupational health were registered there, and 1,143 workdays were lost.

EGE HAINA & THE COMMUNITY

8

Promoting social development is inherent to our organizational culture

STAKEHOLDER RELATIONS

At EGE Haina we promote the sustainable development of the communities located near our operations. The company's social responsibility management aims to contribute towards improving the lives of the neighboring communities through programs and initiatives that promote health, education, technical training and income generation, care for the environment, institutional strengthening of civil society organizations and relief agencies, sports, culture, and improvement of community infrastructure.

> EGE Haina´s Social Responsibility Program benefits 25,600 people in 20 communities

Addressing the expectations and needs of neighboring communities is a permanent commitment assumed by all levels of the organization and an essential component in the planning of our work.

EGE Haina develops its Social Responsibility Program with the active participation of local communities, directly benefiting nearly 25,600 people in 20 communities in the provinces of San Pedro de Macorís, San Cristóbal, Barahona and Pedernales.

The company maintains collaborative relationships with numerous government and non-governmental institutions for the definition and deployment of a social agenda aiming to achieve sustainable results in these populations.

The annual investment made by EGE Haina in contributing towards developing the communities surrounding its power plants amounts to USD$ 500,000.

Upholstery workshop in Juancho, Pedernales

EDUCATION

EGE Haina carries out initiatives in 18 schools in the South and East of the country, sponsoring training and educational programs for teachers and students, the Eco-Schools program, recognition of student merit, special celebrations, Internet service, donation of backpacks, uniforms and school supplies, as well as projects to improve the infrastructure of these schools. This work benefits more than 3,000 students.

Eco-Schools

Eco-Schools is an international environmental certification program that is awarded to schools that carry out education and engagement projects related to the importance of caring for natural resources and preserving our environment.

During the 2018-2019 school year, the Eco-Schools agenda included the production of educational murals alluding to the preservation of the environment and endangered species. With the creation of these murals, students were encouraged to create a permanent and visible message on their campus that would make the educational community aware of the various environmental problems that exist.

> The Eco-Schools Program benefits 3,000 students from the Eastern and Southern region communities

Each of the schools participating in Eco-Schools chose a different concept for their ecological mural.

Solid Waste Management. The students of the Escuela Punta Pescadora in San Pedro de Macoris chose the topics of recycling and waste management because they are directly affected by them. In their graphic proposal they included animated chutes that reminded them of the importance of disposing of garbage properly.

Ocean Protection: The ecological mural of the Escuela Ismael Miranda, in Enriquillo, Barahona, focused on the protection of the oceans, calling for their care by means of the recreation of marine species.

Protection of Endangered Species: As is the case with most of the inhabitants of the community near the Escuela Alvida Marina Santana (El Tanque) in Barahona, the life of the students at this center is entwined with fishing. And this was the theme of their mural, in allusion to the aquatic species that are permanently banned in our country: the parrot fish, the hammerhead shark and the manta ray.

Solid Waste Management: The Escuela José Eugenio Pérez Terrero, in Juancho, Pedernales, is located close to beaches and natural areas; that is why the students of the center chose the cleaning of beaches as theme for their ecological mural. The mural, placed outside the campus, managed to raise awareness about this issue both to the student community and to passers-by who visit the area.

Students from these schools also participated in lectures on water and energy saving, proper waste management, Cleaning and Reforestation Days, creation of school gardens and in activities to create art and handicrafts by reusing waste.

Eco-Schools Certification to schools sponsores by EGE Haina

In December 2019, the Environmental Law Institute of the Dominican Republic (IDARD) celebrated the delivery of international recognitions of the Eco-Schools Program, where all four schools sponsored by EGE Haina were recognized.

These certifications recognize the contributions by these centers in environmental education, climate change awareness, and the creation of habits of citizen engagement aimed at solving problems in the school and community environment.

Students of the Escuela Álvida Marina Santana (El Tanque), in Barahona

Students of the Escuela Punta Pescadora, in San Pedro de Macorís

Delivery of backpacks to sponsored schools


Recognitions to Student Merit in the Escuela Álvida Marina Santana (El Tanque)


End-of-school year celebration in the Escuela Domingo Matos, in Enriquillo

End-of-school year Celebrations

EGE Haina sponsored the celebration of the end-of-school year in 8 educational centers that it sponsors in San Pedro de Macorís and in the Southern region, where more than 2,400 students participated.

The activities were carried out in the Escuela Punta Pescadora, Hoyo del Toro and Batey II, in Monte Largo, San Pedro de Macorís, and in the South in the Escuela Básica Álvida Marina Santana (El Tanque), in Barahona; Ismael Miranda and Domingo Matos, in Enriquillo, and Básica de Juancho and José Eugenio Pérez Terrero, in Colonia de Juancho, Pedernales. The students enjoyed artistic presentations, clowns, inflatable games, face painting, music, raffles, contests, and toasts.

3,000
backpacks were delivered to students of 8 sponsored schools

Delivery of School Supplies and Backpacks

As part of its school sponsorship program, EGE Haina delivered 3,000 backpacks with school supplies to low-income students.

The beneficiary schools were Batey II, in Monte Largo; Hoyo del Toro, Punta Pescadora and Batey La Siria, in Quisqueya, all in San Pedro de Macorís. In addition, the schools Básica de Juancho and Básica de Colonia de Juancho in Pedernales; Ismael Miranda, Peñalba and La Bija, in Enriquillo, and Álvida Marina Santana (El Tanque), the latter 4 in Barahona.

Christmas Celebrations

Aiming to bring joy to its sponsored schools on occasion of Christmas, EGE Haina sponsored Christmas Soirees in 8 centers located in the provinces of San Pedro de Macorís, Barahona and Pedernales, where 2,400 students participated.

The celebrations were held in the Escuela Batey II, in Monte Largo; Hoyo del Toro and Punta Pescadora, in San Pedro de Macorís; Básica de Juancho and José Eugenio Pérez, in Colonia de Juancho, Pedernales; Ismael Miranda and Domingo Matos, in Enriquillo, and Álvida Marina Santana (El Tanque), in Barahona.

During the activities there were student talent shows, which included the dramatization of the Nativity, chanted poetry, dancing of typical Dominican music and Christmas carols. In addition, students received candy, snacks and toys.


End-of-school year in the Escuela José Eugenio Pérez in Juancho, Pedernales

Student Merit Recognition in the Escuela Punta Pescadora


Children's Day Celebration in Escuela Punta Pescadora

TECHNICAL TRAINING & REVENUE GENERATION

EGE Haina encourages the economic development of the communities where it operates by sponsoring technical training programs that promote the employability and entrepreneurial skills-building in participants.

Technical trainings in San Pedro de Macorís

In 2019, for a period of four months, more than 75 women from the community of Quisqueya were trained in the elaboration of diverse products during a course on pastry-making and baking sponsored by EGE Haina in said town, taught by the Institute of Technical Professional Training (INFOTEP).

The same group of participants received a workshop on entrepreneurship and obtained their certificates of graduation from these training programs in December of this year.

As a follow-up to their training in baking and confectionery, these entrepreneurs will continue to be trained in advanced techniques so they can produce goods that are needed in the community, hence allowing them to develop a community bakery project.

671
residents of Barahona and Pedernales received technical training

Technical training in Juancho and in Enriquillo

With the sponsorship of EGE Haina and in partnership with the National Institute of Technical Vocational Training (INFOTEP), 671 people from the communities of Enriquillo, Barahona and Juancho, Pedernales, received training during 2019 in the areas of: basic and residential electricity, industrial electricity, office assistant, pharmacy assistant, computer science, advanced Excel, entrepreneurship, English, upholstery, cabinetmaking, pastry making, bakery, and cooking

Basic training in carpentry

In Juancho, Pedernales, the participants of the cabinet-making course carried out practices of manufacture and repair of furniture. In addition, as part of their apprenticeship, they repaired the armchairs at the Centro Educativo José Eugenio Pérez, in Colonia de Juancho.

Supporting the local beekeepers

In 2019 EGE Haina continued to support the development of the Juancho, Macandela and Mapioro Beekeepers Association (APIJUMA), by sponsoring a consultancy for its consolidation.

After exhausting the stages of its establishment as an organization, and the training of its members in sustainable beekeeping, a mechanism was developed for the trading of the honey produced by said entity.

In 2018, the contribution that this association received consisted of developing training for the breeding of queen bees and a reforestation program to increase their production. Also, EGE Haina donated 90 boxes and three honey extractors.

In this phase, progress was made by improving its trading and financing plan, modernizing, and implementing its apiaries, and increasing its production of honey and byproducts, in order to offer the market a safe and quality product for sale nationwide.

Also, in 2019, work was done on designing a new label; health records and bar codes were processed; and beekeepers participated in workshops to update good beekeeping practices, which must be complied with for the proper management of the various health and safety records.

The members of this association were also made aware of the need to comply with the above-mentioned requirements.

For the third year in row, EGE Haina sponsored the participation of the members of the Juancho, Mapioro and Macandela Beekeepers Association in the Tourism and Production Fair “Descubre Barahona”, where they showcased the tools they use for honey extraction, and next to their exhibitor stand, they featured a gondola displaying products available for sale.

Supporting the Coffee-growers Association of Chene

Since 2016, EGE Haina supports the development of the Coffee-Growers and Multiple Services Association of Chene (COOPCACHENE), of Enriquillo, Barahona, through a consultancy pursuant to developing its entrepreneurial capacities, the good management of a comprehensive stewardship system and the productive diversification of the Chene coffee plantations in the area.

The consultancy is carried out by the Instituto para el Desarrollo de la Economía Asociativa (in English: Institute for the Development of Associative Economics- IDEAC), which this year included technical training and the donation of furniture for the office of the Association.

Participants in the Baking and pastry-making course in Quisqueya, San Pedro de Macorís

Beekeepers Association of Juancho, Maipioró, and Macandela in Juancho, Pedernales

Upholstery workshop in Juancho, Pedernales

Members of the Coffee-growers and Multiple Services Association of Chene (COOPACHENE)

HEALTH

One of the core pillars of all social action developed by EGE Haina in the communities where it is present, is the undertaking of initiatives that promote preventive health in these populations, such as the dermatological and dentistry missions that the company sponsors annually.

Medical Missions

Since 2014, EGE Haina has been performing dermatology medical missions to benefit the health of the communities settled near its power stations in San Pedro de Macorís, as part of a program developed in collaboration with the Coalición del Río Higuano (*in English: Higuamo River Coalition) and with specialist doctors from the Dermatological and Skin Surgery Institute- Unidad Este, in the communities of Punta Pescadora, Punta Garza, Monte Largo and Hoyo del Toro, as well as in the municipality of Quisqueya.

Amid the missions carried out in 2019, more than 1,200 people were assisted - minors and adults- in these localities.

In addition to the assistance offered at stations installed in community centers, door-to-door visits were made to patients who could not be mobilized. The day included the donation of medication, and some identified cases were referred to other specialists for treatment according to the diagnoses obtained.

Dental Community Services

EGE Haina sponsored dental missions where more than 1,205 people from Villa Central and Enriquillo, in Barahona, and Juancho and Colonia de Juancho, in Pedernales, were treated.

The company carries out these Dental Health Days with the purpose of encouraging the communities to prevent frequent dental diseases, such as cavities and Periodontitis or pyorrhea, as well as to eliminate potential infectious dental focus formations.

During these dental days, dental cleaning, fluoride application, extractions, and cavity corrections were carried out, for a total of 1,713 treatments. They were carried out in the Mobile Unit of the Centro Odontológico Dr. Julio Vargas, which provides services with advanced technology equipment and an adequate environment for all the people assisted.


Dermatological Medical Mission in San Pedro de Macorís


Dental Community Service in Juancho and Colonia de Juancho, Pedernales

THE ENVIRONMENT & VOLUNTEERING ACTIVITIES

Beach Cleanup Day

A delegation of employees from the Quisqueya and the Sultana del Este Power Plants participated with their families in the 2019 Beach, Coast and River Cleanup Day, organized by the Ministry of the Environment and the Coalición Multisectorial para la Conservación de la Cuenca del río Higuamo (*Multisectoral Coalition for the Conservation of the Higüamo River Basin).

Nearly 20 volunteer collaborators from EGE Haina joined in this initiative where plastic and glass bottles, algae and other waste from the Higüamo River environment were collected.

During the day, nine cleaning points were established along the entire coast of San Pedro de Macorís.


Employees partaking in the Beach Cleanup Day in San Pedro de Macorís

Luis Mejía Brache and Roberto Herrera while signing the EGE Haina - Fondo Agua agreement


Ceny Canelo and Lluvia García, partaking in the Reforestation Day with Fondo Agua


Building houses for low-income families with TECHO RD

Partnership Agreement with Fondo Agua

In 2019, EGE Haina signed a partnership agreement with the Fondo Agua Santo Domingo (FASD), whereby it committed to support the ecological restoration of the Haina-Duey micro-basin for a term of five years, to contribute with water security in the metropolitan area.

The company will support the recovery and conservation of the area formed by the confluence of the Haina and Duey rivers in Villa Altagracia, where there is an intake that forms part of the Santo Domingo aqueduct system and which supplies water to approximately 20% of the population residing in the capital.

The signing of the agreement was led by Roberto Herrera, president of FASD, and Luis Mejía Brache, General Manager of EGE Haina, who expressed his satisfaction at contributing to the conservation of the city's water flow regulation ecosystems.

As the first initiative of the partnership agreement framework, EGE Haina carried out a Reforestation Day in the surroundings of the Haina-Duey micro-basin, in which the company's volunteer collaborators participated by planting more than three thousand (3,000) cocoa, mahogany and cedar seedlings.

3,000+
eedlings were planted by volunteer employees

Housing Contructions alongside TECHO-RD

Since 2017, EGE Haina supports the work of building houses for low-income families coordinated by the TECHO-RD Foundation. Part of this support is materialized through the volunteer participation of company employees, who enthusiastically join in on the construction work of these homes.

EGE Haina and its volunteer employees partook in this social initiative carried out in San Pedro de Macorís in the following communities: Batey Higuamo, in 2017; Batey La Carretera, in 2018, and the municipality of Quisqueya, in 2019.

The activity featured collaboration by volunteer employees from the Sultana del Este and Quisqueya 2 power plants.

INSTITUTIONAL STRENGTHENING OF ORGANIZATIONS

EGE Haina deploys a program that encourages the creation and strengthening of local institutions and groups, by investing in their infrastructure, equipment, and training.

Donation of a Fire Station to the Municipality of Quisqueya

As part of its initiatives to support relief agencies, EGE Haina donated a modern fire station to the municipality of Quisqueya, in San Pedro de Macorís

The new building, built with an investment of nearly RD 5 million, will be vital for the protection of the Municipality of Quisqueya and its surrounding communities against possible accidents and other emergency situations.

The award ceremony was spearheaded by Esteban Beltré, Director of Operations of EGE Haina, and was attended by representatives of the Quisqueya Town Hall, the State Sugar Council (CEA), the Consorcio Azucarero de Empresas Industriales (CAEI) and the Quisqueya Fire Department.

The modern barrack, which was erected on the land where the original building was located, is equipped with all the facilities and areas necessary to perform all the activities of the relief agency by its network of volunteers. It features a hangar for two truck bombs, offices for officers, community care, operations, tool and equipment storage, kitchen, dining room, staff rooms, bathrooms, laundry facilities and flagpoles

The new Fire Department in Quisqueya, in San Pedro de Macorís


Women's Leadership Workshop in Juancho, Pedernales

Workshop on Financial Best Practices for Community Leaders

Workshops with Women's Associations in the South

In 2019, the company sponsored workshops with the participation of 75 members of the Asociación de Mujeres Artesanas América Figuereo in Palo Alto, and the Cooperativa Múltiple de Ahorro y Crédito de Enriquillo, both in Barahona, and the Grupo de Madres of the Juancho Community in Pedernales.

These trainings were carried out to promote the empowerment of women in their localities and to generate a climate of collaboration and commitment among the members of these organizations.

Workshops with Community Leaders and Representatives

In coordination with Banco ADEMI, EGE Haina sponsored a series of workshops on Good Financial Best Practices, which featured the attendance of more than 120 community leaders and representatives of organizations from San Pedro de Macorís, Barahona and Juancho, Pedernales.

Participants learned about the importance of financial education, control tools, budgeting, cash flow, and savings plans, as well as recommendations for achieving their goals.

SPORTS & CULTURE

Supporting Sports

EGE Haina encourages the development of sports through the construction, renovation and lighting of sports facilities, the support of leagues and clubs through the donation of uniforms, equipment and trophies, and sponsorship of tournaments.

In 2019, as part of this sports encouragement commitment, EGE Haina supported 13 tournaments and donated 428 uniforms for various disciplines such as baseball, women's softball, and basketball, in communities of Barahona and San Pedro de Macoris.

In addition, during this period the company built the court of the Escuela Batey II in Monte Largo and repaired the basketball courts of the Escuela Punta Pescadora and the community, all three in San Pedro de Macoris.

Promotion of Culture

EGE Haina encourages and supports numerous educational, artistic, and cultural initiatives that value the talent and heritage of communities.

In 2019, the company supported the following cultural activities:

- Carnivals in the governing town of Barahona, Villa Central, Enriquillo; and Quisqueya, in San Pedro de Macorís.
- Patronal Feasts of the governing town of Barahona and of Villa Central, Barahona.
- "Pedernales Cultural Week", sponsored by the socio-cultural club of the province.
- Tourism and Production Fair "Descubre Barahona", organized by the Tourism and Production Cluster of Barahona.
- School of Musical Initiation "Sinfonías" in Barahona.

COMMUNITY INFRASTRUCTURES

EGE Haina encourages projects for the renovation of public spaces and productive associations in the communities where it is operates.

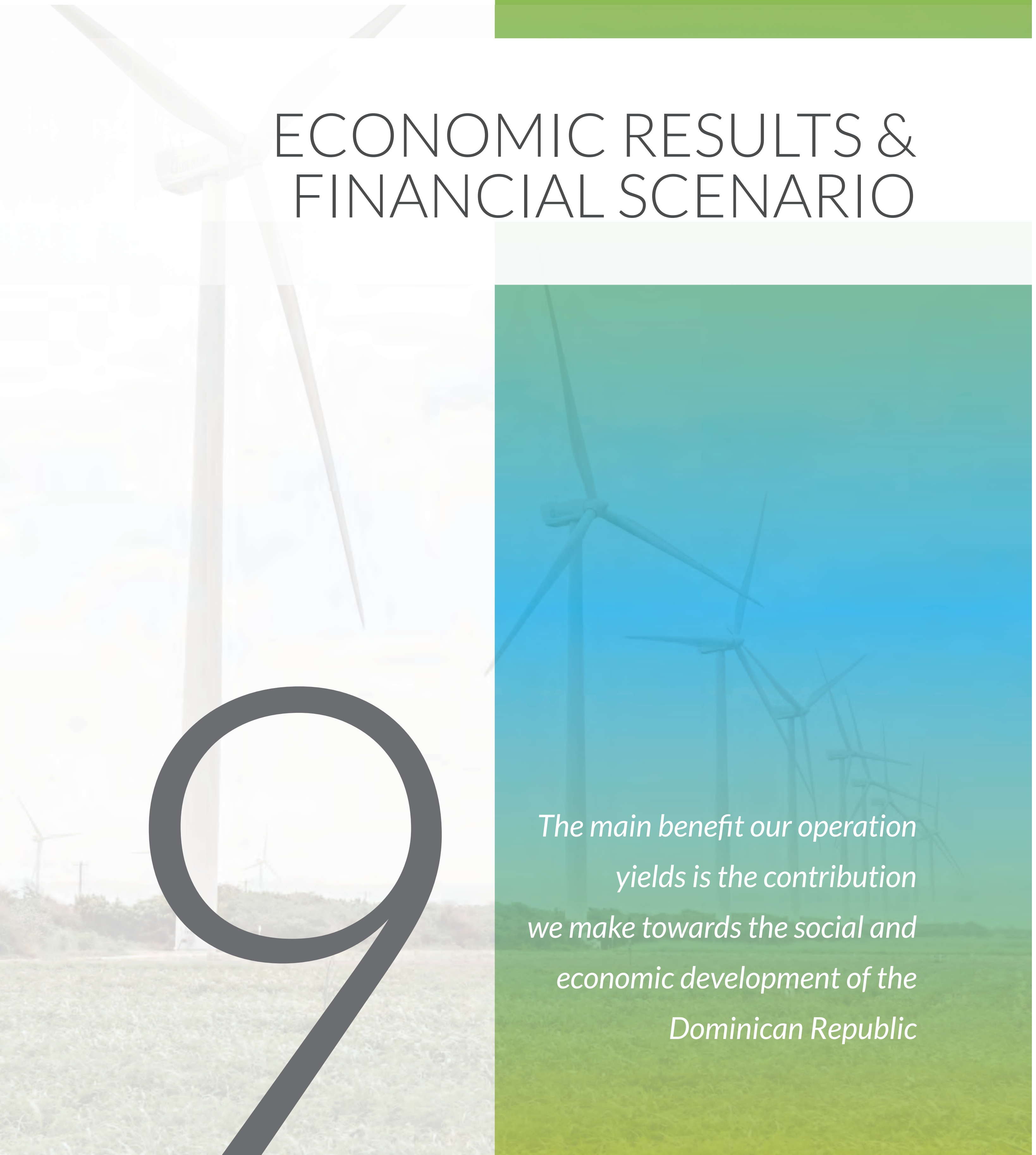
In 2019, the company contributed with the repair of the premises of the Chene Coffee-growers Association, in Enriquillo, and donated lamps to the Youth in Progress Movement for public lighting in sectors of the community of Villa Central, in Barahona.

Likewise, in San Pedro de Macorís, the company sponsored the renovation of the basketball court of the Punta Pescadora community, of the Los Colonos community center in Quisqueya, the repair of a section of the Monte Largo power line, and the donation of lamps for the lighting of the Real Punta Pescadora community.

Also in the same province, the company carried out renovation works in the sponsored schools, which included the following: repair of the basketball court and general paintwork in the Escuela Punta Pescadora; construction of offices for the management and the orientation area in the Escuela Hoyo del Toro; and the construction of the basketball court in the Escuela Batey II.


Construction of the basketball court in Escuela Batey II in Monte Largo, San Pedro de Macorís


Refurbishing of the school and basketball court in the Punta Pescadora community, San Pedro de Macorís



ECONOMIC RESULTS & FINANCIAL SCENARIO

9

The main benefit our operation yields is the contribution we make towards the social and economic development of the Dominican Republic

CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF THE COUNTRY

EGE Haina is a permanent partner in the social and economic development of the Dominican Republic. As the main in-country mixed-model company (50 % public and 50 % private) in assets, investment, and contribution to the State. From 1999 to 2019, the company has paid USD$880 M to the State in dividends and taxes.

EGE Haina is a source of well-being in the environments where it operates, by contributing with the payment of taxes, promoting equal opportunities, encouraging the hiring of suppliers and contractors that develop their activity in each region, sponsoring the construction of community infrastructures and executing social projects for the benefit of the communities.

We contribute to the SUSTAINABLE DEVELOPMENT GOALS

By investing in these projects, the company seeks to ensure that the communities where it drives impact, develop the skills and tools to achieve their own development, thus generating a shared value.

In addition, the work that the company does enables its contribution towards achieving global goals at the global level, such as the Sustainable Development Goals (SDGs), promoted by the United Nations Organization (UN).

Direct Economic Value generated, distributed, and retained by EGE Haina

	2019	2018
Sales	473,134,464	429,520,797
Other Revenue	34,210,274	19,227,086
Direct Economic Value (generated)	**507,344,738**	**448,747,883**
Operational Cost	(356,051,026)	(334,999,341)
Employee Compensation	(19,574,668)	(20,222,915)
Payment to Capital Providers	(98,958,304)	(93,160,679)
Payments to Government Agencies	(25,037,642)	(17,106,630)
Investments in Communitie	(536,603)	(498,946)
Economic Value (distributed)	**(500,158,243)**	**(465,988,511)**
Economic Value (retained)	**7,186,495**	**(17,240,628)**

OPERATIONAL RESULTS

2019 was a year of financial growth for EGE Haina, marked by excellent operational results, and a significant improvement in collection from distributors allowing the company to significantly increase its liquid assets. The company experienced an increase in the generation and sale of energy, in the margin on average sales and the income derived from frequency regulation. As a result, it reported a net profit that was 51 % higher versus 2018. As of December 2019, the liquidity situation was very favorable for the company, with a cash balance and cash equivalents of USD$ 178.1 M, 3.2 times higher versus balance at the end of 2018.

EBITDA 2019
USD$139.9
MILLION

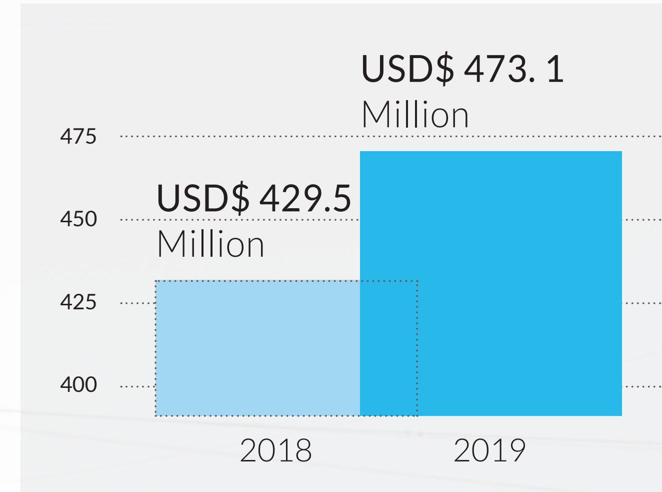
The incorporation of new wind capacity, the re-incorporation of the Sultana del Este power plant, and the repowering of the Barahona power plant produced an increase in generation of 12.8 % and an increase in capacity sales to the spot market of 9 %. This, combined with the increase in revenues from frequency regulation and higher sales volume to non-regulated users (NRUs), resulted in an increase in total sales by USD$ 43.6 M.

The margin on sales in 2019 was 42.5 %, versus 41.1 % in 2018. This was due to several factors: (i) the start up during the last quarter of 2018 of the Barahona power plant repowering, which increased the capacity and energy sales of this station maintaining the same level of variable costs, (ii) the start up during the last quarter of 2018 of Phase II of the Larimar Wind Farm, with its respective energy sale contract and (iii) the increase in frequency regulation revenues.

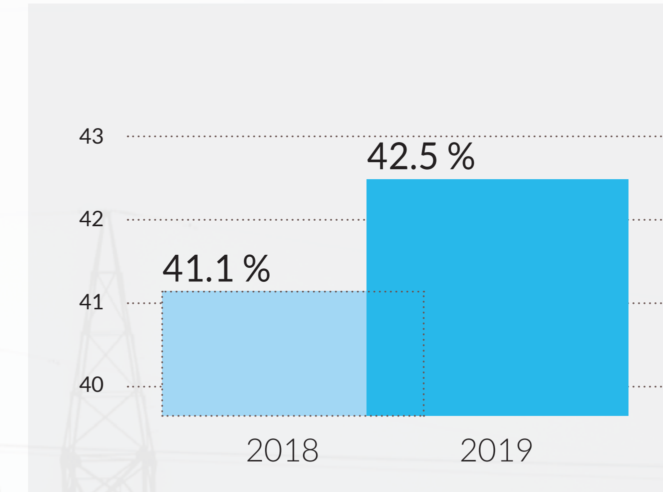
As result of its operations, in 2019 the company obtained an EBITDA of USD$ 139.9 million, USD$ 18.8 million which was 15.5 % higher versus 2018, representing 29.6 % of total sales, which is higher than the 2018 rate of 28.2 %. The increase in EBITDA is related to the above, as well as to greater efficiency in spending, with a decrease in operational and general expenses, plus personnel expenses per unit generated; ranging from USD$ 22.8/MWh in 2018 to USD$ 22.2/MWh generated in 2019, for a 2.6% reduction in unit costs.

At the end of fiscal year 2019 (FY2019), the company reported a net profit of USD$ 72.2 million; USD$ 24.4 million higher versus 2018. The increase in net profit was mainly due to the increase in EBITDA, and an increase in net financial income due to greater commercial interest income, resulted from the delays during the year in collecting payments from distributors and the CDEEE, which were not paid until the end of the year. The excellent detailed figures resulted in an increase in the return on equity from 11.7 % in 2018 to 17.5 % in 2019.

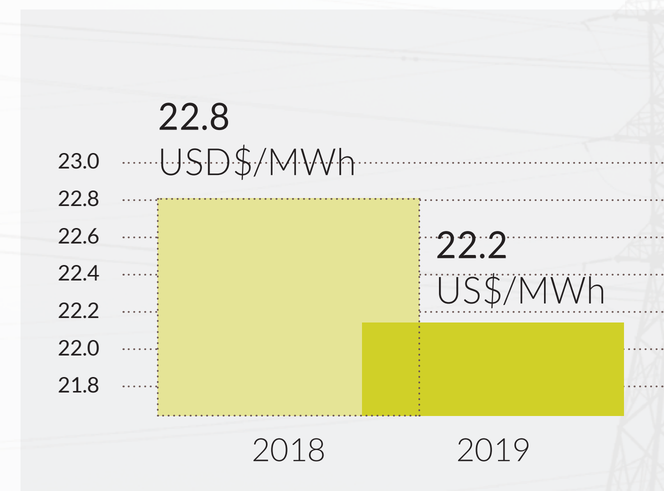
Sales



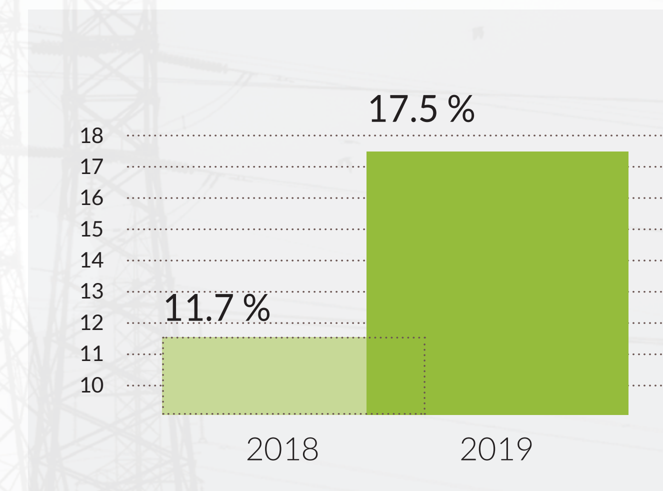
Margin on sales



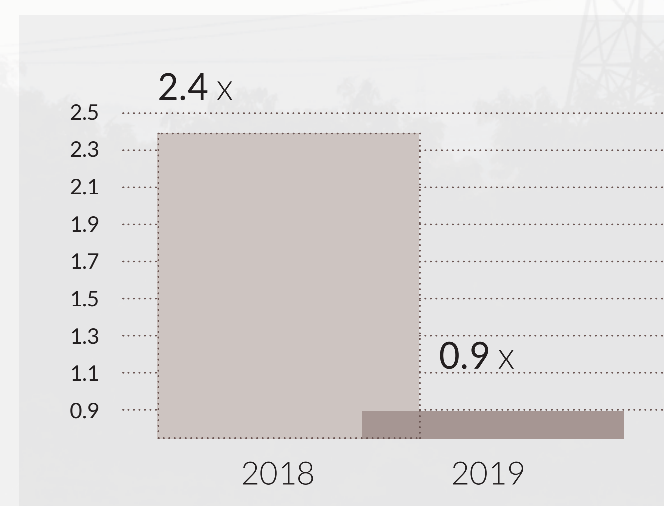
Cost efficiency



Return on equity (ROE)



Debt ratio (Ratio de deuda neta sobre EBITDA)



Credit rating

AA- (dom)
Fitch Ratings

A+
Feller Rate

GRI 102-7

LABOR CAPITAL MANAGEMENT

By late 2019, the company presented cash availability and cash equivalents of USD$ 178.1 million. These balances are adequate for the proper functioning of the business and sufficient to meet its short-and medium-term commitments, including the immediate needs of its growth plan.

This balance represents an increase by USD$ 123 M, or approximately 223 %, from USD$ 55.1M by late 2018. This increase in liquid assets was due to the net cash balance from operational activities during FY2019, generated by the growing net earnings of same period and the high level of collections during that same year, which included the collection of all Days Sales Outstanding (DSO) due in 2018 from distributors and the CDEEE, as well as the collection of 93% of amounts invoiced during 2019.

Debt Management

By late 2019, the company's financial debt was composed entirely of corporate bonds issued in the Dominican Republic Stock Market and amounted to USD$ 307 million, a decrease of USD$ 42.3 million versus the financial debt reported by December 31, 2018, of USD$ 349.3 million. This reduction was mainly due to the scheduled capital depreciation corresponding to the fifth anniversary of the SIVEM-078 Issuance Program for a total of USD$ 33.3 million. This program was structured with equity maturities, in equal and consecutive amounts, during the fourth (2018), fifth (2019) and sixth (2020) years from the date of issuance. Moreover, the total debt amount was impacted by the devaluation of the Dominican peso against the U.S. dollar on the company's peso-denominated debt.

Credit Rating

By late 2019, EGE Haina had a national long-term rating of AA- (dom) with stable perspective by Fitch Ratings, and A+ with stable perspective by Feller Rate. These ratings consider a greater relevance of renewable and less pollutant sources in the company generation matrix, as well as an adequate and growing diversification, both by geographical areas and by generation sources, alongside a decreasing exposure to the spot market as result of its commercial effort, which has focused on expanding its client contract base in order to mitigate such exposure.

Both ratings evidence a solid credit quality versus other issuers or other in-country issuances, with solid capacity to pay their obligations within the agreed terms and deadlines.

Dividends

Over the course of FY2019, the EGE Haina General Shareholders' Meeting declared the payment of USD$ 65 million in dividends, equivalent to 68% of retained earnings by December 2019. This amount was paid in April.

GRI 201-2

RISK MANAGEMENT

EGE Haina is committed to risk management, resilience, and continuous improvement, ensuring that its risk management is based on best practices and international standards of risk management, framed within good corporate governance practices.

To ensure that all risks are properly identified, assessed, and managed, EGE Haina identifies the company business risks to properly channel both economic and human capital on what is priority in order to guarantee the achievement of the company's short, medium, and long-term objectives. Below are several categories of business risks identified in 2019, whose mitigation measures are aligned with the organizational strategy.

Operational Risk

The operation of power plants is subject to many risks, including the risk of equipment breakdown, failure or low yield, employee actions, and damage (partial or total) to power plants or fuel shortages as a result of unforeseen events, such as hurricanes, earthquakes and other force majeure or natural disasters. In addition, the company may experience operational difficulties that could affect its ability to generate energy.

In EGE Haina, the abovementioned risks are greatly mitigated by:

- The company operation and maintenance programs, both corrective, preventive, and predictive, which ensure a high availability of the generation units.
- The atomized nature of the generation assets, which limits the impact at an aggregate level of any mechanical or electrical failure.
- The geographic distribution of the generation assets, thus minimizing the probability of failure

and limiting the occurrence of events, or natural disasters that result in unavailability.

- Sufficient supply capacity, and an internal policy that allows for the permanent storage of between a third and fifty percent of monthly fuel consumption needs.
- An insurance policy that offers appropriate coverage against accidents. The insurance coverage covers the replacement of assets in case of total or partial losses, and the loss of profits associated therewith.
- In the case of the company-owned wind farms, the operation and maintenance contracts guarantee a minimum availability which, in case of failure, is paid by the contractor.

If for any reason, the EGE Haina generation units are unable to generate enough electricity to meet its contractual obligations, the company can purchase it from the occasional or spot market.

Country Risk Analysis

EGE Haina depends to some extent on the economic conditions of the Dominican Republic. If these conditions deteriorate, the company financial situation or operational results could be affected.

The Dominican economy and its financial sector remain vulnerable to external impacts, which could threaten the Dominican financial system and drive material adverse effect on the country's economic growth. In the event of a future external or internal impact, there is no guarantee that the Dominican government will attempt or be able to effectively intervene to prevent a drop in aggregate demand, and with it, a drop in energy demand. Neither is it possible to ensure that the Dominican Republic's public finances and economy would not be adversely affected by economic impacts in other countries or additional increases in fuel prices.

However, in recent years the nation has shown a macroeconomic stability which has allowed for debt placement in the international markets in long-term and in very favorable conditions.

Financial Risks

The company operations are exposed to various financial risks: market risk (including exchange rate and interest rate risk), credit risk and liquidity risk, which are managed by the General Manager. A description of the management of financial risks can be found in Notes 4.16 and 28 of the audited consolidated financial statements enclosed with this annual management report

FINANCIAL STATEMENTS

Empresa Generadora de Electricidad Haina, S.A. y Subsidiaria*

Consolidated Financial Statements

December 31st, 2019

(Independent Audit Report on Consolidated Financial Statements)

Table of Content

* Consolidated Financial Statements by December 31st, 2019 and 2018, comprise all financial statements by Empresa Generadora de Electricidad Haina, S. A. (EGE Haina), and Haina Overseas Corporation, Inc. ("HOC"), hereinafter "The Company".

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Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Empresa Generadora de Electricidad Haina, S. A. and Subsidiary (hereinafter "the Company"), which comprise the consolidated statement of financial position as of December 31, 2019, the consolidated statement of comprehensive income, of changes in equity and cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Empresa Generadora de Electricidad Haina, S. A. and Subsidiary as of December 31, 2019, its financial performance and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRSs).

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the section Responsibilities of the Auditor with Regards to the Audit of the Consolidated Financial Statements of our report. We are independent of the Company in accordance with the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA), the Code of Ethics of the Institute of Certified Public Accountants of the Dominican Republic (ICPARD in Spanish) along with the ethics requirements relevant to our audit of the consolidated financial statements and have met all other ethical responsibilities in accordance with these requirements and the Code of Ethics of IESBA and ICPARD. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matter

A key audit matter is one that, based on our professional judgment, has been the most significant to our audit of the consolidated financial statements for the year ended December 31, 2019. This matter is considered as part of our audit of the consolidated financial statements taken as a whole, and as part of our opinion, and we do not express a separate opinion on this matter. We determined that the matter described below is key to the audit and should be communicated in our report.

We complied with the responsibilities described in the section "Responsibilities of the Auditor with Regards to the Audit of the Consolidated Financial Statements" regarding the key audit matter. Accordingly, our audit included the execution of procedures designed to respond to our material misstatement risk assessment in the consolidated financial statements. The results of our audit procedures, including the procedures conducted to support the key matter described below, provide a basis for our audit opinion.

Key audit matter (continued)

Trade receivables

The trade receivables as of December 31, 2019 amounted to approximately US$67 million, and their breakdown is in Note 8 of the accompanying consolidated financial statements. We have focused on the recoverability assessment of accounts receivable from Corporación Dominicana de Empresas Eléctricas Estatales (CDEEE) and Empresas Distribuidoras de Energía in Dominican Republic (EDEESTE, EDENORTE and EDESUR) since they exceeded the recoverability period of accounts receivable in normal conditions and represent nearly 71% of the total trade accounts receivable as of that date.

To support this matter, we conducted, among others, the following procedures:

- We issued and obtained the confirmations of the balances of such companies per our selected sample as of December 31, 2019.
- We assessed and measured the main conditions agreed and described in the current contracts with these companies as of December 31, 2019.
- We assessed data integrity and assumptions used by Management to determine and measure the expected credit losses.

Other information included in the Company's annual report

The other information consists of information included in Management's annual report which is different from the consolidated financial statements and our corresponding audit report. Management is responsible for the other information.

The Company's annual report is expected to be available for us after the date of this audit report. Our opinion on the consolidated annual reports does not cover the other information and we do not express an opinion or any other type of assurance in that regard.

Regarding our audit of the consolidated financial statements, our responsibility is to read this other information as soon as it becomes available, and while doing to consider whether there is a material deviation between that other information and the consolidated financial statements, or the knowledge that we obtained during the audit. If we determine that the other information contains material deviations, we are required to report this.

Responsibilities of Management and those charged with corporate governance over the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for the internal control relevant to 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 also responsible for assessing the Corporation's ability to continue as 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 the Company's corporate governance are responsible for the oversight of the Company's financial information process.

Responsibilities of the auditor with regards to the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and issue an audit report including our opinion. Reasonable assurance is a high level of assurance but does not constitute a guarantee that an audit performed per International Standards on Auditing will always detect a significant error when one exists. Errors can be due to fraud or error and are considered significant when they, individually or as a whole, can be expected to influence the economic decisions made by users based on these consolidated financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. As auditors, we also:

- Identify and assess the risk of material misstatement in the consolidated financial statements, due to fraud or error, design and apply audit procedures to respond to those risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of a material misstatement due to fraud going undetected is higher than one due to error, since fraud may involve collusion, forgery, intentional omissions, intentionally mistaken statements, or the circumvention of internal control.

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

- We assessed that the accounting policies used are adequate, as well as the fairness of accounting estimates and 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, we also conclude 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 there is material uncertainty, we are required to note in our audit report the corresponding disclosures in the consolidated financial statements or express a modified opinion if those disclosures are not appropriate. Our conclusions are based on audit evidence obtained as of the date of our audit report. Nevertheless, future events or conditions could cause the Company not to continue as a going concern.

- We assessed the global presentation, structure and contents of the consolidated financial statements, including the disclosures, and whether those statements represent the underlying transactions and events in a manner that implies a reasonable presentation.

- We obtained sufficient and adequate evidence relating to the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and execution of the Group's audit. We are solely responsible for our audit opinion.

We communicated with those in charge of the Company's Management regarding among others, the scope and timing of our audit and the significant findings, including any significant weaknesses in internal control that we identified during our audit.

We also provided those in charge of Management a statement that we complied with the applicable ethical requirements on independence and reported all relationships and other matters that could be reasonably expected to affect our independence, and the corresponding exceptions.

Among the matters reported to those in charge of Company Management, we determined those that were the most significant in the audit of the consolidated financial statements as of December 31, 2019, and therefore constitute the key audit matter. We described this key audit matter in our audit report, unless a law or regulation did not allow a public disclosure of the matter, or, in extremely rare circumstances, if we determine that the matter should not be communicated in our report because it would be reasonable to expect that the negative consequences of doing so would surpass the public interest benefits of this communication.

The partner in charge of the audit performed by these independent auditors is Rubén E. Tejeda (CPA No. 10289).

Ernst & Young

February 28, 2020
Reyna II Business Tower
Suite 900, Floor 9,
Pedro Henríquez Ureña No. 138.
Santo Domingo, Dominican Republic

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary

Consolidated Statements of Financial Position
December 31, 2019 and 2018

(Amounts expressed in United States dollars – US$)

	Note	2019	2018
Assets			
Current assets:			
Cash and cash equivalents	7	178,093,891	55,100,342
Accounts receivable	8	67,521,869	210,256,630
Inventories	10	37,567,530	34,262,816
Prepaid expenses		2,760,179	2,608,616
Total current assets		285,943,469	302,228,404
Non current assets:			
Property, plant and equipment, net	11	611,371,627	652,494,876
Right of use assets	12	14,067,673	11,466,366
Other assets	13	19,420,971	10,540,585
Total non current assets		644,860,271	674,501,827
Total Assets		**930,803,740**	**976,730,231**
Liabilities and Equity			
Current liabilities:			
Financial debt	14	33,333,260	33,333,327
Accounts payable	15	100,858,465	132,417,707
Income tax payable	18	9,161,560	3,529,631
Lease liabilities	12	431,129	1,698,951
Other liabilities	16	3,018,562	3,042,015
Total current liabilities		146,802,976	174,021,631
Non current liabilities:			
Financial debt	14	273,658,449	315,963,603
Deferred tax liability	18	75,128,419	67,427,505
Lease liabilities	12	14,660,115	10,233,782
Other liabilities	16	6,856,545	2,604,383
Total non current liabilities		370,303,528	396,229,273
Total liabilities		517,106,504	570,250,904
Equity:	19		
Share capital		289,000,000	289,000,000
Legal reserve		28,900,000	28,900,000
Retained earnings		95,801,757	88,617,244
Other comprehensive income		(4,521)	(37,917)
Total equity		413,697,236	406,479,327
Total Liabilities and Equity		**930,803,740**	**976,730,231**

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

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018

(Amounts expressed in United States dollars – US$)

	Note	2019	2018
Revenue	20	473,134,464	429,520,797
Cost of fuel and energy purchases	21	(255,693,652)	(237,884,346)
Operating and general expenses	22	(57,977,088)	(50,310,761)
Personnel expenses	23	(19,574,668)	(20,222,915)
Depreciation and amortization	11, 12 y 13	(44,796,995)	(41,618,394)
Gain on foreign currency exchange, net		2,540,940	2,921,969
Other expenses, net	24	(660,834)	(8,606,755)
Operating income		96,972,167	73,799,595
Financial income	25	34,210,274	19,227,086
Financial expenses	26	(33,960,286)	(28,160,188)
Financial income (expenses), net		249,988	(8,933,102)
Income before tax		97,222,155	64,866,493
Income tax expense	18	(25,037,642)	(17,106,630)
Net income		**72,184,513**	**47,759,863**
Other comprehensive income, net of tax:			
Items that may not be subsequently reclassified to profit or loss			
Actuarial gain (loss)	23	33,396	(37,917)
Comprehensive income		**72,217,909**	**47,721,946**

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

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Amounts expressed in United States dollars – US$)

	Note	Share capital	Legal reserve	Retained earnings	Other comprehensive income	Total Equity
Balance at January 1, 2018		289,000,000	28,900,000	105,857,381	-	423,757,381
Net income		-	-	47,759,863	-	47,759,863
Declared dividends	19	-	-	(65,000,000)	-	(65,000,000)
Actuarial loss	23				(37,917)	(37,917)
Balance at December 31, 2018		289,000,000	28,900,000	88,617,244	(37,917)	406,479,327
Net income		-	-	72,184,513	-	72,184,513
Declared dividends	19	-	-	(65,000,000)	-	(65,000,000)
Actuarial gain	23	-	-	-	33,396	33,396
Balance at December 31, 2019		**289,000,000**	**28,900,000**	**95,801,757**	**(4,521)**	**413,697,236**

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

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary

Consolidated Statements of Cash Flow
For the years ended December 31, 2019 and 2018
(Amounts expressed in United States dollars – US$)

	Note	2019	2018
Cash flows from operating activities			
Income before tax		97,222,155	64,866,493
Adjustments to reconcile income before tax to net cash provided by (used in) operating activities:			
Depreciation and amortization	11, 12 y 13	44,796,995	41,618,394
Disposal and sale of property, plant and equipment	11 y 24	(98,624)	7,298,249
Financial expenses, net	14, 25 y 26	(249,988)	8,933,102
Unrealized gain on foreign currency exchange		(9,083,294)	(7,466,459)
Impairment of property, plant and equipment	24	273,721	619,714
Non cash adjustments		407,036	-
Changes in assets and liabilities:			
Accounts receivable		133,274,266	(152,726,470)
Inventories		(3,927,592)	148,300
Prepaid expenses		(151,563)	120,098
Other assets		(1,087,680)	(6,446,975)
Accounts payable		(29,171,129)	51,960,852
Other liabilities		(73,343)	148,350
Interest received		41,693,369	12,204,081
Interest paid		(31,852,775)	(26,336,239)
Taxes paid		(11,338,802)	(2,509,583)
Net cash provided by (used in) operating activities		230,632,752	(7,568,093)
Cash flows from investing activities			
Additions to property, plant and equipment	11	(5,372,941)	(76,244,097)
Cash received from the sale of property, plant and equipment		98,624	214,959
Additions to intangible assets		(2,568,987)	(282,431)
Net cash used in investing activities		(7,843,304)	(76,311,569)
Cash flows from financing activities			
Debt proceeds	14	30,000,000	-
Debt repayments	14	(63,333,393)	(33,333,327)
Dividends paid	19	(64,998,018)	(65,000,491)
Lease payments	12	(1,464,488)	(1,545,484)
Net cash used in financing activities		(99,795,899)	(99,879,302)
Net increase (decrease) in cash and cash equivalents		122,993,549	(183,758,964)
Cash and cash equivalents at the beginning of the year		55,100,342	238,859,306
Cash and cash equivalents at the end of the year		**178,093,891**	**55,100,342**

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

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018
(Amounts expressed in United States dollars – US$)

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, Torre Novo-Centro, 17th floor, Naco, Santo Domingo, Dominican Republic. The shareholders of EGE Haina are Haina Investment Co. Ltd. ("HIC") (50%), 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, 2019 and 2018, include the financial statements of Empresa Generadora de Electricidad Haina, S. A., and Haina Overseas Corporation, Inc. ("HOC"), collectively referred to as "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.

In September 2018, several subsidiaries were dissolved: Haina Finance Company, a subsidiary 100% owned by EGE Haina; and HOC Panama, a subsidiary 100% owned by HOC. These subsidiaries have not had operations since 2013 and 2015, respectively.

EGE Haina owns nine generation facilities of 744.7 MW, eight of which are commercially available and distributed throughout the country with a generation capacity of 711.7 MW: Sultana del Este, Quisqueya II and Quisqueya Solar in the eastern part of the country, Haina and Barahona in the south, and Pedernales, Los Cocos and Larimar in the west. These facilities consist of a number of thermal units operated with fuel oil and coal, four wind generation farms of 175.0 MW and a photovoltaic power plant of 1.5 MW. The thermal units have different technologies: vapor turbines, diesel engines, a simple cycle gas turbine and combined cycle engines.

EGE Haina also operates Quisqueya I, a combined cycle plant with dual fuel (fuel oil and natural gas), with a net installed capacity of 225.3 MW, a 230/138KV substation, and a 230KV transmission line, according to the operation and maintenance services contracts signed with Pueblo Viejo Dominicana Corporation Branch ("PVDC"), a Dominican subsidiary of Barrick Gold Corporation that owns the plant.

EGE Haina also operates Palenque, under a lease agreement with DOMICEM, S. A. This power plant has four diesel engines, with a net installed capacity of 25.6 MW.

Company's Management authorized the issuance of the consolidated financial statements on February 28, 2020. These consolidated financial statements must be submitted to the Shareholders' General Assembly for definite approval. They are expected to be approved without changes.

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

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018
(Amounts expressed in United States dollars – US$)

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 in conformity with IFRS.

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

The consolidated financial statements include reclassification adjustments from the prior year presentation. The retroactive application of these reclassifications does not have a material effect in the accompanying consolidated financial statements.

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 subsidiary 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.

3. Changes in accounting polices

The accounting policies adopted by the Company to prepare its consolidated financial statements at December 31, 2019 are consistent with those that were used for the preparation of the consolidated financial statements at December 31, 2018.

The Company adopted the following amendments and interpretations at January 1, 2019; without significant impact on the amounts recognized in the previous, current or future periods:

- Amendments to IFRS 9– *Prepayment Features with Negative Compensation.*
- Interpretation IFRIC 23 – *Uncertainty over Income Tax Treatments.*
- Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement.*
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued in December 2017):
    - IAS 12 – *Income Tax.*
    - IAS 23 – *Borrowing Costs.*

Additionally, the Company evaluated the following amendments at January 1, 2019 and identified that they did not apply to the financial information presented in these consolidated financial statements.

- Amendments to IAS 28– *Long-term Interests in Associates and Joint Ventures.*
- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued in December 2017):
  - IFRS 3 – *Business Combinations.*
  - IFRS 11 – *Joint Arrangements.*

4. Summary of significant accounting polices

4.1. Currency, transactions in foreign currency and conversion of financial statements

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's functional currency is the United States dollar (US$).

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

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 statements 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, 2019, to translate balances in foreign currency (RD$ and EUR) to United States dollar were RD$52.92 (2018: RD$50.29) per US$1.00 and €1.16 (2018: €1.22) per US$1.00.

4.2. Classification current - non current

The Company presents assets and liabilities in the consolidated statements 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.

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018
(Amounts expressed in United States dollars – US$)

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 the date of acquisition. For purposes of the consolidated statements 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, held to maturity investments and accounts receivable. The accounts receivable 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 debts, 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, with the exception of accounts receivable that are initially recognized when they originate.

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. A receivable that does not contain a significant financing component is initially measured at the transaction price.

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.

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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 statements 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; 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 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 recognized at the beginning 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.

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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.

   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 statements 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.

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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 an associated liability for amounts that reflect the rights and obligations that it has retained.

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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 method. The Company recognized gains or losses in the period profit or loss when the financial liability is derecognized as well as through the amortization process.

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.

4.4.6. Derivative financial instruments and hedge accounting

A derivative is a financial instrument or other contract that has all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

A derivative can be embedded. In this case, an embedded derivative is a component of a hybrid contract that also includes a non derivative host — with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

If the derivative financial instrument is designated as a hedging instrument, the hedging relationship can be classified as a:

1) Fair value – a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.
2) Cash flow – a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.
3) Net investment in a foreign operation.

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The derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than twelve months and is not expected to be realized or settled in less time.

Hedging Relationship	Initial Recognition	Subsequent Measurement	Derecognition
Fair value	Fair value	- The gain or loss on the hedging instrument shall be recognized in profit or loss. - The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognized in profit or loss, even if the hedged item is measured at cost.	The unamortized fair value is immediately recognized in the period profit or loss.
Cash flow	Fair value	- The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. - The ineffective part of the gain or loss of the hedging instrument will be recognized in the period profit or loss.	If hedge accounting is discontinued, the amount accumulated in other comprehensive income must remain with this classification if the coverage of future cash flows is expected to still occur. Otherwise, the amount is immediately reclassified in the period profit or loss.
Net investment in a foreign operation	Fair value	It is accounted similar to a cash flow hedge.	The accumulated value of any gain or loss recorded as equity is immediately recognized in the period profit or loss.

4.5. Inventories

Inventories consist of spare parts and bulk fuels (coal, bunker fuel oil and diesel); 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 statements 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

Property, plant and equipment are recorded at historical cost, net of the corresponding accumulated depreciation

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and impairment losses. The historical cost includes expenditures directly attributable to the acquisition of the items; additionally 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.

The Company has chosen to use the cost model for the valuation of property, plant and equipment components after their initial recognition, less accumulated depreciation and the accumulated amount of any impairment loss. Subsequent costs are included in the carrying amount of the asset or as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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	5 – 40
Generation assets, including reusable spare parts*	1 – 50
Transportation equipment	5 – 10
Furniture and office equipment	2 – 5
Minor equipment	3 – 15

* Reusable 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.

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. Other assets

Intangible assets

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.

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 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	1 – 10
Easement contracts	20 – 25
Right of use contracts	5 – 50

Intangible assets with indefinite useful lives are not amortized on an annual basis. The Company performs an annual evaluation to identify impairment losses, or when facts or circumstances indicate that the values recorded may not be recoverable.

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.

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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 statements of comprehensive income. In determining the lease term, the Company considers all the facts and 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:
  - 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.
  - 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 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	18 – 20
Generation assets	6 – 50

* 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 statements of comprehensive income. This presentation applies to short term and low value leases.

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For lease contracts in which the Company is a lessor:

- They are classified as operating leases if they do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The income obtained from these contracts are recognized in profit or loss on a straight-line basis for the term of the contract. Contingent income is recorded as profit or loss in the period in which they are recognized.
- They are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes in the consolidated statements of financial position the assets held under finance leases and presents them as receivables at an amount equal to the net investment in the lease. The Company recognizes financial income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's lease net investment.

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 probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 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 profit or loss.

4.11 Equity

Legal reserve

The Commercial and Limited Liability Corporations Law of the Dominican Republic 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

4.12 Revenue

4.12.1 Operating income

The Company classifies its operating income as: revenue from contracts with customers and revenue from sales in the spot market. The Company recognizes, in the period 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.

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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.*

The Company mainly classifies as revenue from 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 energy produced and demanded by customers on each calendar month.

Each company in the National Interconnected Electric System ("SENI" according to its initials in Spanish) reports the end of month metering reading to the Coordinating Body of the National Interconnected Electric System ("OCSENI" according to its initials in Spanish), which is the entity in charge of reporting the system's transactions. OCSENI determines the quantity of energy sold by contract and those sold in the spot market. Contracted energy sales are priced according to contract's specifications and those sales made in the spot market are priced according to the market price.

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 statements 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.

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Management has determined on the basis of quantitative thresholds that the Company has a single operating segment: production and sale of electricity; therefore, the consolidated financial 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 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 System, the Company recognizes as expenses the monthly contributions - made to the pension fund administrators authorized by the Superintendence of Pensions of the Dominican Republic - which will later be transferred into the employees' individual capitalization accounts. In addition, the Company withholds the employees' own contributions from their salary payments and recognize these contributions as an accrual until they are transferred to 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.

Accounting for this plan does not require actuarial assumptions to measure the obligation or expense, and therefore there is no possibility of actuarial gains or losses.

Mutual agreement policy

The Company has a policy through which, by mutual agreement with the employee, provides a remuneration at the time of the resignation of the employee, as long as a series of pre-established conditions are met, for example: at least five years of uninterrupted employment relationship. This benefit is not financed through a fund.

To estimate this obligation, the Company uses an actuarial method under the projected credit unit method in which is:

- Performed a sensitivity analysis on the changes in the discount rate and the salary increase.
- Evaluated the history of payments made.
- Considered demographic such as the mortality, disability and turnover rate, dismissal factor and retirement age.
- Considered financial assumptions include the determination of the discount rate, salary increase and minimum salary increase.

Remeasurements of gains or losses from actuarial reviews are recognized as other comprehensive income in the consolidated statements of changes in equity.

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

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.

The Company recognizes the income tax associated with elements of other comprehensive income outside the consolidated income statements and recognizes it in the consolidated statements of changes in equity.

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.

Tax on assets

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 statements of comprehensive income.

4.16 Financial risk management

The Company's operations expose it to a variety of financial risks: market risk (including foreign exchange, interest rate on fair value, interest rate on cash flows and price risks), credit risk and liquidity risk. The Company uses derivative financial instruments to cover certain risk exposures.

Risk management is controlled by the General Manager, under the guidelines approved by the Board of Directors.

Foreign exchange risk

As a result of the Company's operations in foreign currency, it is exposed to foreign exchange 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 European euro. The foreign exchange 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 foreign exchange 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.

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 to ensure it has sufficient cash to meet its operating requirements, and maintains available credit lines with local and international banks in the event that it needs them.

Interest risk

Interest 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.

The Company's entire non current debt and its current portion is agreed at fixed rates, thus the Company is not exposed to this risk.

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 a financial loss. The credit risk arises mainly from cash and cash and cash equivalents and the accounts receivable.

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The financial assets that potentially expose the Company to credit risk concentration consist primarily of accounts receivable from energy and capacity sales being dispatched through the SENI, and with the government distribution companies and CDEEE as main buyers. Although these accounts show delay in their current payments, the Company has had no a history of un-collectibility with those companies. Additionally, the Company maintains contracts 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 are assessed based on equity levels and the credit rating given by credit agencies to the institutions where these financial assets are located.

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 fuel for energy generation from international suppliers at prices based on international indexes plus a transportation charge. In general, the cost of fuel for the Company is determined by reference to the index published by Platts, which is the same one used by the price indexation formulas in the power sale-purchase agreements. Additionally, the energy prices declared for spot 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.

5. Future changes in accounting polices

Standards, interpretations or amendments, that have been issued but have not become effective at December 31, 2019, 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	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.	01/01/2021 early application is permitted	Under evaluation; no early application or changes are expected.
Disclosure Initiative - Definition of Material (Amendments to IAS 1 and IAS 8)	The amendment clarifies the definition of 'material' and provide guidance to help improve consistency in the concept application.	01/01/2020	Under evaluation; no changes are expected.
Amendments to IFRS 3 – Definition of a Business	The amendment clarifies whether activities or assets acquired can be considered a business or merely a group of assets.	01/01/2020	Under evaluation; no changes are expected.
Conceptual Framework for Financial Reporting 2018	The revised conceptual framework for financial reporting includes: • Improved definitions of an asset and a liability. • A new chapter on measurement. • Guidance on reporting financial performance. • Clarifications in areas such as measurement uncertainty in financial reporting.	01/01/2020	Under evaluation; no changes are expected.

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, 2019 and 2018, the Company has considered the following relevant judgments, estimates or assumptions:

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Significant judgments, estimates and assumptions	Note
Fair value, business model and the 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

7. Cash and cash equivalents

	2019	2018
Cash on hand:		
Denominated in United States dollars	1,500	1,500
Denominated in Dominican pesos	14,834	16,604
Denominated in European euros	1,619	1,668
Cash in banks[1]:		
Denominated in United States dollars	16,555,452	9,161,362
Denominated in Dominican pesos	5,198,750	1,354,638
Denominated in European euros	11,300	31,688
Cash equivalents[2]:		
Denominated in United States dollars	20,022,713	43,291,959
Denominated in Dominican pesos	136,287,723	1,240,923
	178,093,891	**55,100,342**

At December 31, 2019 and 2018, there was no difference between the carrying amount and the fair value of these financial assets.

1. Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks. For the year ended December 31, 2019, these accounts generated US$0.3 million (2018: US$0.2 million) (Note 25), which is reported as financial income in the accompanying consolidated statements of comprehensive income. At the date of these consolidated financial statements, there were no restrictions on the use of cash in banks.
2. Certificates of deposit that expire in three months or less, which accrue interest at annual rates in Dominican pesos between 5.9% and 8.3% (2018: 5.9% and 9.6%) and 2.6% and 3.7% (2018: 2.4% and 3.5%) in United States dollars. For the year ended December 31, 2019, these instruments generated interest income of US$1.3 million (2018: US$3.4 million) (Note 25), which are reported as financial income in the accompanying consolidated statements of comprehensive income.

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8. Accounts receivable

	Note	2019	2018
Trade receivables:			
Related parties	9	21,140,776	176,109,094
Third parties[3]		45,950,376	31,270,855
		67,091,152	207,379,949
Other receivables:			
Third parties		108,929	2,170,985
Related parties	9	90,755	390,570
Advances to suppliers		316,883	247,918
Fuel tax[4]		100,003	67,208
		616,570	2,876,681
Expected credit losses allowance	24 y 28	(185,853)	-
		67,521,869	**210,256,630**

El detalle del vencimiento de cuentas por cobrar es el siguiente:

Year	Not past due	31-60 days	61-90 days	> 91 days	Total
2019	**34,967,869**	**14,457,148**	**5,128,219**	**12,968,633**	**67,521,869**
2018	89,179,970	27,348,150	25,943,410	67,785,100	210,256,630

Past due trade receivables generate interest equivalent to the average commercial banking active rate published by the Central Bank of the Dominican Republic. At December 31, 2019, the average rate was 12.4% (2018: 12.1%) for balances in Dominican pesos and 6.1% (2018: 6.1%) for balances in United States dollars.

During the year ended December 31, 2019, interest generated by trade receivables amounted to US$32.6 million (2018: US$15.7 million) (Note 25). This interest is reported as financial income in the accompanying consolidated statements of comprehensive income.

3. See Note 20 d, f-n, q-r and u-w for more detail.
4. 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.

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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, and land leases, among others.

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

	Relationship	2019	2018
Balances			
Trade receivables:			
Empresa Distribuidora de Electricidad del Este, S. A. (Edeeste)[5]	Related	6,660,821	100,226,638
EDENORTE Dominicana, S. A. (Edenorte)[5]	Related	6,414,225	40,485,294
EDESUR Dominicana, S. A. (Edesur)[5]	Related	6,190,902	33,713,344
DOMICEM, S.A. (DOMICEM)[6]	Related	1,045,345	979,965
Pasteurizadora Rica, S. A. (RICA)[6]	Related	422,802	703,853
Gerdau Metaldom, S.A.[6]	Related	406,681	-
		21,140,776	176,109,094
Other receivables:			
San Pedro Bio-Energy, S.R.L.[6]	Related	90,755	390,449
HIC	Shareholder	-	121
		90,755	390,570
Balance of accounts receivable		**21,231,531**	**176,499,664**
Trade payables:			
HIC	Shareholder	828,214	2,597,027
DOMICEM[6]	Related	171,950	122,791
V Energy, S. A.[6]	Related	14,130	-
Cristóbal Colón, S. A[6]	Related	4,500	-
		1,018,794	2,719,818
Dividends payable to non controlling interests	Shareholder	17,059	15,077
Balance of accounts payable		**1,035,853**	**2,734,895**

5. Companies related through FONPER, shareholder of EGE Haina.
6. Companies related through members of the Boards of Directors of HIC, shareholder of EGE Haina.

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	Relationship	2019	2018
Transactions			
Revenue[7]			
Electricity sales and interest charges			
Edeeste	Related	157,092,067	135,714856
Edesur	Related	82,550,503	75,566,742
Edenorte	Related	66,603,677	63,818,340
DOMICEM	Related	12,286,097	12,571,296
RICA	Related	3,430,844	3,631,382
Gerdau Metaldom, S.A.	Related	2,865,415	-
		324,828,603	**291,302,616**
Operation and maintenance services			
San Pedro Bio-Energy, S. R. L.	Related	**-**	**185,340**
Costs and expenses			
HIC[8] - *Management fees*	Shareholder	13,957,467	12,670,864
DOMICEM[9]	Related	587,640	260,456
Cristóbal Colon, S. A[10] - *Leases*	Related	576,327	585,991
V Energy, S. A[11] - *Fuel purchases*	Related	518,106	410,436
		15,639,540	**13,927,747**
Dividends paid:			
HIC	Shareholder	32,500,000	32,500,000
FONPER	Shareholder	32,495,756	32,495,756
Minority	Shareholder	2,262	4,735
		64,998,018	**65,000,491**

Compensation to key personnel

During the year ended December 31, 2019, the expenses related to salaries and compensations paid to key personnel and severance benefits amounted to US$8.3 million (2018: US$8.3 million), which apply to personnel occupying the positions of general manager, vice presidents, directors and managers.

7. The revenue from contracts associated with related parties are detailed in Note 20.
8. Agreement for management of the Company's operations signed as part of the capitalization process, by which the Company pays to the shareholder a percentage of its annual net revenue. This contract ends in 2020.
9. Lease agreement of generation facilities signed in September 2015 for 6 years, starting in August 2018.
10. Land lease agreement for the Quisqueya 2 power plant location, signed on April 26, 2012 for a 25 years term and a similar period renewal option. The Company paid a fixed annual amount, indexed by the consumer price index ("CPI") from the United States of America, plus applicable taxes. This company is related through a member of HIC's Board of Directors.
11. Fuel purchases in accordance with the diesel supply contracts signed in May 2019 and May 2018. Company related through members of the Boards of Directors of HIC and EGE Haina.

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10. Inventories

	2019	2018
Spare parts	24,469,289	20,900,697
Fuels:		
Fueloil	9,921,615	6,030,525
Coal	1,605,646	2,786,651
Diesel	862,789	1,255,304
Inventory of spare parts in transit[12]	708,191	3,289,639
	37,567,530	**34,262,816**

For the year ended December 31, 2019, the Company recognized US$0.6 million (2018: US$0.9 million) in obsolescence and impairment losses for its inventories (Note 24).

11. Property, plant and equipment, net

	Land	Buildings	Generation Assets[13]	Transportation Equipment	Furniture and Office Equipment	Minor Equipment	Assets under Construction[13]	Total
Acquisition cost:								
At January 1, 2018	14,085,626	63,372,080	651,047,927	2,999,963	4,918,710	1,343,010	57,939,911	795,707,227
Additions	112,632	96,905	1,660,858	366,546	153,460	173,721	77,649,279	80,213,401
Disposals	-	(11,709)	(11,637,434)	(99,109)	-	(17,411)	-	(11,765,663)
Transfers	-	553,329	133,170,494	-	42,701	252,166	(134,018,690)	-
31 de diciembre de 2018	**14,198,258**	**64,010,605**	**774,241,845**	**3,267,400**	**5,114,871**	**1,751,486**	**1,570,500**	**864,154,965**
Additions	2,528	133,210	671,571		97,468	267,365	3,046,511	4,519,587
Disposals	-	(88,800)	(9,765,404)	300,934	-	-	-	-
Transfers	-	75,112	490,460	(531,170)	-	857,460	(1,423,032)	(11,750,981)
Adjustments and reclassifications[14]			(1,365,607)	-				(1,365,607)
At December 31, 2019	**14,200,786**	**64,130,127**	**764,272,865**	**3,037,164**	**5,212,339**	**2,876,311**	**3,193,979**	**856,923,571**
Accumulateddepreciation:								
At January 1, 2018	-	(14,448,474)	(153,380,133)	(1,959,613)	(4,452,556)	(437,803)		(174,678,579)
Depreciation for the year	-	(3,574,189)	(35,932,335)	(328,530)	(152,806)	(302,585)	-	(40,290,445)
Disposals	-	3,581	3,228,159	72,261	-	4,933	-	3,308,934
At December 31, 2018	**-**	**(18,019,082)**	**(186,084,309)**	**(2,215,882)**	**(4,605,362)**	**(735,455)**	**-**	**(211,660,090)**
Depreciation for the year	-	(3,579,770)	(39,264,311)	(347,564)	(189,622)	(421,507)	-	(43,802,774)
Disposals	-	-	9,379,750	531,170	-	-	-	9,910,920
At December 31, 2019	**-**	**(21,598,852)**	**(215,968,870)**	**(2,032,276)**	**(4,794,984)**	**(1,156,962)**	**-**	**(245,551,944)**
Net carrying amount:								
At December 31, 2019	**14,200,786**	**42,531,275**	**548,303,995**	**1,004,888**	**417,355**	**1,719,349**	**3,193,979**	**611,371,627**
At December 31, 2018	14,198,258	45,991,523	588,157,536	1,051,518	509,509	1,016,031	1,570,500	652,494,875

Property, plant and equipment, net includes US$1.0 million (2018: US$2.3 million) corresponding to the present value of the decommissioning provision of Quisqueya 2 power plant, net of depreciation. The market rate adjusted used to discount future flows of such liability was 5.9% (2018: 6.8%). At December 31, 2019 a depreciation was recorded for

12. 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 on or before February 28, 2020 (2019: 99% was received on or before February 28, 2019).
13. In June 2017, EGE Haina signed an Engineering, Procurement and Construction contract for the construction of the second phase of Larimar Wind Farm. The Company capitalized these works in October 2018 with a total investment of US$100.6 million.
In November 2017, EGE Haina signed an Engineering, Procurement and Construction contract to obtain a greater efficiency from the Barahona power plant through the modernization of part of its equipment. The Company capitalized these works in October 2018 with a total investment of US$30.3 million.
14. Adjustment related to the annual review of the decommissioning provision of Quisqueya 2 power plant. The impact was recognized as other non current liabilities.

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this concept in the amount of US$0.1 million (2018: US$0.1 million), which is presented as depreciation and amortization in the accompanying consolidated statements of comprehensive income.

Out of the total amount of acquisitions in 2019, US$4.5 million (2018: US$80.2 million), US$0.1 million (2018: US$4.3 million) do not represent cash outflows. Additionally, during 2019 were paid US$1.0 million (2018: US$0.3 million) related to outstanding balances from the previous year.

Out of the total amount of disposals of property, plant and equipment at December 31, 2018, US$6.6 million correspond to the replacement of assets associated with the modernization of the Barahona power plant, US$0.8 million to the decommissioning of the Puerto Plata plant and US$0.1 million of minor assets (Note 24).

Property, plant and equipment, net includes fully depreciated assets in use with an acquisition cost of US$20.8 million (2018: US$27.9 million).

For the year ended December 31, 2019, the Company recognized approximately US$0.3 million (2018: US$0.6 million) of impairment losses of property, plant and equipment (Note 24).

At December 31, 2018 property, plant and equipment, net includes capitalized interest on loans attributed to assets under construction. The capitalized interest amounted to US$6.7 million (Note 26). The average capitalization rate used was 8.8%.

12. Leases

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

	Land	Generatio assets	Others	Total
Right of use:				
At January 1, 2018	-	-	-	-
Additions	8,887,533	2,537,559	1,145,676	12,570,768
At December 31, 2018	8,887,533	2,537,559	1,145,676	12,570,768
Additions	2,066,084	308,780	564,855	2,939,719
At December 31, 2019	**10,953,617**	**2,846,339**	**1,710,531**	**15,510,487**
Accumulated amortization:				
At January 1, 2018	-	-	-	-
Amortization for the year	(235,988)	(738,831)	(129,583)	(1,104,402)
At December 31, 2018	(235,988)	(738,831)	(129,583)	(1,104,402)
Amortization for the year	(308,686)	(474,390)	(74,356)	(857,432)
Adjustments and reclassifications[15]	(76,114)	521,402	73,732	519,020
At December 31, 2019	**(620,788)**	**(691,819)**	**(130,207)**	**(1,442,814)**
Net carrying amount:				
At December 31, 2019	**10,332,829**	**2,154,520**	**1,580,324**	**14,067,673**
At December 31, 2018	8,651,545	1,798,728	1,016,093	11,466,366

15. Reviews performed on the contracts terms and payments for the right of use assets. The impact was recognized as depreciation and amortization expense for the period.

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The following table shows the carrying amount of lease liabilities[16]:

	2019	2018
Current	431,129	1,698,951
Non current	14,660,115	10,233,782
	15,091,244	**11,932,733**

Lease payments are discounted using the market rate, adjusted to reflect the specific risks of such liability, of 11.0% and 12.0% for leases in pesos and 6.5% for leases in dollars.

The following table shows the value recognized in the consolidated statements of comprehensive income for lease contracts:

	Note	2019	2018
Amortization expense for right of use assets		338,412	1,104,402
Interest expense on lease liabilities	26	1,220,350	907,449
Short term lease expenses	22	4,336	6,823
Low value lease expenses	22	14,160	14,160
		1,577,258	**2,032,834**

13. Other assets

	Right of use [17]	Easements	Software	Leasehold improvements	Other assets	Total
Other non current assets						
At January 1, 2018	3,647,518	558,580	1,009,827	-	294,996	5,510,921
Additions	6,681,727	109,705	172,727	274,418	-	7,238,577
Disposals	-	-	-	-	(668)	(668)
At December 31, 2018	10,329,245	668,285	1,182,554	274,418	294,328	12,748,830
Additions	8,420,844	-	164,632	-	1,094,021	9,679,497
Disposals	-	-	-	-	(6,341)	(6,341)
At December 31, 2019	**18,750,089**	**668,285**	**1,347,186**	**274,418**	**1,382,008**	**22,421,986**
Accumulated amortization:						
At January 1, 2018	(1,029,807)	-	(720,806)	-	-	(1,750,613)
Amortization for the year	(234,085)	-	(192,865)	(30,682)	-	(457,632)
At December 31, 2018	(1,263,892)	-	(913,671)	(30,682)	-	(2,208,245)
Amortization for the year	(393,544)	(29,766)	(185,316)	(47,183)	-	(655,809)
Adjustments and reclassifications[18]	(136,961)	-	-	-	-	(136,961)
At December 31, 2019	**(1,794,397)**	**(29,766)**	**(1,098,987)**	**(77,865)**	**-**	**(3,001,015)**
Net carrying amount:						
At December 31, 2019	**16,955,692**	**638,519**	**248,199**	**196,553**	**1,382,008**	**19,420,971**
At December 31, 2018	9,065,353	668,285	268,883	243,736	294,328	10,540,585

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 27.
17. Corresponds to the right of use of the pipeline and the transmission line (owned by PVDC), for the fuel supply and connection of Quisqueya 2 power plant, respectively. These contracts expire in 2037 with a renewal option until 2062.
18. Reviews performed on deferred payments, right of use contracts term, and right of use of assets under construction. The impact was recognized as operating and general expenses for the period, and as other financial liabilities.

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14. Financial debt[19]

	Note	2019	2018
Current financial debt		33,333,260	33,333,327
Non current financial debt			
Local bonds	27	307,500,115	349,941,857
Less: current portion of non current debt		(33,333,260)	(33,333,327)
Less: debt issuance costs		(508,406)	(644,927)
		273,658,449	315,963,603
		306,991,709	**349,296,930**

The following table shows in detail the offerings of the local unsecured bonds, approved by the Superintendence of Securities of the Dominican Republic ("SIV"):

Offering	Tranches	Amount in RD$	Amount in US$	Annual rate	Issuance date	Maturity date	Repayment calendar
SIVEM-105	1-4	933,192,000	-	11.50%	28-06-2017	28-06-2027	At maturity
SIVEM-105	5-14	2,332,980,000	-	11.25%	14-08-2017	14-08-2027	At maturity
SIVEM-105	15-20	1,399,788,000	-	11.00%	04-10-2017	04-10-2027	At maturity
SIVEM-095	1-3	682,642,500	-	12.00%	27-06-2016	27-06-2026	At maturity
SIVEM-095	4-10	1,592,832,500	-	11.50%	21-07-2016	21-07-2026	At maturity
SIVEM-095	11-16	1,365,285,000	-	11.25%	10-08-2016	10-08-2026	At maturity
SIVEM-095	17-20	910,190,000	-	11.25%	19-09-2016	19-09-2026	At maturity
SIVEM-084	1	-	10,000,000	7.00%	23-01-2015	23-01-2025	At maturity
SIVEM-084	2	-	10,000,000	6.50%	25-02-2015	25-02-2025	At maturity
SIVEM-084	3-5	-	30,000,000	6.25%	25-03-2015	25-03-2025	At maturity
SIVEM-084	6-8	-	30,000,000	6.00%	28-04-2015	28-04-2025	At maturity
SIVEM-084	9-10	-	20,000,000	5.75%	11-06-2015	11-06-2025	At maturity
SIVEM-078	1	-	3,333,327	6.25%	01-23-2014	01-13-2020	Annual 2018-2020
SIVEM-078	2-3	-	6,666,650	6.00%	02-13-2014	02-13-2020	Annual 2018-2020
SIVEM-078	4-5	-	6,666,653	6.00%	03-04-2014	03-04-2020	Annual 2018-2020
SIVEM-078	6-7	-	6,666,650	6.00%	02-17-2014	03-17-2020	Annual 2018-2020
SIVEM-078	8	-	3,333,327	6.00%	04-21-2014	04-21-2020	Annual 2018-2020
SIVEM-078	9-10	-	6,666,653	5.75%	05-27-2014	05-27-2020	Annual 2018-2020
		9,216,910,000	133,333,260				

The financial debt payable balance for offerings of local unsecured bonds is as follows:

	Note	2019	2018
Current financial debt			
SIVEM-078		33,333,260	33,333,327
Non current financial debt			
SIVEM-078		-	33,333,326
SIVEM-084		100,000,000	100,000,000
SIVEM-095		85,996,788	92,781,070
SIVEM-105		88,170,067	90,494,134
	27	**307,500,115**	**349,941,857**

19. 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 27.

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15. Accounts payable

	Note	2019	2018
International fuel suppliers		88,114,425	110,572,024
Local energy suppliers		1,285,962	2,356,068
Other local suppliers		4,643,607	4,926,302
Other international suppliers		3,430,846	9,489,470
Trade payables to related parties and dividends	9	1,035,853	2,734,895
Withholding payables and accruals		2,347,772	2,338,948
		100,858,465	**132,417,707**

From the total accounts payable, US$88.1 million (2018: US$110.6 million) correspond to outstanding balances on fuel purchases, with due dates up to 180 days from the invoice issuance date, accruing annual interest of LIBOR plus 0.9% (2018: LIBOR 180 days plus 1.9% annual). Most of the remaining accounts payable have maturities from 0 to 30 days.

16. Other liabilities

	Note	2019	2018
Current:			
Provision for personnel compensation		2,437,121	2,498,970
Provision mutual agreement policy	23 y 27	503,206	476,727
Provision for legal contingencies	17	28,345	66,318
Other financial liabilities		49,890	-
		3,018,562	3,042,015
Non current:			
Decommissioning provision	27	1,172,033	2,601,383
Deposits received in guarantee		3,000	3,000
Other financial liabilities		5,681,512	-
		6,856,545	2,604,383
		9,875,107	**5,646,398**

17. Legal contingencies

At December 31, 2019, the Company is involved in certain legal procedures that occasionally arise in the ordinary course of business, such as labor lawsuits. Although the final result cannot be established with certainty, the Company reviewed the facts and representations of its legal advisors, and considered that the final outcome of these matters will not involve a loss exceeding the recorded provision, since their probability is remote.

The provision of US$28,345 corresponds to a probable demand for damages, which ended the appeal in favor of the Company and is awaiting the end of the term for the interposition of the resource of cassation by the plaintiffs.

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18. Income tax

Income tax expense

	2019	2018
Current income tax	17,336,728	11,032,688
Deferred income tax	7,700,914	6,073,942
	25,037,642	**17,106,630**

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.

	2019	2018
Income before tax	97,222,155	64,866,493
Income tax calculated at the statutory rate	26,249,982	17,513,953
Taxes and other nondeductible expenses	202,268	209,145
Foreign exchange differences	(1,811,597)	(420,547)
Share of losses in subsidiary	102,987	1,424
Exempt income, net, under Law No. 57-07[20]	(1,771,901)	(2,510,095)
Adjustment of tax depreciation	(5,571,908)	(5,805,827)
Other adjustments	(63,103)	2,044,635
Current income tax	**17,336,728**	**11,032,688**

	2019	2018
Statutory income tax rate	27.0%	27.0%
Taxes and other nondeductible expenses	0.2%	0.3%
Foreign exchange differences	(1.9%)	(0.6%)
Share of losses in subsidiary	0.1%	-
Exempt income, net, under Law No. 57-07	(1.8%)	(3.9%)
Adjustment of tax depreciation	(5.7%)	(9.0%)
Other adjustments	(0.1%)	3.2%
Effective current income tax rate[21]	**17.8%**	**17.0%**

The movement of the income tax payable is as follows:

	2019	2018
Balance at the beginning of the year	3,529,631	(5,098,130)
Unrealized foreign exchange differences	(365,997)	147,035
Advanced tax payments for the year	(11,338,802)	(2,551,962)
Current income tax expense	17,336,728	11,032,688
Income tax payable	**9,161,560**	**3,529,631**

20. The activities related to Los Cocos I and II wind farms benefit from a 100% income tax exemption until 2020, according to Law No. 57-07 "Incentivo al Desarrollo de Energía Renovable" (Incentive for Development of Renewable Energy").
21 The effective tax rate at December 31, 2019 and 2018 was 25.8% and 26.4%, respectively.

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Deferred income tax

The movements of the deferred income tax expense and the composition of the deferred tax assets and liabilities are as follows:

	2019	2018
Tax base difference of property, plant and equipment	7,100,493	6,484,541
Impairment of inventories	260,974	(247,749)
Other non monetary assets	275,711	(139,359)
Provisions and others	63,736	(23,491)
Deferred income tax	**7,700,914**	**6,073,942**

	2019	2018
Deferred tax assets:		
Provisions and others	228,892	292,628
Impairment of inventories	-	260,974
Total deferred tax assets	228,892	553,602
Deferred tax liabilities:		
Tax base difference of property, plant and equipment	72,058,628	64,958,135
Other non monetary assets	3,298,683	3,022,972
Total deferred tax liabilities	75,357,311	67,981,107
Deferred tax liability, net	**75,128,419**	**67,427,505**

Tax on assets

The current income tax was higher than the tax on assets, which is applied as an alternative minimum tax, thus the tax was paid based on the taxable income. The tax on asset estimation is as follows:

	Currency	2019	2018
Property, plant and equipment, net		26,330,612,315	28,049,869,626
Exempt assets under Law No. 57-07		(4,341,377,928)	(4,687,809,722)
Revaluation of assets		(424,367,027)	(424,367,027)
Assets subject to taxation	RD$	21,564,867,360	22,937,692,877
Tax rate		1%	1%
Tax on assets	RD$	215,648,674	229,376,929
Average foreign exchange rate		51.40	49.59
Tax on assets	**US$**	**4,195,499**	**4,625,467**

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19. Equity

Share capital

At December 31, 2019 and 2018, the share capital consisted of 45,951,000 common shares issued and outstanding, with a nominal par value of RD$100 (US$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
Balance at December 31	**45,951,000**		**289,000,000**

Dividends declared

In April 2019, the Company declared dividends for its shareholders of US$65.0 million (In April 2018: US$65.0 million) of which US$17,059 (2018: US$15,077) have not being paid. At December 31, 2019, the dividends declared per share is US$1.41 (2018: US$1.41).

Earnings per share

The determination of earnings per share is as follows:

	2019	2018
Net income	72,184,513	47,759,863
Number of shares	45,951,000	45,951,000
Net income per share for the year	**1.57**	**1.04**

20. Revenue

	2019	2018
Revenue from sales in the spot market	283,884,690	249,089,693
Revenue from contracts with customers	189,249,774	180,431,104
	473,134,464	**429,520,797**

The composition of revenue from sales in the spot market[22] is as follows:

	2019	2018
Energy sales	240,492,181	209,257,406
Capacity sales	43,392,509	39,832,287
	283,884,690	**249,089,693**

22. 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 2019, the Company sold excess energy for 1,882.3 GWh (2018: 1,630.7 GWh).
Energy sales in the spot market include US$6.5 million (2018: US$4.4 million), which correspond to a compensation service fee charged by the Superintendence of Electricity ("SIE Compensation") and US$7.8 million (2018: US$5.2 million), which correspond to the frequency regulation service.

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The composition of revenue from contracts with customers is as follows:

	2019	2018
Energy sales (a–r)	163,801,861	155,218,697
Capacity sales (a–r)	22,801,982	22,551,656
Operation and maintenance services (s–t)	1,375,414	1,543,724
Fuel storage service	1,039,861	886,869
Others	230,656	230,158
	189,249,774	**180,431,104**

The following table summarizes the characteristics of the agreements included as revenue from contracts with customers:

Ref	Customer	Contract Date	Term / Maturity	Type	Conditions	Results impact (in millions of US$)
a	Distribution companies	December 2018	April 2022	Energy, capacity, (40 MW) and connection rights.	Price in United States dollar and indexed by CPI of the United States of America and associated fuel prices.	2019: US$29.8 2018: US$33.0
b	Distribution company	August 2018	December 2020	Energy, capacity (3.97 MW) and connection rights.	Price in United States dollar and indexed by CPI of the United States of America and fuel oil prices.	2019: US$3.3 2018: US$3.3
c	Related dairy industry company	June 2017	November 2019	Energy demanded by its operations.	Price in United States dollar and indexed by CPI of the United States of America and fuel oil prices.	2019: US$3.0 2018: US$3.2
d	Local power generation and distribution company	July 2008	September 2033	85MW of de capacity and associated energy.	Price in United States dollar and indexed by CPI of the United States of America.	2019: US$68.5 2018: US$77.2
e	Local related cement company	March 2014	July 2025	Energy demanded by its operations.	Price in United States dollar and indexed by CPI of the United States of America.	2019: US$12.2 2018: US$12.6
f	Local cement company	April 2016	October 2018	Energy demanded by its operations.	Price in United States dollar and indexed by CPI of the United States of America.	2019: US$0.0 2018: US$14.2
g	State electric company	April 2016	July 2036	Energy generated by the Larimar wind farm.	Fixed price in United States dollar, with an increase of 1.67% per year and a 20% cap on the base price.	2019: US$34.7 2018: US$27.5
h	Local duty free zone	January 2017	December 2019	Energy demanded by its operations.	Price in United States dollar and indexed by CPI of the United States of America.	2019: US$6.3 2018: US$6.1
i	Local metallurgical company	June 2017	January 2020	Energy demanded by its operations.	Price in United States dollar and indexed by CPI of the United States of America.	2019: US$0.2 2018: US$0.4
j	Local commercialization company	April 2018	June 2020	Energy demanded by its operations.	Price in United States dollar and indexed by CPI of the United States of America.	2019: US$0.4 2018: US$0.2
k	Local agroindustry	January 2019	December 2023	Energy and capacity demanded by its operations.	Fixed energy price in United States dollar by node factor and indexed by CPI of the United States of America.	2019: US$0.2 2018: US$0.0
l	Local construction materials company	February 2019	January 2024	Energy and capacity demanded by its operations.	Fixed energy price in United States dollar by node factor and indexed by CPI of the United States of America.	2019: US$0.3 2018: US$0.0
m	Local mining production company	March 2019	April 2024	Energy demanded by its operations. Capacity of 23MW revised annually.	Fixed energy price in United States dollar indexed by fuel oil and CPI of the United States of America.	2019: US$16.3 2018: US$0.0

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The following table summarizes the characteristics of the agreements included as revenue from contracts with customers:

Ref	Customer	Contract Date	Term / Maturity	Type	Conditions	Results impact (in millions of US$)
n	Local fuel import and export company	April 2019	March 2022	Energy and capacity demanded by its operations.	Fixed energy price in United States dollar by node factor and indexed by CPI of the United States of America.	2019: US$0.6 2018: US$0.0
o	Local related metallurgical company	July 2019	June 2023	Energy and capacity demanded by its operations.	Fixed energy price in United States dollar by node factor and indexed by CPI of the United States of America.	2019: US$0.2 2018: US$0.0
p	Local related metallurgical company	July 2019	June 2023	Energy and capacity demanded by its operations.	Fixed energy price in United States dollar by node factor and indexed by CPI of the United States of America.	2019: US$2.1 2018: US$0.0
q	Local manufacturing and packaging company for mass consumption products	October 2019	September 2020	Energy and capacity demanded by its operations.	Fixed energy price in United States dollar by node factor, indexed by a coal prices and CPI of the United States of America.	2019: US$1.0 2018: US$0.0
r	State electric company	March 2019	December 2019	Multiple short term agreements for backup and operations of Haina Turbo Gas.	Fixed injected energy price, in United States dollar.	2019: US$7.1 2018: US$0.0
s	Local mining production and power generation company	January 2012	January 2023	Plant operation and maintenance services.	Fixed price, in United States dollar.	2019: US$1.4 2018: US$1.4
t	Local related power generation company	July 2015	February 2018	Plant operation and maintenance services.	Fixed price, in United States dollar.	2019: US$0.0 2018: US$0.2
u	Local power generation and distribution company	November 2013	One year with automatic renewal.	Fuel oil #6 storage and dispatch services.	Fixed price plus a variable amount per dispatched barrel, in United States dollar and indexed by CPI of the United States of America.	2019: US$0.2 2018: US$0.3
v	Local power generation and distribution company	April 2013	Two years with annual renewal.	Fuel oil #6 storage and dispatch services.	Fixed price plus a variable amount per dispatched barrel, in United States dollar and indexed by CPI of the United States of America.	2019: US$0.8 2018: US$0.6
w	Others	-	-	Minor contracts.	-	2019: US$0.6 2018: US$0.2
	TOTAL					**2019: US$189.2** **2018: US$180.4**

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21.Cost of fuel and energy purchases

	2019	2018
Fuel (a–c)	241,928,412	223,892,482
Energy and capacity purchases (d–e)	1,419,503	1,765,223
	243,347,915	225,657,705
Connection rights	12,345,737	12,226,641
	255,693,652	**237,884,346**

Ref	Cost	Type	Characteristics	Results impact (in millions of US$)
a	Fuel	Fuel oil	Annual agreement with a foreign supplier for the purchase of fuel oil #6. Consumption: 2019: 3.3 millones de barriles 2018: 3.0 millones de barriles	2019: US$199.8 2018: US$199.6
b	Fuel	Coal	Agreement with a foreign supplier to purchase coal ended in January 2019. Executed contract purchases for 22 thousand metric tons ("MT") (2018: 171 thousand MT) and coal spot market purchases for 170 thousand MT (2018: 0 thousand MT). Consumption: 2019: 196 mil TM 2018: 157 mil TM	2019: US$15.5 2018: US$15.3
c	Fuel	Gasoil	Contract with a related local supplier to purchase a maximum of 720 thousand gallons of regular diesel for one year (2018: 720 thousand gallons). The price under contract is market established by the Ministry of Industry and Commerce of the Dominican Republic, less a discount. Additionally, during 2019 and 2018, the Company purchased diesel in the spot market. Consumption: 2019: 307 mil barriles 2018: 99 mil barriles	2019: US$26.6 2018: US$9.0
d	Energy and capacity purchases	Spot Market	The Company participates in the Dominican electricity spot market, as a seller or buyer. During 2019 and 2018, the Company only incurred in the SIE Compensation service.	2019: US$0.2 2018: US$0.4
e	Energy and capacity purchases	Power Sale-Purchase Agreement ("PPA")	In October, 2013 the Company signed a 20 year PPA with a local generation and distribution company, for the purchase of the energy produced by its wind farm, at a spot price less a discount per Kwh. Energy purchased: 2019: 13.2 GWh 2018: 14.8 GWh	2019: US$1.2 2018: US$1.4
			TOTAL	**2019: US$243.3** **2018: US$225.7**

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22. Operating and general expenses

	Note	2019	2018
Maintenance expenses		21,323,795	16,201,530
Management fees	9	13,957,467	12,670,864
Insurance		5,659,170	5,298,714
Chemicals and lubricants		4,537,345	3,730,186
Fees to Superintendence of Electricity and OCSENI		2,585,553	2,318,662
Office operating costs		2,322,887	2,009,431
Security services		1,611,648	1,454,452
Research and development expenses		1,370,436	235,975
Professional services		1,731,580	3,050,953
Technical services		1,238,643	1,150,218
Low value and short term leases	12	18,496	20,983
Others		1,620,068	2,168,793
		57,977,088	**50,310,761**

23. Personnel expenses

	2019	2018
Employee benefits	17,931,447	18,628,322
Social charges	1,345,707	1,325,825
Severance benefits	44,893	(28,375)
Other expenses related to personnel	252,621	297,143
	19,574,668	**20,222,915**

Mutual agreement policy

The Company performed the best estimate of its obligation under the mutual agreement policy (Note 4.14). The movement of this provision is as follows:

	Note	2019	2018
Balance at the beginning		476,727	436,014
Service cost		44,893	(28,375)
Interest cost		38,674	48,252
Foreign exchange rate effect		(23,692)	(17,081)
Actuarial (gain) loss		(33,396)	37,917
	16 y 27	**503,206**	**476,727**

24. Other expenses, net

	Note	2019	2018
Obsolescence and impairment of inventories	10	606,298	926,282
Impairment of property, plant and equipment	11	273,721	619,714
Impairment loss on financial assets	8	185,853	-
Tax on checks and transfers		96,342	141,658
Disposals of property, plant and equipment		88,800	7,513,208
Gain on sale of property, plant and equipment		(98,624)	(214,959)
Others, net		(491,556)	(379,148)
		660,834	**8,606,755**

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25. Financial income

	Note	2019	2018
Interest on trade receivables	8	32,555,140	15,653,509
Interest on certificates of deposit	7	1,320,296	3,384,490
Other financial income	7	334,838	189,087
		34,210,274	**19,227,086**

26. Financial expenses

	Note	2019	2018
Interest on financial debt		29,060,875	31,670,429
Interest on trade payables due to local energy suppliers		92,717	69,418
Capitalized interest	11	-	(6,654,153)
Interest subject to capitalization, net		29,153,592	25,085,694
Interest on fuel purchases financing		2,859,229	1,558,680
Lease interest	12	1,220,350	907,449
Intangibles interest		422,266	-
Amortization of debt issuance costs	14	136,521	207,134
Interest related to decommissioning		(63,742)	159,539
Other financial expenses		232,070	241,692
		33,960,286	**28,160,188**

27. Financial instruments

Fair value

The following table shows the Company's financial instruments measured and classified as lever 3 fair value (Note 4.4.2):

	2019	2018	Valuation method and unobservable significant inputs
Lease liabilities	15,091,244	11,932,733	*Discounted cash flows* • Future contractual flows • Discount rate
Decommissioning provision	1,172,033	2,601,383	*Discounted cash flows* • Future flows • Discount rate • CPI
Mutual agreement policy provision	503,206	476,727	*Projected credit unit* • Discount rates and salary increase. • Payment history • Demographic assumptions • CPI
	16,766,483	**15,010,843**	

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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 Market of the Dominican Republic, or at its registered value for those that were not traded.

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial debt – local bonds	**307,500,115**	**320,993,661**	**349,941,857**	**367,772,556**

Changes in liabilities derived from financing activities:

	Movement type	Financial debt	Dividends	Lease liabilities	Total
January 1, 2018		389,895,229	15,568	-	389,910,797
Additions-declarations	Non-monetary	-	65,000,000	12,570,768	77,570,768
Amortizations	Non-monetary	207,134	-	907,449	1,114,583
Foreign exchange differences	Non-monetary	(7,472,106)	-	-	(7,472,106)
Cash outflows	Monetary	(33,333,327)	(65,000,491)	(1,545,484)	(99,879,302)
December 31, 2018		**349,296,930**	**15,077**	**11,932,733**	**361,244,740**
Additions-declarations	Non-monetary	-	65,000,000	3,402,649	68,402,649
Amortizations	Non-monetary	136,521	-	1,220,350	1,356,871
Foreign exchange differences	Non-monetary	(9,108,349)	-	-	(9,108,349)
Cash inflows	Monetary	30,000,000	-	-	30,000,000
Cash outflows	Monetary	(63,333,393)	(64,998,018)	(1,464,488)	(129,795,899)
December 31, 2019		**306,991,709**	**17,059**	**15,091,244**	**322,100,012**

Future commitments associated with financial liabilities

The table below analyzes the Company's financial commitments, according to the relevant maturity, grouped based on the remaining period from the reporting date of the consolidated statements of financial position until the end of the contractual period. The amounts disclosed on the table are non discounted contractual cash flows.

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Balances 2019	< 1 year	1 - 2 years	3 - 5 years	> 5 years	Total
Financial debt	33,333,260	-	-	274,166,855	307,500,115
Interest on financial debt	26,472,006	51,803,046	51,874,009	43,186,904	173,335,965
Accounts payable	100,858,465	-	-	-	100,858,465
Other liabilities	3,018,562	53,132	148,984	5,482,396	8,703,074
Decommissioning provision	-	-	-	1,172,033	1,172,033
Lease liabilities	431,129	482,374	1,517,941	12,659,800	15,091,244
Interest on leases	1,050,837	1,020,456	2,840,505	22,632,615	27,544,413
	165,164,259	**53,359,008**	**56,381,439**	**359,300,603**	**634,205,309**

Balances 2018	< 1 year	1 - 2 years	3 - 5 years	> 5 years	Total
Financial debt	33,333,327	33,333,327	-	283,275,203	349,941,857
Interest on financial debt	29,387,675	54,406,742	53,866,309	72,113,071	209,773,797
Accounts payable	132,417,707	-	-	-	132,417,707
Other liabilities	3,045,016	-	-	-	3,045,016
Decommissioning provision	-	-	-	2,601,382	2,601,382
Lease liabilities	541,344	1,846,041	2,168,988	7,376,360	11,932,733
Interest on leases	883,305	1,590,118	1,319,139	3,567,035	7,359,597
	199,608,374	**91,176,228**	**57,354,436**	**368,933,051**	**717,072,089**

28. Financial risk management

Foreign exchange risk

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:

	2019	2018
Denominated in Dominican pesos		
Financial assets:		
Cash and cash equivalents	141,501,307	2,612,165
Accounts receivable	6,909,373	127,454,463
	148,410,680	130,066,628
Financial liabilities:		
Accounts payable	4,047,786	4,200,250
Income tax payable	9,185,577	3,529,631
Other current liabilities	1,889,181	1,304,856
Financial debt	174,166,856	183,275,204
Lease liabilities	1,293,051	1,722,307
	190,582,451	194,032,248
Excess of financial liabilities	**(42,171,771)**	**(63,965,620)**

	2019	2018
Denominated in European euros		
Financial assets		
Cash and cash equivalents	12,919	33,356
Accounts receivable	23,068	385
	35,987	33,741
Financial liabilities:		
Accounts payable	2,474,688	3,674,920
Excess of financial liabilities	**(2,438,701)**	**(3,641,179)**

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The following table shows a sensitivity analysis of the effect on income before tax, presented in the consolidated statements of comprehensive income, derived from a reasonable variation in the exchange rate of the Dominican peso and the European euro versus the United States dollar.

		Exchange Rate Variance	Effect on results
2019	**RD$**	**+5%**	**(2,008,180)**
2019		**-5%**	**2,008,180**
2018	RD$	+5%	(2,877,904)
2018		-5%	2,877,904
2019	**EUR**	**+5%**	**(116,129)**
2019		**-5%**	**116,129**
2018	EUR	+5%	(173,389)
2018		-5%	173,389

Interest risk

At December 31, 2019 and 2018, the Company's entire non current financial debt is agreed at fixed rates, thus the Company is not exposed to this risk.

Liquidity risk

In order to mitigate the liquidity risk associated with the credit risk assumed through trade receivables, the Company performed during 2019 the following activities:

- First quarter of 2019: obtaining funds from credit lines for US$30.0 million. This debt was fully repaid in April 2019.
- Fourth quarter of 2019: arrangements for factoring of trade receivables for a total of US$37.0 million. Out of the total amount transferred, 0.1% of the instruments were traded at a premium over their par value and the remaining 99.9% were traded at par value.

At December 31, 2019 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 (Note 27) until the date of their contractual maturity.

Credit risk

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:

Empresa Generadora de Electricidad Haina, S. A. and Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2019 and 2018
(Amounts expressed in United States dollars – US$)

	2019	2018
Cash in banks:		
Local credit rating - Fitch/Feller		
AAA	444	-
AA+	157,784,575	35,836,891
A+	993	-
A	-	10,053,579
A-	2,307	1,636
BBB+	3,779,684	-
	161,568,003	45,892,106
International credit rating – Fitch		
AAA	16,507,933	-
A+	-	9,188,464
Cash on hand	17,955	19,772
	178,093,891	**55,100,342**

The Company performed an impairment analysis for its accounts receivable at the end of 2019 and 2018, using a provision matrix which measures the expected credit losses and evaluates other objective impairment conditions. The Company estimates that the accounts receivable credit risk concentration for all its business models is low based on its historical collectability, and only recognized during 2019 an impairment credit loss expense of US$0.2 million for receivables related to transactions in the spot market with a private distribution company in the process of financial restructuring and legally claimed.

Capital management

The Company monitors its leverage ability based on the net debt to EBITDA ratio, which is calculated taking the operating income and deducting the depreciation and amortization expense, the gain on foreign currency exchange, net and other expenses, net, according to the balances presented in the consolidated statements of comprehensive income.

The ratio of net debt to EBITDA is shown below:

	Note	2019	2018
Financial debt	14	306,991,709	349,296,930
Less: cash and cash equivalents	7	(178,093,891)	(55,100,342)
Net debt		128,897,818	294,196,588
EBITDA		139,889,056	121,102,775
		0.9	**2.4**

29. Subsequent events

The Company has evaluated subsequent events until February 28, 2020, the date of issuance of these consolidated financial statements, and there are no significant subsequent events requiring disclosure.

Glosario

CDEEE	Corporación Dominicana de Empresas Eléctricas Estatales.
EBITDA	Ganancia antes de intereses, impuestos, depreciación y amortización (siglas en inglés).
EDE Este	Empresa Distribuidora de Electricidad del Este, S.A.
EDE Norte	EDENORTE Dominicana, S.A.
EDE Sur	EDESUR Dominicana, S.A.
OC-SENI	Organismo Coordinador del Sistema Eléctrico Nacional Interconectado de la República Dominicana.
PPA	Acuerdos de Compra/Venta de Energía (siglas en inglés).
SENI	Sistema Eléctrico Nacional Interconectado de la República Dominicana.

ABOUT THE ANNUAL REPORT

10

This first EGE Haina Sustainability Report strengthens transparency and accessibility to all stakeholders

HOW DID WE PREPARE THIS GRI REPORT?

This is the first Sustainability Report developed by EGE Haina, prepared in accordance with the Comprehensive Option of the Global Reporting Initiative (GRI) Standards for 2019.

The company features an annual reporting cycle. Prior to this report, annual reports were published, the most recent being for FY2018.

As this is the first Sustainability Report published by the company, there is no rethinking of the information contained herein, with respects to the previous report, nor are there any comments regarding significant shifts in subject matter and their scope.

To define the relevant content herein described, we used the GRI Standards for developing Sustainability Reports. These standards define the guidelines to determine the relevant aspects and topics to be featured, as well as the principles on which the content should be established and presented.

The definition of materiality was made featuring active stakeholder engagement, considering internal and external factors, and assessing what is the economic, social and/or environmental impact for each. The identified topics are significant to EGE Haina, hence implying that work is being done on each subject matter or, in specific cases where applicable, the company has assumed the commitment to manage them over the short or medium-term.

For further inquiries, suggestions or comments pertaining to this document or its contents, please contact: sostenibilidad@egehaina.com

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AVERAGE VALUES AND DATA SOURCES USED FOR THE CALCULATION OF EMISSIONS

The following are the calculation factors used to estimate the CO2 emitted and avoided by the company in FY2019.

Calorific Value (Heating value)	BTU/Bls or BTU/ton	kg of CO_2 per MMBTU	Sources
Coal	17,159,404	93.3	https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_6.pdf https://www.eia.gov/electricity/annual/html/epa_a_03.html
HFO	5,978,826	78.79	LHV Combustible EGE Haina https://www.eia.gov/electricity/annual/html/epa_a_03.html
LFO	5,563,488	73.16	LHV combustible EGE Haina https://www.eia.gov/electricity/annual/html/epa_a_03.html
Wind Energy CO_2 Factor	0.6216		https://cambioclimatico.gob.do/index.php/documentos-descargas/factor-de-emisiones-de-la-red-electrica-de-rd
kg per ton	1,000		

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