



SUSTAINABILITY
REPORT

2020



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LETTER FROM THE CHAIRMAN OF THE BOARD

Dear friends,

It is with great satisfaction that I present Celeo's first sustainability report. The report lays out the efforts the company has made and the challenges it faces in its ethical, sustainable and responsible management, especially in a year marked by the worldwide health crisis, where ensuring the operational continuity and safety of our employees has unquestionably been one of our highest priorities.

In 2020, we continued to make progress in our goal of consolidating our position as one of the benchmark companies in the transmission and generation markets, while continuing to look for opportunities for expansion and growth. Generally speaking, I can say that Celeo's work as an operator of essential electricity infrastructure was not affected by the pandemic, so the company was able to operate normally. The company had sales amounting to EUR 258 m, 61% of which came from its electricity transmission business and 39% from power generation. Brazil accounted for 48% of our sales, Spain for 34% and Chile for the remaining 18%.

In 2020, the company's power transmission business made headway in Brazil when it powered up the first phase of Serra de Ibiapaba (SITE). We also started our operations in our PV plant of São João do Piauí, in Brazil. Celeo Chile began working on the expansion of the Illapa and Cumbre substations, which are part of the Diego de Almagro Project. We were also awarded a new project in Chile that involves the laying of the first circuit of the new 2x66 kV Nueva Nirivilo-Constitución line and the expansion of the Nueva Nirivilo and Constitución substations.



2 projects commissioned



258M€ consolidated revenue



“

Ensuring operational continuity and the safety of our employees during the pandemic have been our top priorities in 2020.

”

The Group-wide 2020–2024 Business Plan was launched this past year, setting the organisation’s strategic objectives for the next four years. In addition, the plan reflected the ESG goals that will allow Celeo to continue improving its management and sustainability practices in Spain, Brazil and Chile.

In 2020, we remained committed to a responsible, transparent and sustainable business model with a long-term vision that takes the expectations of our stakeholders into account. This commitment was formalised in the Sustainability Policy, whose five pillars are Quality, Occupational Health & Safety, the Environment, Compliance, and Social Responsibility. The high scores we achieved in the GRESB rankings mean that we are an outstanding leader in the field of sustainability.

The health and safety of its employees has always been paramount for Celeo. 2020 posed an additional challenge due to the public health emergency caused by COVID-19, which is why we implemented numerous preventive measures.

Being well aware of the significance of climate change and the need to take care of the environment, we carry out our projects to the strictest standards of legal compliance and respect for communities that might be affected by our operations. Thus, we assess the impacts of these projects, create spaces for public participation and take all necessary control, mitigation and offset measures to obtain the social licence to operate.



SUBSTATION CHARRÚA (CHILE)

The global pandemic hit the most fragile segments of society particularly hard this past year. This is why we did our utmost to help the most vulnerable communities within the area of influence of our projects. Celeo will continue to develop projects that contribute to the environmental care and social development of our communities, and we will stand by their side to support them during exceptional situations such as those we lived through during this pandemic.

I would like to reiterate our commitment to the Global Compact, an international initiative of which Celeo Chile and Celeo Brazil have been members since 2018 and in which we actively participate through various related groups. In addition, we are also involved in the 2030 Agenda of the United Nations, thanks to which in the coming years we will make progress in reaching our associated objectives and goals.

It would be remiss of me if I failed to thank all of our employees for their hard work, they who, in spite of the hard times we are going through, always try to give their best. We have tried to maintain fluid and constant communication with them all, to foster feelings of trust, closeness and security.

Finally, I would like to invite you to read this report, which lays out all the work we do on a daily basis to fulfil our mission of contributing to economic and technological progress, social wellbeing and sustainable development through investments in safe, reliable and efficient energy infrastructure.

Miguel Morenés Giles
Chairman of the Board of Directors

MESSAGE FROM THE CEO

It is with great pride that I can communicate to our stakeholders the most significant milestones for Celeo in 2020, sharing my vision in such an important exercise for our company.

2020 was a very atypical year, as a result of the COVID-19 pandemic. Ever since the health crisis broke out, our priority has been to safeguard the health and safety of our people and the continuity of our operations. With this in mind, we set up local Crisis Committees that, together with the Management Team monitored the management of the pandemic, leading and coordinating the action and contingency plans. The results achieved allow me to assert that our company is facing this situation in an appropriate manner, which is undoubtedly reflected in the achievements obtained in all areas of the company's operations.

Continuity of operations has been another of the priorities established. In this regard, the operational performance, once again, has been highly satisfactory. Throughout the year there were no incidents that could affect operational performance in terms of availability.

In the corporate sphere, during 2020 we have laid the foundations of our corporate governance system, with the approval of the Group's Sustainability Policy and the Compliance Program by the Board of Directors. We have also worked on the development of internal competences that will allow us to face the challenges of the future with greater solvency.

The development of new assets also continued satisfactorily in Brazil with the commissioning of the first phase of SITE and the entry into operation of the photovoltaic plant of São João do Piauí. In Chile we continue to grow with the award of the new 2x66 kV Nueva Nirivilo – Constitución line and the expansion of these substations.



I would also like to highlight the results obtained in the GRESB ranking in both subsidiaries. This is proof of the good work of the Celeo team in terms of sustainability, which this year has turned to the communities affected by the pandemic through a program of donation of food baskets and health equipment. All these issues are further detailed in this report, which I invite you to read in greater depth.

Finally, all these achievements have been possible thanks to the commitment, effort and dedication of our employees, who are the great architects of our excellent results. I would like to take this opportunity to thank and congratulate them for the teamwork and professionalism they have shown.

José Ángel Lostao Unzu
Chief Executive Officer

MESSAGE FROM THE GENERAL MANAGER OF CELEO BRASIL

I am pleased to have had a hand in preparing this first corporate sustainability report, which gives our stakeholders an integrated view of Celeo's ESG (environmental, social and governance) endeavours.

As far as operations are concerned, we continued to make progress with the commissioning of Phase I of the SITE Project, which comprises the Acaraú I and Acaraú II substations and the power line that links them. Phase I came on line 35 months before the date agreed with ANEEL, the Brazilian regulatory and supervisory body, highlighting our company's efforts and dedication to exceeding the expectations of our clients.

I am particularly proud of the fact that we managed to climb all the way to the top of the GRESB rankings as the best company in the power transmission segment, and second worldwide. This puts us in a prominent position in the eyes of our shareholders, investors and other stakeholders.

This year, we wanted to be by the side of those who were most vulnerable to the pandemic. We did this by collaborating on a range of social projects that benefited more than one million people, with the donation of hospital equipment, PPE, food baskets, and hygiene and cleaning kits.

Many challenges lay in our path, but we have – as has been made abundantly clear throughout this pandemic – a highly committed and professional team that makes us look to the future with optimism. To all of you who make this possible, thank you.

Francisco A. Chica Padilla
General Manager Celeo Brasil

MESSAGE FROM GENERAL MANAGER OF CELEO CHILE

First of all, I would like to second the words of our CEO and emphasize that we managed to end the year having met our zero accidents target and with no employees infected by the coronavirus. Furthermore, despite all of the mobility issues created by the pandemic, by year's end we had managed to carry out all of the activities envisaged in our Annual Maintenance Plan. We also had an average availability rate of 99.9% at our facilities, thereby demonstrating our level of excellence in the operation of transmission networks for yet another year.

At the project level, in 2020 we began construction of the Hualqui and La Pólvora substations, which are associated with the MATE and CASTE projects respectively, and made significant progress in both. These projects will be essential to reinforcing the zonal transmission system in the Gran Concepción and Valparaíso areas.

For the third consecutive year, we took part in the GRESB benchmark assessment so as to continue making progress in our management of sustainability issues, as well as in the search for the best ESG practices. We are very happy to have come in eleventh in the world ranking and second in the power transmission sector ranking.

This will be my last message as head of Celeo Chile after eight wonderful years. During this time, thanks to the fantastic team that I had the good fortune and honour to lead, we managed to position the company among the best in our industry and leave it ready to continue growing in a sustained and orderly manner over the coming years. I look forward to continuing to help the company achieve the goals it sets for itself in the future from my new position in Spain.

Manuel Sanz Burgoa
General Manager Celeo Chile



LETTER FROM
THE CHAIRMAN
OF THE BOARD

ABOUT CELEO

OUR SUSTAINABLE
MANAGEMENT MODEL

GOOD GOVERNANCE

PERFORMANCE
AND OPERATIONAL
EXCELLENCE

PREVENTION
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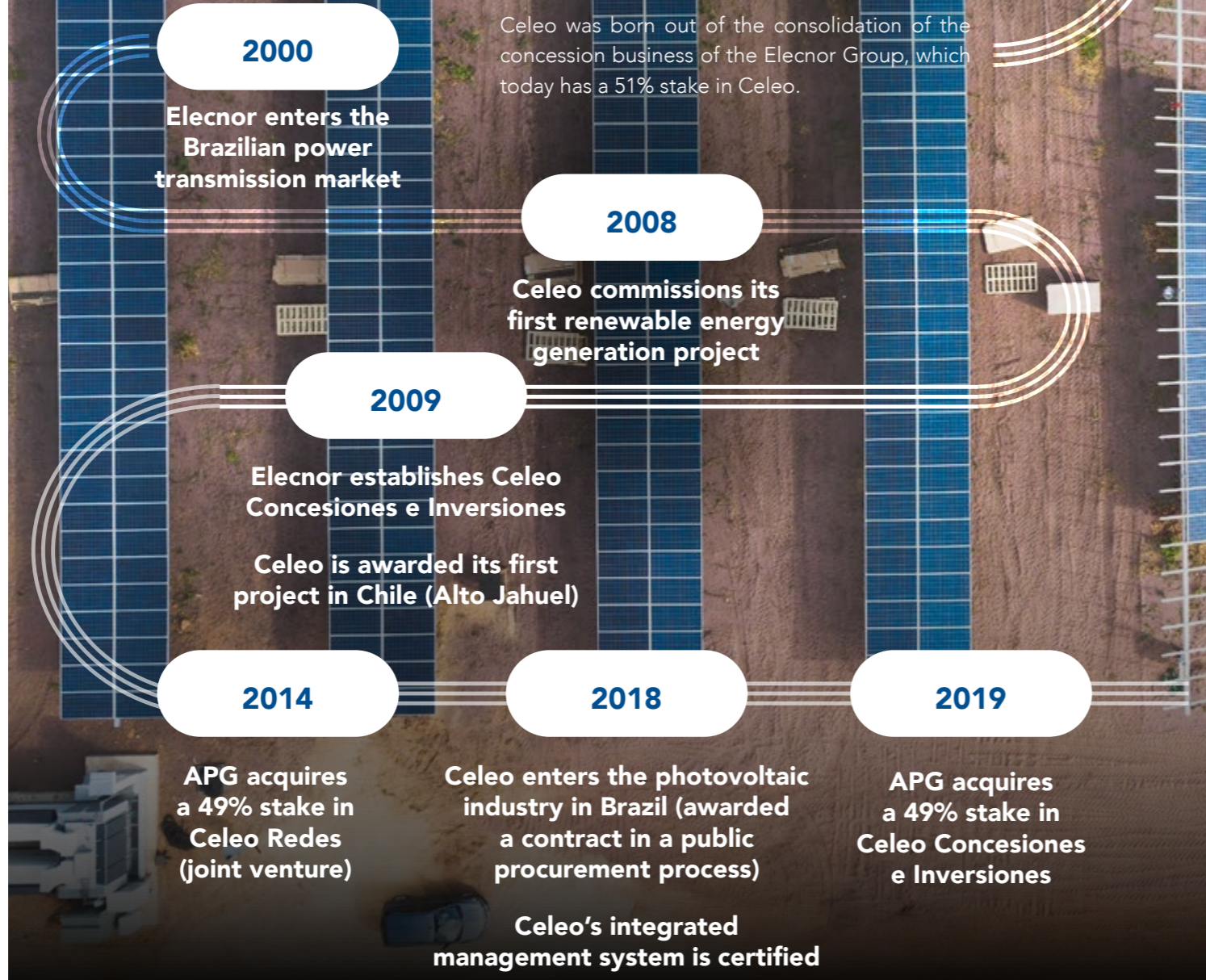
CREATING VALUE IN OUR COMMUNITIES

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Celeo is an international investor that actively invests in, develops and manages infrastructure assets. It mainly develops, builds and operates power lines and solar thermal and photovoltaic power generation facilities.

MAIN MILESTONES IN CELEO'S HISTORY



Celeo was born out of the consolidation of the concession business of the Elecnor Group, which today has a 51% stake in Celeo.

SÃO JOÃO DO PIAUÍ PV (BRAZIL)

In **2000**, when the Brazilian regulator ANEEL called for tenders for a second time that year to invite companies to bid on a project for the construction and operation of 581 km of a 500kV power line, Elecnor submitted a tender and won the project, thus entering the Brazilian power transmission concession business.

In **2001**, Elecnor set up in Brazil the company Elecnor Transmissora de Energía, S.A. (ETESA), a Brazilian holding through which it participated in successive transmission tendering processes in that country, where it was awarded a total of 14 concessions up to 2009.

In **2008**, the photovoltaic plants located in Almusafes, Valencia, came on line in Spain.

In **2009**, Celeo Concesiones e Inversiones (CELEO) set up shop in Spain as the Spanish holding company in charge of the comprehensive management of the Group's concession and investment businesses, whereby it was transferred all the transmission assets that ETESA had been operating in Brazil. That same year, Celeo was awarded a new concession in Brazil and won its first, fully owned power transmission project in Chile, which marked the beginning of its undertakings in that country.

In **2010**, Celeo reorganised its assets by selling minority stakes in seven power transmission concessions in Brazil.

In **2011**, the subsidiary **Celeo Redes** was created in Spain, and the company Celeo Redes Chile, S.L. was founded through which it maintains ownership of its power transmission assets in Chile. The reorganisation process ended with the sale of minority stakes in two Brazilian power transmission concessions and the acquired full ownership of the concession company Vila do Conde Transmissora de Energia.

Over the **2011-2014** period, Celeo, through its Brazilian subsidiary, took part in successive power transmission tendering processes and won five projects that went straight into its concession portfolio. For its part, Celeo Redes Chile added a new project (CHATE) to its portfolio. Furthermore, the company commissioned three 50 MW solar thermal plants in different Spanish municipalities. On top of that, it inaugurated several photovoltaic plants, for a total power of 15.3 MWp, thereby contributing to the decarbonisation of the Spanish energy mix.

Celeo is now positioned as a recognised company within the energy sector, managing assets with a total investment value of near 4 billion euros.

In **2014**, Celeo struck a key strategic alliance with the Dutch pension fund management company APG, which acquired a 49% stake in **Celeo Redes, S.L.**

In **2015**, ETESA changed its corporate name to Celeo Redes Brazil, thus consolidating **Celeo Redes'** brand image in the South American power transmission sector.

During the **2016-2018** period Celeo Redes consolidated its position in the South American power transmission market by winning three projects in Brazil and another three in Chile, and being awarded the contracts to build six photovoltaic stations in Brazil, amounting to a total power of 180 MW.

At the end of **2019**, the Dutch pension fund APG became a shareholder of the parent company Celeo in order to invest in the company's Spanish assets.

In **2020**, the company's power transmission business made headway when it powered up the first phase of Serra de Ibiapaba (SITE). Celeo Chile won a new project that involved the laying of the first circuit of the new Nueva Nirivilo-Constitución 2x66kV line and the expansion of the Nueva Nirivilo and Constitución substations. Likewise, it began working to expand the Illapa and Cumbre substations of the DATE Project, to enable transmission of the electricity generated in the future by the photovoltaic farms under construction in the Atacama region.

BUSINESS MODEL

Celeo's business is structured around **renewable power transmission and generation activities**. It currently has assets in Spain, Chile and Brazil but also carries out promotional activities in other Latin American markets.

The Group has two **control centres (CC)**, one in Rio de Janeiro and the other in Santiago, Chile, from where Celeo's employees run the facilities remotely, responding to the needs of the power grid and the requirements of the system operator (CEN in Chile and ONS in Brazil). The CCs also support maintenance teams during scheduled shutdowns. The Madrid office in Spain also has its own CC, from where the production of the company's plants is monitored.

The Group also runs a secondary business providing services through its CCs for third parties, which hire Celeo to operate their facilities.

Celeo will continue to diversify in the coming years with the aim of moving into new countries and undertaking new developments within its sphere of operation. The commitment of both partners to jointly invest up to EUR 400 million over the next five years is undoubtedly a further push to increase their presence in these markets.

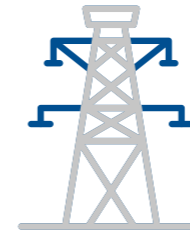
BUSINESS AREAS

POWER TRANSMISSION

This involves the development and operation of power-line projects. Over the past decade, Celeo has become one of the leading companies in the Latin American power transmission market and has consolidated its market position in Brazil and Chile.

Its portfolio in these two countries is shown in the next pages:

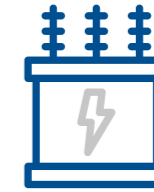
Key figures



POWER TRANSMISSION
5,776 TL (km)



1,136 km
under construction



Transformation capacity:
11,485 MVA



4,640 km
in operation



BRAZIL

In Brazil, the Group is developing and building under a **concession scheme** several projects for the construction, operation and maintenance of different power lines.

In 2020, Celeo Brazil powered up the first phase of the SITE Project, which is made up of the Acaraú II and Acaraú III substations and the power line between them. This phase came into service 35 months before the deadline agreed with ANEEL.

SUBSTATION NOVA PONTE - TL TRIÂNGULO (BRAZIL)

PRESENCE BY COUNTRY

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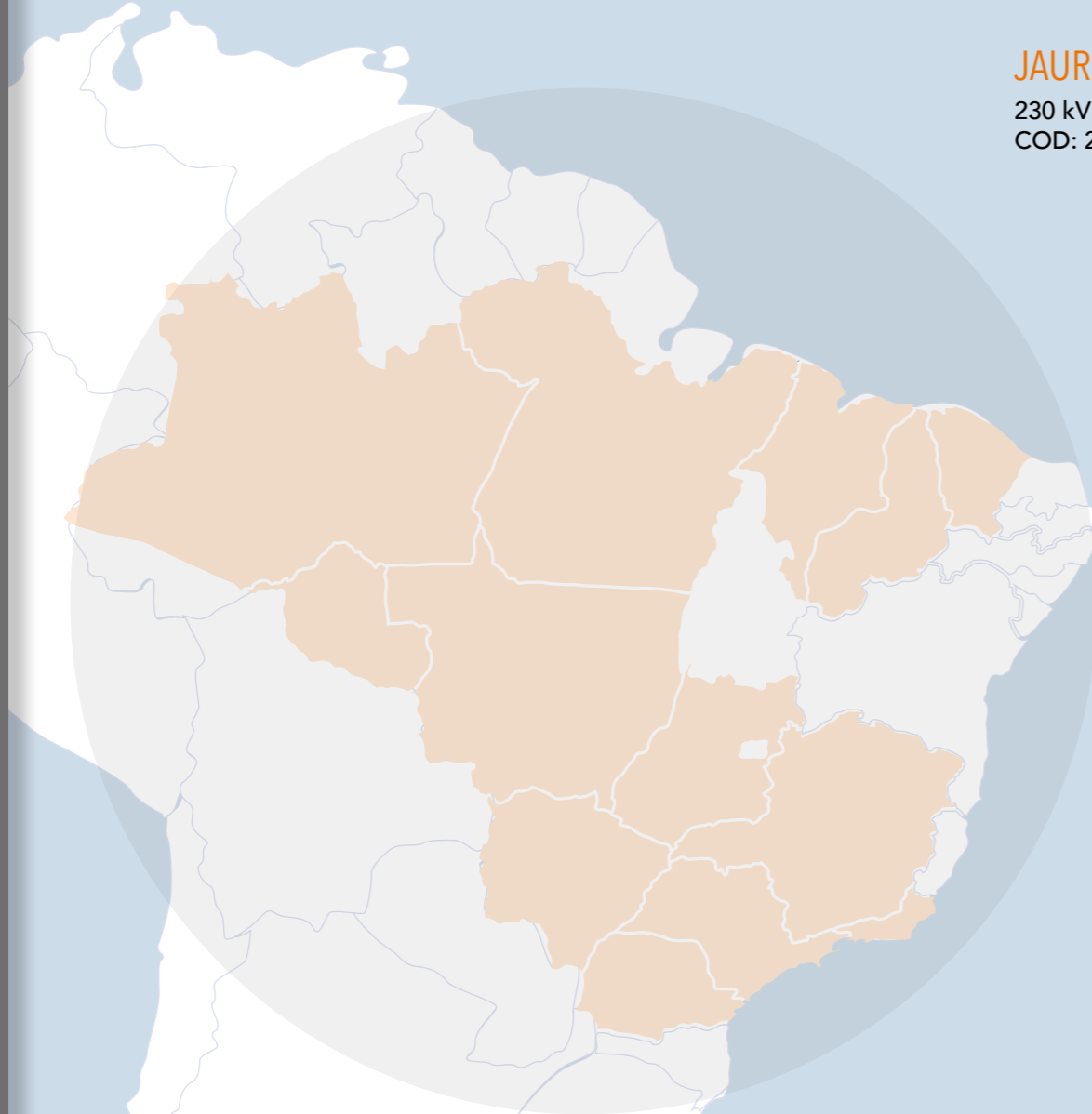
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Jaurú (JTE)
230 kV - 940 km
COD: 2009

PARINTINS AMAZONAS (PATE)
230 kV - 240 km
COD (planned): 2022

VILA DO CONDE (VCTE)
500 kV - 324 km
COD: 2006

ENCRUZO NOVO (ENTE)
230 kV - 220 km
COD: 2012

INTEGRAÇÃO MARANHENSE (IMTE)
500 kV - 365 km
COD: 2014

SERRA DE IBIAPABA (SITE)
500/230 kV - 366 km
COD: 2020 - 2021

CORUMBÁ TRANSMISSION LINE (LTC)
230 kV - 295 km
COD: 2013

LT TRIÂNGULO (LTT)
500kV - 695 km
COD: 2008

BRILHANTE (BTE)
230/138 kV - 581 km
COD: 2010

PEDRAS (PTE)
1 substation
345/138 KV
COD: 2010

LEGEND:

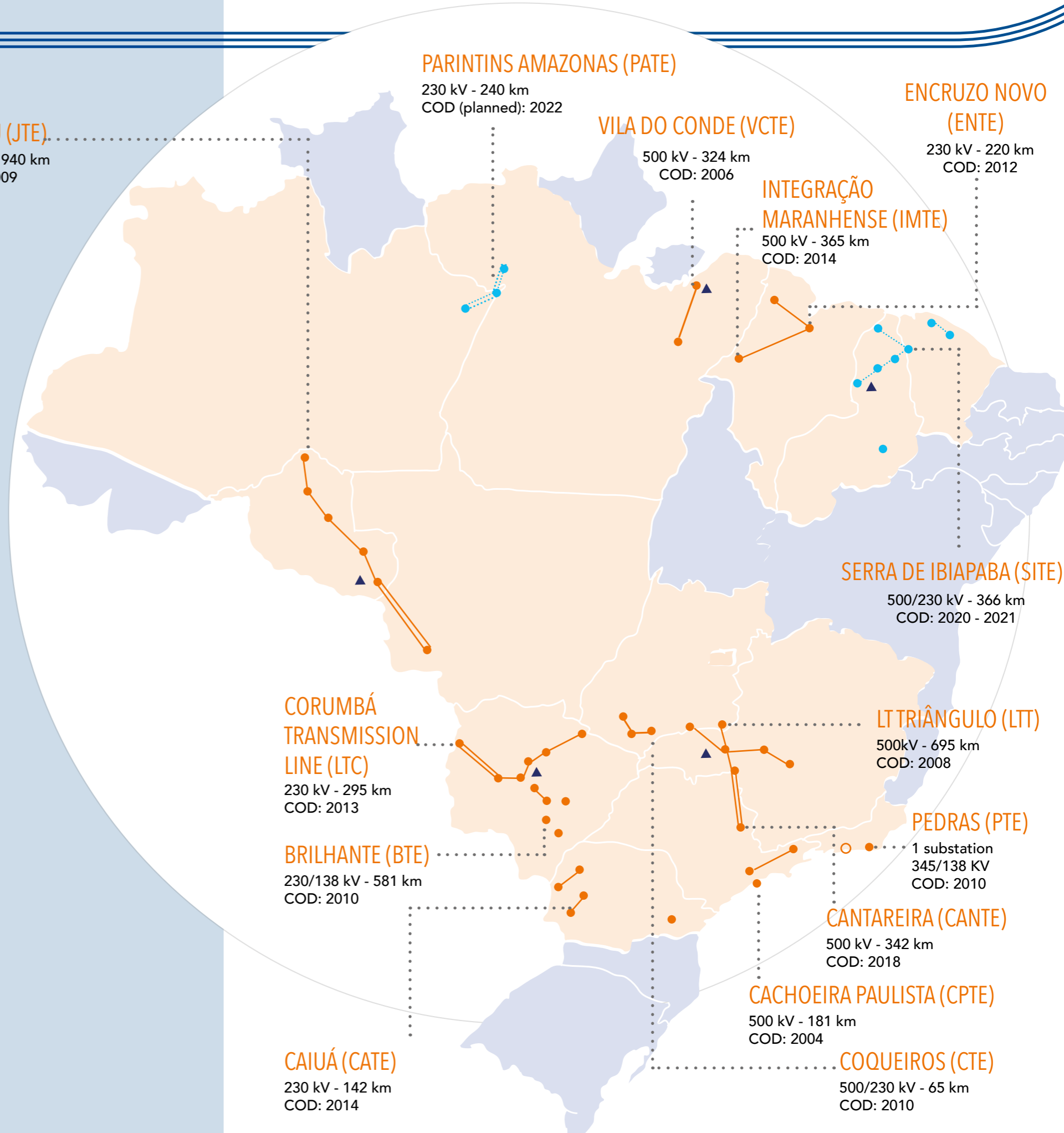
- IN OPERATION
- UNDER CONSTRUCTION
- ▲ MAINTENANCE BASE
- CONTROL CENTRE

CANTAREIRA (CANTE)
500 kV - 342 km
COD: 2018

CACHOEIRA PAULISTA (CPTE)
500 kV - 181 km
COD: 2004

CAIUÁ (CATE)
230 kV - 142 km
COD: 2014

COQUEIROS (CTE)
500/230 kV - 65 km
COD: 2010



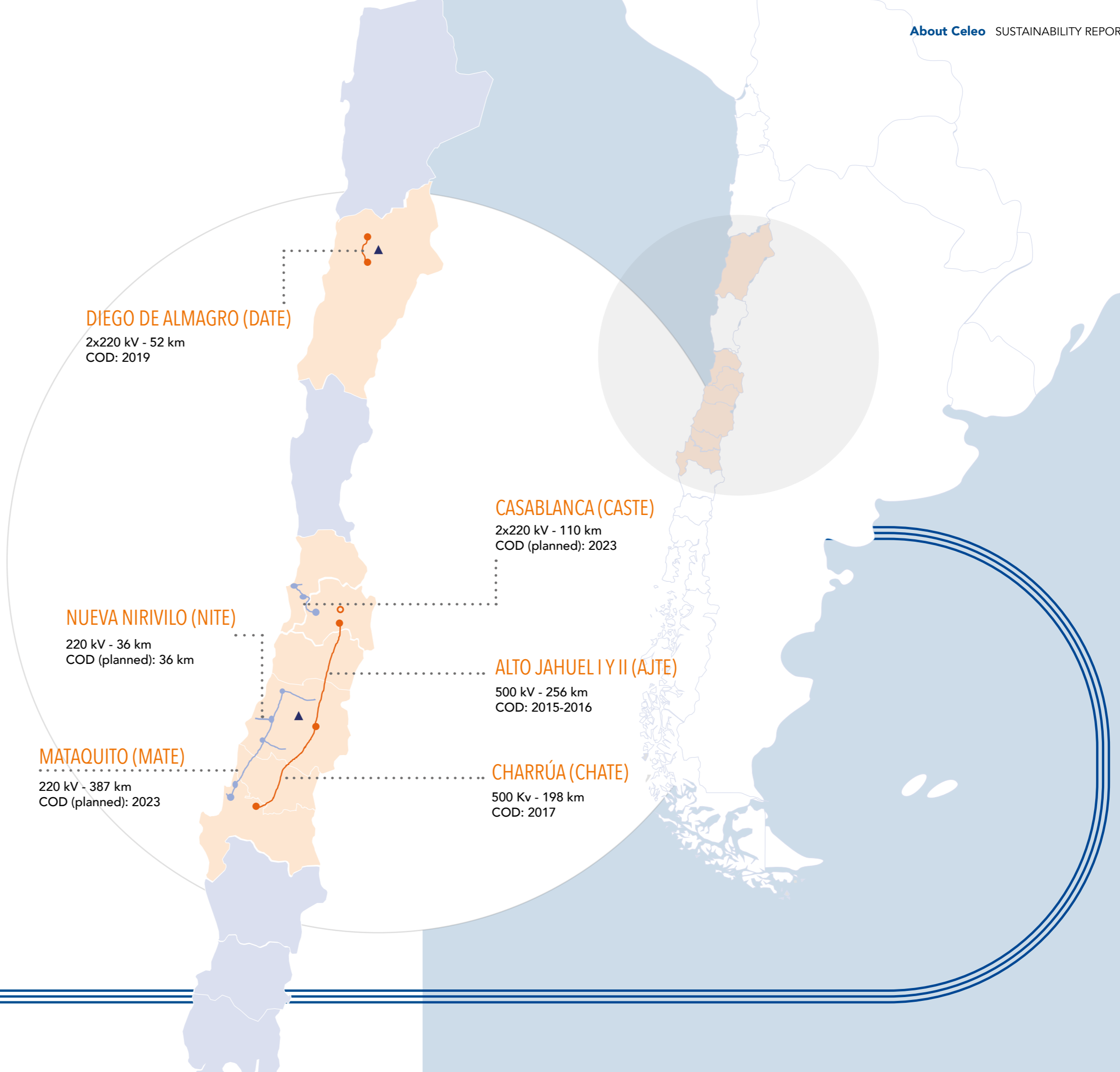
CHILE

Celeo Chile, under an **ownership regime** is developing, building and operating several projects for the construction, operation and maintenance of different power lines. In 2020, the company undertook the following new projects:

- E-Expansion of DATE (Diego de Almagro):**
 In March 2020, CNE greenlighted the project to expand the Illapa and Cumbre substations, enabling transmission of the electricity generated by two photovoltaic farms in the region. Thus, Celeo has become an essential facilitator of the penetration of solar energy in the Atacama region.
- New contract won:** In November 2020, Celeo was awarded a new project as part of the tendering process under Exempt Decree 231-2019 and Exempt Decree 198-2019. This is a group of projects involving the laying of the first circuit of the new Nueva Nirivilo-Constitución 2x66kV line and the expansion of the Nueva Nirivilo and Constitución substations. The latter is part of the MATE Project, which will allow Celeo to make the most of the synergies with its operations in the Maule region.

LEGEND:

- IN OPERATION
- UNDER CONSTRUCTION
- ▲ MAINTENANCE BASE
- CONTROL CENTRE



Generation

This activity is aimed at developing its business and managing its solar power plant assets. Celeo currently operates in Spain and Brazil.

Solar thermal plants in operation

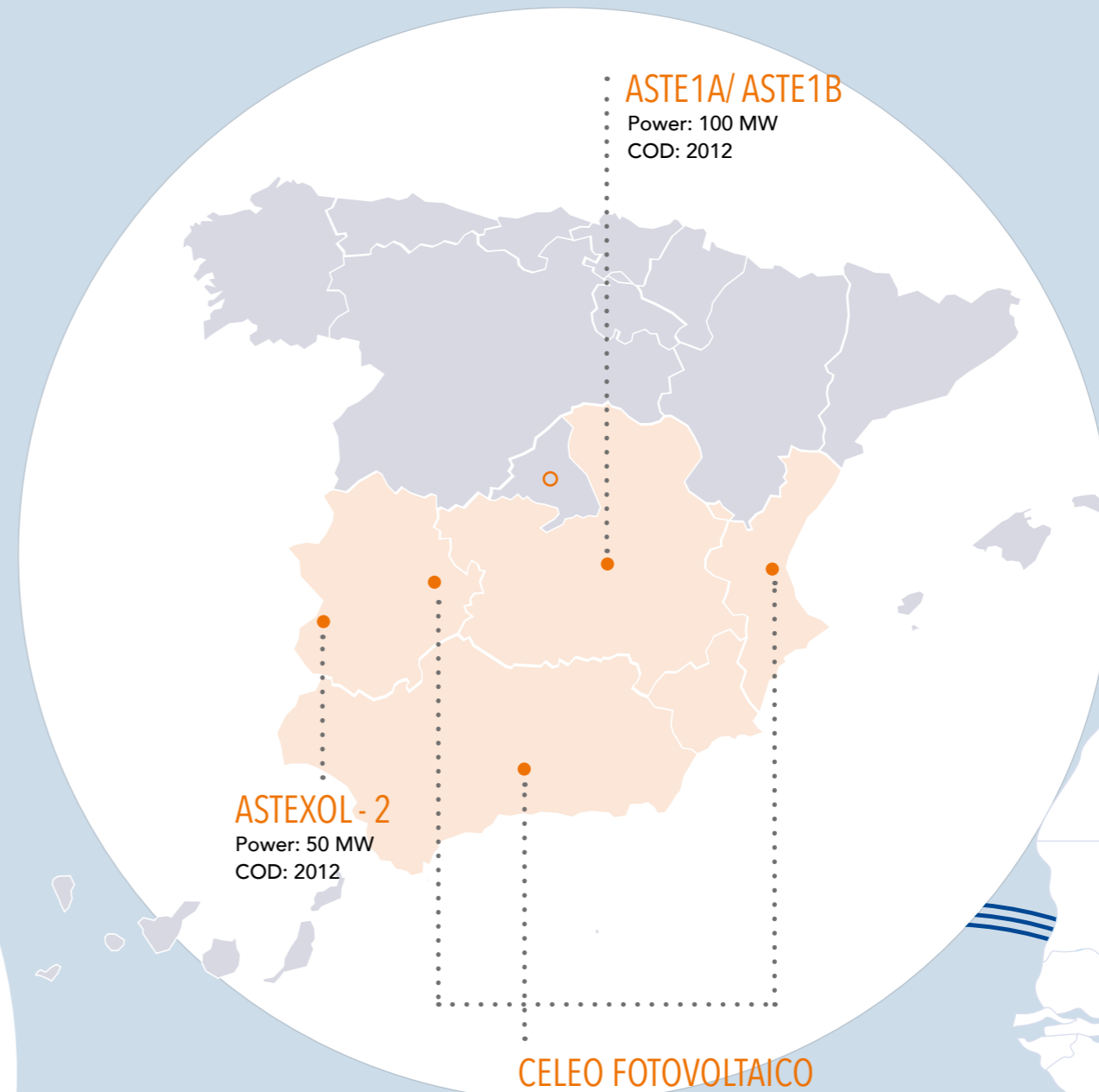
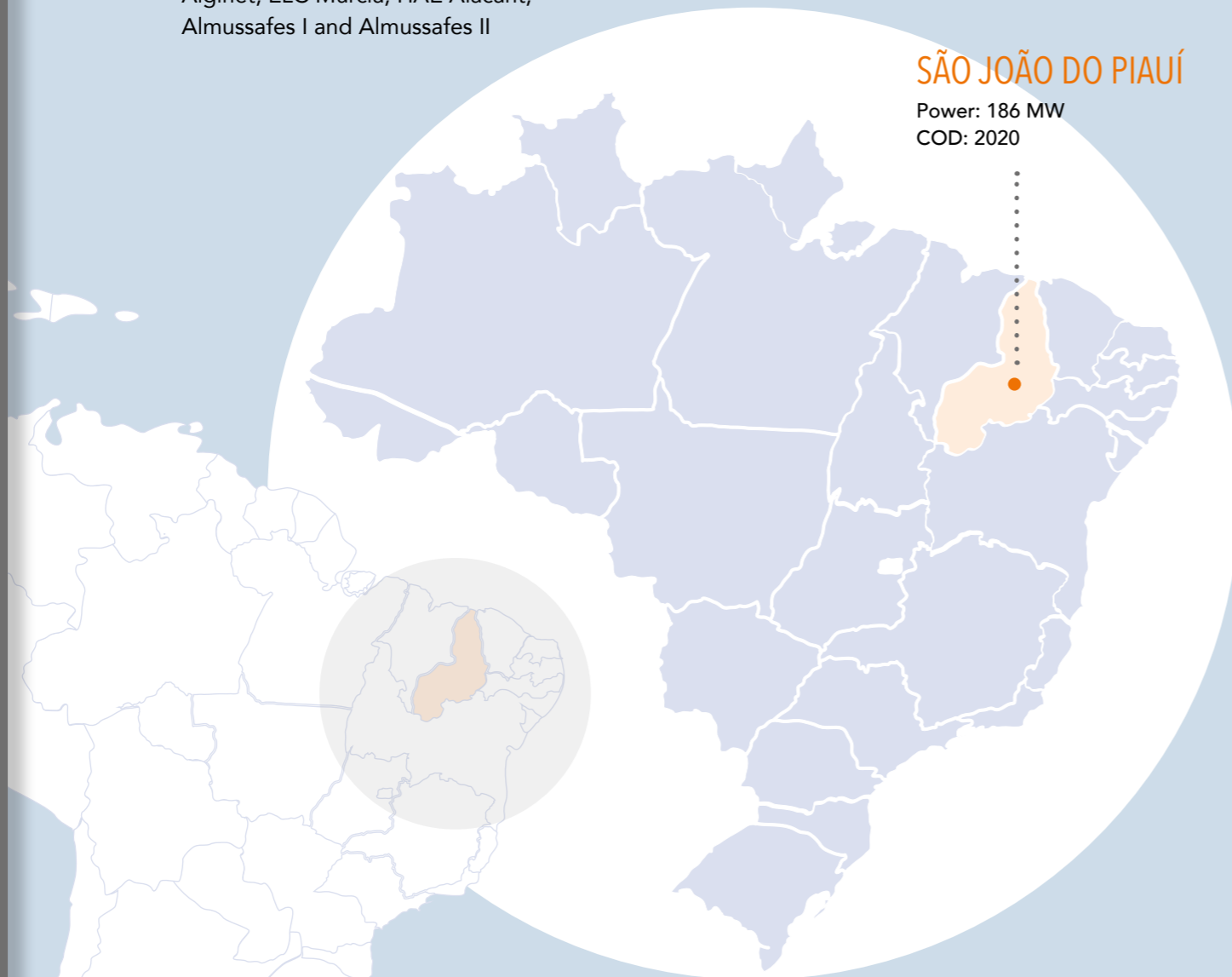
- **Spain:** Astexol-2, Aste-1A and Aste-1B

Photovoltaic plants in operation

- **Brazil:** São João do Piauí
- **Spain:** Siberia Solar, THT Antequera, AAASCV Alginet, AAASCV2 Alginet, ELC Murcia, HAE Alacant, Almussafes I and Almussafes II

201 MWn

PHOTOVOLTAIC



SOLAR THERMAL

150 MW

LEGEND:

- IN OPERATION
- UNDER CONSTRUCTION
- HQ

CONTEXT OF THE INDUSTRY

CHILE

The Chilean electricity industry is divided into three main segments: generation (production of electricity), transmission (the transfer of electricity from generation sites to substations) and distribution (the transfer of electricity from substations to the end consumer).

In Chile transmission companies are privately owned, while the state plays the role of regulator, auditor and planner in terms of project development and performance standards. These roles have been delegated to the following public bodies: the Ministry of Energy, the National Energy Commission (CNE), the Superintendence of Electricity and Fuels (SEC) and the National Electricity Coordinator (CEN). All of them are responsible for guaranteeing that the Chilean electrical system works properly.

The regulatory framework for transmission in Chile is governed by General Electrical Service Act (LGSE) DFL No. 1 of 1982. In a significant development, a bill establishing the right to electricity portability was submitted to Congress in early September. This bill would amend the LGSE and create the concept of electricity retailer, whereby electricity retail would be a separate activity from the distribution network business. This new law would give end users the chance to freely choose their electricity supplier.

In addition, an independent consultant submitted in October the Final Report of the 2020–2023 Transmission System Valuation Study. The CNE will issue its Preliminary Technical Report on Valuation in the first half of 2021. This is a process whereby the annual remuneration from transmission assets will be determined on a four-yearly basis. Proceedings are expected to continue until the third quarter of 2021. CNE has decided to keep the transmission tariffs it imposes on regulated customers unchanged while proceedings are under way.



SUBSTATION CHARRÚA (CHILE)

In August 2020, the Panel of Experts issued its Report No. 4 regarding the disagreement submitted by a group of power transmission companies, AJTE and CHATE among them. In its ruling, it acknowledged the inadmissibility of the calculation made by CEN in the 2019 Annual Usage Charge Reassessment Report, according to which transmission companies were obliged to give back to the generation companies income they had not actually collected as VATT (Annual Transmission Value per Section) given that Transitory Article 25 of the LGSE had not been applied consistently by the CNE. This report specifies that the sums shall be returned as they are collected.

BRAZIL

The Brazilian electricity industry is made up of generation, transmission, distribution and retail (sale of electricity to end users) companies.

The main actors in the Brazilian electrical system are:

- **The Ministry of Mines and Energy (MME).** This is the body responsible for laying down the industry's policies.
- **The National Electrical Power Agency (ANEEL).** This is the regulator and overseer.
- **The National System Operator (ONS).** Its role is to coordinate and control the operation of generation and transmission assets.
- **The Electricity Chamber of Commerce (CCEE).** This institution is in charge of making the marketing (buying and selling operations) of electricity feasible.
- **The Energy Research Company (EPE).** This is a federal state-owned enterprise that provides services to the MME by conducting studies and analyses to support the planning and expansion of the electricity industry.

Celeo Brazil actively takes part in the discussion of any regulatory changes that may affect it and its business. The main regulatory decisions that came into effect in 2020 were as follows:

- Regulatory Decision 876/2020 laying down all the necessary requirements and procedures for obtaining an operating licence, authorisation to change installed capacity for wind, photovoltaic and thermoelectric generation plants, and from other sources, and to communicate the intention to build generation plants of a reduced installed capacity.
- Regulatory Decision 897/2020 revoking ANEEL's regulatory acts of a rank below decree, in compliance with Decree 10139, of 28 November 2019.
- Regulatory Decision 903/2020 approving the restructuring and revision of ONS's grid procedures and establishing the procedures and criteria for their modification.
- Regulatory Decisions 905/2020 and 906/2020 setting the rules for electricity transmission services in the National Electrical System – Transmission Rules – as a result of the Consolidation of the Transmission Services Regulation.
- Regulatory Decision 904/2020 establishing the criteria and conditions of the Surplus Sale Mechanism and the mechanisms for managing the electricity marketing contracts of new power generation companies.

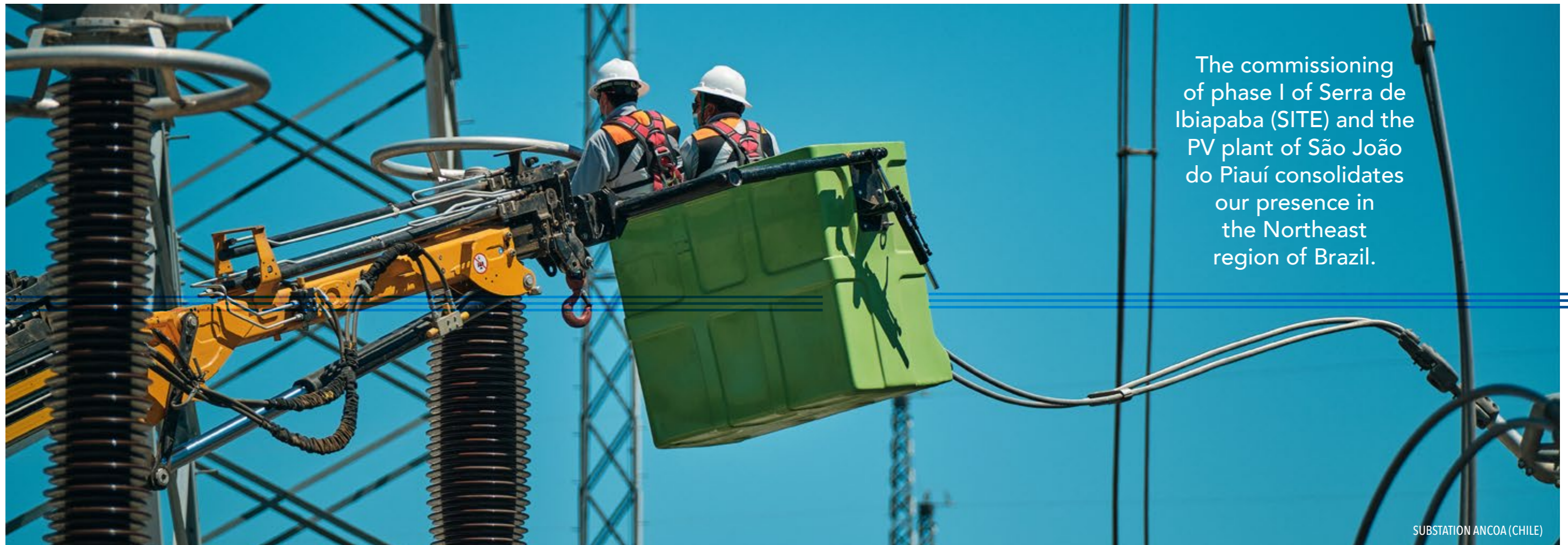
In September 2020, the government passed Provisional Measure 998/2020 (MP 998/2020), in which guidelines aimed at reducing electricity tariffs were given. This was later enacted as Law 14120, of 1 March 2021. Its provisions include lowering the electricity tariffs in the country's northern region and doing away with the 50% bonus on the transmission system usage tariff (TUST) for new generation projects 12 months after this law is published. This lowering currently benefits renewable energy projects.

In addition, Celeo Brazil participates in all main public hearings and consultations that affect it, on its own or through the Brazilian Association of Electrical Power Transmission Companies (ABRATE):

- Public Hearing 010/2020 for obtaining grants to improve ANEEL's proposal for a 2021–2022 regulatory agenda.
- Public Consultation 005/2020 for conducting a regulatory impact analysis of regulatory man-

dates concerning the regulated working life of transmission equipment.

- Public Consultation 027/2020 for improving the review of the Annual Allowable Revenue (RAP) of the electricity transmission concession contracts associated with the tendered companies, with review dates in July 2019 – retroactively – and July 2020.
- Public Consultation 028/2020 for perfecting the restructuring, revision and delegation of approvals and responsibilities related to the document management of ONS' network procedures.
- Public Consultation 030/2020 for conducting a regulatory impact analysis of the regulations associated with the reinforcement of and improvement to electricity transmission facilities.
- Public Consultation 046/2020 for improving the payment rules for studies that subsidise the running of electricity transmission auctions.



The commissioning of phase I of Serra de Ibiapaba (SITE) and the PV plant of São João do Piauí consolidates our presence in the Northeast region of Brazil.

SUBSTATION ANCOA (CHILE)



- Public Consultations 063/2020 and 064/2020 for obtaining subsidies regarding the structure of ANEEL's "Rules for Electrical Power Transmission Services in the National Electricity System".

The regulatory restructurings that took place in Brazil did not affect Celeo Brazil's operations or results in 2020.

SPAIN

Generation, transmission, distribution and retail activities are carried out in the Spanish electricity industry. Transmission and distribution are regulated activities in Spain; on the other hand, generation and marketing (sale of electricity to end users) are unregulated.

These are the key players in this sector:

- The Ministry for Ecological Transition and the Demographic Challenge (MITECO). It is responsible for designing the Spanish energy policy, energy planning and economy decarbonisation strategy. The latter is coordinated via the 2021–2030 National Integrated Energy and Climate Plan (NECP), which sets targets for greenhouse gas emission reduction, renewable energy deployment and energy efficiency.
- The National Markets and Competition Commission (CNMC). In its role as regulator, it makes sure the electricity market works properly; it also plays an advisory role in the search for efficient regulation and an adequate level of competition.

- Red Eléctrica Española (REE). REE manages the high-voltage power grid and acts as the technical operator of the system. It is in charge of guaranteeing the security and continuity of supply, and coordinates all agents in the system in real time.

The most significant regulatory developments that took place in 2020 are listed below:

Royal Decree 23/2020, of 23 June, approving economic reactivation measures as regards energy and other areas. It regulates, among other matters, the conditions for maintaining access and connection to the transmission and distribution networks. Thus, it sets a series of milestones and deadlines in order to guarantee projects with a higher degree of maturity access to the grid. Furthermore, this regulation intends to promote emerging technologies in the electricity market such as storage and hybridisation.

This decree also enabled the government to devise a new remuneration framework for renewable energies, which finally became a reality as Royal Decree 960/2020, of 3 November, regulating the renewable energy financial regime for electricity production facilities. This Royal Decree sets up a new energy auction regime where participants bid for the long-term price of energy.

Moreover, Royal Decree 1183/2020, of 29 December, on access and connection to the electrical power transmission and distribution networks was passed. This lays down the criteria for applying for, processing and granting grid access and connection permits with a view to laying the groundwork for the orderly deployment of renewable energies – in line with Spanish and European energy policy goals.

IN LINE WITH CURRENT REGULATORY TRENDS, CELEO IS FIRMLY COMMITTED TO THE DECARBONISATION AND DIGITALISATION OF THE ENERGY SECTOR.

TRADE ASSOCIATIONS

Celeo is an active member of different industry associations in each of the countries where it operates. These associations represent and defend the interests of companies in the energy industry, and are forums where experiences, best practices, future challenges and so forth can be shared.

BRAZIL

- **The National System Operator (ONS).** The ONS coordinates and controls the operation of generation and transmission assets.
- **Brazilian Association of Electrical Power Transmission Companies (ABRATE).** This is an association made up of electricity transmission concessionaires and concessions whose aim is to defend the legitimate interests of and provide value to associated companies by proactively acting to ensure the sustainability, development and attractiveness of the electricity transmission business.
- **The Brazilian Photovoltaic Solar Energy Association (ABSOLAR).** It represents the photovoltaic solar energy industry in Brazil, promoting and spreading the use of this energy source in the country.
- **The Brazilian Association of Small Hydroelectric Power Stations (ABRAPCH).** This is a non-profit organisation that brings together all the supporters of a sustainable increase in the use of hydropower in Brazil.
- **The Spanish Chamber of Commerce in Brazil.** This institution facilitates the establishment of trade relations between Brazil and Spain to create opportunities and build networks of contacts among its members, thus contributing to the social, economic and business development of the country.
- **The Brazilian National Electrical Power Production and Transmission Committee (CIGRE).** This is a non-profit civil law partnership whose mission is to encourage technical, technological and engineering exchange and development in Brazil in the fields of electricity production and high-voltage power transmission and distribution.



TLALTO JAHUEL (CHILE)

SPAIN

- **The Spanish Association for the Promotion of Solar Thermal Power (PROTERMOSOLAR).** The main goal of this association is to promote the expansion and development of solar thermal technology both in Spain and in the rest of the world. It has 50 members representing the entire value chain in this sector: developers, builders, component manufacturers, engineering companies, consultancy firms, research centres and so on.

CHILE

- **The Chilean Renewable Energy Association (ACERA).** ACERA aims to protect the environment and achieve sustainable development in Chile through the promotion of renewable energies and energy storage.
- **The Chilean Association of Transmission Companies.** This association was created in September 2020 to act as a forum and the mouthpiece for the electricity transmission industry in Chile. Its mission is to stress the importance of electricity transmission to the Chilean economy and to stimulate investment in this industry by putting forward public-policy proposals. It will also strive to set high professional standards, create working networks and make the sector transparent by disclosing data, statistics and best practices to the public.
- **The Branch of the Spanish Chamber of Commerce in Chile (CAMACOES).** This institution facilitates the establishment of trade relations between Chile and Spain to create opportunities and build networks of contacts among its members, thus contributing to the social, economic and business development of the country.
- **The International Council on Large Electrical Systems (CIGRE).** This is a global non-profit organisation in the field of high-voltage electricity that aims to become a technical point of reference and knowledge centre in Chile in order to allow power industry specialists and companies access to contact and support networks arising from taking part of a world-class forum.
- **Power utilities.** Their goal is to contribute to Chile's progress by means of the continuous, sustainable development of its electrical sector. They play a major role in public discourse by proposing and backing energy-related initiatives.



OUR SUSTAINABLE MANAGEMENT MODEL

Celeo is committed to responsible, transparent and sustainable management with a long-term vision. It achieves this by putting a business model into practice that aims to strike a balance between stakeholder expectations and economic, social and environmental concerns.

This commitment found its formal reflection in the **Sustainability Policy** approved by its Board of Directors in November 2020. The policy is based on five pillars that are expressed through the principles set out in the corresponding policies.

Committed to sustainable management.

PRINCIPLES OF THE SUSTAINABILITY POLICY



QUALITY

- Customer and stakeholder orientation
- Compliance with requirements
- Continuous improvement



OCCUPATIONAL HEALTH AND SAFETY

- Injury and health deterioration prevention
- Prevention culture
- Consultation and involvement
- Compliance with requirements
- Zero tolerance
- Continuous improvement



COMPLIANCE

- Fight against fraud, corruption and bribery
- Integrity
- Responsibility
- Continuous improvement
- Zero tolerance



SOCIAL RESPONSIBILITY

- Long-lasting and ethical professional relations
- Respect for diversity
- Fight against abuse
- Wellbeing and social development
- Continuous improvement



ENVIRONMENT

- Pollution prevention
- Efficiency in the use of resources and waste
- Biodiversity and habitat protection
- Resilience to catastrophes and adaptation to climate change
- Compliance with requirements
- Continuous improvement



PUYA CHILENSIS - CHAGUAL (CHILE)

SUSTAINABILITY COMMITTEE

Celeo Chile and Celeo Brazil both have a sustainability committee whose main role is to implement Celeo's sustainable action principles at the local level by incorporating them into their environmental, social and governance policies and monitoring their correct application.

Both committees are made up of members of the Local Executive Management Team and the heads of Sustainability, Quality, Environment, and Health and Safety.

Their functions can be summarised as follows:

- Maintaining a certified quality, occupational health and safety, and environmental management system.
- Approving the procedures and action plans for the development of quality, health and safety, and environmental matters.
- Maintaining a stakeholder engagement programme and defining specific plans.
- Reporting the company's sustainability endeavours via the GRESB platform and sustainability reports on an annual basis.
- Ensuring compliance with the commitments taken on when the company joined the United Nations Global Compact.
- Suggesting changes, improvements and amendments to sustainability plans and policies.
- Supervising the processes for spreading and communicating sustainability policies and their corrective actions.
- Accompanying the development of the local action plan on resilience and its initiatives.
- Approve and monitor the development of private social initiative projects, and other projects aimed at sustainable development.

In 2020, all meetings were affected by the COVID-19 pandemic and held remotely. Together with the ongoing review and monitoring of environmental, social and governance (ESG) targets and KPIs, the procedures put in place to prevent and minimise

the effects of the pandemic were monitored and assessed in these meetings on an ongoing basis.

Additionally, the people in charge of sustainability in the different countries met with the aim of reviewing and analysing ESG performance of each company, monitoring the quality of the information, aligning the Group's ESG strategy and holding the Second Celeo Sustainability Week.

In Spain, an integrated management system (IMS) working group was set up. This group is responsible for leading the design and implementation of the integrated management system in Spain, as well as defining the risk management model and the company's quality and ESG objectives, among other things. It also acts as a sustainability committee, overseeing activities such as the preparation of sustainability reports or the local stakeholder engagement programme. Significant activities undertaken in 2020 include defining high-level policies, Celeo's mission, vision and values at corporate level, and the company's Spanish risk matrix, and the launch of the action plan to prepare Celeo's first sustainability report as a group.

SUSTAINABILITY COMMITTEE



SUSTAINABILITY STRATEGY

The group-wide 2020–2024 Business Plan was launched in 2020 and sets the organisation's strategic objectives for the next four years.

Celeo considers the integration of ESG aspects into its strategy and day-to-day operations to be a priority to ensure the Group's sustainability, competitiveness and reputation. Along these lines, the Business Plan has a specific section where specific ESG goals, aimed at keeping making progress in the continuous improvement of Celeo's management and sustain-

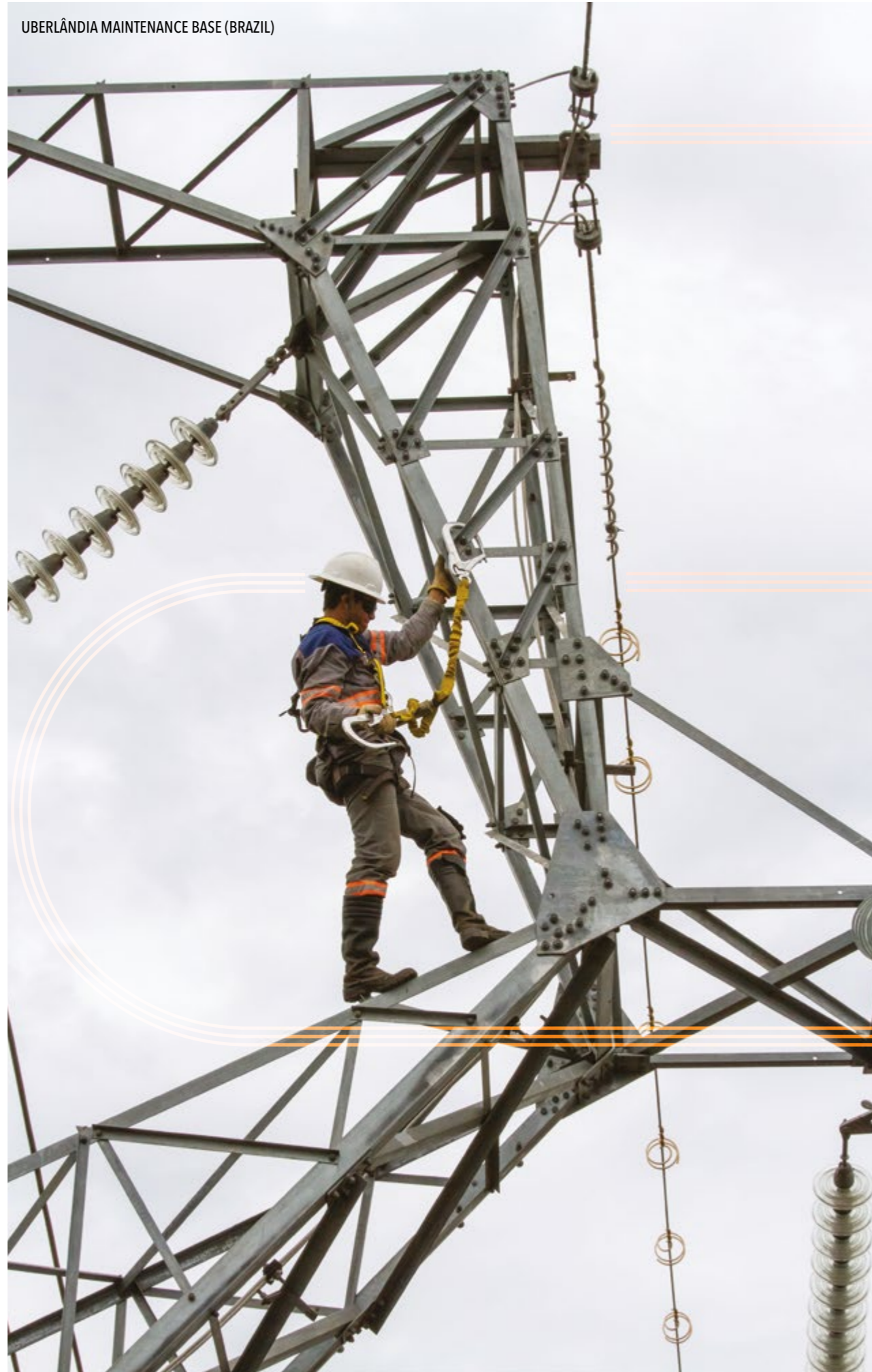
ability practices in Spain, Brazil and Chile, are set for the 2020–2024 period. The ESG action areas addressed by the Plan are as follows:

- The integrated management system
- Risk management
- Information technology
- The environment
- Health and safety
- Stakeholders
- Society
- Compliance
- Resilience

Celeo's 2020 ESG goals are specified in a corporate document called the Annual Budget. These goals, together with the measures established, are discussed in the corresponding chapters (compliance, society, the environment etc.).



Our sustainability strategy seeks continuous improvement of our activities, with a focus on fostering a culture of sustainable development at all levels of the company.



UBERLÂNDIA MAINTENANCE BASE (BRAZIL)

In addition, Celeo Brazil and Celeo Chile set annual sustainability goals that all employees must achieve. Achieving these goals will result in the payment of a bonus recognising the organisation's effort and commitment to sustainability. The goals that were set for 2020 by country and degree of compliance are listed below:

Goals	Brazil	Chile	Compliance
Zero serious accidents	x		100%
Zero accidents with medical leave		x	100%
Involvement of all workers in some socio-environmental voluntary initiative		x	100%
Improvement of results in GRESB, getting a score of 90/100, or P85, in the Global Infrastructure category	x	x	100%
Passing of the ethical hacking test by all workers		x	88%
Involvement of all workers in at least two compliance-related training activities	x	x	100%
Meeting of the deadlines set in the new performance assessment procedure	x	x	100%
Expansion of the integrated management system as per ISO 9001, ISO 14001 and ISO 45001	x		100%



100%
achievement
of ESG targets
in Celeo Brazil

REPORTING ESG MATTERS

The Sustainability Committees of Celeo Chile and Celeo Brazil promoted the development of a corporate quarterly ESG KPI management tool, which was launched at the beginning of 2020.

Likewise, a management report which, apart from business-related matters, includes an ESG section with the most relevant aspects of the Spanish, Chilean and Brazilian companies, is also prepared for the Group's Board of Directors with the same frequency.

These management and communication tools allow Celeo to streamline management in this area and to have an integrated vision of the entire Group.

SDGS IN CELEO'S AGENDA

Celeo has adopted the 2030 Agenda for Sustainable Development of the United Nations (UN), undertaking to make progress on certain sustainability goals and targets in the coming years.

Along these lines, Celeo Brazil and Celeo Chile began a process of prioritising the Sustainable Development Goals (SDGs) in 2019, based on the nature of their businesses, the guidance provided by shareholders and an analysis of competing companies in the sector, among other aspects. This was all aligned with the organisation's strategic goals and management processes. As a result of this process, priority SDGs and the associated targets against which each subsidiary will measure the achievement of the former were identified.



SDG	Overall SDG target	Celeo Chile's target	% of progress as of 2020	Comments
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	By 2030, 30% of the workforce should be female	22%	Adoption of the Energy + Women Plan (recruitment at job fairs) and the Recruitment Policy. Female staffing results are as follows: 12% (2019) and 16% (2020).
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers – in particular female migrants – and those in precarious employment	No serious accidents of any direct employees or contractors in any given year	10%	The year was completed without accidents or occupational illnesses. The strengthening of the preventive culture continued through the #LA ENERGIANOPARA campaign and the fulfilment of the objective of hours of training or awareness-raising on Occupational Health and Safety issues.
	11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	Implementing five projects in communities to help them adapt to climate change or become resilient to disasters by 2030	9% (*)	The company worked on analysing risk according to extreme rainfall scenarios and set a standard for this variable. This process is part of the information gathering stage.
	12.2 Between now and 2030, achieve the sustainable management and efficient use of natural resources	Reducing water, power and fuel consumption rates by 25% by 2030	9% (*)	Se trabajó en la implementación de herramientas para el registro y seguimiento de las variables objetivo.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Reducing Scope 1, 2 and 3 emissions by 25% by 2030	9% (*)	The company worked on implementing tools to monitor and record target variables, and conducted a risk-impact analysis of SF ₆ leakage scenarios.

(*) Percentage of progress of the plan towards achieving the goals.

ODS	Metas globales ODS	Meta Celeo Brasil	% Avance al 2020	Observaciones	
	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	Between now and 2024, ramp up investment in renewable energy generation assets, reaching 1,000 MW of installed capacity	22%	The company is working on new renewable energy generation developments in Brazil.	
	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix				
	7.b By 2030, expand infrastructure and upgrade technology that supplies modern and sustainable energy services for all	To 2024, keep expanding and improving the electrical power transmission infrastructure and adding assets on a yearly basis: transmission lines (200-500 km) and transformation capacity (500-1000 MVA)		0%	No progress was made on this goal in 2020.
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrades and innovation, including a focus on high-value added and labour-intensive sectors	Introducing a programme to increase the educational level of all of Celeo's employees who only have secondary education by 2033	36% (*)	An 11-stage plan has been devised. This programme will be integrated into the Education Aid Programme that is already in place in Brazil.	
	8.3 Promote development-oriented policies that support production, decent job creation, entrepreneurship, creativity and innovation	Training critical local suppliers on Celeo's ESG policy in the operation and maintenance phase in 2024. All active suppliers by 2030	0% (*)	Some progress has been made during the initial needs assessment and supplier base analysis phase.	
	8.5 By 2030, reduce unemployment by 40% and guarantee decent work, putting special emphasis on equal pay for work of equal value	Hiring local workers (25% new transmission projects; 50% new renewable energy generation projects)		100%	The SITE and SJP projects met this target at the peak of the work.
	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training by 3%. Improve this figure to 10% by 2030	100% of the assets under management of Celeo Brasil with health and safety certification by 2021		57% (*)	The OHS Area developed a plan, in collaboration with the Quality Department, to implement ISO 45001 at all Celeo Brazil facilities.
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers – in particular female migrants – and those in precarious employment	Implement social projects with voluntary resources, promoting the training of young people where there are projects contracted from 2020		7% (*)	The budget and scope of the first initiatives were defined in 2020.
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	Diagnosing and devising a resilience plan for all Celeo assets in 2021	28%	In 2020, the company launched a technical study that prioritises five resilience risks: rising temperatures, fire, high winds, heatwaves and social risks.	
	13.2 Integrate climate change measures into national policies, strategies and planning				
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Establishing an emissions management plan by 2021, based on 2018 emissions		60%	The purpose of the emissions management plan will be first to reduce our emissions and then to offset those that we cannot prevent.
	15.2 By 2030, reduce illegal deforestation to zero in all Brazilian biomes, expand the surface area of forests under sustainable environmental management and restore 12 million hectares of degraded forests and other forms of degraded native vegetation, in all biomes and preferably in the Permanent Preservation and Legal Reservations area; in areas of alternative land use, expand the planted forest surface by 1.4 million hectares	Reemplazo forestal voluntario 15% por encima del total obligatorio establecido en nuevos procesos de concesión de licencias ambientales. Se priorizarán las áreas de preservación de permanente, las reservas legales y el establecimiento de corredores ecológicos	0%	The SITE Project's reforestation phase will start in 2021, during which 279 hectares are expected to be replanted. This figure must be increased by 41 hectares to achieve this goal.	
	16.5 Substantially reduce corruption and bribery in all their forms	Consolidating level-4 compliance maturity by 2021	100%	The actions necessary to achieve the goals were included in the Annual Compliance Plan, which was fulfilled in its entirety in 2020 (**).	
	16.b Promote and enforce non-discriminatory laws and policies for sustainable development	Becoming ISO 37001-certified by 2022	0%		

(*) Percentage of progress of the plan towards achieving the goals.

(**) Due to the pandemic, the plan underwent some modifications throughout the year, meaning that some actions were shifted to 2021.

Celeo will continue to deepen its contribution to the SDGs during 2021 by prioritising them at the corporate level.

This was supplemented during the Second Sustainability Week held in 2020 with a workshop in which those SDGs that are a priority for Celeo at the corporate level were identified. To this end, the results of the stakeholder survey that was conducted during the materiality analysis were also considered.

Celeo Brazil is also considering including some additional targets beyond those listed in the above table in order to align itself with the Global Compact's SDG Ambition accelerator programme. This programme aims to accelerate the integration of more ambitious development targets into the strategy of the organisations.

Celeo Brazil and Celeo Chile respectively obtained scores of 99 and 94, thus achieving the established goals and becoming benchmark companies in the industry. Celeo Brazil was acknowledged as the best company in the power transmission industry and was ranked second worldwide. For its part, Celeo Chile finished 11th in the world ranking and second in the power transmission industry.



Celeo Brazil was also named "Sector Leader" in the "network utilities" category, which recognises companies shown to have exercised outstanding leadership in sustainability throughout the year.

INVOLVEMENT IN INITIATIVES

Celeo is involved in various sustainability initiatives with the aim of moving forward in its commitment to sustainable development. To this end, two goals were set for 2020: to improve Celeo Brazil and Celeo Chile's 2019 GRESB results, and to increase the level of commitment to the Global Compact and the 2030 Agenda. Both objectives were easily achieved.

GRESB

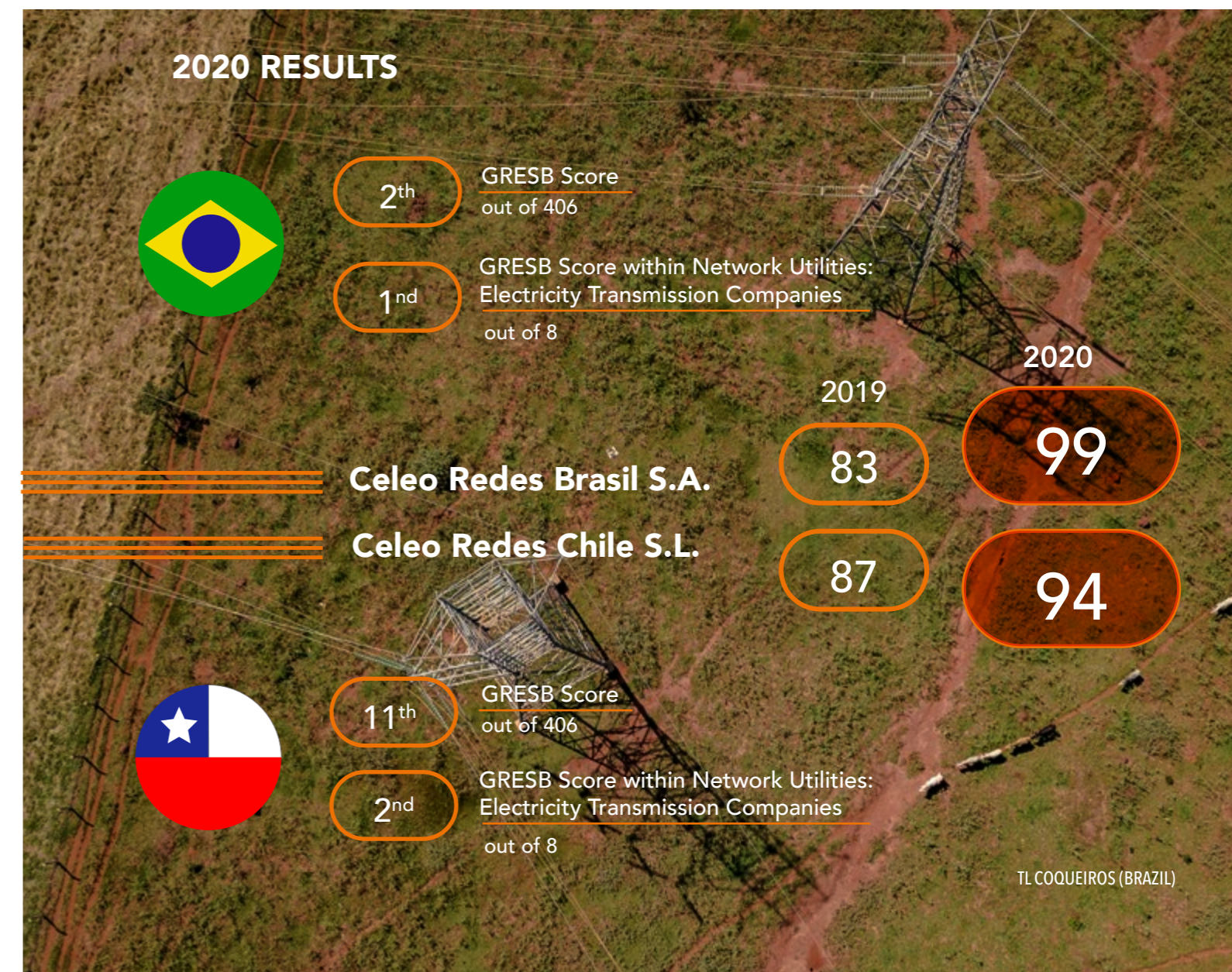
GRESB is an organisation dedicated to assessing and benchmarking the performance of portfolios of real estate and infrastructure funds and assets around the world with regard to social, environmental and governance aspects.

Founded in 2009, GRESB has become the leading ESG benchmark for real estate and infrastructure investments worldwide. 1,200+ real estate portfolios reported to GRESB in 2020 alone. Its data is used by more than 100 institutional and financial investors to monitor investments and make the strategic decisions necessary for the sector to transition to a more sustainable future.

For the third year in a row, Celeo Brazil and Celeo Chile participated in this ranking with the aim of making further progress in their sustainability management practices and finding out which are the best ESG practices.

As a new development, GRESB added the resilience module in 2020, which will be compulsory in 2021. Along these lines, Celeo Brazil and Celeo Chile have made great efforts to systematise and integrate the new requirements.

CELEO'S TRACK RECORD IN GRESB IS EVIDENCE OF ITS EFFORTS IN SUSTAINABILITY.



THE GLOBAL COMPACT

Celeo Brazil and Celeo Chile have been members of the Global Compact since 2018. At the end of 2019, the Brazilian sustainability committee decided that Celeo Brazil needed greater commitment to the Global Compact by being involved as a participant instead of just a signatory. This change, which will be effective in 2020, will allow Celeo Brazil to participate in numerous related groups, involve more employees in discussion forums, and carry out projects and activities where experiences can be exchanged with other organisations.

Celeo Brazil believes that taking part in these groups will put it at the centre of the most relevant and current discussions on sustainability issues (such as human rights, compliance, energy and resilience) and give it new ideas for its ESG-related management.

In 2020, Celeo Brazil actively participated in the following World Compact working groups:

ENERGY AND CLIMATE.

Celeo collaborated with other large companies in its sector in the second phase of the "Integration of SDGs in the Brazilian Energy Industry: Indicators and Targets" project.

Based on the SDGs that were defined as priority goals in the first phase of the project, the objective of this second phase was to identify indicators and suggest targets to help Brazilian electrical utilities to make progress in the integration of the development goals, in addition to promoting the sector's adherence to the 2030 Agenda.

HUMAN RIGHTS

Celeo took part in a series of surveys whose aim was to assess the human rights aspects of its organisation and value chain. Celeo intends to work with its suppliers on this matter.

SDGS

Within the framework of this working group, Celeo teamed up with different companies and organisations to address the challenges posed by COVID and to help the Brazilian economy recover from the impacts of the pandemic. Celeo Brazil participates, via the platform created for this purpose, by publishing the measures it has taken to combat COVID to serve as inspiration for other companies.

WE SUPPORT



STAKEHOLDER MANAGEMENT

Celeo believes that stakeholder engagement is essential to the Group's sustainability and success. Therefore, Celeo has a Stakeholder Engagement Program (SEP) that is based on the AA1000 Stakeholder Engagement Standard. The SEP, which aims to systematise and build lasting relationships of trust with Celeo's stakeholders, was introduced in Brazil and Chile in 2018 and in Spain in 2020.

The main stakeholder groups Celeo has identified are as follows:



Shareholders and partners	Sustainable profitability, operational excellence, corporate reputation, adoption of best practices, and an ethical, transparent and equitable relationship.
Customers	Asset availability and operational efficiency with a quality service.
Regulators of the electrical industry	Availability, quality, power supply continuity and compliance with current legislation.
Financial institutions, investors and securities commissions	Financial return on funded capital, and compliance with current legislation.
Suppliers and contractors	Creating an enabling environment for the provision of services in terms of integrity, safety and trust.
Employees	Providing a safe, healthy, ethical and respectable work environment and a career plan.
Local and traditional communities	Environmental conservation, social responsibility and safety of communities near transmission assets. Effective communication channels.
Associations and NGOs	Acting proactively to ensure the sustainable development of the business and that the company fulfils its voluntary commitments.

Celeo maintains a close, frequent dialogue with its stakeholders through different communication channels, such as satisfaction surveys, public participation processes, visits, meetings, its corporate website and so on.

By means of its own SEP, each country subsidiary draws up different action plans and plans for communicating with its key stakeholders according to the needs and expectations it detects in their relationship and the desired level of engagement.



GOOD GOVERNANCE

OWNERSHIP STRUCTURE

Celeo's shareholding structure is divided as follows: 51% is owned by **Elecnor, S.A.** and 49% by Pasterze Investments Holding N.V., a company owned by the **APG Group** Dutch fund, one of the most important pension investment companies in the world.

IN 2019 ELECNOR AND APG CONSOLIDATED THEIR STRATEGIC ALLIANCE



Elecnor S.A. is the parent company of a group consisting of almost 80 companies in Spain and 50+ other countries. It is an organisation that has over 18,000 employees. It has two main business areas: Infrastructure, which focuses on the execution of engineering, construction and services projects; and Concessions, through which it invests in energy infrastructure assets, thereby enabling the company to develop large projects from the outset and generate income from the promotion, execution, operation, maintenance and running of these projects.

After more than 60 years of non-stop growth, Elecnor has become one of Spain's leading business groups in the infrastructure, renewable energy and new technologies sectors. The diversification of its activities has been one of the company's strategic axes throughout its existence. This has allowed it to operate in industries such as electricity, gas, industrial plants, railways, telecommunications, water, control systems, construction, environmental services, facility maintenance and aerospace engineering.

APG is one of the world's largest pension funds, with 4.7 million participants and assets under management of around €573 billion at the end of December 2020. Their goal is to ensure a good and affordable pension for current and future generations. To this end, APG manages its assets as responsibly as possible, with the ambition of achieving attractive and sustainable investment returns for its customers.

APG is present worldwide, with offices in Amsterdam, Heerlen, Brussels, New York and Hong Kong, as well as satellite sites in Beijing and Shanghai. Thanks to this global spread, pension funds and their participants can take advantage of extensive local investment expertise. On top of that, its scale allows APG to negotiate attractive conditions and pass these benefits on to its funds and their participants, thus contributing to stable long-term returns and low costs.



6 years
of successful
partnership

SÃO JOÃO DO PIAUÍ PV (BRAZIL)

Spanish subsidiaries

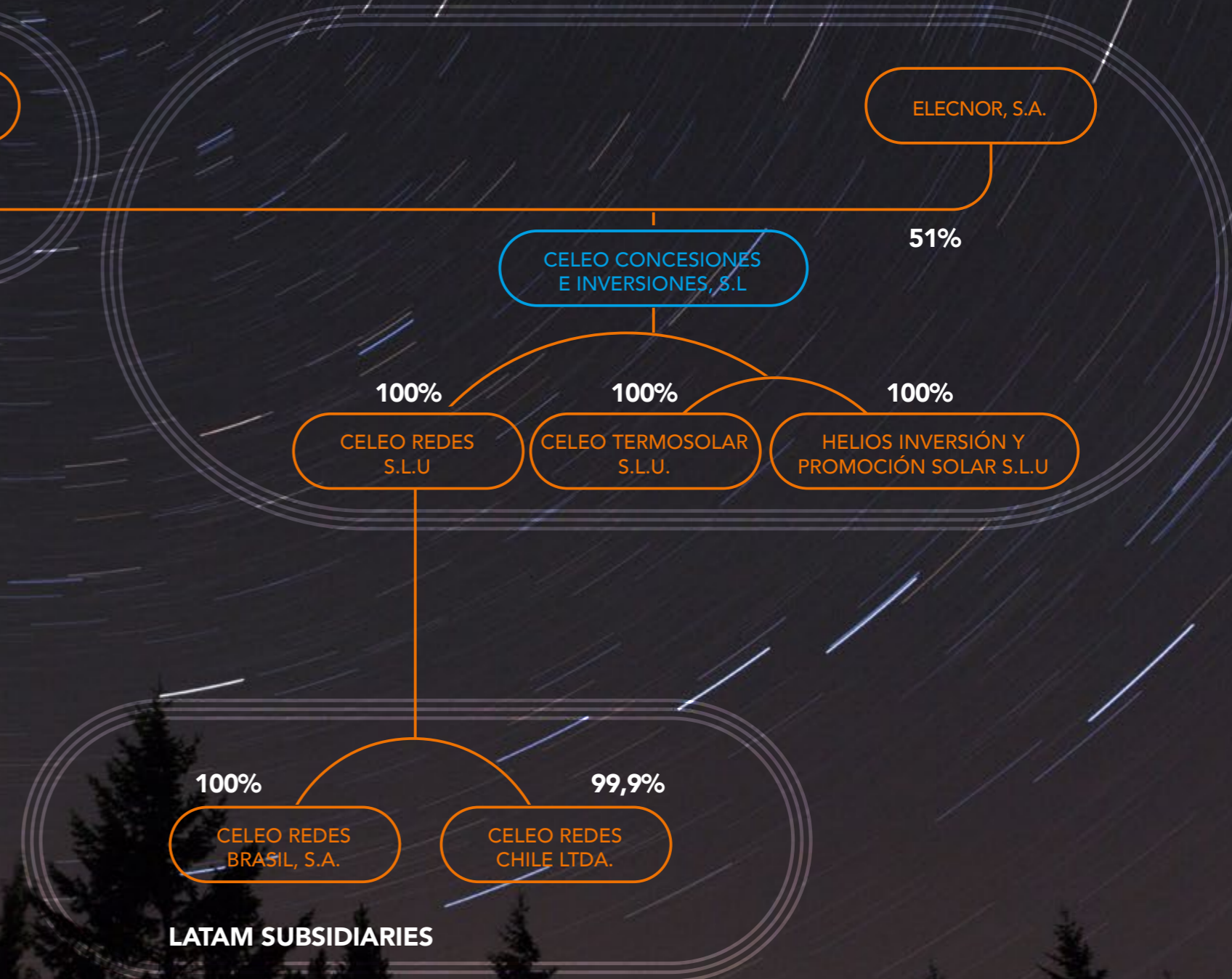
Celeo's Spanish subsidiaries include **Celeo Redes, S.L.U.**, through which it channels its investments in Brazil and Chile, **Helios Inversión y Promoción Solar, S.L.U.**, which holds its Spanish photovoltaic assets, and **Celeo Termosolar, S.L.U.**, which manages the Group's Spanish solar thermal plants.

Likewise, Celeo has other special-purpose entities for developing projects in Spain that provide the financial and promotional structure that supports the core business.

NETHERLANDS



SPAIN



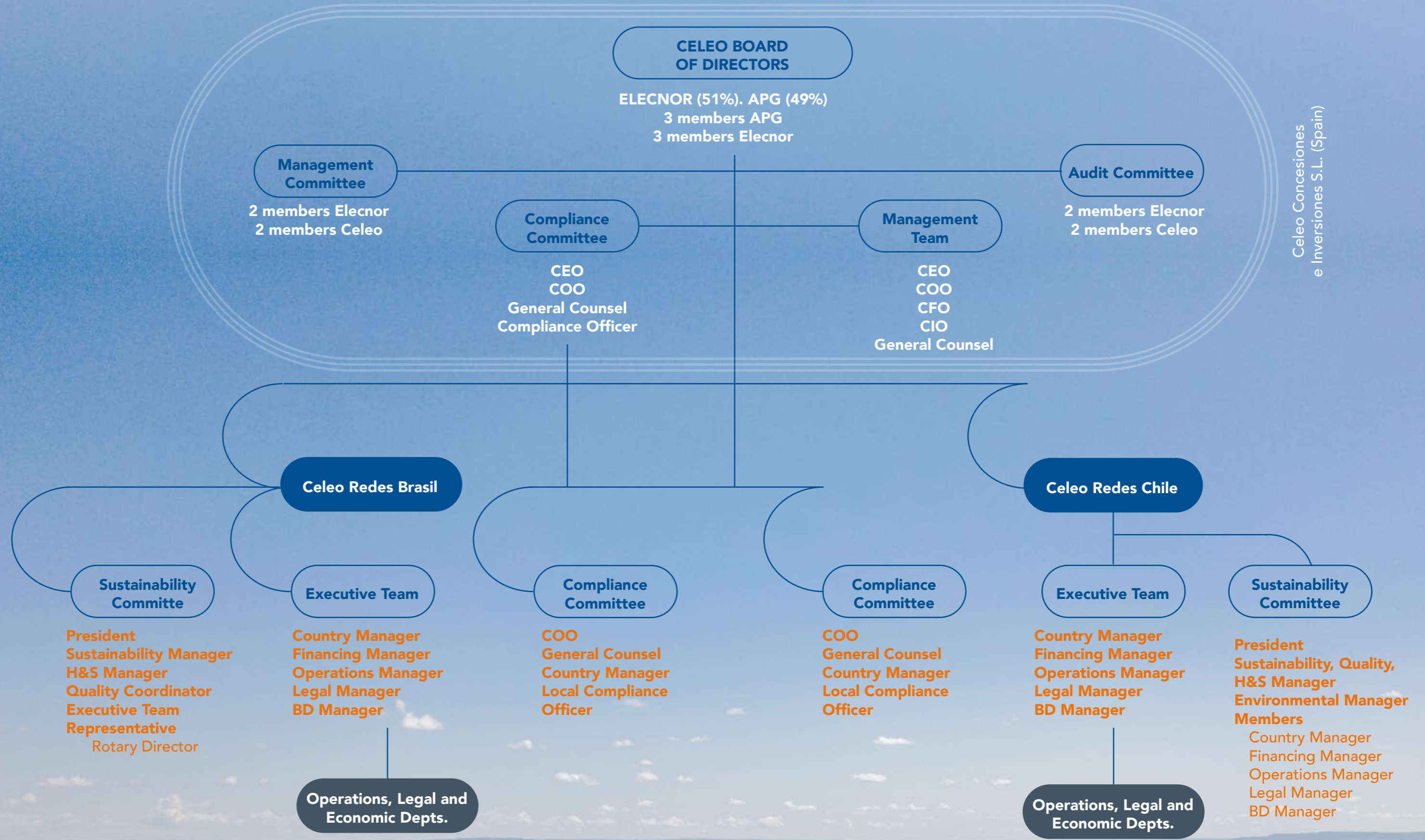
LATAM subsidiaries

Celeo Redes, S.L.U. has two Latin American subsidiaries, **Celeo Redes Chile Limitada** and **Celeo Redes Brasil S.A.**, through which it structures its investments in Chile and Brazil respectively.

Several special-purpose entities – some of which are partially owned by third parties – have been created for the development of large projects in these two countries, which are dependent on the aforementioned subsidiaries.

LATAM SUBSIDIARIES

CORPORATE GOVERNANCE



LETTER FROM THE CHAIRMAN OF THE BOARD

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GOOD GOVERNANCE

PERFORMANCE AND OPERATIONAL EXCELLENCE

PREVENTION CULTURE

OUR PEOPLE

COMMITTED TO THE PLANET

CREATING VALUE IN OUR COMMUNITIES

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Board of Directors

Celeo's top governing body is its Board of Directors.

Board of Directors

Board of Directors Celeo	Position	Representing
Miguel Morenés Giles	Chairman	Elecnor
Dirk Hovers	Vice-chairman	APG
Joaquín Gómez de Olea y Mendaro	Member	Elecnor
Rafael Martín de Bustamante Vega	Member	Elecnor
Ronaldus T.J.G Boots	Member	APG
René Defize Quiroga	Member	APG

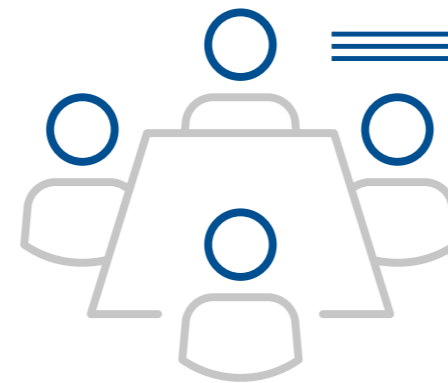
This is the body in charge of setting the strategic course of the company and overseeing how it is managed.

At present none of its members are executive or independent directors, and there is no female representation.

The members of the Board of Directors have outstanding expertise and experience in the field of sustainable investments and infrastructure, as well as in the ESG matters they need to know to discharge their duties.

During the 2020 financial year, the Board met 11 times, with the presence of the CEO.

The process for appointing and selecting the members of both the Board of Directors and the committees is governed by the shareholders' agreement and in the company's articles of association. The articles establish the required numbers of Board and committee members, the terms for which members are to be elected, and the right of every shareholder to appoint half the members of each body. Thus, the members of the Board are appointed at the general meeting, and the Board appoints those of the committees.



The shareholders' agreement and the articles of association govern the procedure to be followed in cases of conflicts of interest. In addition, there are specific regulations within the compliance programme for dealing with potential conflicts of interest within the company.

Directors are not remunerated, although they are reimbursed for reasonable travel expenses and expenses incurred in the discharge of their duties, which in no case involve significant sums.

The Board of Directors has two committees:



HEADQUARTERS RIO DE JANEIRO

The Audit Committee:

This committee is in charge of appointing, paying, retaining and supervising the firms that audit the company and its subsidiaries, establishing procedures for handling disputes concerning accounting or auditing matters, and involving the advisers needed to support the audit.

This committee met twice in 2020, dealing with matters relating to audits of Celeo and its subsidiaries and their oversight, as well as the main events that

might have had an economic impact on the Group's annual accounts during the 2020 financial year. Celeo's CFO and the partners of the audit firms attend these sessions in order to establish the procedures for carrying out the audit plan and meeting the scopes and schedules set.

Furthermore, this committee studies and reviews the annual accounts, after which it submits them to the Board for formulation and approval.

Audit Committee member	Position	Representing
Joaquín Gómez de Olea y Mendaro	President	Elecnor
Miguel Morenés Giles	Member	Elecnor
Dirk Hovers	Member	APG
René Defize Quiroga	Member	APG

The Executive Committee

Its role is to analyse the progress of the company and its business according to the strategic policies approved by the Board of Directors. Likewise, it provides the management team with guidance.

In 2020, it met on four occasions to discuss matters pertaining to the day-to-day monitoring of the business in Spain, Brazil and Chile, and the associated financial aspects.



Executive Committee member	Position	Representing
Miguel Morenés Giles	President	Elecnor
Dirk Hovers	Vice-president	APG
Rafael Martín de Bustamante Vega	Member	Elecnor
René Defize Quiroga	Member	APG

Management team

The Board of Directors is permanently assisted and supported by a management team on the overall strategy of both the company and its subsidiaries. This team is responsible for implementing the decisions of the Board of Directors and for the day-to-day operation of the company and its subsidiaries.

Its main functions include drawing up the ESG policies that are applicable to the company and its subsidiaries, and setting annual goals. To this end, it prepares periodic reports for the Board of Directors and maintains direct contact with the other governing bodies of the subsidiaries in Brazil and Chile, as well as their sustainability committees, compliance committees and executive management teams.

Management Team	Position
José Ángel Lostao Unzu	Chief Executive Officer
Santiago Oraa Gil	Chief Financial Officer
Jaime Sáenz Denis	Chief Operations Officer
Ángel Ortega Cutillas	Chief Investment Officer
Alberto Ferrández Barturen	General Counsel



Subsidiaries executive management

The Brazil and Chile executive management teams are responsible for administering, managing and organising the day-to-day operations of their companies. Both prepare periodic reports, which they submit to the Group's management team.

COVID-19 management: crisis committee

As a result of situation created by the COVID-19 pandemic, Celeo's top priority has been to guarantee the health and safety of its employees and the continuity of its operations at all times.

Generally speaking, Celeo's activity as an operator of essential electricity infrastructure has not been affected by the pandemic, so it has been able to operate normally.

At the onset of the health crisis, Celeo formally created local crisis committees that respectively comprised the managers of the Brazil and Chile subsidiaries, and in which the subsidiary's management team was involved. During the most critical moments of the pandemic, daily meetings were held to coordinate and evaluate the action and contingency plans that were being implemented in all three countries. The different actions that were launched to minimise the impacts of the pandemic are described in this document.

OUR PURPOSE AND VALUES

LETTER FROM THE CHAIRMAN OF THE BOARD

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PREVENTION CULTURE

OUR PEOPLE

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Our mission

Contribute to economical and technological progress, social well-being, and sustainable development through investments in safe, reliable and efficient energy infrastructures.



Our vision

Be a leading company in the energy infrastructure market, committed to excellence, with a solid environmental, social and governance culture, involving all stakeholders in company value creation.



Our values

CARE FOR LIFE AND FOR ENVIRONMENT

Health and Safety is a fundamental value. We give priority to safety over any other requirement in our activities, only performing actions under safe conditions. We care about social and environmental context necessary to achieve a fulfilled life.

CUSTOMER ORIENTED AND STAKEHOLDER ENGAGEMENT

We are committed to our customers' and stakeholders' satisfaction, anticipating needs and exceeding expectations. We focus on providing an excellent service on a daily basis.

HONESTY, RESPECT AND TRANSPARENCY

We promote honesty, respect, and transparency in all company levels to build lifelong ethical relationships.

COMMITMENT, EFFORT AND DETERMINATION

We believe in commitment, effort, and determination to achieve our goals.



SÃO JOÃO DO PIAUÍ PV (BRAZIL)

RISK MANAGEMENT MODEL

Celeo has a **Risk Management Model** that is structured along three lines of defence, based on the recommendations of the Committee of Sponsoring Organisations (COSO). The Three-Lines Model helps organisations identify those structures and processes that will best facilitate the achievement of their goals and promote sound governance and risk management.

OPERATIONAL MANAGEMENT

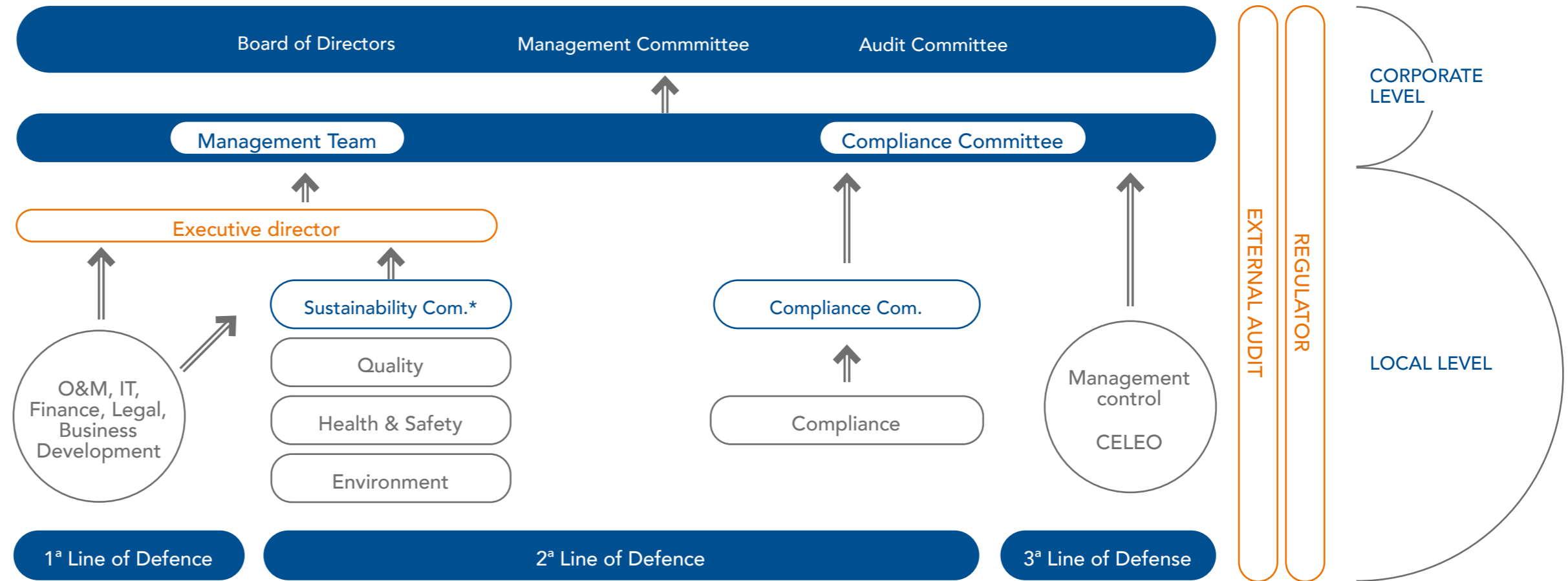
Operational management owns the risks and is responsible for managing them and implementing corrective actions when faced with process or control deficiencies. This falls both to the Operations, Financial, Legal, IT and Business Development departments and, in general, to all employees and middle managers. Each operating director reports to the local executive management team, control areas and sustainability committee.

CONTROL AREAS

Control areas are in charge of ensuring, overseeing and monitoring risks and checks. They monitor compliance with all risk control measures. These areas collaborate with the first line of defence in identifying and assessing risks as well as in implementing control measures. These areas are Quality, Health & Safety, Environment, and Compliance. These areas report to the sustainability committee, except Compliance, which does so to the Compliance Committee.

INTERNAL MANAGEMENT CONTROL

This involves objectively and independently overseeing all control systems, and reporting to the Board. This function is carried out by the management team with the support of Celeo's management teams.



* In Spain, the functions of the Sustainability Committee are performed by the IMS Working Group, reporting directly to the management team.

In this model, external auditors, regulators and other external actors are seen as additional lines of defence, thereby providing additional assurance to the organisation's stakeholders. This risk management system considers **two assessment and action levels**:

BUSINESS RISKS

These consist of risks that may affect the fulfilment of the organisation's wide-ranging objectives, mission, vision and values. In each subsidiary, the Sustainability Committee leads the process of identifying, analysing and assessing these risks, which are classified as follows:

- **Financial risks:** associated with fluctuations in financial markets and the impacts these could have on the company's immediate results or future growth.
- **Strategic risks:** associated with changes in the energy industry, changes in the environment in which the company operates, changes to regulations or to strategic agreements with stakeholders, and changes relating to social (HR, H&S and community) and/or environmental aspects.

- **Operational risks:** all the risks related to the company's provision of its services, its facilities and installations, and the fulfilment of its obligations to its stakeholders.

The tool that the company uses to identify and assess business risks and decide on suitable control measures is the Business Risk Matrix, which is prepared by the Sustainability Committee and approved by the executive director, which in turn reports to the Management Team.

PROCESS RISKS

Each control area controls its own process risks. They encompass all risks related to the running and operation of the company, to its facilities and installations and to the fulfilment of its obligations to its stakeholders, to the environment, and to health and safety. Process risks are divided into quality risks, environmental risks, health and safety risks, social risks, compliance risks, and IT risks.

The management tools used at each subsidiary for identifying and assessing process risks and taking

measures to control them are six risk matrices (one for each of the abovementioned areas). They are prepared by each control area and approved by the Sustainability Committee. The compliance risk matrix is alone approved by the Compliance Committee.

Throughout 2020, Celeo worked to adapt the Group's risk framework to make it more resilient to new events and threats that might compromise service availability, especially resilience risks associated with climate change. Likewise, the IMS Working Group identified the business risks at the Spanish level, with the approval of the Management Team.

Along these lines, a **Resilience Plan** was drawn up at the subsidiary level based on the results from the preliminary assessment of the resilience risks of the assets carried out in the matrix. The following risks were identified as priorities in these plans: rising temperatures, more fires and increased social risks in Brazil, and flooding, earthquakes and fires in Chile. Celeo will work throughout 2021 to develop these plans by quantifying the impact of the risks on its assets and outlining possible mitigation strategies.

LETTER FROM THE CHAIRMAN OF THE BOARD

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GRI CONTENT INDEX

Celeo's Compliance system comprises the Compliance Programmes of its Spanish, Brazilian and Chilean subsidiaries. These programmes are aimed at fostering a culture of ethics and compliance within the organisation in order to prevent any conduct that might contravene any applicable regulations and the commitments taken on by the company, damage its reputation, or negatively affect its public image.

Celeo's compliance-related principles (which are echoed in its Compliance Policy) are (i) an ethical culture and zero tolerance; (ii) the fight against fraud, corruption and bribery; (iii) business integrity; (iv) accountability; and (v) continuous improvement.

The compliance programmes in force at Celeo are based on its Code of Ethics (which is common to all three subsidiaries) and comprise different elements, implementing regulations, control measures, and internal practices, all adapted to the different regulatory requirements and sensibilities of the applicable legal system (Spain, Brazil or Chile) insofar as they affect compliance. The following are among the elements comprising each compliance programme:

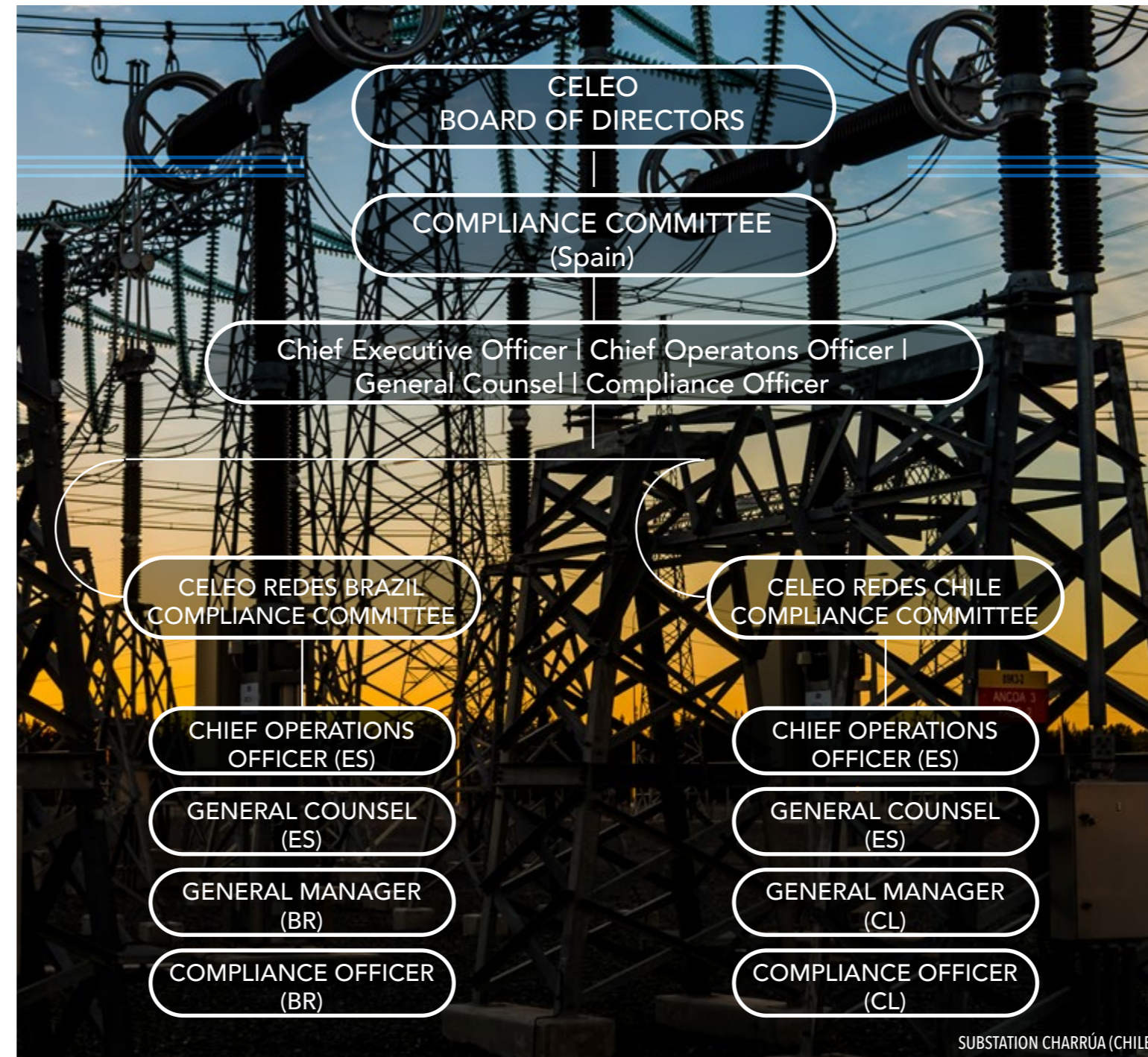
- **The Code of Ethics and the Compliance Policy**, which are common to the entire Celeo Group.
- **The Compliance Manual**, which is an explanatory document that groups, structures and regulates the compliance programme for its observance and monitoring by all groups concerned. Celeo Brazil and Celeo Chile have equivalent documents adapted to their respective jurisdictions (i.e. the Corporative Integrity Programme in Brazil, and the Crime Prevention Model in Chile).
- **A set of specific policies**, rules and regulations and specific procedures for mitigating and preventing compliance risks, adapted to their respective jurisdictions. These include anti-corruption, anti-bribery, conflicts of interest, and harassment and discrimination prevention regulations, and the reporting procedure. The transparency channel, the disciplinary code, and so on.

The Celeo Group has a **Corporate Compliance Committee** (Spain) and compliance committees in Brazil and Chile whose powers and functions are in keeping with the specific compliance regulations of each country. The three committees act in a coordinated manner and according to a hierarchical structure.

The Corporate Compliance Committee, which reports to the Board of Directors, is made up of the Chief Executive Officer, the Chief Operations Officer, the General Counsel and the Compliance Officer.

It should be noted that the scope of the Spanish Compliance Programme affects all Celeo Group companies established in Spain, including the parent company, Celeo. In this regard, the Spanish Compliance Committee ensures both compliance with and development of the compliance programme that is applicable in Spain, and the supervision and guidance of the Brazilian and Chilean Compliance Committees. It includes the following main functions:

- Supervising, monitoring and controlling the development and evolution of the Celeo Group's Compliance System.
- Overseeing the Compliance Committees of the subsidiaries.
- Identifying and assessing compliance risks and ensuring the achievement of the objectives in each area into which the Spanish Compliance Programme is divided (prevention, response, reporting and monitoring).
- Developing the Compliance Programme in close communication with the Board of Directors.
- Managing all complaints received over the transparency channel and proposing, when necessary, possible sanctions according to the Disciplinary Code.
- Receiving and evaluating the periodic reports submitted by the Compliance Officer.
- Raising awareness about the existence and application of the Compliance Programme.
- Coordinating all compliance rules and regulations.



SUBSTATION CHARRÚA (CHILE)

Finally, the company has a specific **transparency channel** for each subsidiary, which is open to all its employees and stakeholders. This channel guarantees full confidentiality and is the means for channeling all queries, communications, complaints related to possible irregularities, breaches, infringements or suspicions regarding the Compliance Programme and/or any applicable regulation.

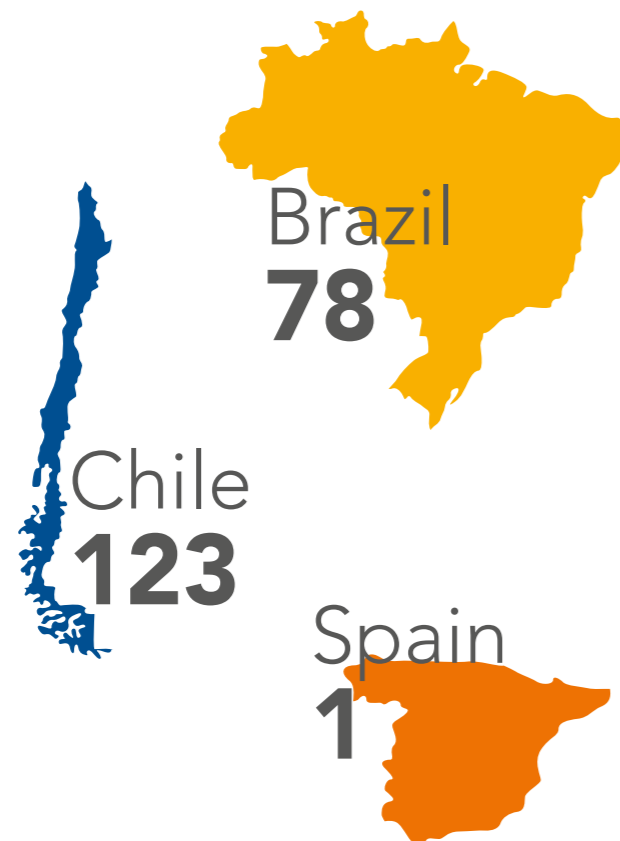
- Spain: through the transparencia@celeogroup.com email address.
- Chile: through an anonymity assurance space inside the corporate website (<https://celeoredeschile.cl/canal-de-transparencia.php>) or via the transparenciachile@celeogroup.com email address.
- Brazil: through an anonymity assurance space inside the corporate website (<https://canaldetransparencia.celeoredes.com.br/>) or via the canaldetransparencia@celeogroup.com email address.

Celeo Spain had one communication in 2020, which it duly processed and answered. Celeo Brazil received 78 communications. A large proportion of these communications were queries about the direct recruitment procedure. The rest dealt with worker protection issues, human resources complaints, and compliance-related queries and questions. Most of the communications received (47%) by Celeo Chile were queries on COVID-19-related issues. The rest were questions of various kinds, mainly about how to avoid conflicts of interest and other specific cases. All were satisfactorily answered.

Lastly, it should be noted that there have been no complaints or sanctions regarding fraud or bribery, including money laundering and conflicts of interest.

Celeo acts in accordance with the laws and regulations in force in the countries where it operates and taking into account the specificities and requirements of the electricity industry. Moreover, the company has an area specialising in compliance to undertake the different actions in this area while observing international compliance best practices. In 2020, there was no significant failure to comply with any law or regulation of any kind involving a non-monetary or monetary fine or penalty.

NO. OF COMMUNICATIONS TRANSPARENCY CHANNEL



Total
202



ASTEXOL-2 (SPAIN)

ment procedure, a travel request and expense settlement procedure, and confidentiality and data protection clauses in employment contracts.

Celeo Brazil continued to make progress in the strengthening and maturation of its Compliance Programme, as well as in the achievement of its goal of being certified under the ISO 37001 “Anti-bribery management systems” standard in 2022.

The main actions were in line with the recommendations of a consultancy firm specialising in improving compliance programmes following the completion in 2019 of the risk assessment and gap analysis processes, among which the following stand out:

- Review and approval of the new version of the Anti-corruption and Anti-bribery Policy.
- Review of the conflicts of interest chapter in the Code of Ethics.
- Review of the Corporate Integrity Programme as regards the powers and responsibilities of its manager and the committee in charge of the programme and its updating in the appropriate regulation.
- Addition to the Integrity Programme of a specific chapter on the internal investigation procedure regarding communications received over the transparency channel.
- Preparation of the annual compliance report.
- Start of the process for finding out whether employees have relatives who are civil servants.
- Monitoring of the social programmes and donations made by the company as a result of the crisis caused by COVID-19 such that the relations with public agents do not constitute political relationships of any kind, comply with the law and are clearly documented.

Main actions

In **Spain**, the Compliance Programme was designed and implemented, and then approved by the Board of Directors on 26 November 2020. This process was supported by the compliance areas of Celeo Brazil and Celeo Chile, as well as by an external consultancy firm specialising in compliance.

The bases for preparing the different elements of the Compliance Programme were the criminal risk assessment report, the gap analysis between the Compliance Programmes of the subsidiaries and a study of the requirements of the Spanish criminal code.

In addition, Spain has a preliminary version of some specific procedures with the aim of strengthening and expanding its Compliance Programme, currently under development, such as a protocol as regards competition and good market practices, a third-party contracting procedure, a procure-

Since 2018, Celeo Brazil has been actively collaborating with the Rio Compliance Institute (ICRIO), an entity that promotes good governance best practices and a culture of compliance, ethics and transparency.

At **Celeo Chile** the actions were aimed at strengthening the documentation structure, keeping the Compliance Programme up to date and reinforcing the zero tolerance culture at the company. The following actions stand out:

- Performance of an internal audit to review compliance with the company's payment and procurement procedures. This audit, which was conducted by external auditors, highlighted the high level of awareness of the mechanisms for preventing contingencies related to the commission of crimes, in particular in the whistleblowing/transparency channel.
- Inclusion as a new offence in the risk matrix of the failure to comply with health measures.
- Update of the appendices to employment contracts to incorporate the new standards applicable in the industry as regards obligations under Law 20393 on the criminal liability of legal persons. The company's new kinship declaration appendix for employees to report their kinship with public officials was thus revised.
- Certification of the Crime Prevention Model. The certification was renewed in 2019 and is valid for two years.

At the global level, Celeo's Code of Ethics and Compliance Policy were updated, and approved by the Board of Directors on 26 November 2020.

Training

Each country has defined its own training plan, which is thereby tailored to its specific needs and circumstances, as well as the most effective means of reaching all employees.

In **Spain**, the entire staff was given an introductory session on compliance where the concepts and scope of the Compliance Programme – which was being developed at the time of the training – as well as the rest of the actions that were being carried out, were explained. This session was recorded for the purpose of adding a video to the Welcome Pack intended for new hires. Likewise, an additional session has been scheduled to raise awareness and highlight the importance of compliance to the company's daily activities, for which the external advisers who helped the Spanish companies design the Compliance Programme have been hired.

For its part, **Celeo Chile** carried out two training actions in 2020, which were conducted online due to the situation created by COVID-19. The first training action dealt with the prevention model; all available staff took part. The second consisted of two qualification talks, which two external experts gave to the entire workforce by presenting practical cases.

Celeo Brazil continued its monthly training work through its internal "Corriente Continua" (Direct Current) newsletter, stressing aspects such as compliance risks, the role of the Corporate Integrity Programme manager, the importance of the transparency channel, and equality and non-discrimination. Two online training sessions were likewise carried out. The first was aimed at all company employees (headquarters and bases) and dealt with the update and renewal of knowledge about compliance. The second, which was more specific, dealt with relations with politically exposed persons and was given to senior and middle managers only. Some scheduled training activities, however, had to be postponed due to the COVID-19 situation.



Note: In Spain 100% of employees have received the training and in Brazil and Chile the training has been made available to all employees.

ANTI-CORRUPTION AND ANTI-BRIBERY

Celeo rejects all practices that break national and international, public and private, anti-corruption and anti-bribery laws and upholds the principle of zero tolerance towards any practice that could damage the organisation's reputation or adversely affect its public image.

In this regard, Celeo has in place several rules, regulations and procedures that are part of the compliance programme and with which all of its employees must comply. They are currently under review:

- **Anti-corruption and anti-bribery Rules and Regulations**, which govern interactions with public officials and third parties with whom the Group interacts in the course of its activities; set standards and rules of conduct in connection with gifts, presents, offers, and promises; and in general ban any that may be deemed bribery/corruption. They also forbid employees from making contributions or donations to political parties, or representatives of political parties, on behalf of the company, and set out criteria and procedures for the possible authorisation of donations to and sponsorships of non-governmental organisations.
- The **Travel and Expenses Procedure**, which governs the settlement of employee and travel expenses in order to control the destination of expenses incurred during business trips and to prevent the abuse of expenses.
- The **Procurement Procedure**, whose goal is to ensure that the company obtains the best conditions in terms of quality, price, efficiency and deadlines through a transparent process.



SUBSTATION ILLAPA (CHILE)

- The **Third-Party Contracting Procedure**, which is aimed at designing measures that Celeo takes prior to hiring third parties in order to identify potential risks that could have a negative impact on the company.
- **Conflict of interest Rules and Regulations** for preventing potential cases of corruption between private individuals.



In the aforementioned regulations and procedures, Celeo regulates the system of contributions and donations to NGOs and other similar non-profit entities, which must be previously authorised by the appropriate compliance committee. Likewise, any contribution or donation on behalf of the company to any political party, representative, candidate or associated employee is forbidden.


HUMAN RIGHTS

The Group has a sustainability policy and a social responsibility policy in which it expresses its commitment to the protection of fundamental human rights – in particular those of the most vulnerable groups – to the promotion of relations based on an equal footing and to development in the societies within which it operates.

Likewise, its Code of Ethics promotes respect for the law and human rights and adheres to the Universal Declaration of Human Rights in its entirety, paying special attention to respect for the rights of ethnic or indigenous minorities during the execution of its activities, equal opportunities, and child labour and forced labour laws and policies.

Furthermore, Celeo's Code of Ethics and high-level policies promote freedom of association, freedom of political affiliation and the right to collective bargaining in accordance with the law, thus ensuring that the company treats its employees fairly.

Moreover – as mentioned in the chapter on sustainability management, Celeo Brazil and Celeo Chile signed up to the Global Compact in 2018, thereby committing to incorporate the 10 principles on human rights, labour, the environment and the fight against corruption into their business strategy, and to promote its SDGs. Finally, it is worth noting that Celeo Brazil is a member of one of the working groups of the Global Compact on Human Rights. Participants in the workshop held in December reflected on the role of companies and human rights in the 2030 Agenda in the context of the pandemic.



PERFORMANCE AND OPERATIONAL EXCELLENCE

FINANCIAL MANAGEMENT

The Celeo Group has a policy of exercising financial prudence, which is an essential part of its strategy. The capital structure is defined by a commitment to solvency and the objective of maximising shareholder returns.

The evolution of the Group's key financial figures over the past two years is detailed below.

ANALYSIS OF KEY FIGURES

Data on results	2020	2019 restated	Change
Operating profit	49,564	220,471	-78%
EBITDA	108,134	236,420	-54%
Profit before tax	62,424	211,599	-70%
Net profit	29,892	209,000	-86%

Net worth	2020	2019 restated	Change
Net worth	1,081,563	1,326,179	-18%

Turnover	2020	2019 Restated	Change
Sales	258,456	46,432	> 100%

Note: The key figures for the 2020 financial year were affected by the changes in the scope of consolidation explained below.

In 2020, the Celeo Group had a consolidated net profit ascribable to the parent company of EUR 30 m, compared to EUR 209 m in restated 2019 figures. The main reasons for this change were the business combinations that took place last year:

- On 17 December 2019, the Celeo Group, through its parent company, acquired a 49% interest in Celeo Redes, S.L., a company in which it already owned a 51% stake. The acquisition took place by means of a capital increase via a non-cash contribution from Pasterze Investments Holding B.V. (APG Group) of 49% of the Celeo Redes shares it already owned. In exchange, it received shares in the parent company. This agreement meant that the Group was now jointly controlled by Elec-
- nor, S.A. and APG, by means of a shareholders' agreement, the aforementioned companies owning 51% and 49% of the parent company, respectively. The transfer of the shares in the Celeo Redes subgroup resulted in a profit of EUR 245 m.
- On 31 July 2019, the Group, via the company Celeo Termosolar, S.L., acquired 42.57% and 44.30% stakes in Dioxipe Solar, S.L. and Aries Solar Termoelectrica, S.L. respectively, effectively taking over these businesses, which own three parabolic-trough solar thermal plants in the autonomous communities of Extremadura and Castilla-La Mancha, Spain. As a result of this business acquisition and combination, the Celeo Group posted a EUR 61 m loss for the year.

Revenues amounted to EUR 258 m, compared to EUR 46 m in 2019, an increase that was mainly the result of changing from an equity method to a global integration consolidation method following the above business combinations.

EBITDA was EUR 108 m compared to EUR 236 m in the restated 2019 financial year. This change can be explained by the aforementioned business combinations and changes in the scope of consolidation.

INCOME BY ACTIVITY

As of 31 December of each year and in thousands of euros

Geographical areas	2020	2019 Restated	Change
Chile	45,929	-	>100%
Brazil	123,070	-	>100%
Spain	89,457	46,432	93%
	258,456	46,432	>100%

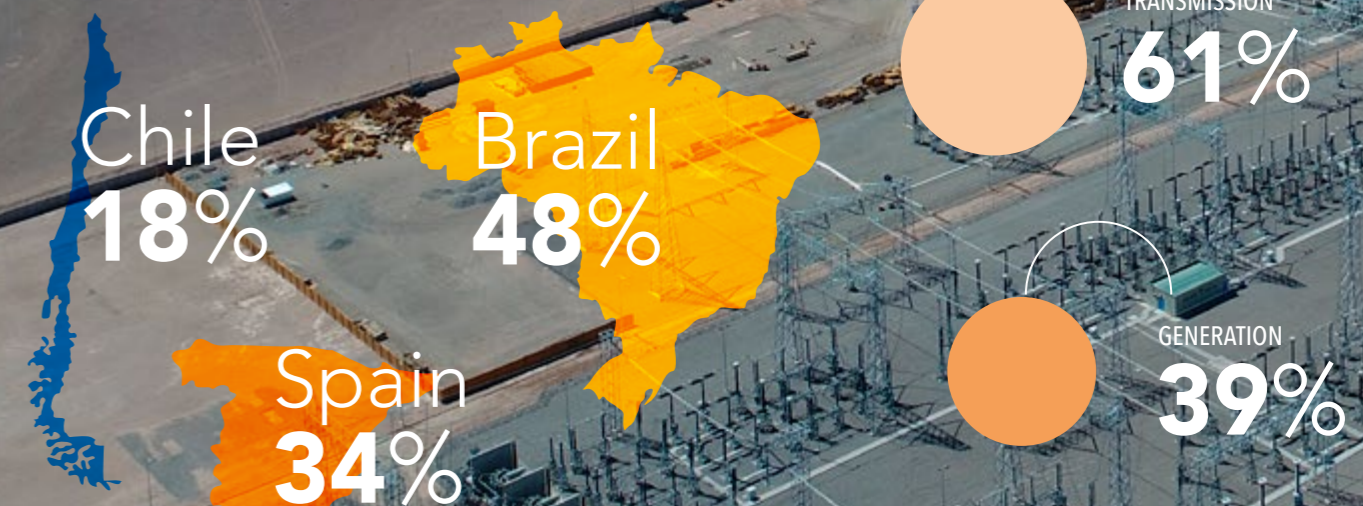
Activities	2020	2019 Restated	Change
Transmission	156,582	-	>100%
Generation	101,874	46,432	>100%
	258,456	46,432	>100%

Note: Income from Celeo Brazil and Celeo Chile starts after the consolidation of Celeo Redes at the end of 2019 described above.

In 2020, 61% of income came from electricity transmission and 39% from power generation. Brazil accounted for 48% of income, Spain for 34% and Chile for the remaining 18%.

INCOME BY ACTIVITY IN 2020

INCOME BY GEOGRAPHICAL AREA IN 2020



TL DIEGO DE ALMAGRO (CHILE)

FINANCING AND INVESTMENT

Having access to capital to finance and keep driving investment projects is crucial to any electricity transmission and generation business. In this vein, financing strategy is a priority for Celeo, which undertakes projects that require a lot of investment, particularly during their initial stages.

In order to carry out its projects, Celeo resorts to various sources of external financing to cover a large portion of the total investment required. The bond issues made in recent years by Celeo Chile to finance its new transmission line projects stand out in this regard. Thus, in November 2019, Celeo, through its subsidiary CRC Transmisión SpA, made a 30-year private bond issue on the international market for USD 365 m to finance the Diego de Almagro Transmisora de Energía Project (which is already in service) and the construction of the Casablanca Transmisora de Energía and Mataquito Transmisora de Energía projects.

Most notably, in April 2020 Celeo Redes received a loan for BRL 160 million from APG Energy & Infra Investments 2012, S.L. as an advance on the 50% co-investment agreement regarding Celeo Redes Expansões, S.A., a company that owns 100% of Parintins Amazonas Transmissora de Energia S.A. and 66.6% of Jauru Transmissora de Energia S.A. and will own 100% of Cachoeira Paulista Transmissora de Energia S.A. once it gets all relevant authorisations.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Celeo creates a direct economic impact in the course of its business that has repercussions for its main stakeholders. Thanks to its international presence, it contributes to wealth creation, primarily in Spain, Chile and Brazil.

	2020	2019
Direct economic value generated (EVG)	351,932	240,488
Income	351,932	240,488
Economic value distributed (EVD)	248,834	35,744
Operating costs	137,784	15,455
Wages and social benefits for employees	13,609	2,625
Payments to capital providers	77,132	17,664
Payments to governments (taxes)	20,309	0

ECONOMIC ENVIRONMENT AND OUTLOOK

Brazil

Brazil's annual GDP contracted 4.5% in 2020 compared to a 1.2% increase in 2019. Brazil's economy is expected to recover somewhat in 2021, when its GDP is projected to grow by 3.7%. However, the expected recovery will be limited, owing to the removal of tax incentives, lasting damage to the manufacturing sector and employment, and the financial situation of companies and households. The country's economy is expected to reach pre-coronavirus levels in 2023.

Cumulative inflation (HICP) rose to 4.5% in December as a result of higher food and commodity prices, a weakened currency and stronger demand generated by emergency cash transfers, which are expected to be temporary only. The economy should gradually recover over the 2021–2025 period, while the inflation rate should hit the intermediate targets of 3.75%, 3.5% and 3.25% respectively in the next three years. This will leave room for further monetary tightening by the Central Bank without generating price pressures. A sturdier policy framework is helping to anchor inflation expectations better than in the past.

Electricity consumption had been recovering over the past three years – after the worst recession experienced in Brazil's modern history (2015–2016) – at growth rates of 1%, 1.5% and 4.5% in 2017, 2018 and 2019 respectively. However, consumption of oil, gas, coal and electricity started to plummet in March 2020. Consumption growth was expected to decrease by 3.2% year-on-year to 282 million tonnes of oil equivalent (toe) in 2020 and increase thereafter to 322 million toe in 2030. The average price per MWh in 2020 was 134.4 BRL/MWh compared to 166.7 BRL/MWh in 2019.¹

The country's privatisation programme is on the political agenda. Bolsonaro's government is rumoured to be seeking to privatise the main state-owned energy companies, such as Petróleo Brasileiro (Petrobras) and Centrais Elétricas Brasileiras (Eletrobras).

Standard & Poor's (S&P) long-term foreign currency rating for Brazil since January 2018 stands at BB-.

Chile

The coronavirus-triggered crisis has slowed Chile's GDP growth at an estimated rate of -6% since 2019. However, Chile is expected to be one of the Latin American countries that recovers from this recession fastest. Growth should hit 5.3% in 2021, driven by a strong package of economic recovery measures aimed at boosting public and private investment, and return to pre-pandemic real GDP levels by 2022.

The exchange rate ended 2020 at 711.24 CLP/USD and is forecast to strengthen to 750 CLP/USD by the end of 2021. The nominal appreciation trend will be modest in 2022, coinciding with the planned constitutional reform, but will pick up pace over the 2023–2025 period. The expected continued appreciation during the forecast period will be mainly due to a strong foreign exchange reserve position and to foreign direct investment inflows, which would more than offset the widening current account deficit.

Under continued pressure from large-scale protests, the Piñera government's immediate focus is on economic recovery from the crisis triggered by the pandemic. However, it is expected to pick up where it left off in regard to its social agenda by implementing policies aimed at reducing inequality and raising pensions and wages.

After an estimated 4.9% decrease in 2020 due to COVID-19, electricity consumption is expected to gradually recover from 2021 onwards, driven by an average annual growth rate of 2.1% from 2020 to 2029. This is in line with the overall economic per-

formance over this period. Growth is expected to be driven by sustained demand from the industrial sector, which accounts for almost 60% of all energy consumed, and greater commercial use in the more populated central regions of the country.

S&P upgraded Chile's long-term foreign currency rating from AA- to A+ in July 2017.

Spain

The COVID-19 outbreak in Spain led the government to impose one of the strictest lockdowns in Europe, which triggered a historic recession in the first half of 2020. Real GDP shrunk by 12.9% over the entire year, after expanding by 2.1% in 2019.

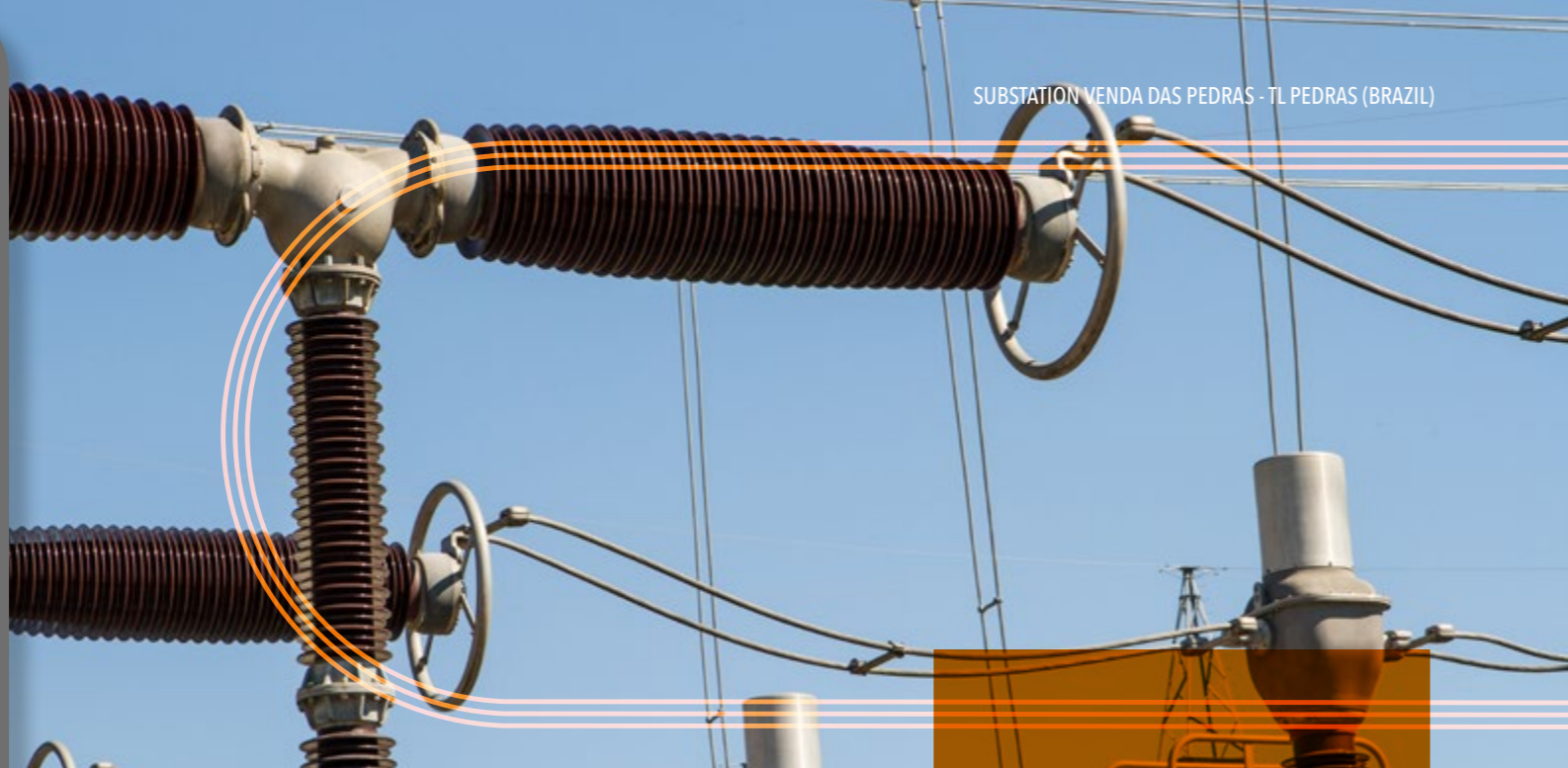
The economic upturn in Spain will be more modest than in other European countries. This is firstly because of the economy's dependence on sectors such as tourism and hospitality services, and secondly because of the upsurge in coronavirus cases seen in recent months, weakening business and consumer confidence. The expected growth rate for 2021 has been set at 5.7%, followed by a gradual deceleration as the recovery continues, falling to 2% in 2025. Real GDP is expected to return to its 2019 level no earlier than 2024.

Energy consumption in Spain fell by an estimated 8% in 2020 as a result of the contraction in GDP caused by the pandemic. Oil, gas, coal and electricity consumption decreased in 2020. However, renewable energy consumption is expected to grow year-on-year due to increased solar and wind power generation. Energy consumption will start to recover in 2021.

The average daily market price on the Spanish electricity market was 33.96 EUR/MWh in 2020, a 28.8% decrease compared to the previous year (47.68 EUR/MWh in 2019).

Due to all of these changes in the Spanish macro-economic scenario, S&P has downgraded Spain's rating to A.

¹ Average monthly market price Brazilian North-eastern region.



SUBSTATION VENDA DAS PEDRAS - TL PEDRAS (BRAZIL)

OPERATIONAL EFFICIENCY AND QUALITY

Celeo aims to become a leading company in the energy infrastructure market, achieve the highest levels of service excellence and contribute to the progress of society. This is why Celeo strives to ensure its assets work properly so as to guarantee at all times the security and continuity of the electricity supply in the countries where it operates.

In order to guarantee the efficiency and safety of its facilities and installations, Celeo has developed a solid normative framework comprising different policies, procedures, control systems and other documents that are included in its Integrated Quality, Occupational Health and Safety and Environmental Management System. This IMS is certified in Chile and Brazil as per standards ISO 9001, ISO 14001 and ISO 45001. In 2020, Celeo started preparing the action plan for certifying its facilities and installations in Spain under these standards.

Celeo Brazil and Celeo Chile were recertified in 2020.

Celeo runs its assets through its own staff in Brazil and Chile², never ceasing to work to improve their technical indicators so that they always operate at the highest standards of efficiency. In Spain, Celeo has outsourced the operation and maintenance of its assets to Elecnor but carries out all other operations itself.

² The running of CAUIA and SJP has been delegated to COPEL and Elecnor do Brasil, respectively.

Operational continuity in COVID times

In order to meet the challenge of keeping its facilities and installations in service during the pandemic, Celeo set up a crisis committee composed of corporate and local managers as well as the heads of Health and Safety. This body has monitored the evolution of the pandemic and its impact on the company, and issued guidelines for COVID impact mitigation.

Both Celeo Brazil and Celeo Chile designed their own contingency plans to ensure the operational continuity of their businesses. In addition to heeding the recommendations made by health authorities, the staff were provided with PPE, and periodic disinfections of the facilities were scheduled. Our contractor did the same for our Spanish assets.

Operationally, a system of bubble shifts was organised to prevent the spread of the virus among operators should one of them become infected. In addition, every operator was assigned a private vehicle to keep them from using public transport.

Celeo Chile is currently working to meet the quality and availability standards set in the Technical Standard for Safety and Quality of Service (NTSyCS). This standard sets a limit on the maximum number of forced outage hours (HFOR) per facility as well as on the frequency of forced outages (full forced outage rate, or FFOR), all within a time window of five years of operation.

LEGEND:



CELEO CHILE launched various projects and initiatives that resulted in operational improvements being made throughout 2020:

- In order to improve the reliability of its communications in the Atacama area, an independent radio system was designed under the leadership of the SCADA supervisor. After installing antennas at the facilities, there is now coverage at all facilities and along the routes between them. Celeo will make this system available to the community as a valuable resource during certain extreme events that may affect conventional communications.
- The arid environment of the area where the DATE Project is sited requires that the insulators be washed relatively frequently. The acquisition of a corona-effect camera on operational antennas



(Total FORCED OUTAGE hours)

AJTE 3	AJTE4	CHATE 3	DATE
0.58	0.00	1.12	N/A
0.42	5.38	2.30	4.13
6.92	8.33	3.98	0.05

AVAILABILITY

AJTE 3	AJTE4	CHATE 3	DATE
99.99%	100.00%	99.99%	N/A
100.00%	99.94%	99.97%	99.95%
99.91%	99.90%	99.95%	100%

will make it possible to optimise the frequency of this activity. Thus, costs will be reduced, staff will not be exposed to the risks of working at heights and the probability of an outage being caused by dirt falling between insulator levels during washing will be decreased. Moreover, this improvement will lead to a reduction in water use, essential in a region with such high water stress as the Atacama Desert.

- As a result of a regulatory requirement,³ Celeo has begun to implement a maintenance strategy based on ISO 55000 "Asset management". Its goal is to introduce a system that allows the facilities' safety, continuity and quality of electricity supply conditions to be maximised.

³ Exempt Decision SEC No. 31876, dated 13 February 2020, approving Normative Technical Sheet RPTD No. 17 establishing the requirements of the Electrical Facility Integrity Management System (SGIIE). This system must be instituted by all companies in the energy industry before the deadline set in the decision.

For its part, **CELEO BRAZIL** undertook the restructuring of its Operations Department between 2019 and 2020. This consisted of reviewing processes and contingency plans and expanding the team. An asset management area was created within the framework of this restructuring process. Its purpose is to manage physical assets in a comprehensive manner throughout their life cycle by introducing an Asset Management System. The efforts of other areas of the company – Engineering, O&M, Finance, Environmental Quality etc. – are thus combined. By creating and maintaining a scoreboard, the area will work on finding areas for improvement and optimising Celeo's operations.

With regard to operational performance, Celeo Brazil's goal is to comply with all the maintenance tasks covered in ANEEL's Regulatory Resolution No. 669/2015, which lays down the minimum re-

quirements for the maintenance of the Basic Grid, in addition to having its own plan of short-, medium- and long-term predictive and preventive maintenance actions.

In 2020, there were no incidents that affected operational performance in terms of availability.

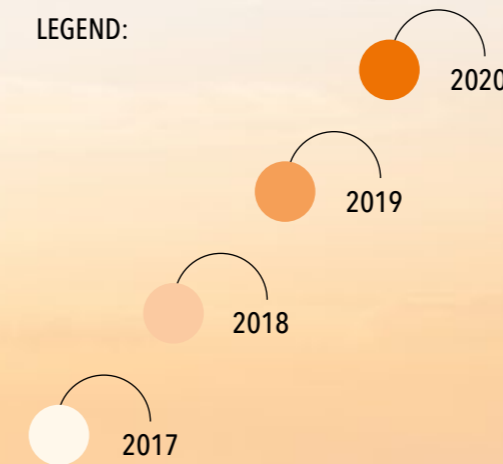
Despite the unusual nature of the year, the Operations Department was able to reach its annual objectives. Among its main activities was the replacement of 22 current transformers in the VCTE and CTE concessions to mitigate potential incidents due to malfunctions in CTH 550 transformers. In addition, improvements were made to the sealing of circuit breakers of LTTs to reduce SF6 leakage, and some maintenance activities were carried out at the LTC Concession.

Celeo Brazil's most relevant KPIs are as follows:

Availability rate

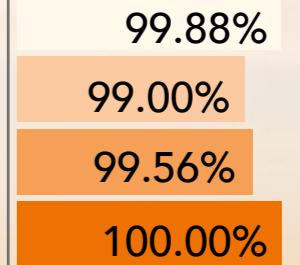
This measures the ratio of the number of available hours of equipment or circuits to the total number of hours of operation.

LEGEND:

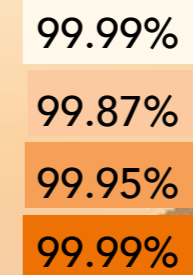


AVAILABILITY

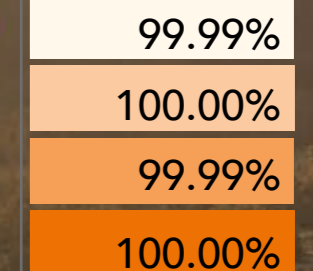
Transmission lines



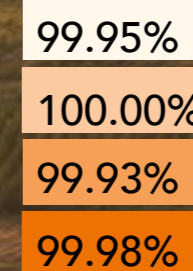
Transformers



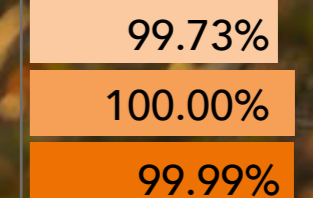
Reactors



Static compensators



Series capacitor banks

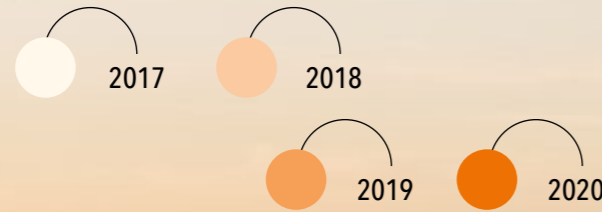


#Energy DoesNot Stop

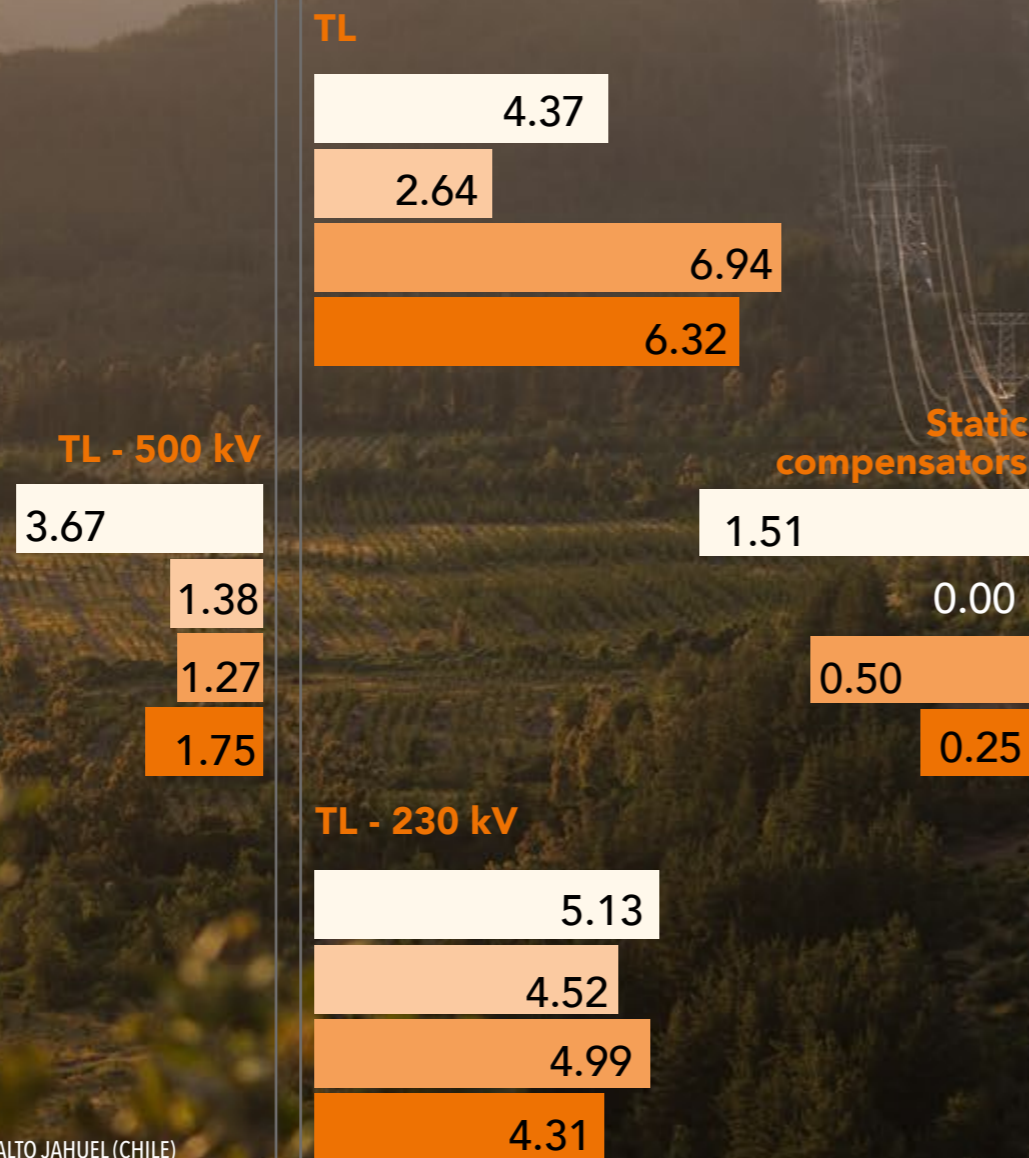
Unavailability rate (Failure rate):

This measures the number of equipment or circuit unavailabilities in a power line. In the case of equipment, the indicator represents forced outages in the transmission function (TF). In the case of power transmission lines, it is calculated for every 100 km of line.

LEGEND:



FAILURE RATE - TL



TL ALTO JAHUEL (CHILE)

EQUIPMENT FAILURE RATE

Transformer

0.27

0.43

0.08

0.50

Reactors

0.00

0.14

0.20

0.00

Static compensators

1.51

0.00

0.50

0.25

Series capacitor banks

0.00

0.50

0.00

0.00

PENALTY FOR OUTAGES – VARIABLE PORTION

Brazilian regulations establish a so-called Allowed Annual Revenue (Receita Anual Permitida, or RAP) as the remuneration for transmission concession companies. This is an annual sum that is paid to the concessionaire monthly through a base payment (Pagamento Base, or PB) (1/12 of the RAP). Entitlement to 100% of the RAP is associated with the full availability of all transmission installations. The actual amount charged is the result of deducting the variable portion (Parcela Variável, or PV), which considers the time and planned or unplanned nature of the outage, from the PB.

Celeo Brazil's operating goal is to have a PV/RAP ratio below 1%.



PV/RAP RATIO

2.26%

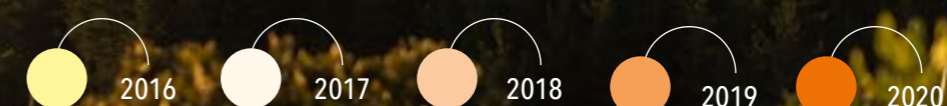
1.40%

1.55%

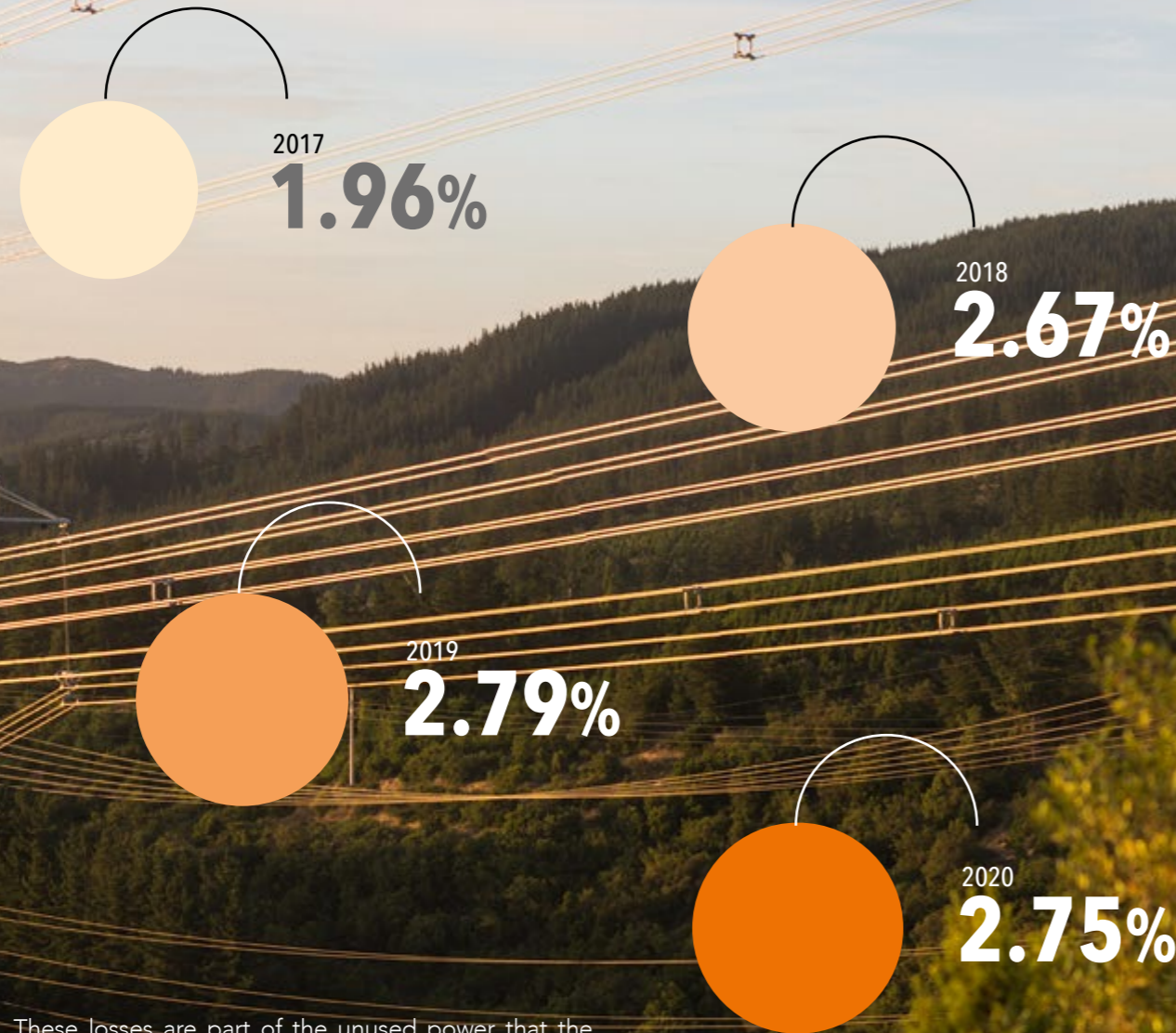
0.58%

0.12%

LEGEND:



TECHNICAL TRANSMISSION LOSSES



These losses are part of the unused power that the system requires for operational purposes. Such losses are normal and cannot be eliminated in their entirety.

In **SPAIN**, the Aste-1A and Aste-1B solar thermal power plants operated normally in 2020, and had the performance expected of them under solar irradiation conditions that were worse than those of a typical meteorological year. A planned "Limited Inspection" maintenance outage of the Aste-1B station took place in December 2020, whereas that corresponding to the Aste-1A plant was carried out in November 2020, both without incident.

The Astexol-2 solar thermal power plant operated normally throughout 2020 but did not reach its expected performance, partly due to solar irradiation conditions that were worse than in a typical meteorological year. Work on the major maintenance outage of the Astexol-2 station began in November 2020 and continued until early February 2021. The loss of production caused by this planned outage penalised the station's performance.

The main performance indicators of Spanish power plants are as follows:

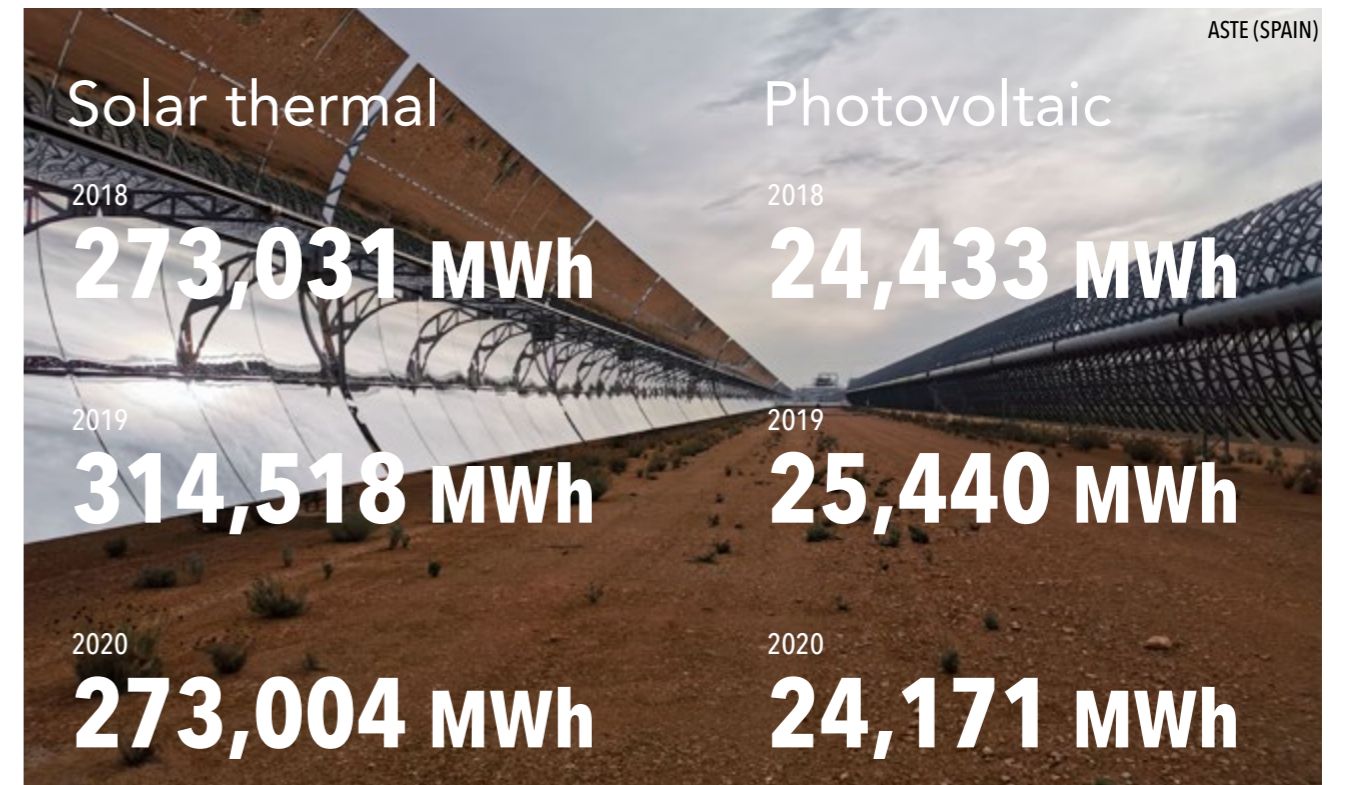
Generation by technology

In terms of ongoing generation projects, in February 2020, Celeo began testing generation at its SJP PV plant, reaching full capacity in April and generating a total of 129 MWh through July, when generation was halted as a result of faults in the main power transformation equipment. After preliminary onsite inspections, it was decided to send the equipment to the manufacturer for repair, the plant thus remaining out of service until April 2021.

On 23 March 2021, the plant returned to test generation and has now reached its maximum design

output. Note that the commissioning deadline agreed with the regulator was January 2022, so despite the incident, our plant is generating power well ahead of the regulatory deadline.

Celeo does not expect the service interruption to have a significant economic impact given that it has property damage and loss of profit insurance policies that provide cover for these kinds of event. In any case, Celeo has thoroughly analysed the root cause and is taking all appropriate measures to prevent such an incident from happening again.



Average availability factor by technology

Technology	Availability by kW in 2020 (%)	Availability by kW in 2019 (%)
PV	95.95%	95.53%
Solar thermal - CSP	98.26%	99.88%

Note: The table data do not include SJP generation.

Our suppliers

Supply chain management is particularly important to ensure that Celeo runs its business according to its efficiency and quality standards and its ESG criteria.

In this respect, Celeo Chile has a supplier selection and evaluation procedure in place that defines the criteria for classifying, selecting and evaluating those suppliers that are deemed to be critical; environmental and health and safety aspects are also taken into account. Apart from guaranteeing control and preventing risks in the selection of suppliers, this procedure is part of the Crime Prevention Model as a relevant tool for preventing any irregularity within the framework of its compliance programme. The company currently classifies its suppliers as general, critical and strategic.

Along these lines, Celeo Chile has 407 suppliers, mainly specialists in the energy industry that operate in the domestic and foreign electricity markets, including consultancy and auditing companies, financial and banking institutions, law firms, technical services, companies, software and remote industrial process suppliers, mobile telephone carriers, hauliers, suppliers of electrical products for maintenance processes, fuel suppliers, electricity distribution companies and so forth.

Celeo Brazil also has a procurement policy. In 2019, it hired a consultancy firm to carry out the supplier selection and evaluation process and to ensure its ethics and integrity. Suppliers are classified according to the risk level of the operation as well as to social, environmental and ethical aspects. All requirements are set out in the procurement specifications.

The supply chain in Brazil consists of suppliers of materials and high-, medium- and low-voltage equipment, construction companies and environmental service companies – all related to the energy industry – as well as consultancies and specialised labour. In 2020, its purchases totalled BRL 17.62 billion, compared to BRL 9.02 billion in 2019. Most suppliers are located in the South East region. There are 2,047 suppliers in total, of which 545 are considered business-critical.

Celeo Brazil and Celeo Chile have a strategic alliance with Elecnor for the laying of transmission lines and the construction of solar plants, whereas in Spain, Elecnor operates and services all of the company's solar thermal and photovoltaic assets.

Operational service innovation

Celeo Brazil contributes to the development of the country's electricity system by investing in innovative initiatives through ANEEL's R&D programme. These initiatives aim to create new equipment and services that improve the security and quality of service of the electricity system and help to reduce its environmental impacts and bring down electricity tariffs.

As of the end of 2020, Celeo Brazil had invested BRL 13.8 million, of which BRL 96,000 was spent last year. The total figure will come to BRL 15.48 million once the **project to upgrade the grounding system of the Vilhena-Jaurú 230 kV power line** is completed in 2021.

The goal of this project is to develop and apply an innovative methodology for improving the performance of critical transmission lines against lightning strikes and a new procedure for measuring the response of pylon earthing to lightning strike currents. This project is being developed in collaboration with the Lightning Research Centre (Federal University of Minas Gerais). All in all, the company will invest BRL 3.25 million.





INFORMATION TECHNOLOGY AND CYBERSECURITY

Cybersecurity has become one of today's most important business challenges. The energy industry is not immune when it comes to cybercrime. The control systems for monitoring and operating electrical systems can be the target of cyber-attacks due to the large amount of sensitive information they handle as critical infrastructure, whereby they have a direct relationship with the security of the supply in the countries where they are located.

Celeo has an Information Security Policy in place whose aim is to guarantee the security of its information and the privacy of its data and that of its employees and collaborators, as well as to ensure IT business continuity.

Thus, Celeo promotes the confidentiality, integrity and availability of information so that the informa-

tion remains in its original state, protected from unwanted, intentional or accidental alterations. Information is accessible when necessary only by authorised personnel, and the system guarantees that it is used ethically. Celeo advocates data protection and privacy and introduces systems for preventing, detecting and dealing with incidents, threats and vulnerabilities in order to mitigate cyber risks, thereby helping to protect business continuity.

In line with the measures it took last year, Celeo Chile hired the services of an ethical hacking company to uncover vulnerabilities and reinforce the configuration of Celeo Chile's equipment based on the hacking company's recommendations.

In addition, related training was provided to SCADA and Communications staff and the IT area, as

well as to the rest of the organisation. Principal among the different courses and talks given were the three-hour course on cybersecurity, in which 83 employees took part, the presentation of the Cybersecurity Master Plan for the electricity industry by the CIGRE Cybersecurity Working Group and the dissemination of cybersecurity policies.

Moreover, the requirements of the National Electricity Coordinator, which are included in its 13 urgent cybersecurity measures to be taken by all electrical utilities, were met throughout 2020, guaranteeing that the minimum structural elements allowing continuous improvement in this area to be managed were in place.

For its part, **Celeo Brazil** plays an active role in the ABRATE cybersecurity working group and developed a cybersecurity framework focused on the operations grid, together with other companies in the energy industry.

The purpose was to define best practices for cybersecurity in power transmission assets and for telecommunication systems, SCADA systems and other network automation-related resources.

An information security (IS) system based on ISO 27001 principles is currently being developed for the entire company. In Spain, a cybersecurity audit and a remote access maturity audit (security of access for remote work or by third parties) were conducted.

During 2020, Celeo has laid the foundations of its corporate information security system.

Celeo's IS Plan

Following the change in the governance structure resulting from the arrival of APG to the holding company, Celeo is now responsible for managing all of the Group's information and systems. The main challenges it must deal with are process automation and business continuity.

Thus, a working group consisting of IS heads in Spain, Brazil and Chile was formed. In addition, a corporate IS plan structured around the following lines of action and following the three principles of ISO 27001 – confidentiality, integrity and availability – was defined:

- Information management and security.
- Management of assets: software, systems, stock taking, acceptable use etc.
- Operational continuity: maintaining the integrity and availability of the company's data as well as the availability of its services in the event of force majeure situations that might compromise the smooth running of the business (information access policies, backups, contingency plans, cybersecurity, cryptography etc.).
- Governance framework: establishing and homogenising a regulatory structure for regulating the above points.
- Cybersecurity.

The main initiatives carried out in 2020 were the definition of common standards and the digitisation of the workplace.



PREVENTION CULTURE

For Celeo, the health and safety of its employees is paramount. This is why the company is strongly committed to hitting the zero accidents target, showing no tolerance for noncompliance and continually fostering a culture of prevention among its employees.

The year 2020 posed an additional challenge for Celeo because of the public health emergency triggered by COVID-19. For this reason, numerous preventive measures were put in place, thus enabling the Group's activity to proceed as close to normal as possible.

HEALTH AND SAFETY IS ONE OF OUR FUNDAMENTAL VALUES

HEALTH AND SAFETY MANAGEMENT

Celeo has a **Health & Safety Policy** that states that the health and safety of both its employees and other stakeholders take precedence over all other requirements. This commitment is embodied in the following principles of action:

- **Injury and health damage prevention** by keeping tasks under control and having safe and healthy conditions; identifying, analysing and assessing risks and hazards and taking measures for reducing them and improving working conditions; banning the performance of any activity whose risks have not been assessed and controlled; compliance, on the part of stakeholders, with all standards, protocols and procedures that have been defined; and guaranteeing the right of employees to refuse to carry out an activity in an imminently serious situation without any disciplinary measures being taken against them.
- **Developing a culture of prevention** so as to reach the highest level of safety and protection at work.
- **Asking workers, their representatives and stakeholders for their opinion and getting**

them involved through consultation processes, providing workers with all necessary training and resources, and ensuring workers have timely access to clear and understandable relevant information on the OHS Management System.

- **Complying with all applicable legal requirements** pertaining to the services provided or the activities performed by the company.
- **Making continuous improvement** in all health and safety processes and at all levels of the Group.
- **Showing zero tolerance** for the health and safety non-compliances of employees and other stakeholders.

Occupational Health and Safety that ensures compliance with the corresponding policies. In Spain this system is still under development.

In particular, the H&S Management System has been structured and systematised as per the ISO 45001:2018 standard, and its purpose is to eliminate or minimise all risk situations faced by its employees in the course of their activities.

The main risks that Celeo has identified in its operations that could lead to accidents in the course of its employees' work are driving (crash, collision, overturning or being run over), lifting work (crushing by moving suspended loads), working at height (falls); work with an electrical risk (electrocution and burns); and forestry cutting, pruning, and clearing (exposure to noise, vibrations, cuts, fires, allergic reactions to stings etc.).

The Management System includes different procedures for the different operations applicable to each country. Similarly, the purpose of Celeo Brazil's and Celeo Chile's procedures is to establish a system for identifying hazards, assessing risks and establishing which checks are necessary, as well as for conducting appropriate investigations in the event of incidents.

Both subsidiaries conduct investigations into incidents according to the provisions of their procedures, which describe the system for reporting, understanding, handling and investigating incidents and, in turn, for taking measures to minimise the risks or prevent similar events.

In addition, the annual health and safety plans set the goals for ensuring the H&S Management Sys-

tem works, for preventing injuries and illnesses and for fostering a culture of prevention through training and awareness-raising activities.

In 2020, Celeo Chile renewed its certification as per ISO 45001:2018 and certification in the PEC Excellence Programme, a process that is regulated by the Chilean National Administrative Body. This ensures that Celeo Chile's H&S Management System complies with all applicable legal regulations in this field and with the requirements of the aforementioned standard.

Celeo Brazil migrated to the ISO 45001:2018 standard, which replaces OHSAS 18001:2007 – due to expire in September 2021. Celeo Brazil intends to get all its assets certified as per this standard throughout the coming financial year.

On the other hand, health and safety management in Spain is handled by a specialised external company. Additionally, there are two health & safety officers in the main office to ensure compliance with all measures in this respect, at all company levels. The outsourced Operation and Maintenance (O&M) service is covered by the contracting company's joint service.



HEALTH AND SAFETY OF SUBCONTRACTORS AND CLIENTS

Both Celeo Brazil and Celeo Chile have a general risk and opportunity management procedure in place that also includes the methodology for identifying hazards, assessing risks and determining which checks need to be put in place for the activities carried out by their subcontractors.

Additionally, Celeo Brazil has a specific occupational health and safety procedure for visitors and contractors whose purpose is to describe the systematic approach for ascertaining their abilities and capabilities to comply with Celeo's occupational health and safety and environmental requirements.

At Celeo Brazil, subcontracted companies that carry out activities classified as high-risk activities, such as transmission line easement strip cleaning companies, are managed more closely by a Celeo manager, who monitors and performs inspections of their activities.

Celeo Chile also has procedures and protocols that regulate visits by auditors, suppliers or customers to the facilities, and define requirements for contractors' personnel and equipment in terms of competencies and documentation. In addition, a Special Regulation for Contractors and Subcontractors is also in place, which classifies companies

in terms of the criticality of the activities they carry out for Celeo, and based on this, the applicable controls are determined.

Celeo's contractors and subcontractors also receive specific health and safety training. In 2020, Celeo Brazil and Celeo Chile gave all their contractors and subcontractors this kind of training.

WE ENSURE
DIGNIFIED, SAFE
AND HEALTHY
WORKING
CONDITIONS,
PREVENTING
INJURIES AND
HEALTH DAMAGES.



CONSULTATION AND INVOLVEMENT OF EMPLOYEES IN PREVENTION

Both Celeo Chile and Celeo Brazil have an in-house participation body through which their workforce exercises its right to participate in the company's preventive activities.

On the one hand, Celeo Chile has two Joint Health and Safety Committees (CPHS), one at the Santiago office and the other at the maintenance base in the Maule area; each comprises three company representatives and three workers' representatives.

The main functions of these committees are as follows:

- Advising and instructing workers on the correct use of protective instruments.
- Monitoring compliance with all prevention, hygiene and safety measures by both the company and the workers.
- Investigating the causes of accidents at work and of occupational diseases that happen inside the company.
- Calling for the taking of all health and safety measures for the prevention of occupational risks.
- Foster for the provision of training courses.
- Deciding whether accidents or illnesses were due to negligence on the part of workers.

The CPHSs meet on a monthly basis and are a conduit for employees to voice their concerns about safety conditions at work and to propose measures for correcting or controlling risk situations, which, if found pertinent, would be made mandatory at the company. In 2020, these committees represented 91.4% of the staff; however, they do not include the seven Atacama employees, who will form their own committee.

At Celeo Brazil all employees are represented by the Internal Commission for Accident Prevention (CIPA), which is composed of company and workers' representatives. This commission carries out actions designed to ensure the best possible working conditions and to prevent accidents and occupational diseases. The commission meets on a monthly basis and reviews all actions that have been planned and scheduled.

Moreover, Celeo has another series of communication channels through which it informs its employees of all relevant occupational health and safety matters and can receive suggestions for improvement in return. For instance, in Celeo Chile's case, this is the consultation and reporting channel of the CMASS area or the complaints channel of the Crime Prevention Model. At Celeo Brazil, the communication and transparency channels fulfil this role.

Finally, the company puts all IMS documents at its employees' disposal, thus ensuring they have access to clear, understandable and relevant information.

ACCIDENT RATES

Celeo monitors the information about its health and safety-related performance via its HS Tool, which includes all necessary parameters for controlling the health and safety indicators of its Spanish, Chilean and Brazilian companies in a harmonised manner.

Celeo rates	2019	2020
Accident rate	2.93	1.95
Severity rate	0.02	0.02

Accident rate = (Number of accidents with medical leave excluding commuting accidents / Hours worked) x 10⁶
 Severity rate = (Number of days lost / Hours worked) x 10³

Celeo rates	Accidents with medical leave	Days lost	Hours worked	Accident rate	Severity rate
Spain	0	0	59,840	0.00	0.00
Brazil	2	17	793,100	2.52	0.02
Chile	0	0	171,710	0.00	0.00
Total	2	17	1,024,650	1.95	0.02

Accident rate = (Number of accidents with medical leave excluding commuting accidents / Hours worked) x 10⁶
 Severity rate = (Number of days lost / Hours worked) x 10³

2020 EPC contractor rates

EPC contractor rates	Accidents with medical leave	Days lost	Hours worked	Accident rate	Severity rate
Brazil	4	33	2,481,326	1.61	0.01
Chile	3	8	264,262	11.4	0.03

O&M contractor rates	Accidents with medical leave	Days lost	Hours worked	Accident rate	Severity rate
Spain (*)	0	0	193,841	0	0

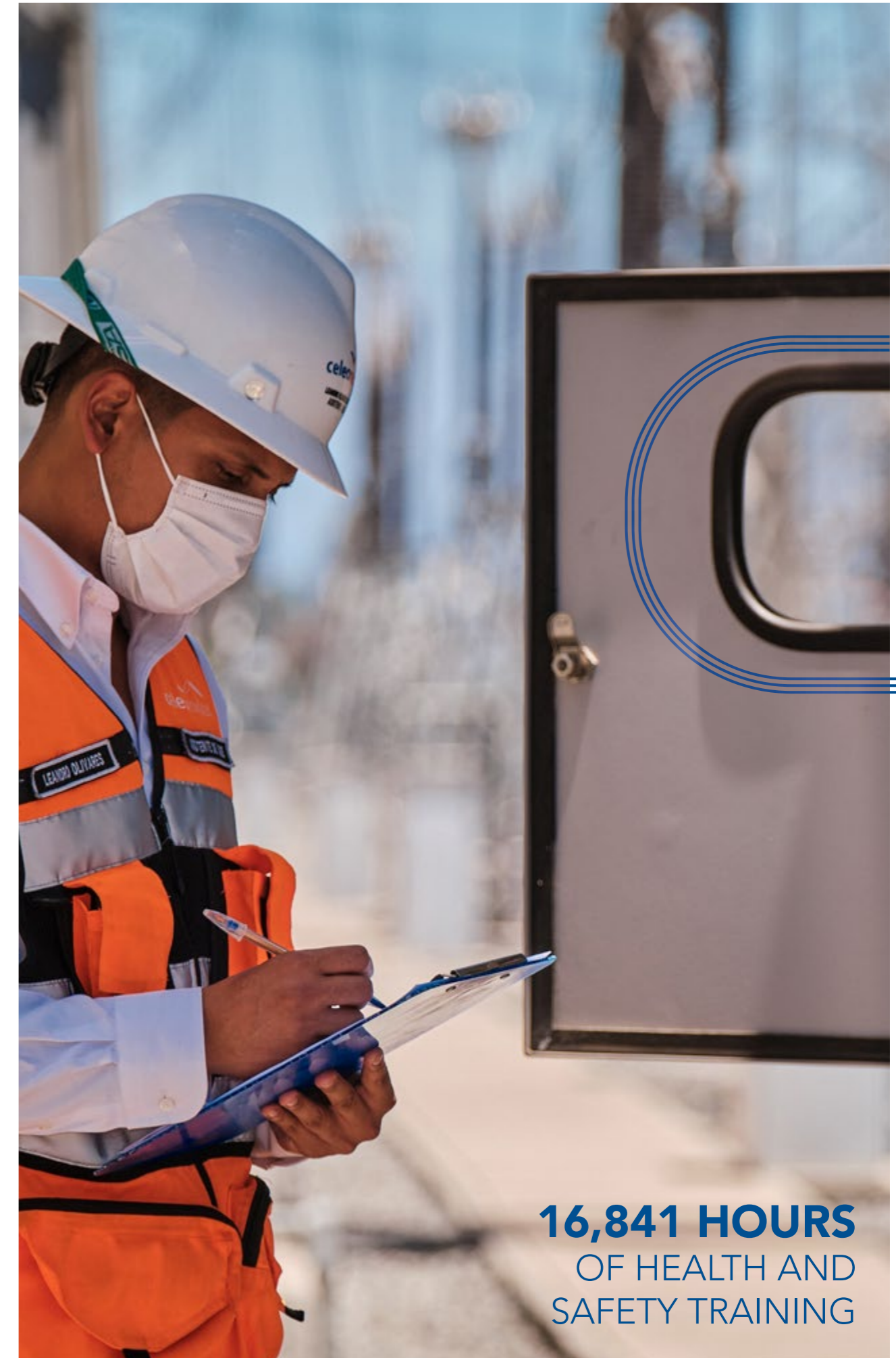
Accident rate = (Number of accidents with medical leave excluding commuting accidents / Hours worked) x 10⁶
 Severity rate = (Number of days lost / Hours worked) x 10³
 (*) Only data from the ASTE1A, ASTE1B and ASTEXOL-2 solar thermal plants.

In 2020, the main accident indicators for Celeo's staff stood at 1.95 (frequency indicator) and 0.02 (severity indicator) compared to 2.93 and 0.02 in 2019 respectively.

For the second year in a row, Celeo Chile ended the year with no lost-time accidents suffered by its employees.

Not one Celeo worker suffered a fatal accident.

There are no Celeo workers who are exposed to a considerable risk of contracting an occupational disease. The main ailments and illnesses stem from diseases that are endemic in the regions where the company operates. Celeo appropriately protects its workers in such places (i.e. through vaccination). There were no occupational diseases in the entire Group in 2020.



16,841 HOURS
OF HEALTH AND
SAFETY TRAINING

COVID-19 MANAGEMENT AT CELEO

Ever since the COVID-19 pandemic started, Celeo's biggest priority has been to ensure the health, safety and wellbeing of everyone in the organisation.

To this end, the company took a series of preventive measures to deal effectively with this health crisis, which have helped to keep the number of infections at its workplaces low. Celeo Chile stands out in this regard because it finished the year without any confirmed infections at any of its workplaces.

Country	N°. of infected people
Spain	3
Brazil	45
Chile	0
Total	47

Number of employees with a COVID-19 infection confirmed via a medical test



The main measures that were taken are summarised below:

- Holding periodic meetings of the Crisis Committee, which is responsible for leading the management associated with the pandemic.
- Holding weekly remote meetings with the operations team.
- Introducing remote working for employees whose job allowed it.
- Segregating maintenance and operation teams to prevent chains of infection. Setting up isolated working groups in each substation and maintenance centre.
- Taking preventive measures in connection with the process of returning to work at the offices: blood tests, temperature taking, provision of hydroalcoholic gel and masks, and continuous ventilation of the facilities.
- Vaccinating employees against the flu and giving them regular PCR tests.
- Controlling access to the offices.
- Providing employees with PPE.
- Controlling and monitoring suspect cases.
- Monitoring risks and implementing contingency plans.
- Disinfecting the Brazil and Chile control centres as a preventive measure.
- Installing glass panels to ensure the safety distance is kept.
- Medically monitoring employees on a 24/7 basis through a remote medicine programme (as part of Celeo Brazil's Eu Saúde Programme).
- Setting up remote working groups for the psychological monitoring of employees at Celeo Brazil.
- Drawing up specific procedures.

During the pandemic, worker communication and awareness-raising was essential. Coinciding with World Day for Health and Safety at Work, one of the most noteworthy initiatives was Celeo Chile's #LaEnergíaNoPara (Energy does not stop) campaign to recognise workers who, despite the global health crisis, kept line maintenance, installation, facility operation and supervision, and more going at Celeo. Celeo Brazil stood out for its weekly communication efforts, which involved the continual broadcasting of practical messages on the need to take safety measures to minimise potential risks.

With regard to the de-escalation process, it was decided that employees at the Spanish office could go back to the premises once the state of emergency was lifted in May 2020, while giving those at risk or with dependants the option to work from home. Celeo Chile began a gradual, voluntary return process in September. Celeo Brazil started the return process in November, although it had to be postponed owing to the increase in the number of infections among the staff.

OUR EMPLOYEES HAVE DEMONSTRATED COMMITMENT AND RESPONSIBILITY IN THE WORST MOMENTS OF THE PANDEMIC, ALLOWING US TO CONTINUE OUR ACTIVITIES WITHOUT IMPACTING OPERATIONS.

TRAINING OF WORKERS ON OCCUPATIONAL HEALTH AND SAFETY

Giving employees health and safety training is key to attaining the highest level of safety and protection at work. Thus, Celeo kept carrying out health and safety training activities throughout 2020. In 2020, 4,242 and 12,599 hours of health and safety training were given at Celeo Chile and Celeo Brazil respectively.

This training is compulsory for all workers and takes place during working hours. Training can be either theoretical or practical in nature and is always given by instructors with proven technical competence and skills in this field. Each country sets its own training path based on its own priorities.

Some of Celeo Brazil's initiatives are listed below:

- Practical training for improving rescue-at-height techniques on transmission towers.
- Practical training on pruning using chainsaws given by an expert on the subject.
- Practical training with the local BTE team on working at height, rescue equipment and preventive measures during a working at height rescue.

Specific COVID-19 prevention procedures were followed in all face-to-face training.



TALCA MAINTENANCE BASE (CHILE)



SUBSTATION ANCOA (CHILE)

HEALTH SURVEILLANCE

All Celeo employees in Spain are covered by a policy taken out with a mutual insurance company that is responsible for managing their health benefits (medical care) and financial benefits (statutory sick pay) if they suffer accidents at work or occupational diseases. Through an external company, Celeo Spain also offers all employees the possibility of undergoing an annual medical check-up.

Celeo Chile has also outsourced its employee health services to a mutual insurance company. Supervision of this company is carried out by Celeo's CMASS Area and is included in the Annual Occupational Health and Safety Plan.

Celeo Brazil has an Occupational Health and Medical Monitoring Programme in place whose purpose is to provide guidelines for protecting its employees from health risks that may be associated with their job or work environment and promoting the health of everyone. Likewise, its Environmental Risk Prevention Programme assesses the activities carried out by its workers to find out if they are exposed to any harmful agents that might potentially damage their health or physical integrity.

Additionally, Celeo tries to promote the health and wellbeing of its employees through various actions.

- Celeo Brazil provides its employees with free access to medical services thanks to an agreement with a recognised Brazilian health company (Bradesco Saúde) as well as a 24/7 remote medical service.
- Celeo Spain provides its employees access to medical services through a private insurance policy that it took out in 2020, which covers almost all medical specialities.
- Celeo Chile offers all of its employees a zero-cost complementary health insurance policy that comes into effect from the moment they join the company and gives them a wide range of care and reimbursement benefits, a voluntary oncology agreement – which provides coverage for both inpatient and outpatient treatment at the FALP Oncology Institute – and an agreement with one of the largest gym chains in the country that all employees can join regardless of where they live.



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WELCOME TO CELEO

At the close of the 2020 financial year, Celeo had 445 employees, compared to 403 in 2019, which represents an annual growth of 10%. Twenty-one percent of the staff in Brazil, Chile and Spain are women, and 79% men.

It is a young, dynamic, multicultural and diverse workforce that keeps growing. Celeo's corporate culture revolves around teamwork and mutual support, and all of its employees are proactive and committed to excellence.

Since COVID-19 has not significantly affected the operations of the company, Celeo has not had to make any related adjustments to its workforce.



445 Employees



159
Under 35

21% Women **79%** Men

Celeo is aware of the value of each of its employees and that their commitment is key to providing excellent services. Along these lines, since the changes to shareholder structure at the end of 2019, Celeo has been trying to find synergies between countries and unify all key processes and procedures in order to efficiently manage its human resources. This will also enable the company to attract, retain and engage the best talent and contribute to the wellbeing and social development desired by its employees. Thus, a major milestone was the design and implementation of Celeo's development model in Brazil and Chile.

2020 was undoubtedly marked by the health crisis triggered by COVID-19, which put all organisations to the test. Managing remote working and internal communication has become the major challenge for Celeo's HR Department, which has done everything in its power to make sure employees could keep on performing their duties as usual and feel that the company was supporting them at all times in such extraordinary circumstances.

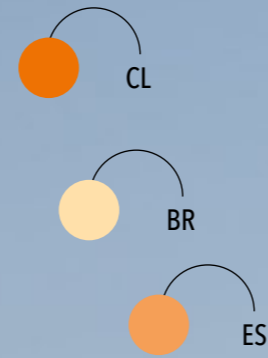
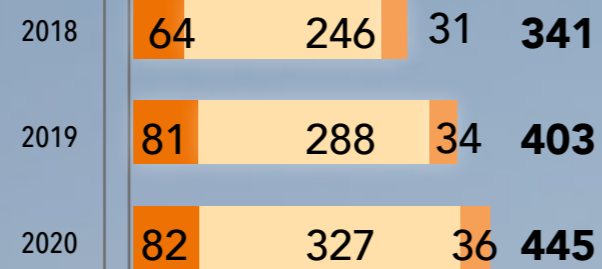
Finally, Celeo launched many initiatives to improve training and communication, instil pride in being part of the company, and strengthen its corporate culture and values.

438
Permanent contract employees

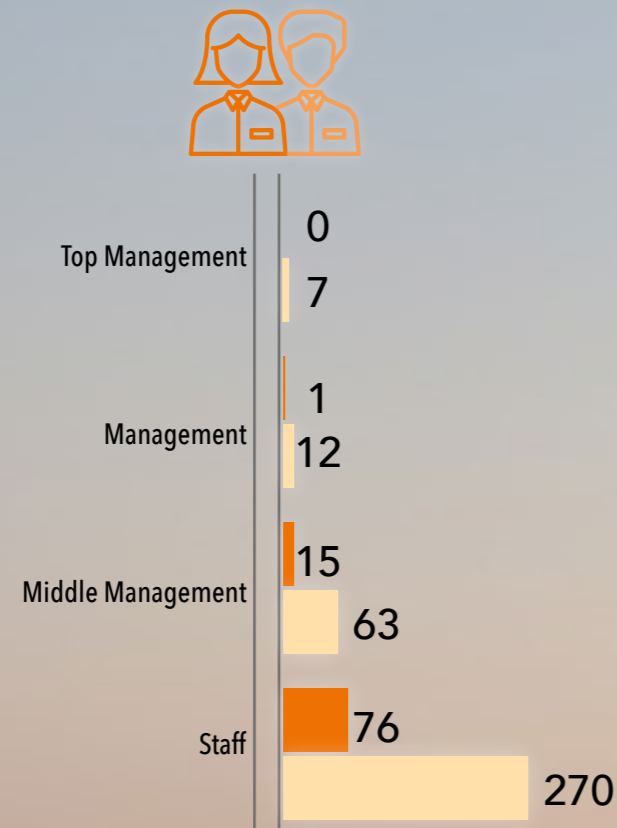


7
Temporary contract employees

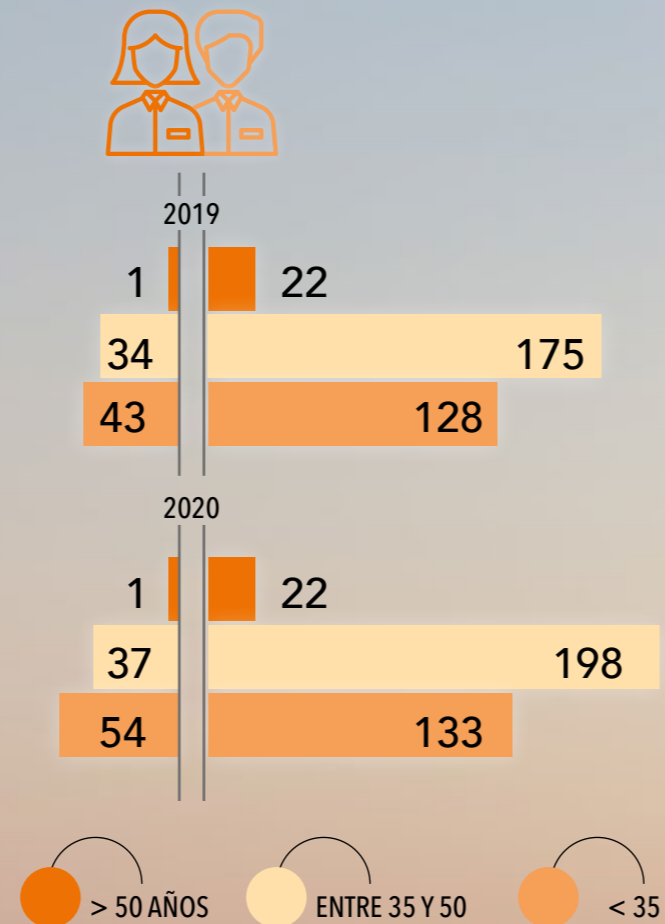
EVOLUTION OF CELEO'S WORKFORCE



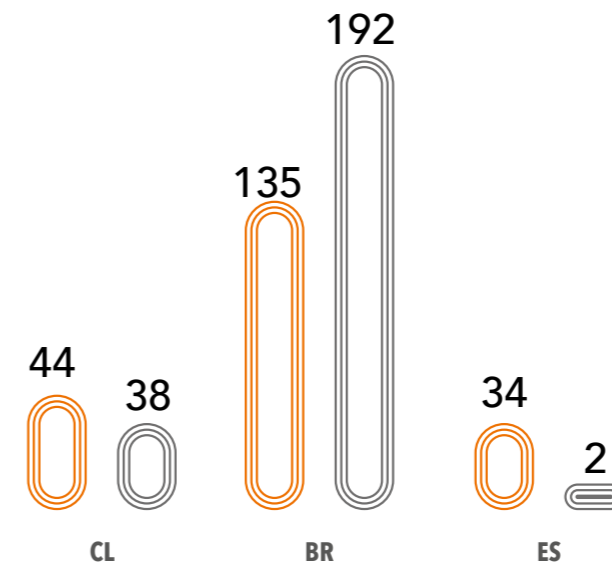
CELEO EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER



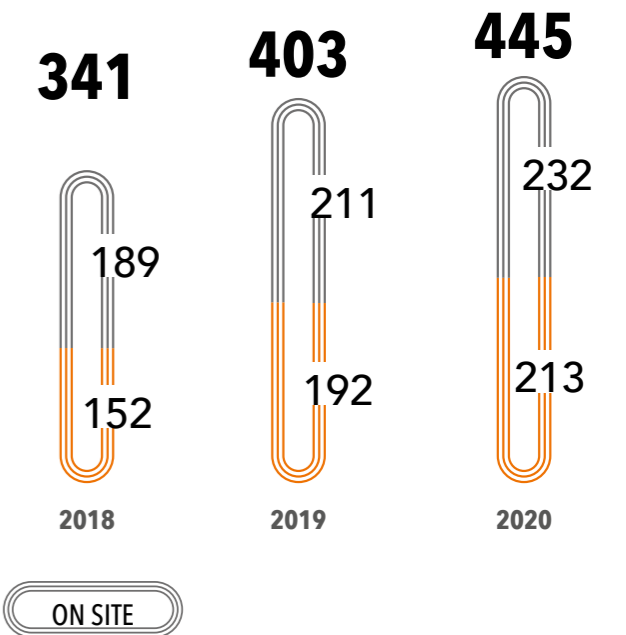
EVOLUTION OF CELEO'S AGE PYRAMID



STRUCTURE BY COUNTRY



EVOLUTION OF CELEO'S WORKFORCE



TURNOVER RATE

	2019	2020
Hires	94	89
Departures	32	47
Turnover rate	8%	11%

Note: The turnover rate is calculated by dividing the number of employees that have left the company throughout the year by the number of active employees at year-end. Interns are not included in this calculation.

TURNOVER RATE BY GENDER AND AGE RANGE

	Spain		Brazil		Chile		Total Celeo	
	Male	Female	Male	Female	Male	Female	Male	Female
Total departures by age	3	1	31	4	7	1	41	6
Over 50	0	0	1	0	1	0	2	0
35 to 50	0	0	13	2	2	1	15	3
Under 35	3	1	17	2	4	0	24	3
Rate (%)	14%	7%	12%	7%	10%	8%	12%	7%
Over 50	0.0%	0.0%	6%	0.0%	50%	0.0%	9%	0.0%
35 to 50	0.0%	0.0%	9%	8%	5%	20%	8%	8%
Under 35	38%	14%	17%	6%	16%	0.0%	18%	6%

Note: The turnover rate is calculated by dividing the number of employees that have left the company throughout the year by the number of active employees at year-end for each gender and age range. Interns are not included in this calculation.

OUR COMMITMENT TO PEOPLE

Celeo is deeply committed to the wellbeing and social development of all of its employees. This is why the company is always working to continuously improve the quality of the employment it provides, on initiatives that promote equity, on implementing wellbeing programmes and acknowledgement actions, and on strengthening its commitment to its employees and their families, all of it in an environment of mutual trust and respect.

QUALITY OF EMPLOYMENT

Celeo puts a lot of effort into enhancing the quality of life and benefits of its people, offering them stable and secure employment,

evidenced by the fact that 98% of the contracts are permanent and 99% of the staff work full-time.

Celeo sees work-life balance as a set of measures directed at improving areas such as quality of life, professional development and family support.

With regard to social benefits, Celeo offers benefits ranging from health insurance and transport aid to healthy breakfasts and gym memberships. Each subsidiary has defined the most appropriate benefits according to its social and labour context.

In terms of salaries, Celeo uses as a reference market surveys given by specialised consultancies. The salaries of all employees of the Celeo Group, whether they be women or men, are above the minimum wage in each country.

COMMITMENT TO EQUALITY AND DIVERSITY

Celeo is strongly committed to taking measures to promote equity and diversity among its workforce and to encourage relationships based on equal conditions and opportunities with the aim of doing away with discrimination.

Since the industry to which Celeo belongs has traditionally been male-dominated, its workforce has fewer women than men, particularly so in the case of on-site staff and senior management. Celeo has progressively increased women's involvement in the Group thanks to its commitment to narrowing the gap between numbers of men and women and promoting more women to positions of greater responsibility.

Thus, as of 31 December 2020, women accounted for 21% of the workforce, compared to 19% in the previous year, the number having raised from 78 women in 2019 to 92 women at the end of 2020. Eighty-nine people were hired in 2020, of which 20 were women (22%) and the remaining 68 men (78%).

92

Women
at Celeo

353

Men
at Celeo

69
New
male hires

20
New
female hires

WORKFORCE TYPE OF CONTRACT

Region	Gender	Permanent contract		Temporary contract	
		2019	2020	2019	2020
Spain	Male	22	21	0	0
	Female	12	15	0	0
	Total	34	36	0	0
Brazil	Male	231	262	1	1
	Female	53	58	3	6 (*)
	Total	284	320	4	7
Chile	Male	71	69	0	0
	Female	10	13	0	0
	Total	81	82	0	0
TOTAL CELEO	Male	324	352	1	1
	Female	75	86	3	6
	Total	399	438	4	7

NUMBER OF EMPLOYEES PER GENDER

		2019	2020
		Spain	Male
	Female	12	15
Brazil	Male	232	263
	Female	56	64
Chile	Male	71	69
	Female	10	13
Total Men Celeo		325	353
Total Women Celeo		78	92

NEW HIRES (WOMEN)

	2019	2020
Brazil	16	12
Chile	4	4
Spain	2	4
Total	22	20

(*) Three interns were included in the calculation of the number of temporary contracts at Celeo Brazil in 2020

ALONGSIDE YOU: TAKING CARE OF OUR EMPLOYEES

Managing the COVID-19 pandemic has given rise to other important challenges for Celeo's HR Department. On the one hand, it has had to enable, in record time, employees to be able to work from home for the company to continue its day-to-day operations without incident. On the other, it has had to manage communication in such a way that employees felt supported by the company by reinforcing their sense of belonging in such extraordinary circumstances, especially during the first months of the pandemic.

Along these lines, the company launched different initiatives to keep employees motivated and mitigate the effects of isolation.

Celeo took a survey in the different countries where it operates to gauge employee morale and collect relevant information in order to manage change more precisely during the pandemic. Overall, the answers revealed a high degree of motivation among the company's employees, who acknowledged its efforts to take numerous health and safety measures and provide stable employment. Celeo will implement some of the suggestions made by its employees over the next financial year.

Based on the results of the survey, Celeo Chile designed **Celeo Contigo**, a wellbeing programme that includes activities such as:

- Courses and talks on first aid at home, financial health, mental health, use of health insurance and healthy eating.
- Benefits: meal agreements, discounts on services, PCR tests etc.
- New practices such as pause gymnastics (live and via online capsules).
- Awareness-raising campaigns.

Celeo continued to participate in various activities to strengthen its commitment to equality, diversity and non-discrimination and to promote women's involvement in the energy industry.

Along these lines, Celeo Chile has been a member of the Energy + Women Plan (*Plan Energía + Mujer*) since 2019. This initiative, which was started by the Chilean Ministries of Energy and of Women and Gender Equality, seeks to promote the entry of women into the electricity industry, reduce the wage gap and increase their presence in strategic positions.

In addition, Celeo Chile met several times with AC-ERA (the Chilean Association of Renewable Energies and Storage) and REDEG, Chile's first multi-sectoral network for gender equity, diversity and inclusion. Knowledge and experiences are exchanged in these forums on how to incorporate gender, diversity and inclusion-based approaches into the energy industry, in the most responsible way.

Furthermore, as part of its SDG commitments, Celeo Chile will strive towards ensuring that 30% of its workforce are women by 2030.

Elsewhere, Celeo Brazil designed an electrical engineering training programme for women, which will start in 2021. Its goal is to boost the qualification of women in this field to enable them to get jobs in the fields of operations and maintenance. In order to further expand this programme, Celeo Brazil is looking to strike partnerships with other companies in the sector and with educational institutions.

Likewise, inspired by International Women's Day, the subsidiary organised a conference on women's empowerment, where a leading female Brazilian executive gave a talk.



With the help of an HR consultancy firm, Celeo Brazil designed a specific survey on the effects of social isolation and remote working, in which 115 employees participated. Later on, **psychological support** workshops were held to mitigate these effects through working groups.

The **#juntosadistancia** (together apart) hashtag has accompanied Celeo Brazil's communications this whole time with the aim of bringing people in the organisation closer together. In the same vein, the Brazilian subsidiary designed a series of actions, among which a fortnightly **Happy Hour** meeting stands out. This is held at the end of the working

day to let employees have a moment in which to get together, relax and talk to each other. This initiative was widely successful in helping employees feel integrated and instilling a sense of solidarity during the lockdown brought about by the pandemic. Moreover, frequent communications were sent to employees giving them advice on food, health, office routines at home and emotional aspects.

For its part, Celeo Chile carried out a similar initiative, called "**Coffee Working**", a meeting space for employees to talk about different topics, exchange ideas and reflect. In addition, it monitored individual cases that required greater oversight.

ENGAGING WITH EMPLOYEES AND THEIR FAMILIES

For Celeo communication is a strategic asset that is aligned with its corporate mission, vision and values. Along these lines, it uses communication as a tool to promote its culture while instilling a sense of pride in belonging. Celeo Brazil and Celeo Chile try to provide their employees with information in a clear, truthful, transparent and understandable manner via different means and at all levels of the organisation.

Having communication that is transparent and able to reach all employees, acknowledging their expectations and giving them the right answers are challenges Celeo works to overcome on a daily basis. Along these lines, Celeo launched several initiatives adapted to the customs and uses in each of the countries where it operates, all while continuing to work on corporate communication channels that standardise and improve the efficiency and effectiveness of its communications.

In general, Celeo carries out direct communication actions over channels such as informative emails and the "Corriente Continua" (Direct Current) and "Más Conectados" (More connected) newsletters sent by Celeo Brazil and Celeo Chile respectively, regular meetings to inform its employees of specific issues, and health and safety awareness campaigns.

Also, important dates are celebrated and commemorated at Celeo throughout the year, such as employees birthdays and the births of their children. Special events are held to mark Women's Day, Children's Day, Workers' Day, Mother's Day and Father's Day, patriotic festivities (Fiestas Patrias, in Chile) and Christmas Day.

Café con Você, Celeo Brazil. #Juntosadistancia

This is an informal meeting with the CEO and the department heads to talk about the company and the industry, share concerns and ask questions.



Celeo Chile: Acknowledgement actions

El valor de tu energía (The value of your energy) is the recognition tool Celeo Chile uses to acknowledge the exceptional efforts made by its employees in any of the quality, compliance, safety, social responsibility and environmental responsibility pillars. Seven employees were thus recognised throughout 2020. In addition, an employee who stood out for her behaviour in keeping with the company's pillars and values received a special "Espíritu Celeo" (Celeo Spirit) award.

Energía de líder (A leader's energy): This is an award given to employees who are voted best colleague in their area and the HQ through an online voting system. Three area employees and one HQ employee received this award.

WORK ENVIRONMENT SURVEY. YOUR OPINION MATTERS

Being well aware of how important it is to know what their employees think and their level of satisfaction and to identify areas for improvement, Celeo Brazil and Celeo Chile run a work environment survey every year.

In 2020, Celeo Brazil took its survey again using the Great Place to Work methodology, obtaining a score of 86 and becoming recertified as a result. It was listed among the five best companies to work at in the Brazilian electricity industry.

A whopping 86% of employees took part in the survey. Based on the results of the survey, several areas for improvement were defined for the coming year, e.g. automation of the training process, the implementation of the "Somos Diversos" (We are diverse) programme for people with special needs and the design of a training programme for women.

Celeo Chile ran its Work Climate and Work Culture survey with an eye on the situation created by the pandemic and on its culture of safety, quality, compliance and social commitment. Ninety-nine percent of its employees took part in the survey, the results of which will be analysed, and action plans drawn up, throughout 2021.

OUR DEVELOPMENT MODEL

Celeo aims to attract, retain and engage the best talent that will enable it to reach its business objectives. Along these lines, its goal is to have the best professionals in the right jobs and to give them opportunities for career advancement in terms of both growth on the job proper and horizontal and/or vertical functional mobility.

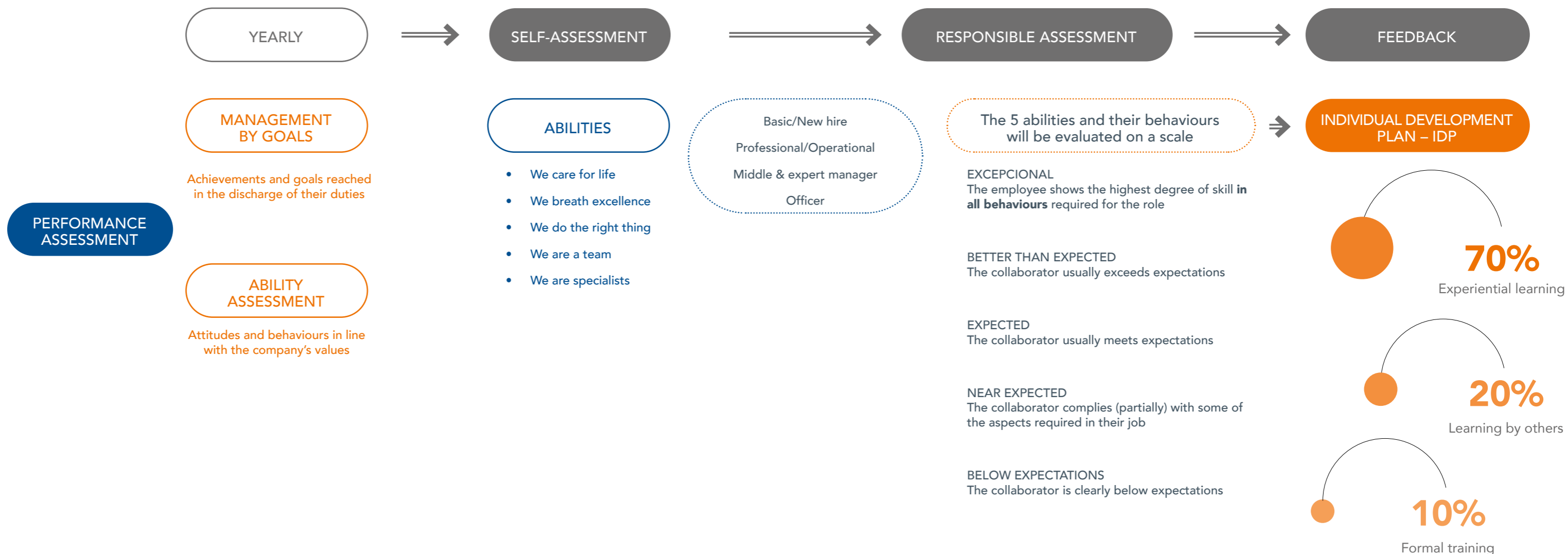
According to Celeo's development model, employees are in charge of their own professional development with the help of their line managers, who also play a key role in this process.

Employees are responsible for learning new skills and behaviours and volunteering to take on new challenges and more responsibilities that will allow them to do their job well and thus be able to meet the demands of the competitive environment and the needs of the company.

The manager plays an essential role in this process by enabling employees' aspirations and goals and the needs of the organisation to become aligned, looking for opportunities for them to grow, helping them to devise their own career development plan, providing guidance and feedback, and giving them advice on their professional and personal path.

Celeo has a performance appraisal process in place with which it evaluates the goals achieved by each employee in the performance of their duties and powers. Based on the results of each employee's self-assessment and the assessment of their manager (together with other measurement mechanisms), an Individual Development Plan is drawn up, which is based on the 70% learning by experience, 20% learning from others and 10% formal learning approach. This development model has already been introduced in Brazil and Chile and will be rolled out in Spain throughout 2021.

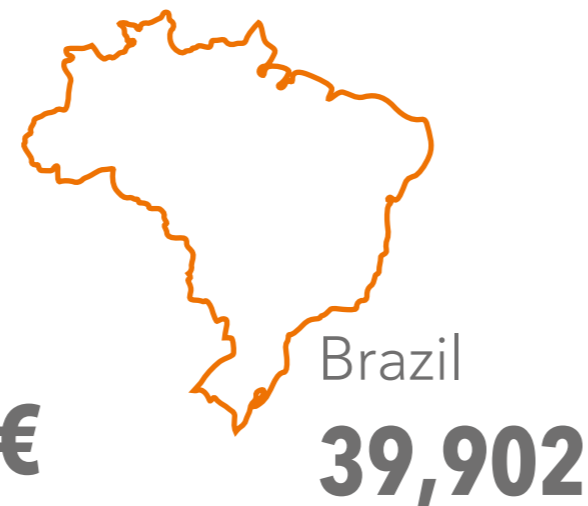
OUR DEVELOPMENT MODEL



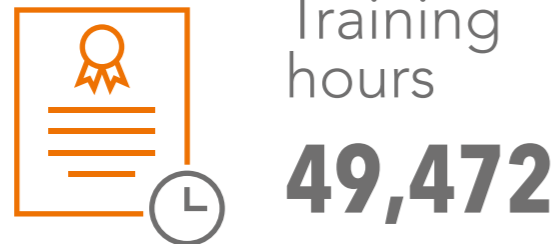
SKILL TRAINING AND DEVELOPMENT

Celeo makes sure its employees acquire all necessary knowledge and skills to ably perform their duties at the company. This is why it provides its employees with different training in the mode that is best suited to the goal they should attain (classroom, online or blended). In 2020, the pandemic forced the company to greatly reduce the number of scheduled classroom training hours, which had to be moved online, something which it had not foreseen initially.

CELEO'S TRAINING HOURS



CELEO'S TRAINING RATIOS IN 2020



INVESTMENT



Every year each country draws up its own annual training plans according to the needs it has identified. In Spain, training was aimed at increasing employees' knowledge of English and Portuguese, acquiring technical knowledge and giving the entire staff training on the Integrated Management System through five modules: GRESB; the Stakeholder Engagement Plan (SEP); compliance; sustainability reports; and ISO quality, environmental and safety management certification.

For its part, Celeo Brazil focused its training offer on its Integrated Management System, regulatory aspects, languages and technical aspects, as well as on attending seminars and workshops. Moreover, it carried out a leadership development programme with the aim of encouraging the appearance of new leaders in the company and making teams more productive and efficient.

Celeo Chile's training plan revolved around regular and induction training and talks on safety and compliance issues, management skills, languages and technical skills.

Finally, both subsidiaries contemplated the possibility of giving their employees financial aid to help them to pursue higher education (60% of it financed by the company) or basic education (the cost of which would be fully covered by the company).

Thus, ten Celeo Brazil employees were able to pursue undergraduate, postgraduate and MBA studies in 2020, one of whom graduated this past year. For its part, Celeo Chile awarded scholarships for undergraduate and postgraduate studies to ten of its employees too.

Furthermore, an In-house Prevention Week (SI-PAT) and an In-house Training Week (SICAT) are held every year. These are meetings for professionals from Brazil and Chile during which many training sessions on various topics are held, some of which have a highly technical focus and are mostly aimed at O&M personnel, while others address very specifically health and safety matters. These meetings could not be held in 2020 owing to the pandemic.



COMMITTED TO THE PLANET

ENVIRONMENTAL MANAGEMENT

Celeo has an environmental policy in place directed at raising awareness about being friendly to the environment and promoting the sustainable development of its business.

Celeo's environmental commitments are included in its Environmental Management System, which aims to mitigate the Group's environmental risks and impacts under a philosophy of continuous improvement. Celeo Brazil and Celeo Chile both currently have an Environmental Management System that is part of their IMS (known as SIG at Celeo Brazil and CMASS at Celeo Chile). The IMS is a framework for the coordination of the different plans and measures while respecting the autonomy and particularities of each country.

The Environmental Management System establishes all necessary mechanisms for the identification, evaluation and control of the most significant environmental impacts from each company's activities. Along these lines, the Group has determined that it has the following main impacts: changes in land use (removal of vegetation) as a result of building structures and easement strips, and the generation of hazardous waste from the preventive maintenance of its facilities during the operation phase. It also has environmental impacts stemming from its water consumption and atmospheric emissions.

In 2020, the goals of the annual environmental plan were for the most part aimed at complying with the legal requirements on the projects, minimising resource consumption and waste generation, making progress in the resilience plan and protecting biodiversity.

The environmental management systems of all of Celeo Chile's installations and facilities and of 42% of

+1.5 M€

invested
environment-
related activities

Celeo Brazil's are ISO 14001:2015-certified. In 2020, Celeo Brazil included the management of the construction of the SITE and SJP projects in the scope of its Environmental Management System.

Celeo consolidates all environmental information through its Environmental Tool, which has been designed to automate and harmonise the environmental data from all three countries, making data processing faster and more efficient.

Celeo carries out all appropriate socio-environmental impact assessments whenever it starts a new project whose characteristics require such an approach. Both Celeo Chile (via the Environmental Impact Assessment System, or SEIA) and Celeo Brazil (via its Environmental Impact Reports, or RIMA) subject their projects to studies in order to map out all the socio-environmental impacts that could occur during the execution and operation phases. Once this process is completed, correction, mitigation, modification and/or offset actions and measures are defined in order to eliminate and/or minimise said impacts and/or compensate people for them.

Celeo makes investments every year to prevent and/or minimise its environmental impacts. Thus, in 2020 Celeo Chile and Celeo Brazil respectively allocated EUR 466,300 and EUR 1,074,919 according to the following breakdown:

Investment (euros)	Chile (€)	Brasil (€)
Reforestation	302,862	-
Monitoring	118,261	-
RSC Plan	45,177	-
MA Management (OPEX)	-	637,601
MA Management (CAPEX)	-	171,027
GIS	-	102,369
Sustainability	-	163,922
Total	466,300	1,074,919

Despite the situation created by the COVID-19 pandemic, Celeo was able to carry out its environmental projects as usual throughout the year.

RESOURCE EFFICIENCY

LETTER FROM THE CHAIRMAN OF THE BOARD

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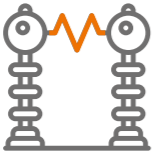




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Celeo encourages efficiency in the use of resources as a means to guarantee that the impact of its processes and activities will be minimal. To this end, it monitors the consumption of resources and sets consumption reduction targets.

ENERGY CONSUMPTION

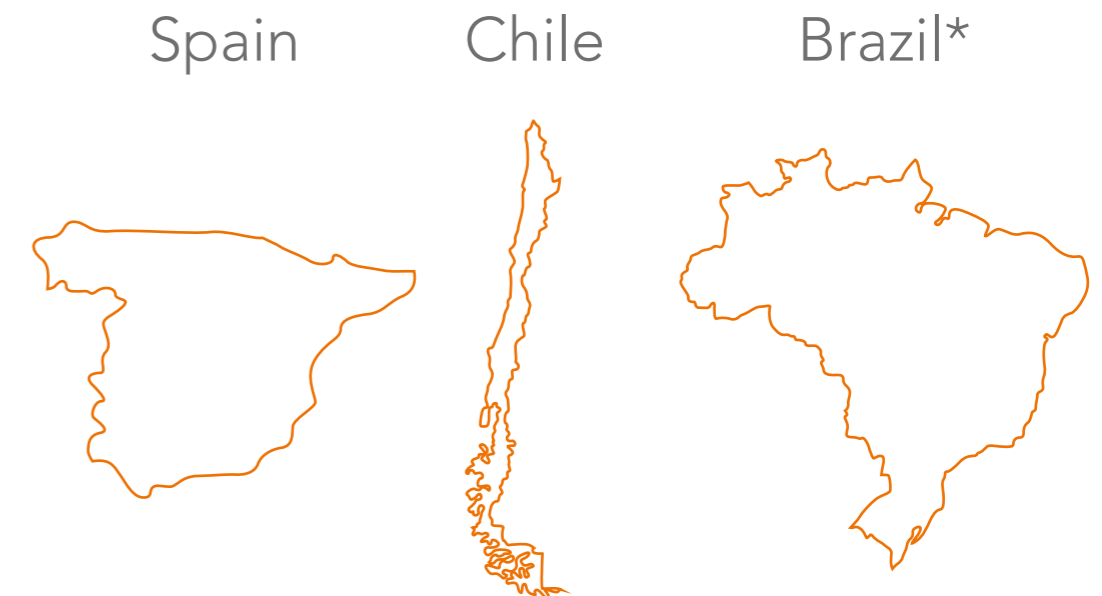
Electricity is consumed mainly in offices, maintenance bases, substations and solar thermal power plants, whereas fuel consumption is associated with the vehicles that are used to service the installations and facilities.

20%
Reduction of fossil fuel consumption in Brazil compared to 2019, due to the switching plan to renewable ethanol.

ENERGY CONSUMPTION		2019	2020
	Electricity (MWh)	22,899	22,688
	Natural gas (MWh)*	17,601	17,832
	Fuels (l)	271,559	295,795
	Fuels (diesel oil & diesel)**	269,417	272,200
	Renewable fuels (ethanol)***	2,142	23,594

* Corresponds to Celeo Spain's consumption (solar thermal plants).
 ** No Celeo Spain data for 2019 has been included because there is none available.
 *** This consumption corresponds to Celeo Brazil (used as vehicle fuel).

CONSUMPTION IS BROKEN DOWN BY COUNTRY BELOW:



ELECTRICITY CONSUMPTION (MWH)	Spain	Chile	Brazil*	TOTAL
	2019	21,199	94	1,606
2020	21,217	85	1,386	22,688

(* Includes self-consumption at Uberlândia's maintenance base.

FOSSIL FUEL CONSUMPTION (l)	Spain	Chile	Brazil*	TOTAL
	2019	-	69,927	199,490
2020	47,890	64,023	160,287	295,795

* No Celeo Spain data for 2019 has been included because there is none available.

WE PROMOTE RESOURCES USE EFFICIENCY TO MINIMISE OUR IMPACT.

Celeo Brazil uses renewable energy from its own photovoltaic panels at the Uberlândia maintenance base – offices and warehouses – and feeds any surplus to the grid. 21.40 MWh were generated in 2020, of which 6.52 MWh were fed back to the grid.

On the other hand, Celeo Spain fed 297,175 MWh of electricity from its renewable generation activities to the grid.

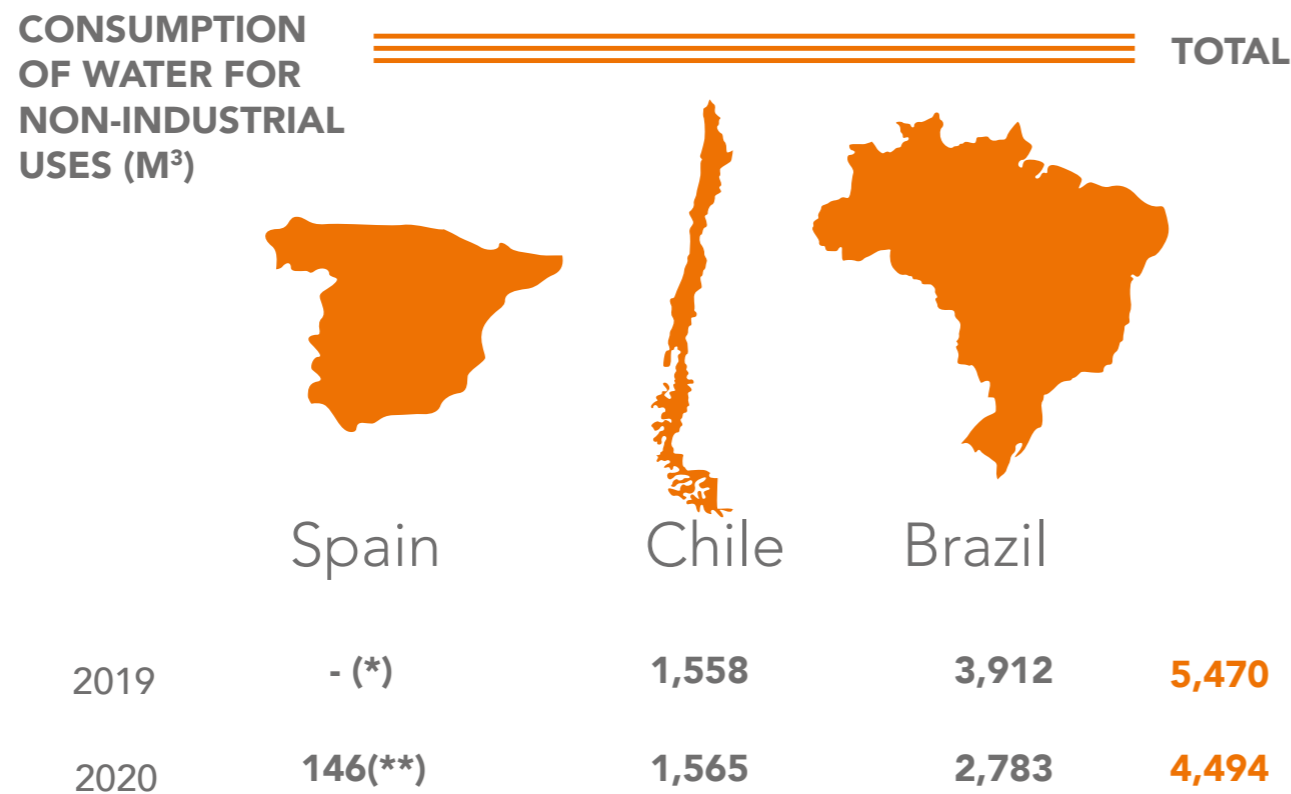
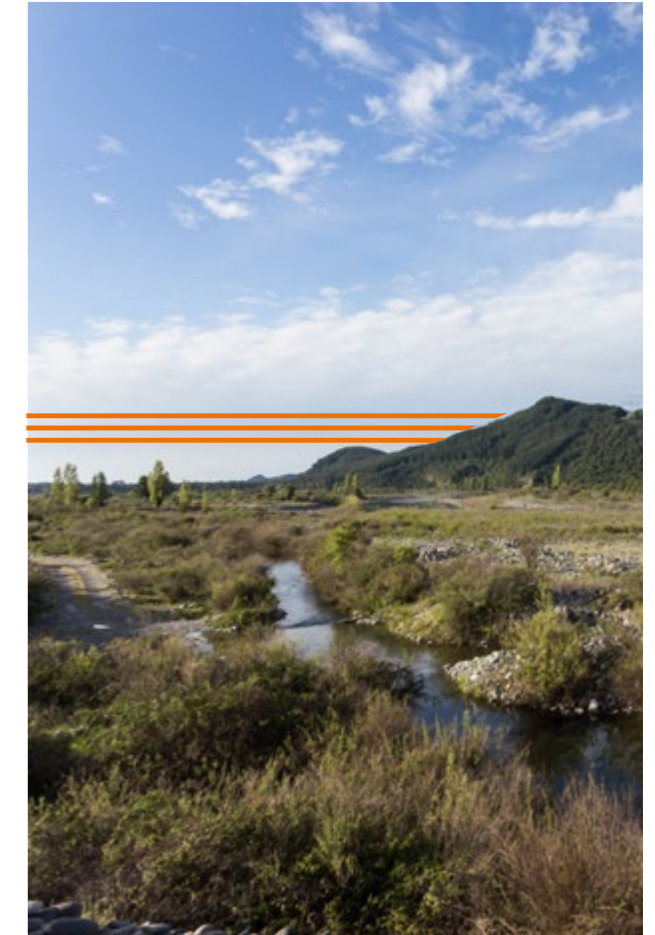
Celeo is always looking for ways to reduce its energy consumption through different initiatives, among which the following stand out:

- Using LED bulbs.
- Installing solar panels.
- Celeo Chile purchased its first electric car.
- Celeo Brazil started switching from car diesel fuel to ethanol derived from sugar cane.
- Environmental awareness programmes.

Most of Celeo’s water consumption takes place at its solar thermal plants. Solar thermal power plants use water intensively for cooling purposes and to produce steam for electricity generation and mirror cleaning purposes. On the other hand, Celeo Brazil’s and Celeo Chile’s water consumption is mainly associated with office use and transmission line and sub-station maintenance.

In 2020, Celeo Brazil met its goal of reducing its water consumption per employee by 2%.

Additionally, Celeo Chile has an unmanageable consumption of insulating low-conductivity demineralised water that is solely the result of the preventive maintenance related to insulation washing that takes place at its assets in the Atacama area. This water is supplied by a company hired by Celeo Chile. The amounts used in 2019 and 2020 were 468.6 m³ and 453.0 m³ respectively.



Total consumption of water by source (m3)	2019	2020
Water from the public water system		
Spain (*)	-	146
Chile	1,455	1,547
Brazil	627	173
Consumption of groundwater		
Spain	1,587,823	1,200,666
Chile	103	18
Brazil	3,285	2,610
Consumption of surface water (rivers)		
Spain	614,197	520,598
Total water	2,207,490	1,725,758

* Consumption in 2019 does not include data for the water consumed at the office in Spain.

(*) Celeo Spain data for 2019 is omitted.
(**) In addition, 1,721,410 m³ of water is consumed at Celeo Spain’s solar thermal power plants.

Celeo Chile draws water mostly from its connection to the mains water system. Most of Celeo Brazil's facilities and installations are located in rural areas, where there is no mains water supply or wastewater collection service. This is why they draw water from duly licensed artesian wells. In Spain, the ASTE 1A and 1B solar thermal power plants extract water from underground wells, whereas Astexol-2 draws water from a nearby river, from where it is piped to its treatment plant to be treated and left within legal parameters.



WASTE MANAGEMENT

Waste generated (kg)	2019	2020
Hazardous waste	133,834	193,288
Non-hazardous waste	115,062	392,344
Total	248,895	585,632

Waste (kg)	2019	2020
Hazardous	133,834	193,288
Spain (*)	-	104,922
Chile	306	63
Brazil	133,528	88,309
Non-hazardous	115,062	392,344
Spain	180	371,459 (**)
Chile	3,946	1,666
Brazil	110,936	19,226
Total	248,895	585,632

(*) There is no 2019 data available for Celeo Spain.

(**) Includes all waste from solar thermal plants; there was no data available in 2019.

Waste management	2019	2020
Destination	230,584	493,458
Hazardous	116,017	117,630
Non-hazardous	114,567	375,828
Stored	57,245	104,917
Hazardous	56,123	88,337
Non-hazardous	1,121	16,581

Waste treatment	2019	2020
Recycled	222,619	118,751
Incinerated	41	-
Tip	7,924	374,707
Total	230,584	493,458

Celeo sorts all the waste that is generated at its offices and facilities as per the legislation in force in each country where it operates and has it collected by authorised waste managers to be treated. Furthermore, it always looks for the best available recycling techniques whenever possible.

Sixty-seven percent of Celeo's waste is non-hazardous, whereas the remaining 33% is hazardous.

The main type of waste generated by Celeo Chile and Celeo Brazil is domestic waste (paper, plastic, organic waste, and metals). Maintenance activities at substations generate a small amount of hazardous waste, which is sent to authorised waste managers for treatment and final disposal. This waste consists mostly of oils, lubricants, paints, solvents, contaminated packaging, batteries, lamps and so forth. During the construction stage of projects, the main waste generated is hazardous and non-hazardous industrial waste.

Most of Celeo's waste is generated by its Spanish subsidiary's solar thermal power plants. The main hazardous wastes are activated carbon, hydrocarbon-containing waste, thermal heat transfer fluid and the like, while the non-hazardous waste comprises paper, cardboard, plastics, wood, sewage sludge etc. All waste is managed by authorised waste managers.

Celeo Chile is committed to waste reduction, reuse and recycling. The company's *Celeo Recicla* (Celeo recycles) programme falls along those lines. Its actions have been aimed at extending the recycling plan to all workplaces and putting a recycling monitoring tool in practice.

For its part, Celeo Brazil carried out awareness-raising campaigns with the aim of reducing the non-hazardous waste per person by 2.5%. On the other hand, the jump in the amount of waste that is temporarily stored at its facilities (98% more than in 2019) was mainly due to the reduction in the number of visits to these facilities by third parties in order to safeguard the integrity of company workers during the pandemic. This reduction in visits was also applicable to waste management companies. Note that this was possible thanks to an ongoing facility adjustment project that was set in motion in 2017. Although its initial goal was to improve the storage capabilities for temporary waste generated during O&M activities and the waste collection logistics, this project has contributed to improve the resilience of our activities.

RESPECT FOR THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT AT THE CORE OF OUR BUSINESS

CLIMATE CHANGE

Celeo's climate change strategy revolves around three lines of action for promoting and supporting actions that will allow it to cut its carbon emissions and thus help it to reduce the adverse effects of climate change:

- Controlling, monitoring and reducing greenhouse gas (GHG) emissions.
- Including operation adjustment criteria in the contingency plans it draws up for dealing with climate emergencies and improving disaster resilience.
- Offset its environmental impacts with measures such as reforestation, renewable generation and the like.

Celeo Chile participated, through the Ministry of the Environment (MMA) and the Chilean Climate Change Office, in the drafting of a Framework Law on Climate Change that envisages a multi-sectoral participatory process with the aim of taking into account the vision and experience of the different key actors in society on this subject.

In order to contribute to **SDG 13 Climate Action**, Celeo set the following targets: reducing scope 1, 2 and 3 emissions by 25% by 2030 (Celeo Chile); and diagnosing and introducing a resilience plan for all assets by 2021, and an emissions diagnosis and management plan by 2021 based on 2018 emission figures, whose goals are: reducing fugitive SF₆ emissions (scope 1) and CO₂eq emissions from fossil fuels, and offsetting controllable CO₂eq emissions (Celeo Brazil).

CARBON FOOTPRINT

The Group calculates its carbon footprint every year as per international standards (ISO 14064 and the GHG Protocol) using a tool that allows each of its organisations to monitor its data. Celeo Chile and Celeo Brazil have certified their carbon footprint in the past three years, whereas Celeo Spain only started this process in 2020. Note that Celeo Brazil was awarded the Gold Seal in the GHG Protocol Programme for the second year in a row.

Pollution prevention is one of the key principles of our environmental management.

Carbon footprint (tnCO ₂ eq)	2019	2020
Scope 1	7,311	14,291
Scope 2 (*)	10,034	6,295
Total (Scopes 1 & 2)	17,345	20,586
Scope 3	1,320	247
Total (Scopes 1 & 2 & 3)	18,665	20,834

(*) Transmission losses, which totalled 58,676 in 2019 and 86,986 in 2020, are excluded.

Carbon footprint (tnCO ₂ eq)	2019	2020
Brazil	5,473	10,482
Chile	403	277
Spain	12,789	10,075
Total	18,665	20,834

Scopes	Brasil		Chile		España		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
Scope 1	5,007	10,272	222	203	2,082	3,816	7,311	14,291
Scope 2 (no transmission losses)	120	70	38	33	9,876	6,192	10,034	6,295
Scope 3	346	140	143	40	831	67	1,320	247
Total	5,473	10,482	403	277	12,789	10,075	18,665	20,834
Transmission losses (*)	36,315	42,325	22,361	44,661	N/A	N/A	58,676	88,986

(*) Transmission loss figures are based on the energy transmitted over, and the technical characteristics of, the power transmission lines owned by Celeo. The company deems them non-manageable emissions.

Note: Celeo Brazil and Celeo Chile are currently ascertaining the extent of their carbon footprint. Therefore, the values that are ultimately recorded may vary from those given herein.

In 2020, carbon emissions were affected by the changes the company was forced to make as a result of the COVID-19 pandemic. Since Celeo went into remote working mode on 17 March, emissions from business travel and commuting from home to work and back went down considerably.

At Celeo Brazil, Scope 1 emissions account for 98% of all emissions if transmission losses are excluded. When the results in 2019 and 2020 are compared, an emission increase can be seen, which was mainly due to the increase in the land use change indicator, which is directly related to new assets, such as the Serra de Ibiapaba Transmissora de Energia (SITE), a concession that crosses the states of Piauí and Ceará, where 275.25 ha of native vegetation were removed, an amount equivalent to 6,230.32 tCO₂eq, compared to the 1,583.31 tCO₂eq for the same item the year before.

Scope 3 emissions represented only 1.2% of all of Celeo's emissions in 2020. It is important to note, however, that gross Scope 3 emissions experienced an 81% drop compared to the previous year. This drop amounts to approximately 1,073 tCO₂eq that was no longer released into the atmosphere due to the reduction in business trips and commuting, both of which were also a result of the social isolation brought about by the emergency situation associated with the COVID-19 pandemic.

The reduction of the carbon footprint of the company's activities in Spain can be explained by a decrease in electricity consumption at its three solar thermal plants. On the other hand, the reduction experienced by Celeo Chile was mainly due to a decrease in the number of trips.

Transmission activity intensity ratio (Brazil and Chile)

GHG emission intensity ratio (tCO ₂ eq./Km)	2019	2020
Carbon footprint (BR / CL)	5,876	10,759
Size of the operation (km of line in operation)	4,640	4,640
Intensity (tCO₂eq/km)	1.26	2.32

Generation activity intensity ratio (ES)

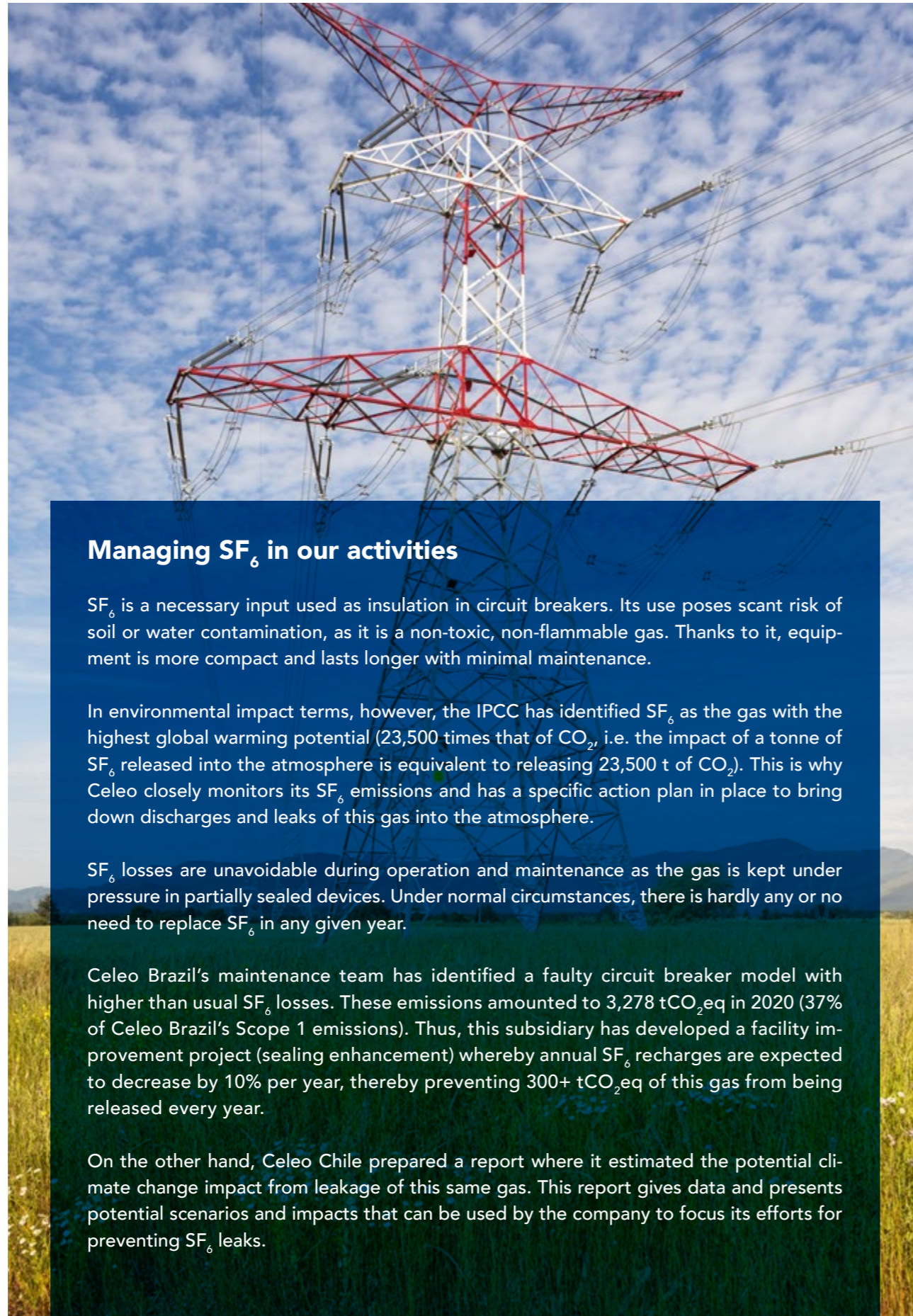
GHG emission intensity ratio (tCO ₂ eq./MWh)	2019	2020
Carbon footprint	12,789	10,075
MWh generated	339,958	297,175
Intensity (tCO₂eq/Km)	0.038	0.034

OTHER POLLUTING EMISSIONS INTO THE ATMOSPHERE

Other atmospheric emissions (kg)	2019	2020
SO _x	119	99
NO _x	2,296	1,791
PM2.5	0	4
PM10	205	168
Other	2,897	2,168
Total	5,598	4,444

Celeo Brazil worked on reducing its SO_x, NO_x and PM₁₀ emissions and managed to achieve 15%, 19% and 15% decreases respectively.

TLALTO JAHUEL (CHILE)



Managing SF₆ in our activities

SF₆ is a necessary input used as insulation in circuit breakers. Its use poses scant risk of soil or water contamination, as it is a non-toxic, non-flammable gas. Thanks to it, equipment is more compact and lasts longer with minimal maintenance.

In environmental impact terms, however, the IPCC has identified SF₆ as the gas with the highest global warming potential (23,500 times that of CO₂, i.e. the impact of a tonne of SF₆ released into the atmosphere is equivalent to releasing 23,500 t of CO₂). This is why Celeo closely monitors its SF₆ emissions and has a specific action plan in place to bring down discharges and leaks of this gas into the atmosphere.

SF₆ losses are unavoidable during operation and maintenance as the gas is kept under pressure in partially sealed devices. Under normal circumstances, there is hardly any or no need to replace SF₆ in any given year.

Celeo Brazil's maintenance team has identified a faulty circuit breaker model with higher than usual SF₆ losses. These emissions amounted to 3,278 tCO₂eq in 2020 (37% of Celeo Brazil's Scope 1 emissions). Thus, this subsidiary has developed a facility improvement project (sealing enhancement) whereby annual SF₆ recharges are expected to decrease by 10% per year, thereby preventing 300+ tCO₂eq of this gas from being released every year.

On the other hand, Celeo Chile prepared a report where it estimated the potential climate change impact from leakage of this same gas. This report gives data and presents potential scenarios and impacts that can be used by the company to focus its efforts for preventing SF₆ leaks.

RESILIENCE AND ADAPTATION TO CLIMATE CHANGE

Celeo strengthened its resilience and climate change-related management in 2020. In order to do so, it took several measures:

- Updating procedures relating to the identification and assessment of transitional, physical and social risks associated with the activities carried out and the services provided by the company.
- Including in the risks and opportunities matrix those resilience and climate change risks associated with regulatory changes, new technologies, changes in the price of raw materials, natural disasters (fires, earthquakes and flooding, among others), civil liability (physical and material damage to employees and third parties) and community relations.
- Adapting its operations to the challenges posed by climate change. Celeo has taken a preventive approach to allow it to cope with natural disasters or any sort of climate-related event by reinforcing its infrastructure and devising plans for dealing with such events. Celeo Chile did the following in this regard:
 - Evaluating the condition of the river defences on the high-voltage pylons of the Ancoa-Alto Jahuel Project between the O'Higgins and Maule regions in conjunction with the University of Talca's Environmental Hydrology Technological Centre. In addition, working on developing a database of structures exposed to critical climatic events (major floods).
 - Its Operation & Maintenance Department has designed a series of measures for dealing with contingencies that could arise during the operation of its facilities and installations, such as rain and snow storms, fires near transmission lines, earthquakes and flooding. For example, a flood emergency kit was introduced at the Illapa and Cumbre substations (Chile) that included: a map with evacuation routes to safe areas, suitable clothing for surviving these events, and survival rations in case the substation get cut off due to road closures.

- A counter-seasonal approach is used to anticipate all possible contingencies that could occur in every season of the year, which means that the prevention work for the winter months starts in the summer and vice versa. This includes removing combustible plant material from under the installations that could act as fuel and potentially lead to forest fires that would affect operations and the surrounding environment and lifeforms.
- Installing 48 photovoltaic panels at the new Atacama Maintenance Base with an estimated generating capacity of 92.8 kWh/day (2,783 kWh/month). Likewise, the base's daily power demand has been estimated at 278.8 kWh/day, or 8,364.6 kWh/year, i.e. a renewable energy consumption of around 33%.
- The Atacama Maintenance Base also purchased its first electric vehicle. This type of vehicle will replace diesel vehicles for all operation- and maintenance-related travel. This vehicle has an estimated range of 300 km.

In addition, Celeo Brazil is gradually replacing the petrol used by its vehicle fleet with renewable ethanol produced from sugar cane.

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BIODIVERSITY PROTECTION



Celeo operates in areas where there is a wide variety of ecosystems, with numerous endemic species and different climates. Therefore, one of the Group's main concerns is the impact its activities can have on the environment.

Celeo Brazil and Celeo Chile have both identified the main impacts on biodiversity of power line construction and operation: the suppression or loss of vegetation (reduction of plant species due to cutting and pruning), the loss of fauna (transformation and loss of habitat due to vegetation cutting, birds crashing into lines etc.) and pollution associated with vehicular traffic. Both subsidiaries manage these impacts by means of an environmental impact assessment process that defines a series of mitigation, remediation and offset measures. Power line operation-related impacts are attenuated by optimising and reducing intervention to the bare minimum that is necessary and doing environmental restoration work in the affected areas.

As a result of this, Celeo Brazil and Celeo Chile put different environmental programmes in practice in order to comply with the legal requirements inherent to their activities. It is worth noting that both subsidiaries have bird fauna monitoring programmes in place whose purpose is to see if power lines interfere in any way with bird flight paths or cause accidents, or if birds use their structures for nesting or other purposes.

For its part, Celeo Chile has identified in its environmental matrix all the significant negative environmental impacts on biodiversity its different activities can have: forest fires caused by activities when no control measures are put in place, felling of trees under the conservation category, hydrocarbon (fuel) spill and so on. In 2020, Celeo Chile reached its target of having no more than three negative impacts in terms of biodiversity and habitat protection. The corresponding environmental audits have not revealed any impacts.

With regard to the location of its operations in all the geographical areas in which Celeo operates, only its Brazilian subsidiary has operational units near protected areas: Sierra de Ibiapaba Transmissora de Energia (SITE) and Parintins Amazonas Transmissora de Energia (PATE).

In the case of the SITE Project, the programme for supporting wildlife conservation activities stands out among all the measures the subsidiary has taken to mitigate the project's impact on protected areas in the vicinity. Conservation projects in the project's area of influence are supported through this programme. Among the three supported initiatives, the one intended to protect the Guariba-da-Caatinga, a primate species native to the Northeast Region of Brazil and is currently listed as endangered by the IUCN, stands out.

Operational unit	Conservation unit	Priority conservation areas
Serra de Ibiapaba Transmissora de Energia (SITE)	APA Serra Ibiapara Sustainable use Intersection with TL - 164.97 km	Sierra Grande / Delta - Ca006 - Caatinga (conservation priority: extremely high)
	Palmares National Forest Sustainable use Intersection with TL - 4.85 km (only buffer zone)	Tinguis - Ca023 - Caatinga (conservation priority: very high)
	Ubajara National Park Comprehensive protection Intersection with TL - 62.78 km (only buffer zone)	Campo Maior Complex - Ca039 - Caatinga (conservation priority: very high)
	Cascada de Conceição Municipal Natural Park Comprehensive protection Intersection with TL - 6.25 km (only buffer zone)	Peixe - Ca050 - Caatinga (conservation priority: very high)
Sustainable use	There are no intersections inside the conservation units or in the associated buffer zones	Tabuleiro Costeiro - Ca002 - Caatinga (conservation priority: high)
		Cocal de Telha - Ca032 - Caatinga (conservation priority: high)
		Teresina Timon I - Cerrado (conservation priority: high)
		Amazon River - Am222 - Amazonas (conservation priority: extremely high)
Sustainable use	There are no intersections inside the conservation units or in the associated buffer zones	Aruã Falls - Am185 - Amazonas (conservation priority: extremely high)
		Middle floodplain Amazon River - Am188 - Amazonas (conservation priority: extremely high)
Sustainable use	There are no intersections inside the conservation units or in the associated buffer zones	Middle lowlands Amazon River - Am212 - Amazonas

* A buffer zone is the area around a conservation unit where human activity is subject to rules and restrictions so as to minimise its negative impacts on the unit (Brazilian Law No. 9985/2000).

THREATENED SPECIES

When Celeo carries out its activities it also identifies species that are on the IUCN's Red List and on national conservation lists and whose habitats are located in affected areas. In 2020, one protected species was listed as endangered in the area of influence of the SITE Project (Brazil).

Extinction risk level	No. of protected species	Name of species	Project	Location
Endangered	1	<i>Amburana cearensis</i>	SITE	Brazil
Vulnerable	1	<i>Género Cedrela</i>	SITE	Brazil
	3	<i>Citronella mucronata, Porlieria chilensis, Neopterteria castanea</i>	AJTE and CHATE	Chile
Near-threatened	1	<i>Nothofagus glauca</i>	AJTE and CHATE	Chile
Minor concern	21	<i>Ameiva ameiva, Amphisbaena alba, Amphisbaena vermicularis, Cyanocorax cyanopogon, Dermatonotus muelleri, Erythrolamprus reginae, Erythrolamprus viridis, Iguana iguana, Leposternon polystegum, Leptodactylus fuscus, Leptodactylus mystaceus, Marmosa murina, Micrablepharus maximiliani, Nyctibius griseus, Oxyrhopus trigeminus, Philodryas nattereri, Psarocolius decumanus, Salvator merianae, Tantilla melanocephala, Caryocar brasiliensis, Hymenaea courbaril</i>	SITE	Brazil
		1	<i>Austrocedrus chilensis</i>	CHATE

REFORESTATION AND OFFSET MEASURES

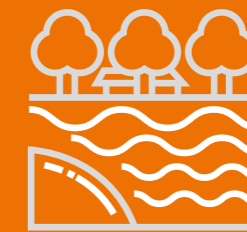
Project	Location	Surface area reforested in 2020 (ha)	Total reforested surface area (ha)	Total surface area to be reforested (ha)	Verification (Y/N)
AJTE	Chile	0	431.4	444.4	Y
CHATE	Chile	56.4	485.6	490.2	Y
CANTE	Brazil	12.74	22.86	22.86	Pending
JTE	Brazil	20.49	20.49	20.49	Pending

Reforestation is part of the Group's process for mitigating and offsetting the impacts of its activities.

Celeo Brazil reforested 33 ha in 2020, distributed between the CANTE and JTE projects. On the 500kV Estreito-Fernão Dias TL in Cantareira, progress was made in the Forest Replacement Programme on that section of line with the reforestation of 12.74 ha. The total surface area that has been reforested under the licensing of this project amounts to 22.86 ha, distributed across 28 municipalities in the states of Minas Gerais and São Paulo.

With the reforestation of the 56.4 ha corresponding to the CHATE Project, Celeo Chile almost reached its reforestation target under the framework of the AJTE and CHATE projects, with only 9 ha remaining to be reforested.

Along these lines, the goal of the CHATE Project was to achieve a higher density of tree species of 250 plants per hectare. This resulted in the enrichment of a forest, using a nursery planting technique that aimed to gradually expand plant cover by extending the natural structure of the forest; the construction of some works; and the creation and improvement of passage and permanent habitats. As for fauna, work was carried out to improve the habitats of reptiles (rocky and open areas), underbrush birds (areas with abundant vegetation) and amphibians (streams and others).



Nascentes Project in the Cantareira Reforestation Area (CANTE)

Celeo met its obligations under the Nascentes Project to reintroduce native species.

The suppression of threatened native species during the construction of the 500 kV Estreito-Fernão Dias TL (CANTE) obliged the company to carry out a second offset project focusing on these species. In order to implement it, Celeo proposed to the Brazilian environmental body that this action be channelled through the Nascentes Project. This is a forest recovery programme set in motion by the State of São Paulo that brings companies, civil society at large and small rural landowners together with a view to optimising their efforts and resources for the ecological recovery of priority areas.

For Celeo, getting on board this project will shorten the licensing timeframes for its own projects because planting in areas that fall within the Nascentes Project already has already been greenlighted by the local government. Celeo performed different maintenance activities in the areas located in Piracicaba, SP, throughout 2020 (24.47 ha).

In addition, Celeo aims to optimise its environmental offset actions by incorporating other aspects, such as encouraging the socio-economic development of the communities adjacent to its projects. Thus, Celeo Brazil, together with the Association of Small Farmers of the Granja Settlement in Comodoro, planted 20.96 ha of fruit trees, distributed over 10 private properties, for the benefit of the families in the area. This action, in addition to fulfilling the obligation arising from the concession, will help to feed the families in this area and lead to improving the quality of the water in the municipality due to its location.

ENVIRONMENTAL TRAINING AND AWARENESS-RAISING

Celeo Brazil and Celeo Chile have given a total of 460 hours of environmental training to 363 of their employees.

Celeo Chile has an Awareness Programme designed to raise awareness about being environmentally friendly and to promote sustainable development at the company. Environmental campaigns and initiatives on the sustainable use of the resources necessary for operations are carried out within this framework. The initiatives launched in 2020 to mark International Energy Efficiency Day, International Forest Day, World Water Day and World Recycling Day stand out in this regard.

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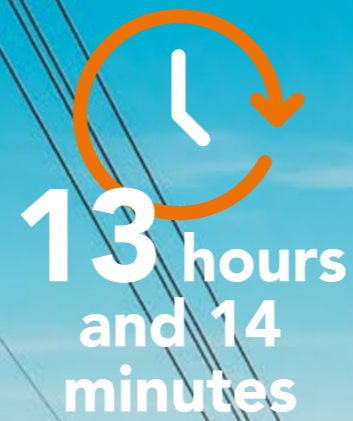
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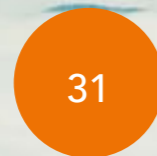
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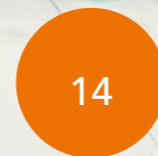


PARTICIPANTS

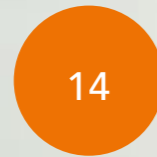
HOURS



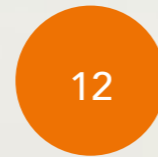
Handling of hazardous substances and waste



Staff workers from the maintenance area were shown a short video (14 min).



One stop shop; REP Law 20920; Substances, Emissions and Waste

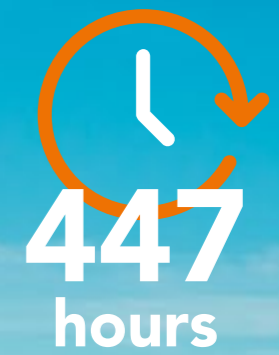


Applicable environmental regulations



TL CHARRÚA (CHILE)

BRAZIL



PARTICIPANTS

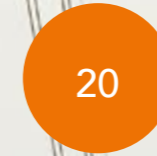
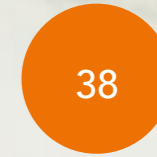
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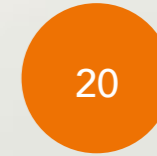
2020 In-house GIS course



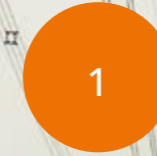
2020 Inside GIS Conference – In the field



2020 Inside GIS Conference – Corporate



Environmental Manager Course



Environmental Manager Course ESG: How to Rethink and Innovate in Businesses in a Changing World





**CREATING
VALUE IN OUR
COMMUNITIES**

BUILDING RELATIONS BASED ON TRUST

Approachability, showing respect and creating socioeconomic value are part of Celeo's distinguishing marks in the communities where it operates. This means establishing relations based on trust, reciprocity and transparency, which find expression as an ongoing dialogue with the communities closest to its operations.

Celeo's Social Responsibility Policy reflects the company's commitment to the welfare and social development of local communities via ethical, transparent and long-lasting relations. Along these lines, Celeo is committed to contributing to the development of the communities within its spheres of influence, promoting the identification of the impacts its activities may have thereon and implementing plans to prevent, mitigate or offset them. Likewise, it is committed to respecting and enforcing the protection of basic human rights, especially those of vulnerable groups.

The main impacts on communities of the Celeo Group's activities are the deleterious effect on the properties through which power lines run, the visual impact of the facilities and installations themselves, the noise generated by electrical equipment and, occasionally, the potential impact on biodiversity in specially protected areas. Aware of the importance of caring for the environment, biodiversity and the wellbeing of local communities, Celeo assesses its impacts by means of environmental and social assessment programmes – which include specific studies and spaces for citizen participation – that guarantee the social licence to operate and include, where appropriate, all necessary control, mitigation and offset measures.

In Brazil, the environmental licensing process considers public participation a fundamental part of the process under Conama Resolutions 01/86 and 09/87. Through public hearings and technical

briefings, all stakeholders and concerned parties have the opportunity to make suggestions and comments and to level criticism. No public hearings were held in 2020.

Additionally, Celeo Brazil has several stakeholder engagement programmes in place, among which the **Integra Project** stands out. This is a programme that Celeo carries out on its own accord, beyond the obligations imposed by environmental regulations. Its purpose is to engage the populations living near transmission lines to inform and educate them about the consequences of burning plant matter, and to get to know and understand their needs. This programme also covers communication campaigns about restrictions on rights of way, the distribution of informational material and the broadcasting related to the company's communication channels.

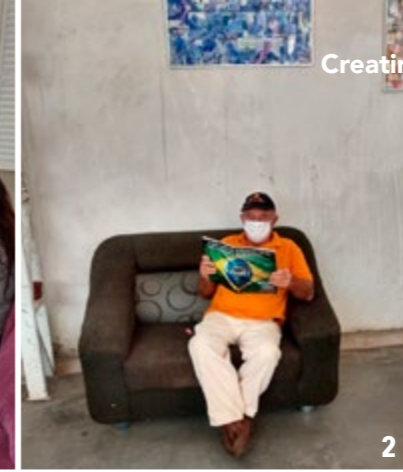
12

community projects in Brazil and Chile

1 e 2: LAR VICENTINO SAO JOSÉ
3, 4, 6, 7 e 8: ÁGUIAS NAS COMUNIDADES
5: BALLET FELIZ



1



2



3



4



5



6



7



8

In 2020, the programme continued to focus on communication and fire prevention campaigns. The informational material was tweaked to make it easy to read by prioritising visual communication aids, given that part of the population concerned has difficulty reading.

In the case of Chile, Law 19300 of 1994 on the Bases of the Environment requires a public participation process (PAC) to be carried out as part of the Environmental Assessment Process so that the public affected by the potential development of a project can exercise, within the established timeframes, its rights to be formally informed of the project and to ask the developer any questions they wish.

In this context, Celeo Chile carries out, prior to the environmental assessment phase, an advance public participation process (PACA) for the benefit of the communities affected by its projects, through which Celeo's directors can inform them in advance of the main characteristics of these projects. The PACA involves holding meetings with and giving interviews to municipal authorities and officials, leaders of social and territorial organisations, and neighbours. This early dialogue process enables Celeo to build constructive relations with its stakeholders and to minimise the potential impacts of its projects on the land.

In the context of the public participation process within the environmental assessment process of the CASTE Project, several meetings were held with inhabitants of the area of influence of the future facilities. As a result of the pandemic situation, face-to-face activities were combined with webinars. A total of 8 workshops were held, including 2 webinars, in which 138 individuals took part. On top of that, the company received 1,000+ comments throughout the process.

In 2020, Celeo Chile did not physically displace any community or need to compensate people during the development of its projects, notwithstanding the electricity easements.



BIRD-WATCHING CLUB AT COREL SCHOOL (CHILE)

Celeo seeks to involve communities in its projects through public consultations.

INTEGRATION OF AND RESPECT FOR TRADITIONAL COMMUNITIES

Within the framework of Brazilian environmental legislation, Celeo Brazil pays special attention to indigenous and Quilombola communities. Such legislation requires an Indigenous Component Study (ECI) or Quilombola Component Study (ECQ) in order to assess the specific impacts of projects on these communities. An Environmental Component Basic Indigenous Plan (PBAI) or an Environmental Component Basic Quilombola Plan (PBAQ), which includes control and mitigation measures for each identified impact, has to be subsequently implemented.

In this context, the National Indian Foundation (FUNAI)⁵ is the government agency in charge of promoting identification and delimitation studies, the demarcation of the land and the regularisation of land tenure, and the registration of lands traditionally occupied by indigenous peoples. It is also responsible for the supervision and inspection of the indigenous lands and for controlling and mitigating any potential environmental impacts arising from interference external to the indigenous lands.

Following the publication of Decree No. 10252, of February 2020, responsibility for environmental licensing concerning Quilombola communities has been transferred from the Palmares Cultural Foundation to the National Institute of Colonisation and Agrarian Reform (INCRA).

⁵ The National Indian Foundation (FUNAI) is the Brazilian state's official body for indigenous affairs; it is a branch of the Ministry of Justice and Public Security and the coordinator and main executor of the Federal Government's indigenous policy. Its institutional mission is to protect and promote the rights of indigenous peoples in Brazil.

Traditional communities in the context of Celeo's projects

During the Environmental Impact Assessment (EIA) of the Parintins-Amazonas TL Project (PATE), two Quilombola communities were identified in the area where the project was going to be developed. The study, which began in 2019, has not been completed yet due to the pandemic. It is worth mentioning that Celeo Brazil's studies of and activities with traditional communities are monitored by the relevant public bodies. In this case, the institution in charge of such monitoring is the National Institute of Colonisation and Agrarian Reform (INCRA).

Celeo Brazil completed the review of the CAI-UÁ Project's Indigenous Component Study (ECI) in 2020. Conversely, it is currently reviewing the PBAI.

The responsible body, INCRA, released its final opinion on the IMTE Projects' PBAQ, after which the process was considered to be finished.

The ENTE Project's ECI, however, is still pending completion. The action plan detailing the methodology for its devising has already been approved by FUNAI. The commencement of field activities is subject to the indigenous community's approval.

FIGHTING COVID ALONGSIDE COMMUNITIES

The global pandemic hit the most fragile segments of society particularly hard in 2020. This is why Celeo did its utmost to help the most vulnerable communities within the area of influence of its projects. All initiatives were rigorously analysed and approved by each subsidiary's Sustainability Committee.

Celeo Brazil collaborated on many social projects that benefited more than one million people through two lines of action:

- Donations and basic food baskets in five municipalities in the metropolitan area of Rio de Janeiro, as well as in the states of Minas Gerais, São Paulo, Piauí and Maranhão. In Maranhão, it gave its support to Quilombola and indigenous communities in the vicinity of the IMTE and ENTE projects, thereby answering the call of the Palmares Cultural Foundation and FUNAI.
- Donating hospital equipment and PPE for health professionals. In this regard, it helped the Municipal Health Foundation of São João do Piauí and the municipalities of Teresina (Piauí) and Parintins (Amazonas) by purchasing hospital equipment for the installation of medical beds. Furthermore, Celeo Brazil gave away food baskets and personal hygiene and cleaning kits to mitigate the effects of COVID.

Celeo is committed to the most vulnerable communities in the area of influence of its projects.

+1M€
in donations to COVID relief efforts.

In response to the health emergency, Celeo Chile also provided the communities of Corel, Colbún and Charrúa and the Diego de Almagro hospital with PPE (gloves, masks, disinfectants etc.). In addition, it joined the "Canasta Local" (Local Basket) initiative, which had a dual objective: to deliver basic goods to those who needed them most and to revive the local economy by buying these goods from local businesses. One hundred and thirty-five vulnerable families living in the towns of Corel and Colbún benefited from this initiative.

INVESTMENT PROGRAMME. COVID

	Communities in Chile	Recipients (*)	Investment (EUR)
Canasta Local Project	Colbún (RP) and Corel (Chile)	135	5,948
Delivery of PPE	Colbún (RP), Corel and Charrúa	250	3,831
Delivery of PPE	Diego de Almagro Hospital	200	1,422
Total		585	11,202

Investment totalled CLP 9,096,214
(*) Estimated number of recipients according to the aid delivered.

INVESTMENT PROGRAMME. COVID

	Units	Total number of recipients (direct and indirect)	Investment (EUR)
Food baskets & hygiene kits	13,048	283,293	266,513
Hospital equipment	2,516	1,336,610	744,128
Total		1,620,533	1,010,641.88

(*) Investment totalled BRL 5,956,986. Of the total amount invested, BRL 3,660,640 (EUR 621,052) will be reimbursed via an exemption from paying the services tax (ISS) in the municipality of Parintins.



COVID RELIEF DONATIONS AT SÃO GONÇALO (BRAZIL)

OTHER SOCIAL PROJECTS

Celeo makes social investments in accordance with its internal policies and rules on donations and investments in social projects as well as with the legal criteria set in its agreements and contracts. Moreover, its projects have to be validated by the communities concerned and the Sustainability and Compliance Committees in order to ensure that they are in line with the Compliance System and Policy for identifying the history of the recipients and monitoring the payment processes.

Celeo Brazil is involved in two social projects in the context of the commitments it made to the Brazilian Development Bank (BNDES) to get funding for the Cantareira (CANTE) Project:

Vamos Salvar o Planeta

This project involves the construction of a waste sorting and composting plant, the creation of a recyclers' cooperative and environmental education campaigns for students and the local population in the Monte Santo de Minas region (Minas Gerais). It is a self-sustainable project that is already generating income over and above projections and benefits the entire population of the municipality through selective waste collection. As a result of situation brought about by the COVID-19 pandemic, Celeo has also helped the community by distributing food and personal hygiene products.

This project is valued at BRL 1.06 million, of which BRL 759,203.68 (71%) have already been invested. The project is expected to be completed at the beginning of 2021.



VAMOS SALVAR O PLANETA (MONTE SANTOS DE MINAS, MG, BRASIL)



VIVER BEM EM CAETETUBA (ATIBAIA, SP, BRASIL)



VIVER BEM EM CAETETUBA (ATIBAIA, SP, BRASIL)



Viver bem em Caetetuba

The purpose of this project is the renovation and construction of an annex to the Caetetuba train station (Atibaia, São Paulo) to house a social assistance centre (CRAS) and classes for teaching vocational training courses. As a result of the COVID-19 pandemic, part of this project's budget (BRL 92,290) was used to purchase and hand out food and personal hygiene and cleaning kits to 1,164 of the neighbourhood's residents. This project is valued at BRL 1.06 million, of which BRL 615,472.98 (58%) have already been invested. The project is currently under construction and is scheduled for completion in March 2021.



KPIs	Targets	Current impact
Members of the cooperative	20	16
Number of equipment items bought	12	12
Waste collection scope	50 districts	50 districts
Recycling capacity	153,000 kg	245,000 kg (11 months)
Revenue of the cooperative	BRL 48,000 (12 months)	BRL 116,000 (11 months)
Number of students trained	3,000	3,000

KPIs	Targets	Current impact
Recipients	20,000 residents	0
Number of residents trained	210	0
Food recipients	0	1,164 (direct) / 5,003 (indirect)

Celeo Chile continued carrying out its social projects at the Corel and Charrúa schools.

BIRD-WATCHING CLUB AT COREL SCHOOL



Biodiversity Dissemination and Protection Project at the Corel school

The aim of this project is to raise the awareness of the pupils of the Corel school about the value of biodiversity and environmental conservation while learning about the local fauna and flora.

Participatory Environmental Improvement Project at the Charrúa School

This environmental education programme intends to create synergies between the company and the community through environmental improvement actions by means of workshops and activities.

This project involved initiatives such as holding environmental awareness workshops where pupils had to monitor the amount of waste generated at the school after new recycling and composting bins were installed, with the aim of encouraging the generation of less waste; creating a bird-watching club; and putting on a play based around an environmental theme. COVID-19 necessitated holding some workshops remotely.

Community investment projects	Communities in Chile	Recipients	Investment (EUR)
Environmental Education Programme	Corel and Charrúa	130	21,945

Investment totalled CLP 17,589,659

NOTABLE CELEO BRAZIL TAX INCENTIVE PROJECTS

Ballet Feliz

This project in collaboration with the Criança Feliz Association aims to introduce children from the town of São João do Piauí to culture through dance. Dance and capoeira workshops were thus held. In addition, part of the budget is being used to buy and donate basic food baskets to alleviate the impact of the pandemic in this town.

Águia nas Comunidades

This joint project with the Superar Institute intends to teach 250 children and teenagers with disabilities values and empower them through sports.

Projects under the Culture Incentive Law

Celeo sponsored the Brazil-Spain Cultural Dialogue Project within the framework of the National Culture Incentive Programme. This project consisted of reprinting the volume "Dom Quixote: Cervantes, Portinari, Drummond" (1973), an illustrated collection of poems inspired by the work of Cervantes. The collection was presented at several institutions (schools, museums etc.).

Completion of the project at Lar Vicentino São José care home

The project to expand the facilities of the Lar São José care home in São João da Boa Vista (São Paulo) was executed throughout 2020. The care home was provided with an area for social activities, thanks to which 90 people were benefited by an investment of EUR 116,537 (BRL 71,400).

Project	State	Investment (EUR)	Status
Ballet Feliz	Piauí	16,765	Under way
Águia nas Comunidades	RJ	16,765	Under way
Armarinho – Cantinho da Imaginação	MG, Piauí	25,048	Under way
Fazer más e melhor	Goiás	16,765	Stopped
Protagonismo Juvenil e Capacitação para o Primeiro Emprego**	RJ	12,113	Stopped
Lar Vicentino São José (**)	São Paulo	12,113	Completed
Dom Quixote, Portinari e Drummond	RJ	16,966	Under way

(**) Carried out with funds from 2018.

For its part, Celeo Chile gave a 240-hour workshop called "Herramientas computacionales" (Computer Tools), which was certified and supported by Celeo's HR team, to 10 families from the town of Rincón de Pataguis and the families of two Celeo employees.

Community investment projects	Community in Chile	Recipients	Investment (EUR)
Computer Tools Workshop	Colbún	10	12,315

Investment totalled CLP 10,000,000

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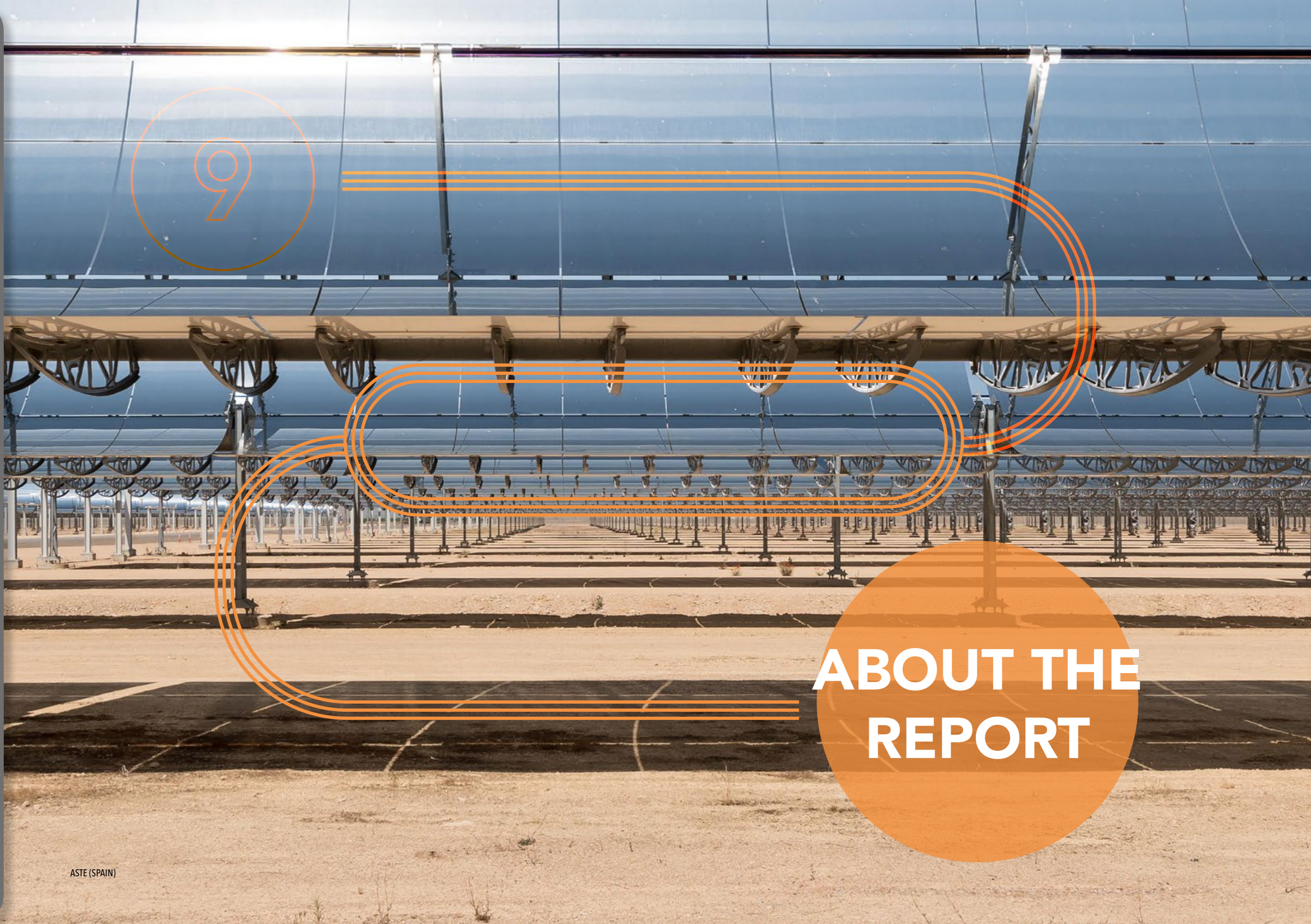
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ASTE (SPAIN)



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SCOPE

This is the first sustainability report Celeo has prepared with the idea of giving a global, interconnected view of its activities and the Group's main economic, social and environmental impacts, as well as those aspects it thinks are relevant for its main stakeholders, during the 2020 financial year. The Global Reporting Initiative (GRI) – in its GRI Standards version – has been used as a reference to prepare the report, the issues identified as material to the business, according to the basic compliance level, having been taken into account. In addition, indicators from the Energy Supplement (2014) have been included because they are specific to the energy industry – although they are not currently up to date under the latest version of GRI.

The information reported herein covers the Celeo Group (Celeo Concesiones e Inversiones, S.L. and its subsidiary companies). Where there are restrictions to this scope, they are specified herein.

This report integrates the efforts and activities of Celeo's subsidiaries in Brazil and Chile, which for years have been drawing up their own sustainability reports following the GRI Standard – which have been verified by a third party.

MATERIALITY ANALYSIS

In 2020, Celeo conducted a materiality analysis to define the sustainability matters that are relevant to the Group and prioritise the contents of this report. The process Celeo carried out in this respect involved:

IDENTIFYING MATERIAL MATTERS

- Benchmarking relevant industry and competitor companies using their materiality matrices as a reference.
- Analysing the main public news and initiatives at the national and the international level.
- Analysing sustainability standards such as SASB, GRESB and GRI.

CONSULTING INTERNAL AND EXTERNAL STAKEHOLDERS

- Conducting management interviews.
- Sending a questionnaire to both its main stakeholders and senior management in order for them to score the matters that were identified in the previous phase.

PRIORITISING MATERIAL MATTERS

- From the analysis of the scores given in the questionnaire, obtaining a list of the material matters prioritised from highest to lowest relevance.

PREPARING THE MATERIALITY MATRIX

- The matrix, which is validated by senior management, assigns the different matters a level of high, medium and low relevance for Celeo and its stakeholders.

197 STAKEHOLDERS (INVOLVEMENT)

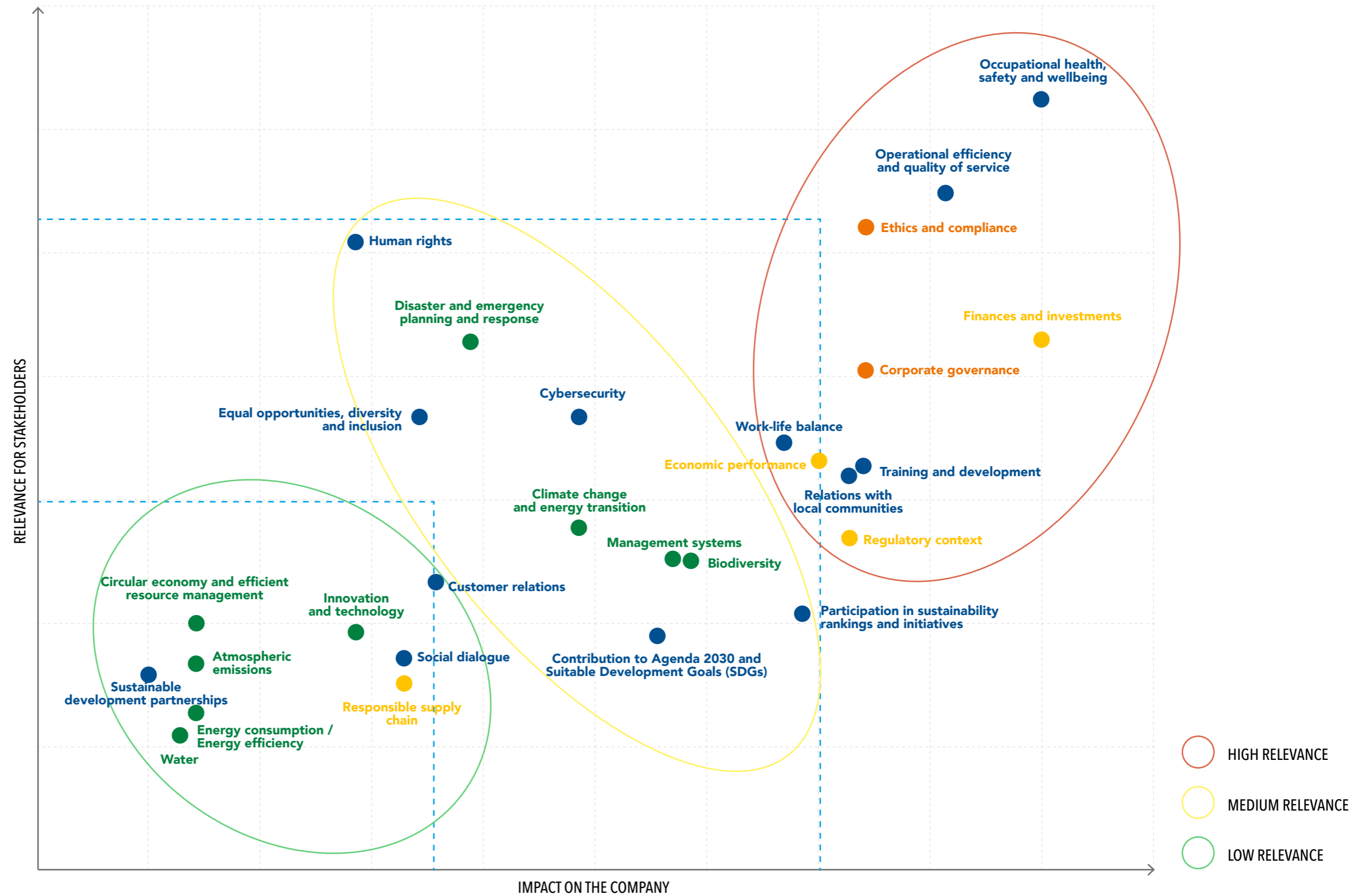
7 MANAGEMENT INTERVIEWS

	Corporate	Chile	Brazil
	18	76	103
Management	5	4	2
Supplier	8	159	4
Global pact	2	1	2
Adviser			2
Association		2	
Community			2
Employee			4
Financial ent		6	
Contractor			4
Environmental body		2	
Client			2

PRIORITISATION OF MATERIAL ISSUES

CELEO'S MATERIALITY MATRIX

◦ We present the final result of the Corporate materiality matrix.



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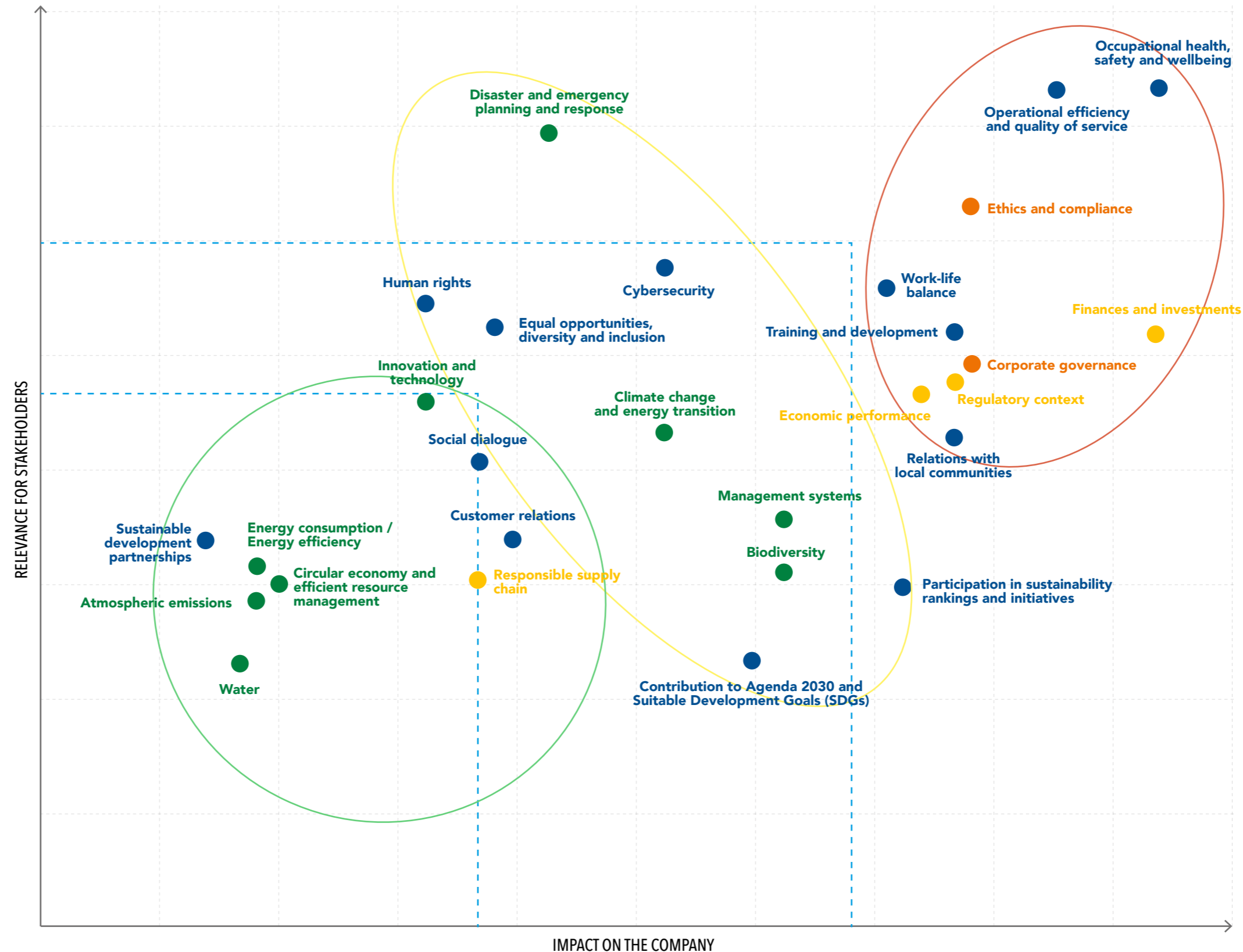
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PRIORITISATION OF MATERIAL ISSUES

CELEO CHILE'S MATERIALITY MATRIX

- For Celeo Brazil and Chile, the same methodology has been followed as for the Corporate level.
- We present the final result of the materiality matrix for Celeo Chile



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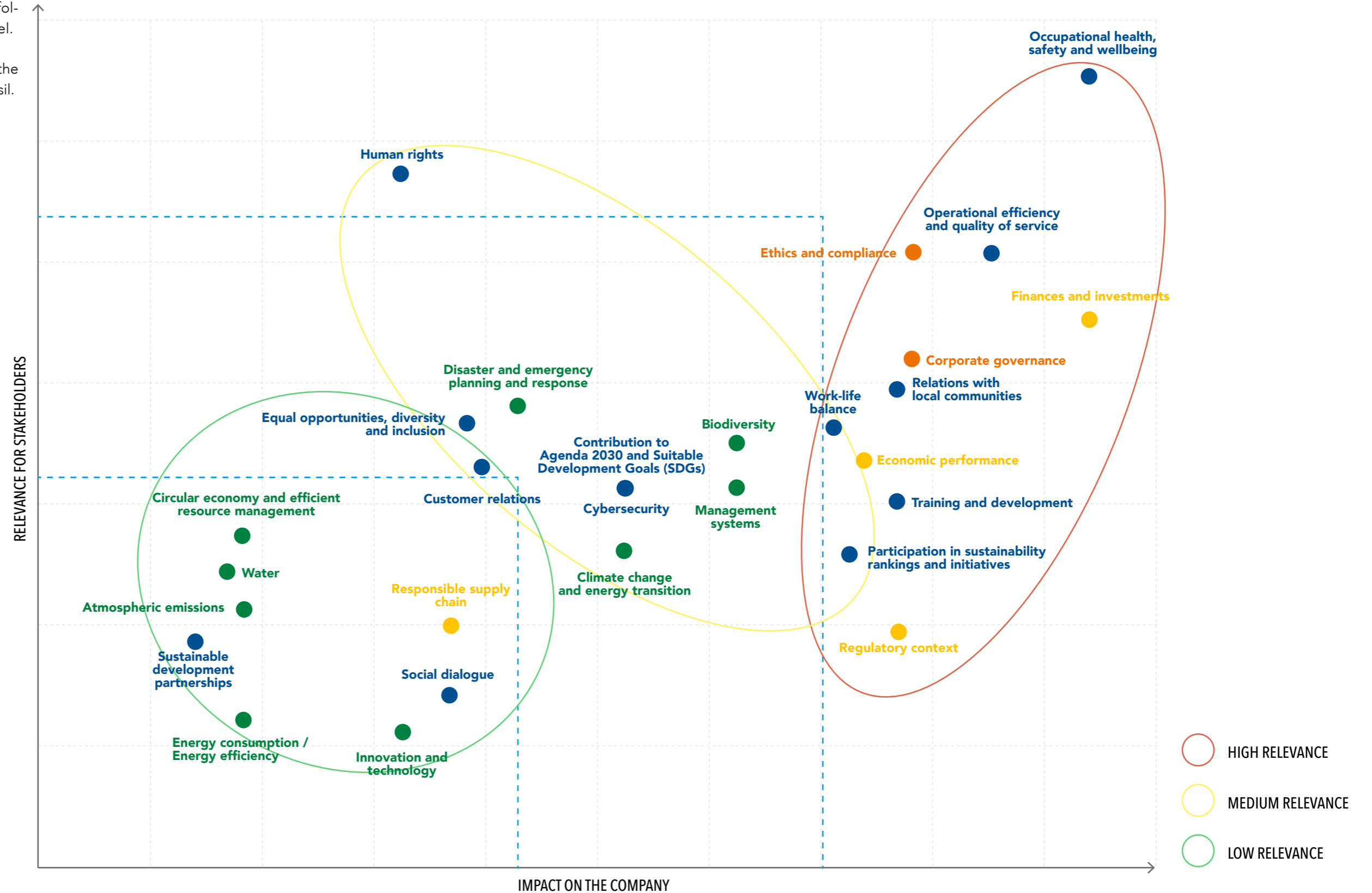
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PRIORITISATION OF MATERIAL ISSUES

CELEO BRAZIL'S MATERIALITY MATRIX

- For Celeo Brazil and Chile, the same methodology has been followed as for the Corporate level.
- We present the final result of the materiality matrix for Celeo Brasil.



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HIGH RELEVANCE

	Criticality level	Aspect	Impact		SDG
			Internal	External	
Health, safety and wellbeing at work	<p>High relevance</p>				
Finance and investments					
Operational efficiency and quality of service					
Ethics and compliance					
Corporate governance					
Relations with local communities					
Training and development					
Regulatory context					
Economic performance					
Work-life balance					

LEGEND:

ECONOMIC
 SOCIAL
 ENVIRONMENT
 GOVERNANCE



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GRI CONTENT INDEX

GENERAL DISCLOSURES

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
GRI 101: Fundamentals 2016				
GRI 102: General Disclosures 2016				
ORGANIZATIONAL PROFILE				
102-1	Name of the organization	25		n/a
102-2	Activities, brands, products, and services	7-10		n/a
102-3	Location of headquarters	Av. General Perón, 38, planta 14. Edificio Master's I 28020 - Madrid Madrid España		n/a
102-4	Location of operations	7		n/a
102-5	Ownership and legal form	24		n/a
102-6	Markets served	7-10		n/a
102-7	Scale of the organization	7-10, 36, 51-52		n/a
102-8	Information on employees and other workers	51-53		Corporate governance
102-9	Supply chain	42		n/a
102-10	Significant changes to the organization and its supply chain	There have been no significant changes		n/a
102-11	Precautionary Principle or approach	59		n/a
102-12	External initiatives	21-22		n/a
102-13	Membership of associations	14		Community relations
STRATEGY				
102-14	Statement from senior decision-maker	2-4		n/a
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	29		Ethics and compliance
GOVERNANCE				
102-18	Governance Structure	26-28		Corporate governance
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	22		
102-41	Collective bargaining agreements	34		Occupational health and safety
102-42	Identifying and selecting stakeholders	76		n/a
102-43	Approach to stakeholder engagement	76		n/a
102-44	Key topics and concerns raised	80		n/a
REPORTING PRACTICES				
102-45	Entities included in the consolidated financial statements	76		Economic performance
102-46	Defining report content and topic Boundaries	80		n/a
102-47	List of material topics	77-80		n/a
102-48	Restatements of information	Not applicable since it is the first report		n/a
102-49	Changes in reporting	Not applicable since it is the first report		n/a



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GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
REPORTING PRACTICES				
102-50	Reporting period	2020		n/a
102-51	Date of most recent report	Not applicable since it is the first report		n/a
102-52	Reporting cycle	Annual		n/a
102-53	Contact point for questions regarding the report	celeo@celeogroup.com		n/a
102-54	Claims of reporting in accordance with the GRI Standards	76		n/a
102-55	GRI content index	82-90		n/a
102-56	External assurance	92		n/a

MATERIAL TOPICS

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
ECONOMIC PERFORMANCE				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Economic performance
103-2	The management approach and its components	30, 35		
103-3	Evaluation of the management approach	30, 35		
GRI 201: Economic performance 2016				
201-1	Direct economic value generated and distributed	37		
201-4	Financial assistance received from government	74		
INDIRECT ECONOMIC IMPACTS				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Community relations
103-2	The management approach and its components	7, 37, 72-74		
103-3	Evaluation of the management approach	7, 37, 72-74		
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	7, 59		
203-2	Significant indirect economic impacts	72-74		
PROCUREMENT PRACTICES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Economic performance
103-2	The management approach and its components	42		
103-3	Evaluation of the management approach	42		

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
PROCUREMENT PRACTICES				
GRI 204: Procurement practices 2016				
204-1	Proportion of spending on local suppliers		Not available at Group level	Economic performance
ANTI-CORRUPTION				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	30-34		
103-3	Evaluation of the management approach	30-34		
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	34	Quantitative data not available at Group level	
205-2	Communication and training about anti-corruption policies and procedures	30-33		
205-3	Confirmed incidents of corruption and actions taken	32		Ethics and compliance
ENERGY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	60-61		
103-3	Evaluation of the management approach	60-61		Climate change and energy transition
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	60		
302-4	Reduction of energy consumption	61		
WATER				
GRI 303: Management Approach 2018				
303-1	Interactions with water as a shared resource	61-62		
GRI 303: Water 2018				
303-3	Water withdrawal	62		
303-5	Water consumption	61		Biodiversity
BIODIVERSIDAD				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	66-67		Biodiversity
103-3	Evaluation of the management approach	66-67		

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
BIODIVERSIDAD				
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	66-67		Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	66-67		
304-3	Habitats protected or restored	67		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	67		
EMISSIONS				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	63-65		
103-3	Evaluation of the management approach	63-65		
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	64		Climate change and energy transition
305-2	Energy indirect (Scope 2) GHG emissions	64		
305-3	Other indirect (Scope 3) GHG emissions	64		
305-4	GHG emissions intensity	64		
305-5	Reduction of GHG emissions	64		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	64		
EFFLUENTS AND WASTE				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Biodiversity
103-2	The management approach and its components	62		
103-3	Evaluation of the management approach	62		
GRI 306: Effluents and Waste 2016				
306-2	Waste by type and disposal method	62		
ENVIRONMENTAL COMPLIANCE				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Ethics and compliance
103-2	The management approach and its components	59		
103-3	Evaluation of the management approach	59		
GRI 307: Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	32, Note 1		

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	42		
103-3	Evaluation of the management approach	42		n/a
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria		Not available	
EMPLOYMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	51-55		
103-3	Evaluation of the management approach	51-55		Work-life balance
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	52-53		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	53 Benefits apply to full-time employees		
OCCUPATIONAL HEALTH, SAFETY AND WELFARE				
GRI 103: Enfoque de gestión 2016				
403-1	Occupational health and safety management system	45-46		
403-2	Hazard identification, risk assessment, and incident investigation	45-46		
403-3	Occupational health services	49		
403-4	Worker participation, consultation, and communication on occupational health and safety	46		Occupational health, safety and welfare
403-5	Worker training on occupational health and safety	49		
403-6	Promotion of worker health	49		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	47		
SALUD, SEGURIDAD Y BIENESTAR LABORAL				
GRI 403: Occupational health and safety 2018				
403-8	Workers covered by an occupational health and safety management system	45		Occupational health, safety and welfare
403-9	Work-related injuries	47		
403-10	Work-related ill health	47		
TRAINING AND DEVELOPMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Training and development
103-2	The management approach and its components	56-57		
103-3	Evaluation of the management approach	56-57		

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
TRAINING AND DEVELOPMENT				
GRI 404: Training and development 2016				
404-1	Average hours of training per year per employee	57		Training and development
404-2	Programs for upgrading employee skills and transition assistance programs	57		
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Diversity and Equal Opportunity
103-2	The management approach and its components	51-53		
103-3	Evaluation of the management approach	51-53		
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	27, 51-53		
NON-DISCRIMINATION				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Diversity and Equal Opportunity
103-2	The management approach and its components	31,53		
103-3	Evaluation of the management approach	31,53		
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	32		
RIGHTS OF INDIGENOUS PEOPLES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Human Rights
103-2	The management approach and its components	34, 71		
103-3	Evaluation of the management approach	34, 71		
GRI 411: Rights of Indigenous Peoples				
411-1	Incidents of violations involving rights of indigenous peoples	34, Note1		
HUMAN RIGHTS ASSESSMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Human Rights
103-2	The management approach and its components	34		
103-3	Evaluation of the management approach	34		
GRI 412: Human Rights Assessment 2016				
412-2	Employee training on human rights policies or procedures		No specific training on human rights has been undertaken	Human Rights

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GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
LOCAL COMMUNITIES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	70-74		
103-3	Evaluation of the management approach	70-74		Community relations
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	70-74		
413-2	Operations with significant actual and potential negative impacts on local communities	70-74		
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	42		n/a
103-3	Evaluation of the management approach	42		
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria		Not available	
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	30		Ethics and compliance
103-3	Evaluation of the management approach	30		
GRI 416: Salud y seguridad de los clientes 2016				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note 1		
CUSTOMER PRIVACY				
GRI 103: Enfoque de gestión 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	43		Ethics and compliance
103-3	Evaluation of the management approach	43		
GRI 418: Privacidad del cliente 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43		
SOCIOECONOMIC COMPLIANCE				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		
103-2	The management approach and its components	31-32		Ethics and compliance
103-3	Evaluation of the management approach	31-32		
GRI 419: Cumplimiento socioeconómico 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	Note 1		

GRI STANDARD	DESCRIPTION	PAGE WHERE THE INFORMATION IS PROVIDED	OMISSIONS	MATERIAL TOPICS
PARTICIPATION IN SUSTAINABILITY RANKINGS AND INITIATIVES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Participation in sustainability rankings and initiatives
103-2	The management approach and its components	21		
103-3	Evaluation of the management approach	21		
CYBERSECURITY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Cybersecurity
103-2	The management approach and its components	43		
103-3	Evaluation of the management approach	43		
INNOVATION AND TECHNOLOGY				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Innovation and technology
103-2	The management approach and its components	43		
103-3	Evaluation of the management approach	43		
CIRCULAR ECONOMY AND EFFICIENT RESOURCE MANAGEMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Circular Economy and efficient resource management
103-2	The management approach and its components	62		
103-3	Evaluation of the management approach	62		
PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	76-80		Partnerships for sustainable development
103-2	The management approach and its components	19-22		
103-3	Evaluation of the management approach	19-22		

SECTOR SUPPLEMENT

CODE	NAME	PAGE	OMISSIONS	MATERIAL TOPIC
ORGANIZATIONAL PROFILE				
G4-EU1	Installed capacity	7-10		Operational efficiency and quality of service
G4-EU2	Net energy production	7-10		Operational efficiency and quality of service
GR4-EU3	Number of consumption units	7		Operational efficiency and quality of service
G4-EU4	Length of above and underground transmission and distribution lines by regulatory regime	7-10		Operational efficiency and quality of service
G4-EU5	Allocation of CO ₂ e emissions allowances or equivalent	n/a		n/a
CATEGORY: ECONOMIC				
Availability and Reliability				
G4-DMA EUSD EC (ex G4-EU6)	Management approach to ensure short and long-term electricity availability and reliability	38-41		n/a
Demand management				
GR4-DMA EUSD EC (ex G4-EU7)	Demand-side management programme	n/a		n/a
Research and development				
G4-EU8	Activities and expenditure related to research and development aimed at the reliability of electricity supply of electricity supply	42		Finance and investment
Plant decommissioning				
GR4-DMA EUSD EC (ex G4-EU9)	Provision for decommissioning of nuclear power plants	n/a		n/a
Efficiency system				
G4-EU11	Average generation efficiency of thermoelectric power plants	41		Operational efficiency and quality of service
G4-EU12	T&D losses	41		Operational efficiency and quality of service
CATEGORY: ENVIRONMENTAL				
Biodiversity				
G4-EU13	Biodiversity of replacement habitats compared to biodiversity of affected areas affected areas	67		Biodiversity
CATEGORY: SOCIAL – LABOR PRACTICES AND DECENT WORK				
Employment				
GR4-DMA EUSD EC (ex G4-EU14)	Programmes and processes that ensure the availability of manpower	57		Training and development
G4-EU15	Percentage of employees eligible for retirement in the next 5 and 10 years			Not material
GR4-DMA EUSD EC (ex G4-EU16)	Policies and requirements regarding the health and safety of employees and contractors	45-46		Occupational health and safety
G4-EU17	Days worked by subcontracted workers	No disponible		Occupational health and safety
G4-EU18	Percentage of subcontracted and subcontracted workers receiving relevant health and safety training	49		Training and development

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CODE	NAME	PAGE	OMISSIONS	MATERIAL TOPIC
CATEGORY: SOCIAL – SOCIETY				
Local Communities				
GR4-DMA EUSD EC (ex G4-EU19)	Stakeholder participation in decision making processes related to energy planning and infrastructure development (71		Relationship with communities
GR4-DMA EUSD EC (ex G4-EU20)	Approach to managing the impacts of displacement	71		Relationship with communities
G4-EU22	Number of people physically or economically displaced and compensation	71		Relationship with communities
Disaster/ Emergency Planning and Response				
GR4-DMA EUSD SO (ex G4-EU21)	Contingency planning measures, disaster / emergency management plan and training programmes, as well as recovery / restoration plans.	38		Operational efficiency and quality of service
CATEGORY: SOCIAL – PRODUCT RESPONSIBILITY				
Customer Health and Safety				
G4-EU25	Number of injuries and fatalities to the public involving company assets	n/a		n/a
Access				
G4-DMA EUSD PR (ex G4-EU23)	Programmes aimed at improving or maintaining access to electricity	n/a		n/a
G4-EU26	Population not served in areas with regulated distribution or service.	n/a		n/a
G4-EU27	Number of residential disconnections for non-payment.	n/a		n/a
G4-EU28	Frequency of interruptions in the power supply (FEC)	38-41		Operational efficiency and quality of service
G4-EU29	Average duration of interruptions at the power supply (DEC)	38-41		Operational efficiency and quality of service
G4-EU30	Average plant availability factor	41		n/a
Provision of information				
G4-DMA EUSD PR (ex G4-EU24)	Practices for dealing with barriers to electricity access and customer service and safe use and their safe use	n/a		n/a

Note 1. There are no incidents or aspects that should be mentioned.

INDEPENDENT REVISION REPORT



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Limited Assurance Report on the 2020 Sustainability Report of Celeo Concesiones e Inversiones S.L. and Subsidiaries

(Translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails)

To the Management of Celeo Concesiones e Inversiones S.L.:

We have been engaged by the Management of Celeo Concesiones e Inversiones S.L. to provide limited assurance on the 2020 Sustainability Report of Celeo Concesiones e Inversiones S.L. (hereinafter the Parent) and its subsidiaries for the year ended 31 December 2020 (hereinafter “the Report”).

Management responsibilities

The Management of Celeo Concesiones e Inversiones S.L. is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option of the Global Reporting Initiative, as described in point 102-54 of the GRI content Index of the Report. Management is also responsible for the information and assertions contained within the Report; for determining the Parent’s objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities also encompass the implementation of appropriate controls deemed necessary by Management to enable that the preparation of indicators with a limited assurance review is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to carry out a limited assurance review and to express a conclusion based on the work performed, referring exclusively to the information corresponding to 2020. We conducted our engagement in accordance with the Revised International Standard on Assurance Engagements ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and the ISAE 3410 Standard, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standard Board (IAASB); and with the guidelines for assurance engagements on Corporate Responsibility Reports issued by the Spanish Institute of Registered Auditors (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatements.



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We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Procedures performed

Our limited assurance engagement has been carried out by means of enquiries of Management and persons responsible for the preparation of information presented in the Report, and the application of analytical and other evidence gathering procedures. These procedures included:

- Verification of the Parent’s processes for determining the material issues, and the stakeholder participation therein.
- Verification, through interviews with Management and relevant staff at group level and selected business unit level, of the presence of sustainability strategy and policies and corporate responsibility to attend to material issues, and the implementation of these across the business of the Parent.
- Assessment of the consistency of the description of the application of the Parent’s policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of consistency of information comparing the Universal Standards with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) requirements, in accordance with core option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Parent.
- Comparison between the financial information presented in the Report and those included in the Parent’s Annual Accounts audited by independent third parties.

Our multidisciplinary team included specialists in dialogue with stakeholders, and social, environmental and economic business performance.



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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Assurance Report.

We believe that the evidences we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidences obtained, nothing has come to our attention that causes us to believe that the Report has not been prepared, in all material respects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option, as described in point 102-54 of the GRI content Index of the Report, including the reliability of data, adequacy of the reported information and the absence of significant deviations and omissions.

Purpose of our report

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Celeo Concesiones e Inversiones S.L. and its subsidiaries in relation to its 2020 Sustainability Report and for no other purpose or in any other context.

Under separate cover, we will provide the management of Celeo Concesiones e Inversiones S.L. with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

26 May 2021

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Cointegra

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Magenta Lab

LIMITED ASSURANCE
KPMG

PHOTOS
Celeo archive, Unsplash (pages 25 and 52) and Biocore Tecnologia e Soluções Ambientais (wildlife photos in chapter 7)



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