

# Sustainability report 2021

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# Letter from the Chairman of the Board

Dearest friends,

As the Chairman of the Board of Directors of Celeo, it is with great pleasure that I present the sustainability report, which details our commitments and goals in the ethical, responsible and sustainable management of the Group, through the rendering of accounts. Although at a global level the 2021 financial year has continued to be affected by a progressive increase in COVID infections, the subsequent restrictions on mobility and partial lockdowns, our activity has not been affected and we have been able to operate normally.

It is an honour to be able to share with you all that 2021 has been a year of great progress in our goals of consolidating ourselves as one of the leaders in the transmission and generation market, and of being able to continue our expansion and growth.

**In Chile, along with our partner APG, we signed a contract of sale and purchase for the acquisition of 100% of the transmission line business of Colbún Transmisión, S.A.**

Celeo and APG also went on to acquire 100% of the company Transmisora Eléctrica de Quillota Limitada. Celeo was also awarded several transmission projects in Chile with a

total investment value of 41.5 million euros. Through all these operations, we maintain a significant presence in the Chilean transmission market with more than 1,746 km of lines and 36 substations throughout the country.

Another achievement has been the entry of Celeo into the Peru transmission market through the award of 138kV Puerto Maldonado-Iberia Transmission Line and the 220/60kV Valle del Chira Substation project. We have been working on achieving this objective for several years and it is for this reason we are especially satisfied.

### **Another achievement has been Celeo's entry into the Peruvian transmission market**

At an operational level, of particular note is the start-up in Brazil of the Serra de Ibiapaba Transmissora de Energia concession, more than a year ahead of schedule with regard to the date established with ANEEL, and also the continuation of the construction works of the Parintins Amazonas Transmissora de Energia project, located in the states of Amazonas and Pará, which has 240 km of transmission lines and 1,000 MVA of transformation capacity.

During this financial year, CELEO has managed assets whose sales reached 293 million euros, of which 49% were from the electricity transmission business and 51% from the generation business. 37% of the sales were made in Spain, 41% in Brazil and the remaining 22% in Chile.

The EBITDA for the assets managed stood at 222 million euros, compared to 206 million euros in the previous financial year.

During this financial year, CELEO has managed assets whose sales reached 293 million euros, of which 59% were from the

**"2021 has been a year of great progress in our goals of consolidating ourselves as one of the leaders in the transmission and generation market, and of being able to continue our expansion and growth"**



electricity transmission business and 41% from the generation business. 37% of the sales were made in Spain, 41% in Brazil and the remaining 22% in Chile, Within the framework of the Business Plan 2020-2024, we continue progressing in continuous improvement of the management and sustainability practices of Celeo in Spain, Brazil and Chile, in line with our long-term responsible, transparent and sustainable business model. This effort has been corroborated in the last few years with the high scores obtained in the GRESB. We are very proud of Celeo Brazil managing to obtain the maximum score for the first time, which positions us as leaders in the area of sustainability in the energy transmission sector.

### **The EBITDA for the assets managed stood at 222 million euros**

I once again reiterate our commitment to the Global Compact, an international initiative of which Celeo Chile and Celeo Brazil have been members since 2018, one in which we actively participate. This commitment goes side-by-side with that of the 2030 Agenda of the United Nations Organisation, with clearly established objectives and goals for the coming years.

Lastly, I invite you to read this report where we have wanted to detail the day-to-day work, effort and commitment of all those who form Celeo to continue contributing to the economic and technological progress, social well-being and sustainable development, through investments in safe, reliable and efficient energy infrastructures.

**Miguel Morenés Giles**  
*Chairman of the Board of Directors*

## **Message from the CEO**

In 2021, the Celeo business project has continued to progress in fulfilling our vision of becoming a leading company in the energy infrastructures market, committed to excellence, with a solid environmental, social and good governance culture.

In the following lines I would like to share with you my vision concerning the most important milestones for 2021, a year during which we have continued to reinforce our commitment to sustainability and the creation of value for our stakeholders.

In 2021, we have guaranteed the quality, safety and continuity of the electricity supply in the countries where we operate through a satisfactory operational performance. Throughout the course of the year, there were no incidents that could have affected the operational performance in terms of availability.

Due to the health situation, the company has continued to implement the necessary preventive measures to avoid or minimise the risk of contagion by COVID-19. The Crisis Committees set up in Brazil and Chile have continued to lead, coordinate and evaluate the action and contingency plans.

The well-being, safety and professional and personal development of our employees continues to be a key commitment for Celeo. With the aim of reducing the number of accidents to 0, we will continue to make progress in consolidating a culture of excellence in health and safety in the workplace. We are very pleased to say that no accident resulting in time off has been recorded this year.

The effort to implement and roll out the Celeo development model is also particularly notable, as it seeks to attract, retain and engage the best talent in line with our strategic priorities.

Regarding the management of ethics and regulatory compliance, we have continued to move forward in reinforcing and maturing our Compliance Programme, the fundamental pillar of our strategy of committing to employ the best practices that guarantee ethical and responsible behaviour.

In environmental terms, we have developed a series of actions aimed at reinforcing the management associated to resilience and climate change, as well as the assessment of physical risks associated to extreme climate events.

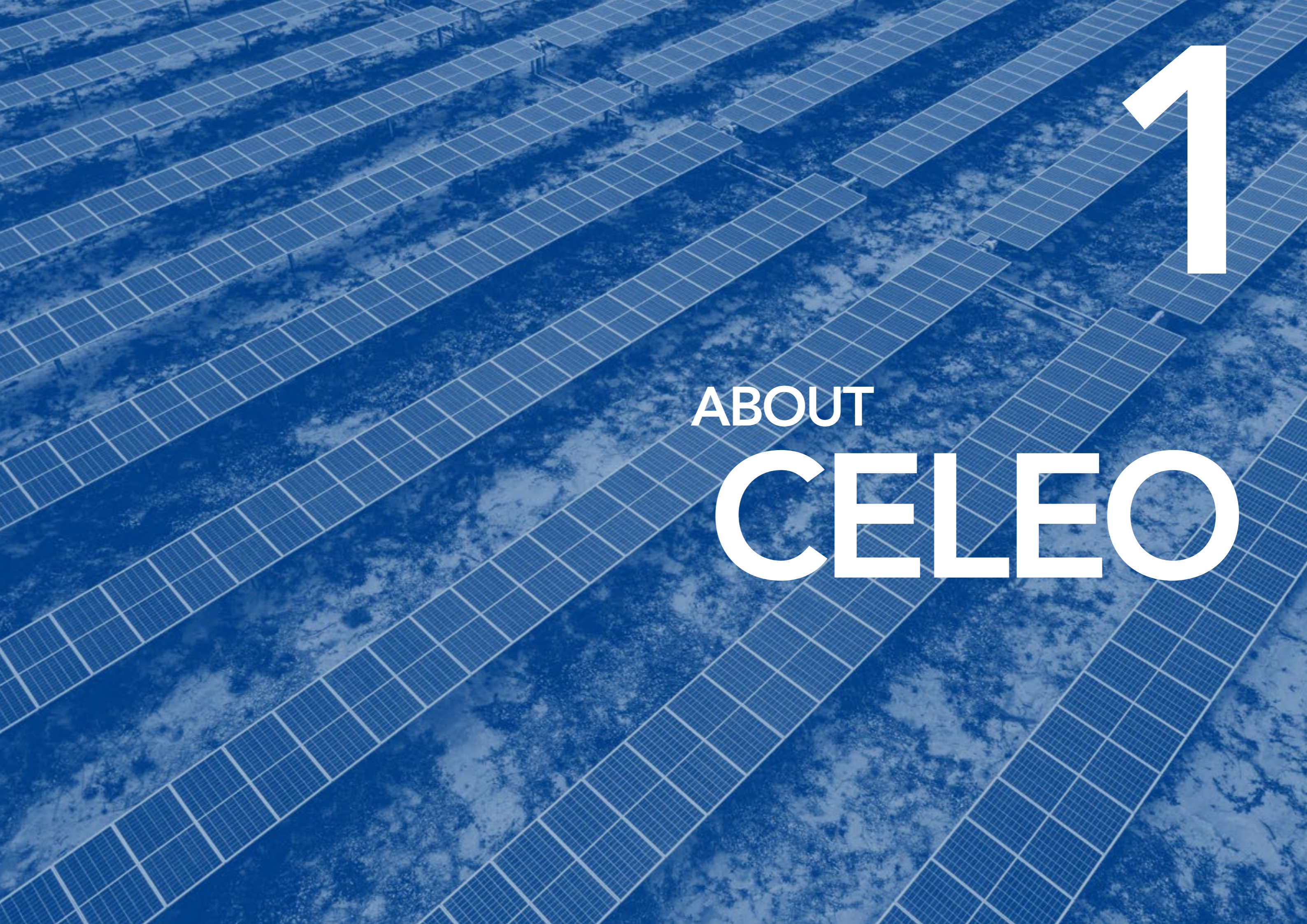
At Celeo we continue encouraging trusting relationships through an open, transparent and continuous dialogue with the local communities, which we support through a large number of social and environmental projects.

For the fourth consecutive year, we have participated in the GRESB ranking, the leading ESG benchmark for real estate and infrastructure investments. Celeo Brazil has positioned itself as the best company in the energy transmission sector with the maximum score and second position in the global ranking of 549 participating companies. Celeo Chile obtained second position for the second year running in the energy transmission sector and 16th in the global ranking. These results, in addition to filling us with pride, confirm our leadership and maturity in ESG management in Celeo.

I must thank all of you who are a part of Celeo for your effort and dedication. You are the key to the successes that we have achieved. We rely on everyone to reach the challenges that the future holds in store.

**José Ángel Lostao Unzu**  
*Chief Executive Officer*





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ABOUT  
**CELEO**

Celeo is an international investment firm that actively participates in the development, investment and management of infrastructure assets. Celeo's main business activities are the development, construction and operation of transmission lines, as well as solar thermal and photovoltaic energy generation plants.

## Main milestones in Celeo's history

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

<b>2000</b>	Entry of Elecnor into the <b>Brazilian transmission market</b> .
<b>2008</b>	Start up of the first <b>renewable energy</b> project.
<b>2009</b>	Incorporation of <b>Celeo Inversiones y Concesiones</b> . Awarded the first project in <b>Chile</b> (Alto Jahuel).
<b>2014</b>	APG acquires <b>49%</b> in <b>Celeo Redes</b> (joint venture).
<b>2018</b>	Entry into the <b>photovoltaic center</b> in Brazil (award in public auction). Certification of the integrated management system.
<b>2020</b>	<b>APG</b> acquires a <b>49%</b> stake in <b>Celeo concesiones e inversiones</b>
<b>2021</b>	Incorporation of <b>Celeo Redes Peru</b> , S.A.C. Entry into the <b>transmission market</b> in Peru. Acquisition of <b>20%</b> of Chilean company <b>Colbún Transmision, S.A.</b>



In **2000** Elecnor participates in the second tender for a transmission line put out by the regulator ANEEL that year in Brazil, and is awarded a project for the construction and operation of 581 km of 500 kV line, thus entering into the transmission concessionary business.

In **2001** in Brazil, it incorporates the company Elecnor Transmisora de Energía S.A. (ETESA), a Brazilian holding company, through which it participates in several transmission tenders in the country, being awarded a total of 14 concessions up to 2009.

In **2008** the photovoltaic facilities located in Al-mussafes (Valencia, Spain) enters into operation.

In **2009** it establishes Celeo Concesiones e Inversiones (CELEO) in Spain, as the Spanish holding company responsible for the overall management of the concession businesses and investments of the Group, transferring to Celeo all the transmission assets that ETESA maintained operational in Brazil. This same year, CELEO is awarded a new concession in Brazil and wins its first proprietary transmission project in Chile, thus commencing its activity in that country.

In **2010** Celeo reorganises its assets through the sale of minority shareholdings in seven transmission concessions in Brazil.

In **2011** it creates the subsidiary Celeo Redes in Spain and incorporates the company Celeo Redes Chile S.L. in Chile, through which it maintains the ownership of the transmission assets in that country. The reorganisation process concludes with the sale of minority shareholding to transmission concessions in Brazil and the purchase of 100% of the concessionaire Vila do Conde Transmisora de Energía.

During the period **2011-2014** Celeo, through its Brazilian company, participates in successive transmission tenders and is awarded five projects that form part of its concessions portfolio. Celeo Redes Chile is awarded the contract for a new project that it adds to its portfolio (CHATE). It also starts up three 50 MW solar thermal plants in different locations in Spain. With these, it also inaugurates photovoltaic plants with a power of 15.3 MW, contributing to the decarbonisation of the country's energy mix.

In **2014**, Celeo establishes a strategic alliance with the Dutch pension fund manager APG, which acquires a 49% stake in Celeo Redes S.L.

In **2015**, it changes the corporate name of ETESA to Celeo Redes Brazil, thus consolidating the brand image of Celeo Redes in the transmission sector.

During the period **2016-2018** Celeo Redes consolidates its position in the transmission market through the award of three transmission projects in Brazil and another three in Chile, and the award of six photovoltaic plants in Brazil totalling 180 MW.

At the end of **2019** the Dutch pension fund APG becomes a shareholder of the parent Celeo, thus supporting the company's assets in Spain.

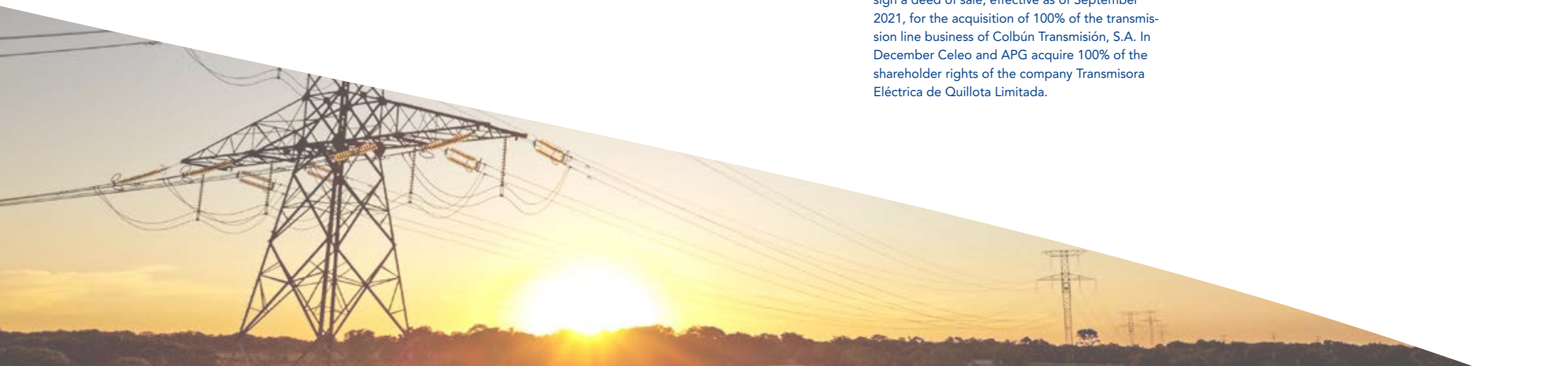
In **2020**, the transmission business advances with the energisation of the first phase of Serra de Ibiapaba (SITE). Celeo Chile is awarded a project that comprises the hanging of the first circuit of the new 2x66 kV Nueva Nirivilo – Constitución line and the enlargement of the Constitución and Nueva Nirivilo Substations. At the same time, the enlargement works commence on the Illapa and Cumbre substations, which belong to the DATE project, to allow the evacuation of energy from photovoltaic projects currently in development in the Atacama region.

In March **2021** Celeo, along with its partner APG, sign a deed of sale, effective as of September 2021, for the acquisition of 100% of the transmission line business of Colbún Transmisión, S.A. In December Celeo and APG acquire 100% of the shareholder rights of the company Transmisora Eléctrica de Quillota Limitada.

In both operations, APG acquires a stake of 80% in the companies and Celeo acquires the remaining 20%.

With the incorporation of these assets, which will be managed by Celeo, the portfolio represents a significant share of the transmission market in Chile, with more than 1,943 km of transmission lines and 36 transmission substations located throughout the country.

In addition, Celeo enters the Peru transmission market through the award of 138kV Puerto Maldonado-Iberia Transmission Line and the 220/60kV Valle del Chira Substation project. In order to execute these projects, it incorporates the Peruvian company Puerto Maldonado Transmisora de Energía, S.A.C. In July, the company signs concession contracts with the State of the Republic of Peru, through the Ministry for Energy and Mines, for the design, financing, construction, operation and maintenance of the projects.



# Business model

Celeo's business is structured around the activities for the transmission and generation of renewable energy. It currently has assets in Spain, Chile, Brazil and Peru, and also has development activities in other markets in Latin America.

The assets are mostly focused on the transmission and generation of energy under public-private collaboration programmes.

The Group has two main control centres (CC) located in Rio de Janeiro and Santiago de Chile and two backup centres, from which the Celeo professionals operate the facilities remotely, responding to the needs of the electric system and the requirements of system operator (CEN in Chile and ONS in Brazil) 24/7. Furthermore, they provide support to the maintenance teams during scheduled stoppages.

The office in Madrid, Spain, has a control centre from where the production of the company's plants is monitored.

Although it is currently a supplementary activity to the main business, the Group also provides the services to third parties through the CCs, which contract the remote operation services for the transmission lines and generation plants, as well as the maintenance services. Of particular note in Brazil is the O&M contract in 2020 and 2021 with the concessionaire PBTE; in Chile, the Operations service contract of the photovoltaic solar plant owned by First Solar.

As an ad-hoc activity, the commissioning services of installations and performance of technical studies for the expansion of the network are also of particular note.

Another supplementary activity is the rental for the use of the fibre-optic communications network

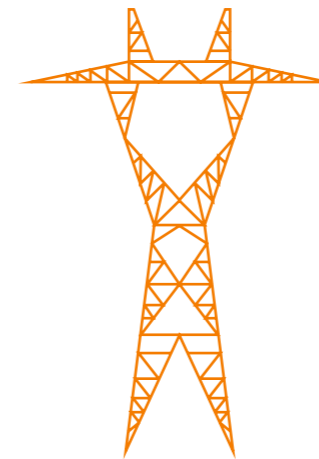
(OPGW) of the surplus wires of the transmission lines. In this regard, of note is the contract in Chile with Silica Network or the joint-venture concessions signed with Telebras in Brazil.

In the coming financial years Celeo will continue with the diversification, with the disposition to enter new countries and begin new developments within its scope of action. The commitment of both partners is doubtlessly an additional drive towards strengthening their presence in these markets.

Furthermore, the entry into the transition market in Peru places Celeo in an optimum position to reinforce this expansion within its main strategic markets. Also, with the purchase of the transmission lines business from Colbún Transmisión, S.A., Celeo has become one of the biggest operators in the regulated transmission market in Chile in terms of asset volume.

## Business areas:

**Transmission** This comprises the development and operation of transmission line projects. In the last decade, Celeo has become one of the Leaders in the transmission market in Latin America, consolidating its position in Brazil and Chile. In 2021 it entered the transmission market in Peru.



**5.905 TL km**

Operation

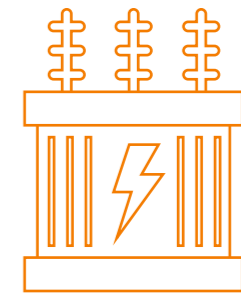
- Brazil - 4.500 km
- Chile - 1.405 km



**1.149 km**

Construction

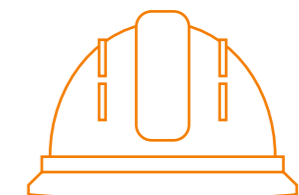
- Brazil - 413 km
- Chile - 576 km
- Peru - 160 km



**11.720 MVAs**

Operation

- Brazil - 9.974 MVAs
- Chile - 1.746 MVAs



**4.260 MVAs**

Construction

- Brazil - 3.100 MVAs
- Chile - 1.080 MVAs
- Peru - 80 MVAs

# Presence per country

## Brazil

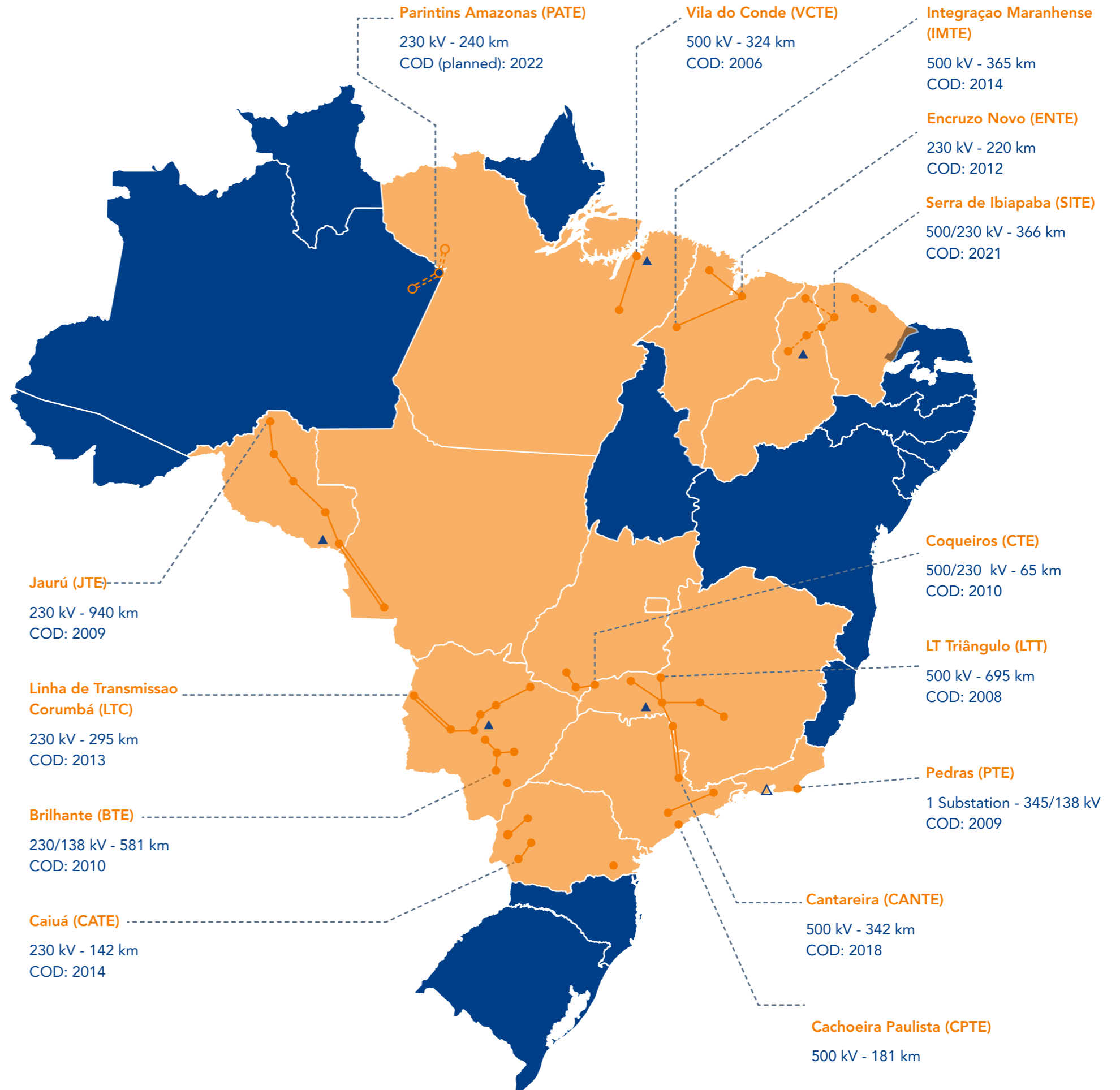
In Brazil, the Group is currently developing and executing several projects on a **concessionary basis** for the construction, operation and maintenance of different electrical energy transmission lines.

In 2021, Celeo Brazil purchased a 50% stake in the Brilhante Transmissora de Energia and Brilhante Transmissora de Energia II concessions from the Cobra Group. Through this transaction, Celeo has acquired all the concessions that were operational from 2010 and 2014, respectively.

2021 saw the commissioning of the Serra de Ibiapaba Transmissora de Energia concession. The project, with 414 km of transmission lines and 4,850 MVA of transformation capacity, was completed a year earlier than the contracted date with ANEEL. These infrastructures mainly serve to evacuate the power from the new wind farm developments along the coast of the states of Maranhão, Piauí and Ceará, as well as allow an adequate supply for the loads of the local distributors.

In 2021, the construction work continued on the Parintins Amazonas Transmissora de Energia, located in the states of Amazonas and Pará, which has 240km of transmission lines and 1,000 MVA of transformation capacity. The aim of the project is to connect the towns on the right bank of the Amazon River to the National Interconnected System, as these towns' current energy supply is isolated. The project is being performed through thermal units, removing the burning of oil with the subsequent increase in carbon credits, eliminating environmental risks due to the transport, storage and handling of diesel oil and lubricant, providing an even better acoustic comfort and reducing the energy cost for the country. An aerial crossing of 2.3 km in length will be built over the Amazon River, using towers with a height of around 250 m. Work began on these in 2021.

- In operation
- Under construction
- ▲ Maintenance base
- △ Control center

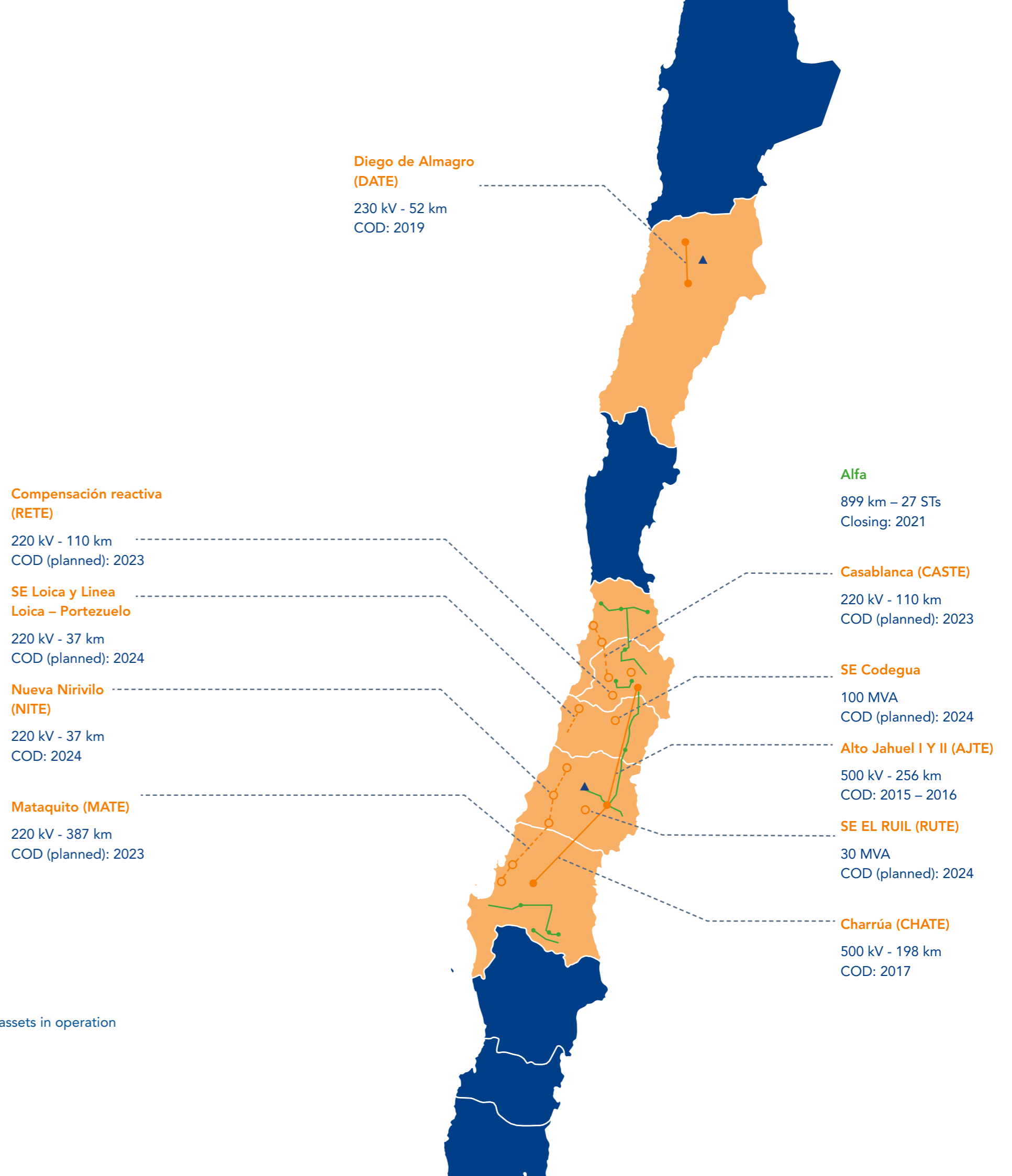
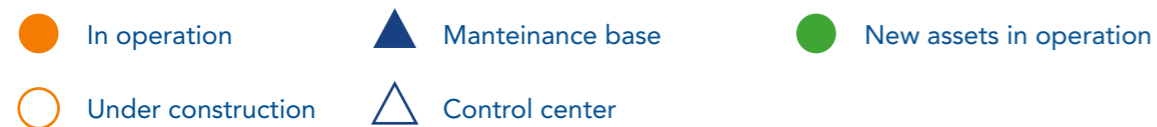


## Chile

Celeo Chile is developing, executing and operating several projects on a **proprietary basis** for the construction, operation and maintenance of different electrical energy transmission lines..

In 2021, the following actions took place:

- Acquisition of 100% of the company Colbún Transmisión and the company Transmisora Eléctrica de Quillota Limitada. This company comprises a 20% stake by Celeo Redes SLU and 80% by APG Energy and Infra Investments, S.L. The assets within these companies are included in the new company Alfa Desarrollo.
- New award. Celeo was the winning bidder for the Individual Site no.1 as part of the Decree no 185 tender process. The project comprises the installation of a static compensator with a reactive power capacity of 200 MVAR at 220 kV, the connection of which may be in S/S Maipo or S/S Alto Jahuel. The total investment of the project amounts to \$27.3 million and has a construction term of 30 months.
- As part of the same tender process, Celeo was awarded Individual Site no.6. The project comprises the construction of a new substation named El Ruil, for the distribution of the 1x66 kV Talca - La Palma y 1x66 kV Talca - San Clemente lines, with their respective bays. The project also considers the installation of a 66/15 kV transformer, 30 MVA with a no-load tap changer, with their respective transformation bays at both voltage levels. The total investment of the project amounts to \$14.2 million and has a construction term of 36 months.

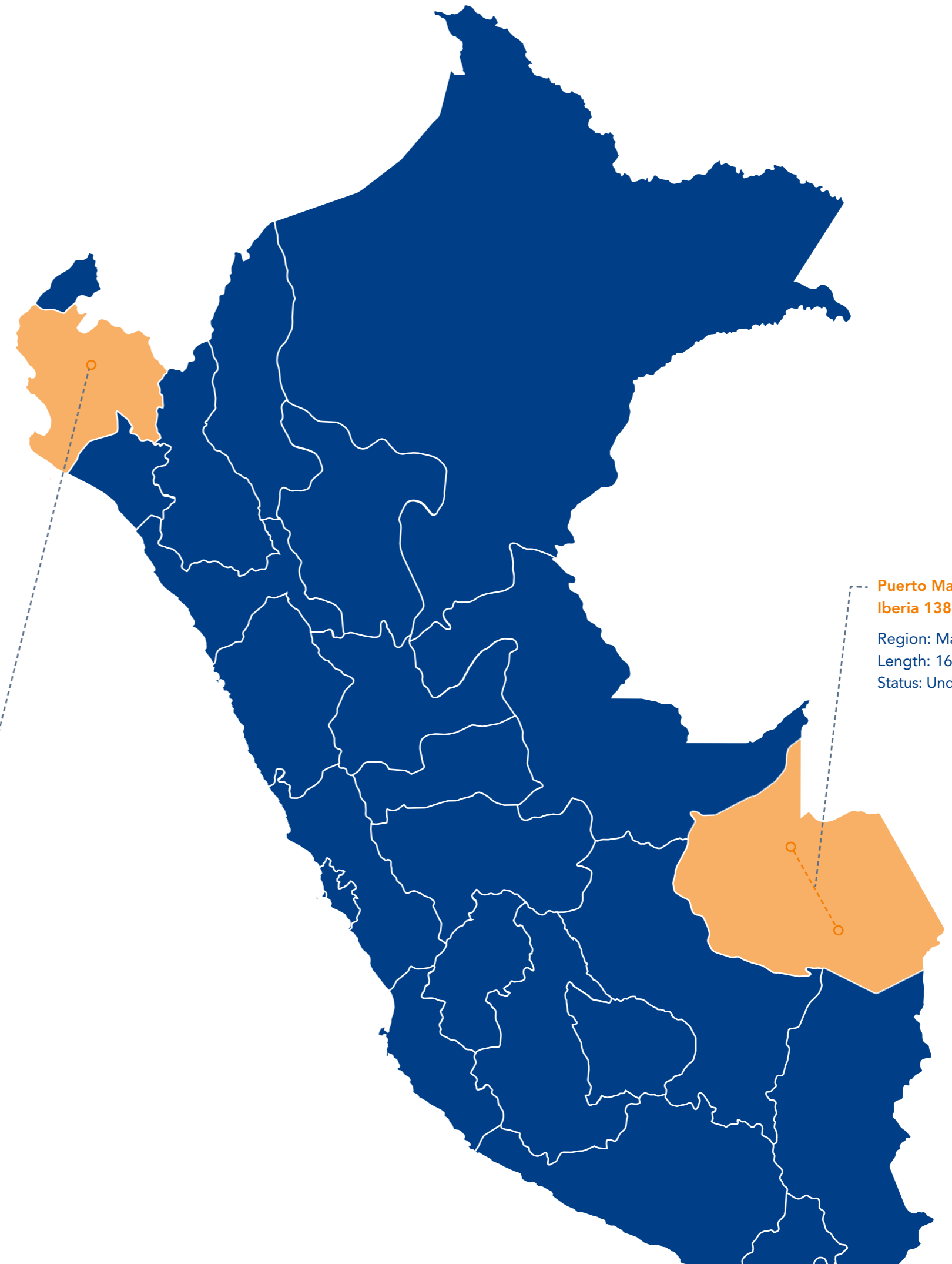


## Perú

In Peru, the Group is commencing the development and execution of projects on a **concessionary basis** for the construction, operation and maintenance of different electrical energy transmission lines.

In April 2021, Celeo enters the Peru transmission market through the award of the 138kV Puerto Maldonado-Iberia Transmission Line and the 220/60kV Valle del Chira Substation project. This project was awarded by the Ministry for Energy and Mines, MINEM through a public tender organised by the public-private partnership developer PROINVERSIÓN.

The project contemplates the construction of a new 220/60/22.9kV substation in the Piura Region with a construction period of 28 months and a 160 km 138kV line between the Puerto Maldonado and Iberia substations in the department of Madre de Dios. The line will begin operating in 43 months, with a total investment of \$60 million.



**Valle del Chira Substation**  
 Region: Piura  
 Length: 52km  
 Status: Under Construction

**Puerto Maldonado Iberia 138kv T-Line**  
 Region: Madre de Dios  
 Length: 160kms  
 Status: Under Construction

- In operation
- Under construction
- ▲ Maintenance base
- △ Control center

## Generation

This activity is aimed at developing the business and management of the solar energy plant assets. Celeo currently has a presence in Spain and Brazil.

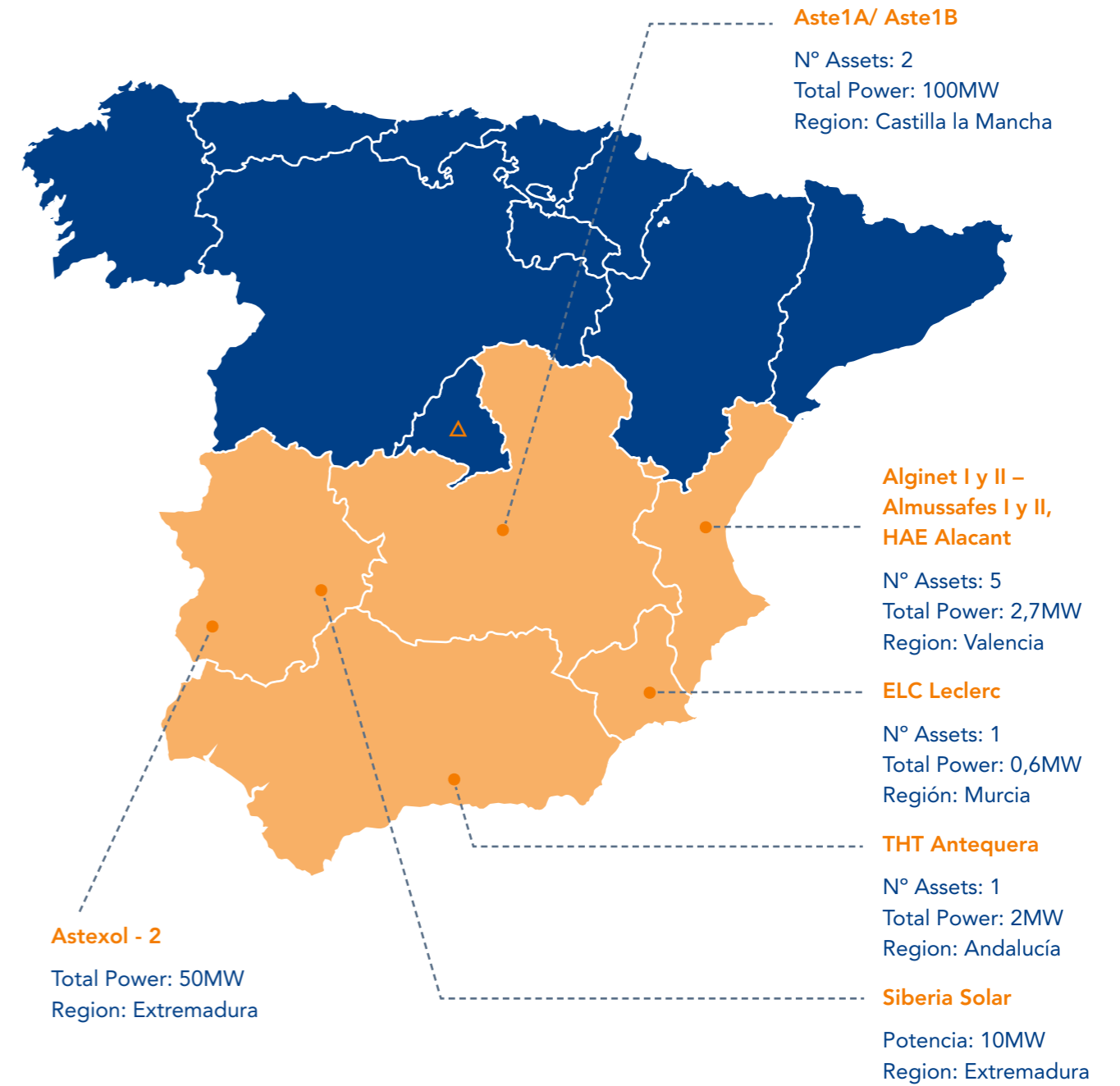
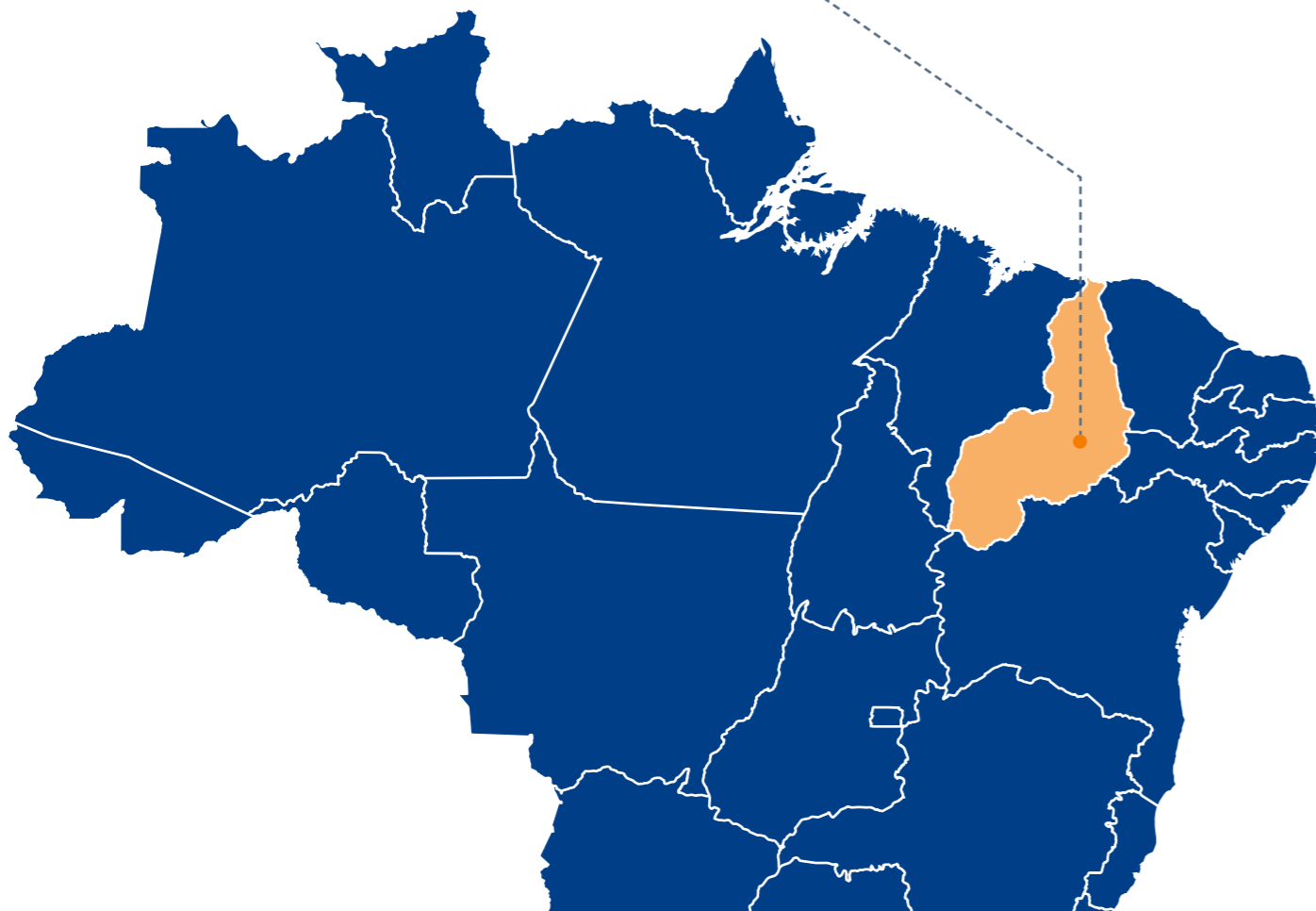
### Solar thermal plants in operation

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

### Photovoltaic plants in operation

- **Brazil:** São João do Piauí
- **Spain:** Siberia Solar, THT Antequera, AAASCV Alginet, AAAS-CV2 Alginet, ELC Murcia, HAE Alacant, Almussafes I and Almussafes II II

- In operation
- Under construction
- △ Headquarters



**149.7** MW  
Solar Thermal

**241** MWp  
Photovoltaic

## Sector context

In line with current regulatory trends, CELEO is firmly committed to the decarbonisation and digitalisation of the energy sector.

### Chile

The Chilean electric sector has three relevant segments: generation (electricity production), transmission (transport from the generation points to the substations) and distribution (responsible for carrying the energy from the substations to the end consumer).

In Chile, the transmission companies belong to private capital, whereas the State fulfils the role of regulator, auditor and planner with regard to the development of standards and the performance of the projects. These functions are delegated to the following public bodies: Ministry for Energy, the National Energy Commission (CNE), the Superintendency for Electricity and Fuels (SEC) and the National Electric Coordinator (CEN). All of these are responsible for guaranteeing the correct functioning of the Chilean electric system.

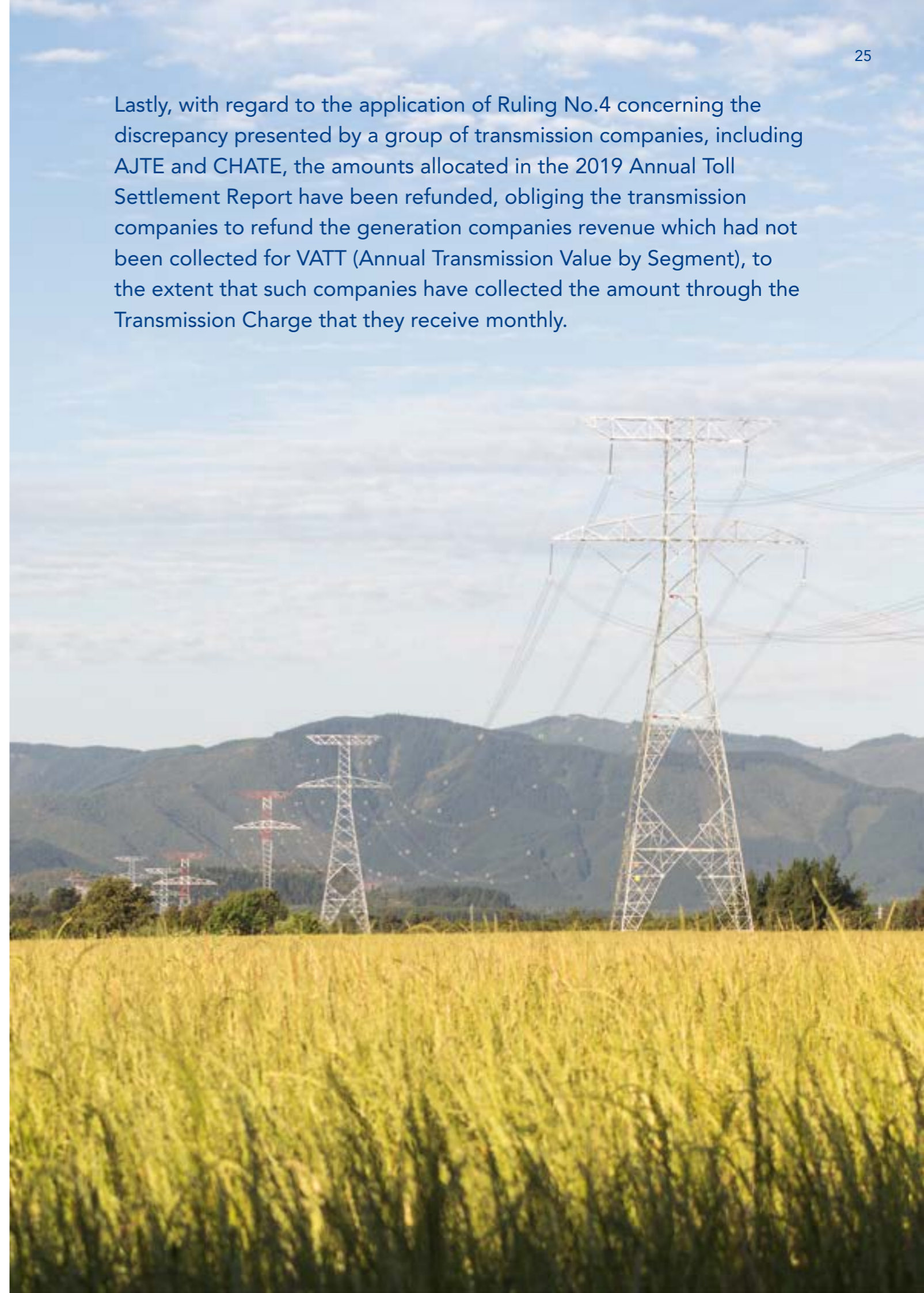
The regulatory framework of the transmission in Chile is governed by the General Law on Electricity Services (LGSE) DFL No.1 of 1982. As a significant new development, at the beginning of September 2020 a bill was submitted before the Chamber of Deputies establishing the right to electricity portability. This bill would alter the LGSE and would create the figure of the electricity marketer separating this activity from the distribution network business. This law would open up the possibility to the end user being able to freely choose their electricity energy supplier.

In 2021, the Basic Services Law has continued to be applied, the aim of which is to prevent cuts in the supply of water and electricity services, without considering whether the customers have paid to use these basic services. This Law was enacted during the first half of 2020 and has since been amended to increase its validity until 31 December 2021. This law only affects distributor companies in the electricity sector, given that these are the ones that assume the risk of non-payment by regulated customers.

Similarly, the National Energy Commission (CNE) has worked on the technical reports associated to the Valuation Process 2020-2023. It is expected that the Panel will publish their findings with regards to the discrepancies presented by companies soon. The decree on the valuation with the new tariffs for the four-year period 2020-2023 will be published during 2022. Meanwhile, the CNE decided to maintain the transmission tariffs applied to customers unchanged for 2020 and 2021.

The preliminary version of the Technical and Administrative Terms and Conditions were published in December for the Valuation Process 2024-2027. These terms and conditions can be reviewed by the companies who will then be able to present any discrepancies to the Panel of Experts. Similarly, these terms and conditions will define the Discount Rate which will be applied to the process.

Lastly, with regard to the application of Ruling No.4 concerning the discrepancy presented by a group of transmission companies, including AJTE and CHATE, the amounts allocated in the 2019 Annual Toll Settlement Report have been refunded, obliging the transmission companies to refund the generation companies revenue which had not been collected for VATT (Annual Transmission Value by Segment), to the extent that such companies have collected the amount through the Transmission Charge that they receive monthly.



## Brazil

The Brazilian electricity sector comprises generation, transmission, distribution companies and marketers (sale of electricity to end users).

The main players in the Brazilian electricity system are detailed below:

- Ministry for Mines and Energy (MME). This is the body responsible for establishing the policies for the sector.
- National Electrical Energy Agency (ANEEL). This is the regulatory and supervisory body.
- National Operator of the System (ONS). Its role is to coordinate and control the operation of the generation and transmission assets.
- Chamber of Commerce for Electrical Energy (CCEE). This is the institution responsible for ensuring that the marketing (purchase and sale operations) of electrical energy is feasible.
- Empresa de Pesquisa Energética (EPE), a public-federal company that provides a service to the Ministry for Mines and Energy through the performance of studies and supporting analyses for the planning and expansion of the electricity sector.

Celeo actively monitors and participates in regulatory changes that may generate impacts for the Company. In 2021, the main Regulatory Resolutions entered into force:

- Regulatory Resolution No. 915/2021, governing Law 11,934, of 5 May 2009, concerning the exposure limits of humans to electrical and magnetic fields originating from electricity generation, transmission and distribution installations.
- Regulatory Resolution No. 917/2021, establishing procedures associated with the registration of defaulters with cross-sector obligations, as well as to discipline the request and electronic issuance of the adoption certificate.
- Regulatory Resolution No. 918/2021, defining the procedures and criteria to be used in the calculation of the capital cost to be added to the Annual Permitted Income of the transmission concessionaires in accordance with Law 12,783 of 11 January 2013, in accordance with Order MME120 of 20 April 2016.
- Regulatory Resolution No. 919/2021, establishing the general procedures for the application of a Declaration of Public Use

–DUP, for the areas of land necessary for the implementation of electricity generation and transport installations by concessionaires and authorised parties.

- Regulatory Resolution No. 921/2021, establishing the duties, rights and other general conditions applicable to the granting of authorisations to legal entities, natural persons or legal entities joined in a consortium interested in becoming Independent Producers of Electrical Energy or Producers of Electrical Energy, with the aim of the implementation or operation of an electrical energy generation plant.
- Regulatory Resolution No. 922/2021, establishing the values of the studies that form the generation and transmission auctions and the procedures for reimbursing the developers.
- Regulatory Resolution No. 929/2021, establishing the operating line of the collection of the Energy Development Account – CDE.
- Regulatory Resolution No. 941/2021, approving the review of the Organisation Standard ANEEL 040, which provides for a regulatory impact analysis – AIR within the Agency.

In addition, Celeo Brazil participates in the following public audiences and consultations, individually or through ABRATE:

- Public Consultation No. 013/2020 - 2nd consolidation and improvement phase of the rules that establish the classification of the installations, access conditions and connection to the transport network.
- Public Consultation No. 030/2020 – second phase for performing the regulatory impact analysis of regulations associated with the reinforcement and improvement on electricity transmission installations and the improvement of associated regulations.
- Public Consultation No. 064/2021 on criteria for the definition of the calculation methodology of Factor X and the gain in business efficiency for the electricity transmission segment.
- Public Consultation No. 071/2021 on criteria for the regulatory impact analysis on cybersecurity within the Brazilian Electricity Sector.

The regulatory restructuring taking place did not significantly affect the activity or results of Celeo Brazil in 2021.





## Spain

The Spanish electricity sector includes the generation, transport, distribution and marketing activities. Transport and distribution are regulated activities; the generation and marketing activities (the sale of electricity to end users) are not regulated in Spain.

The key players in the sector are:

- The Ministry for the Ecological Transition and the Demographic Challenge, MITECO. This is the body responsible for designing the energy policy, energy planning and the decarbonisation strategy of the economy. This is implemented through the National Integrated Energy and Climate Plan (PNIEC) 2021-2030, which establishes the objectives for reducing greenhouse gas emissions, the rollout of renewable energies and energy efficiency.
- The National Commission on Markets and Competition, CNMC. In its role as regulator, it ensures the adequate functioning of the electricity market, also undertaking an advisory role seeking efficient regulation and an adequate level of competition.
- Red Eléctrica, REE. Oversees the high voltage transport network and acts as a technical operator for the system. Its task is to ensure

the safety and continuity of the supply, coordinating with all agents participating in the system in real-time.

The most significant new developments at a regulatory level are as follows:

- Royal Decree 23/2020, of 23 June, approving measures in the field of energy and in other areas for economic recovery, governs, among other issues, the conditions to maintain access and connection to the transport and distribution networks. It establishes a series of milestones and deadlines that seek to guarantee access to the network of the projects with a greater degree of maturity. The standard also represents a driver for figures emerging from the electricity market as well as for storage and hybridisation.
- This decree also makes it possible for the Government to be able to develop a new remuneration framework for renewable energies, which was finally materialised in Royal Decree 960/2020, of 3 November, regulating the economic system of renewable energies for electrical energy production facilities. With this Royal Decree, a new auction system was created in which the participants can bid for the price of energy over the long term.

- Furthermore, Royal Decree 1183/2020, of 29 December, on the access and connection to electrical energy transport and distribution networks, which establishes the criteria for the request, processing and granting of the access and connection permits to the network, preparing the orderly rollout of renewable energies in line with the objectives of the national and European energy policy.

The Spanish electricity sector commenced 2021 with the new auctions for renewable energies under the regulatory framework introduced by RD 960/2020 and regulated by Order TED/1161/2020. Two auctions were held during the year focusing on wind and photovoltaic technologies. This auction system is expected to continue over the coming years and include other sources such as solar thermal.

As of the second half of the year, the electricity generation market in Spain experienced a huge change as a result of the sharp increase in gas prices. In 2021, the price of the electricity market has increased from around €40/MWh to more than €200/MWh. This trend has caused the Ministry for Ecological Transition to include measures to prevent this increase in the market from being transferred to the end consumer.

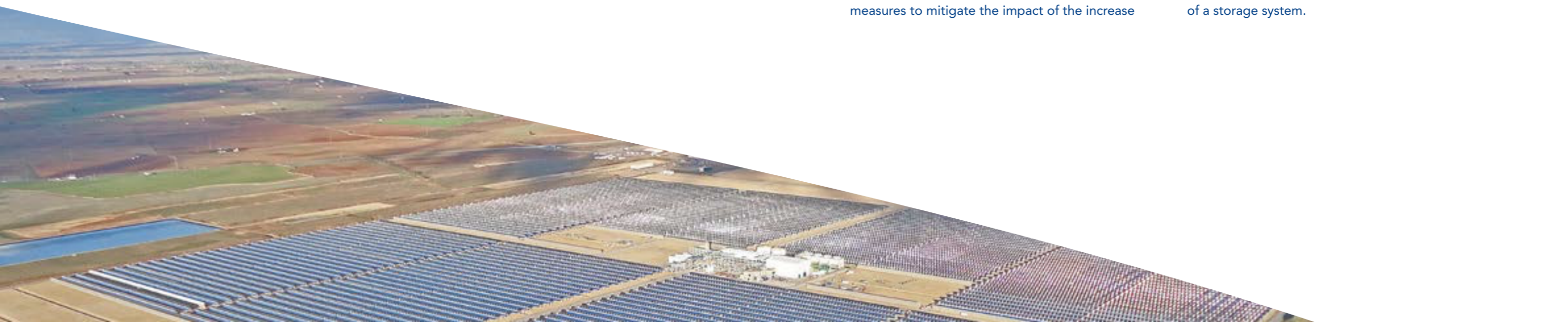
In this regard, of particular note is "Royal Decree Law 17/2021, of 14 September, on urgent measures to mitigate the impact of the increase

in natural gas prices on the gas and electricity retail markets". The main impact of this RDL is the reduction in the remuneration of all the energy sources (except those that use gas) in the same manner as the increase in the gas price. The Celeo plants that operate in Spain are excluded from this reduction, as they fall under the Specific Remuneration Scheme regulated by article 14 of Law 24/2013.

The impact of RDL 17/2021 was subsequently reduced by RDL 23/2021 of 26 October which amends it to exclude plants with PPAs assigned with third parties and with a term of more than one year from the reduction in revenue.

At the end of the year, RDL 29/2021 of 21 December was published, the most significant aspect of which is the amendment to the administrative milestones for implementation of the renewable energy plants introduced by RDL 23/2020, extending the term by nine months and providing the option to renounce and return the guarantees within a month.

The outlook for 2022 talks of the maintenance of the auction system for renewable sources with the possible inclusion of solar thermal energy. There is expected to be some form of specific auction type for energy storage, which could open the door to an increase in the number of existing solar thermal plants with the installation of a storage system.



## Perú

The adjudication of the 138kV Puerto Maldonado-Iberia 138kV Transmission Line and 220/60kV Valle del Chira Substation projects in 2021 open the doors of the Peruvian transmission market to Celeo.

The transmission system in Peru is a regulated market. It is divided between a main interconnected system (National Interconnected Electric System - "SEIN") and some isolated networks. It allows private participation and operates with a concession system. It is an open system where generators can sell energy and capacity to any node of the system, and where the connection to the main transmission network is permitted from any secondary transmission network.

The Regulated Revenue is subject to deductions due to interruptions that exceed the tolerance levels established by the regulator.

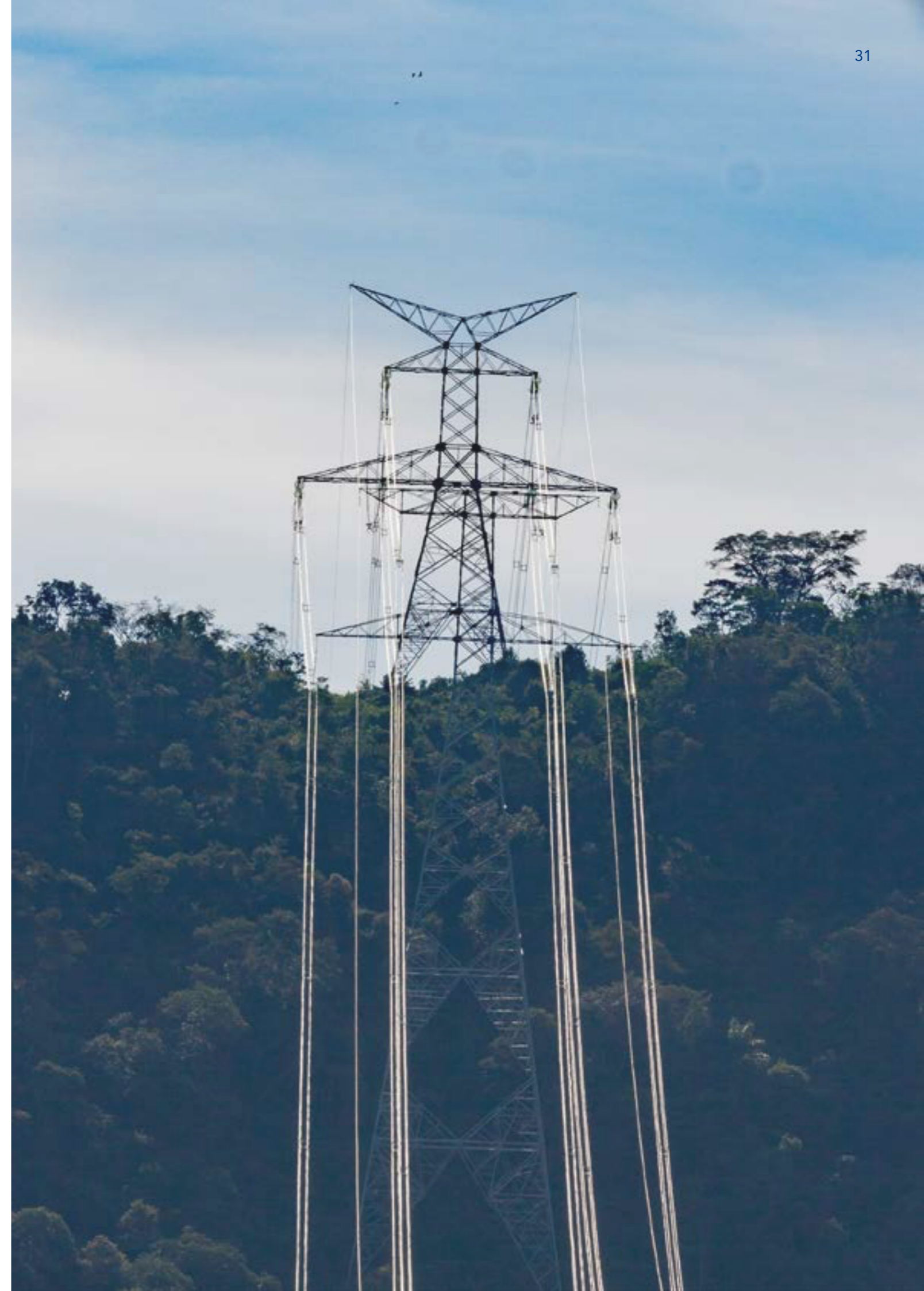
Regarding the Expansion Studies, in accordance with the Efficient Generation Law (EGL), the COES completes an expansion study of the transmission capacity every two years. The plan has a 10-year horizon and is based on hours and the congestion, supply, investment and unsupplied energy costs.

The Transmission Plan is prepared every two years by the COES (National Interconnected System Operations Committee) and approved by the MEM (Ministry for Energy and Mines). The assets included in the Transmission Plan and subject to public tender belong to the Guaranteed Transmission System or the Supplementary Transmission System. Law 28,832 regulates the expansion of the transmission system.

Efficient Generation Law ("EGL" - Ley 28,832, 2006) and the New Framework:

- Under the previous framework, the network was divided into the Main Transmission System and the Secondary Transmission System.
- The EGL introduced two additional categories for transmission installations, GTS (Guaranteed Transmission System) and STS (Supplementary Transmission System), which are applied to the commissioned installations after the enactment of the law (July 2006).
- The GTS includes the installations considered in the COES transmission expansion plan and which have been awarded concessions with a duration of 30 years through a public tender process.
- The Supplementary Transmission System (STS) comprises installations that form part of the Transmission Plan, but the construction of which is the result of the initiative of one or more agents (Generators, Transmitters, Distributors and Free Users), or installations approved by OSINERGMIN through the Investment Plan resulting from a planning study.

At present, the new framework coexists with inherited installations which were commissioned before 2006 and have conserved their concessions.





## Sector associations

Celeo actively participates in associations in its sectors of activity in each of the countries in which it is present. These associations represent and defend their interests, as well serving as forums where they are able to share experiences, best practices, challenges for the future, and other concerns.

### Brazil

- **ONS**, National Operator of the System. Coordinates and controls the operation of the generation and transmission assets.
- **ABRATE**, Brazilian Association for Large Electricity Transmission Companies. Association comprising electrical energy concessionaires and transmission concessions, the aim of which is to represent the legitimate interests and add value to the associated companies, with proactive actions to ensure the sustainability, development and attractiveness of the electricity transmission business.
- **ABSOLAR**, Brazilian Photovoltaic Solar Energy Association Represents the solar energy photovoltaic sector in Brazil, promoting and encouraging the use of this energy resource in the country.
- **ABRAPCH**, Brazilian Association for Small Hydro Power Plants Not-for-profit organisation, comprising supporters for the sustainable increase in the use of electricity generation in Brazil through water sources.
- **Spanish Chamber of Commerce in Brazil.** Institution that facilitates the development of trade relations between Brazil and Spain, promoting opportunities and contact networks among members, thus contributing to the economic, social and business development of the country.
- **CIGRE**, Brazilian National Committee for the Production and Transmission of Electrical Energy. Not-for-profit civil society with the aim of promoting the technical, technological and engineering exchange and development in Brazil, in the field of electricity production, its transmission using high voltage and its distribution.

## Spain

**PROTERMOSOLAR**, Spanish Association for the Promotion of the Solar Thermal Industry. The main objective of the 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 that represent the entire value chain sector: developers, constructors, component manufacturers, engineering firms, consultants, research centres, etc.

## Chile

**ACERA**, Chilean Association for Renewable Energies. ACERA seeks the protection of the environment and a sustainable development for Chile, through the promotion of renewable energies and energy storage.

**Asociación de Transmisores de Chile**, created in September 2020 as a forum and a voice for the electricity transmission segment in the country. It seeks to highlight the importance of electricity transmission in the Chilean economy and stimulate investment in this industry through the proposal of public policies. It will also work to establish high professional standards, the creation of working networks and to provide transparency to the sector through the disclosure of data, statistics and good practices to the citizens.

**CAMACOES**, Official Chamber of Commerce in Chile. Institution that facilitates the development of trade relations between Chile and Spain, promoting opportunities and contact networks among members, thus contributing to the economic, social and business development of the country.

**CIGRE**, International Council on Large Electricity Systems. This is a global not-for-profit organisation in the field of high-voltage electricity with the aim of becoming a technological benchmark and knowledge centre for Chile, which will allow

specialists and companies of the electricity sector access to contact networks and support arising from the integration of a first-class worldwide forum.

**Electric Companies** Their aim is to contribute to the progress of the country, through the constant and sustainable development of the electricity sector. They play a significant role in public debate, proposing and supporting energy initiatives.



2

OUR

**SUSTAINABLE**

MANAGEMENT MODEL

Celeo undertakes to carry out responsible, transparent and sustainable management with a long-term vision, fully committing to a business model that seeks balance between stakeholder expectation and an economic, social and environmental balance.

This commitment is detailed in the **Celeo Sustainability Policy**, which revolves around five pillars: Quality, Occupational Health and Safety, the Environment, Compliance and Social Responsibility. Each pillar is developed through the principles laid out in the corresponding policies.

## Pillars and principles of action of the Celeo Sustainability Policy



### Quality

- Customer and stakeholder approach
- Compliance with requirements
- Continual improvement



### Compliance

- Fight against fraud, corruption, passive and active bribery
- Integrity in our activities
- Responsibility
- Continual improvement
- Zero tolerance



### Occupational health and safety

- Prevention of injuries and the deterioration of health
- Prevention culture
- Consultation and participation
- Compliance with requirements
- Zero tolerance
- Continual improvement



### Environment

- Preventing pollution
- Efficient use of resources and waste
- Protection of biodiversity and habitat
- Resilience to catastrophes and adaptation to climate change
- Compliance with requirements
- Continual improvement



### Social Responsibility

- Ethical and lasting professional relationships
- Diversity
- Fight against abuse
- Well-being and social development
- Continual improvement

# Sustainability Committee

Both Celeo Chile and Celeo Brazil have a Sustainability Committee, the main function of which is the local development of the sustainable principles of action of Celeo, incorporating these principles into its environmental, social and governance policies, and supervising their correct implementation.

Both Committees are formed by members of the local Executive Management team and the heads of the Sustainability, Quality, Environment, Health and Safety departments. In Brazil in 2021, the chairmanship of the Sustainability Committee changed hands, moving from the New Business Division to the Operations Division.

The Committee's functions may be summarised as follows:

- Maintain a Certified Quality Environmental and Occupational Health and Safety Management System.
- Approve the procedures and action plans for developing the areas of Quality, Environment and Health and Safety.
- Maintain a relationship programme with stakeholders, defining specific plans.
- Report on sustainability activities yearly through the GRESB platform and sustainability reports.
- Ensure compliance with the commitments adopted through the United Nations Global Compact.
- Propose changes, improvements and modifications to sustainability plans and policies.

- Supervise the dissemination and communication processes of the sustainability policies along with their corrective actions.
- Monitor the development of the local action plan on Resilience and its initiatives.
- Approve and supervise the implementation of private social initiative projects and other projects geared towards sustainable development.

The monitoring of the ESG objectives and performance is performed within the framework of the Sustainability Committee meetings. Due to the fact that 2021 has been affected by COVID, the evolution of the pandemic has been evaluated and monitored on a constant basis to assess the extent to which the business may be affected.

In Spain, the IMS workgroup is responsible for heading up the design and implementation of the integrated management system in Spain, as well as defining the risk management model, quality objectives and ESG of the company, among other functions. The Sustainability Committee also assumes the function of supervising activities such as the preparation of the Group's sustainability report or the local stakeholder engagement programme, all supervised from Corporate Development (CODE).

Coordination meetings were also held between the heads of the three countries to monitor the progress of the 2020 sustainability report, to share progress regarding the Celeo Spain IMS system and find possible synergies.



# Sustainability strategy

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.

Celeo considers that the integration of the ESG (environmental, social and governance criteria) aspects into the strategy and daily operations is essential in guaranteeing its sustainability, competitiveness and reputation.

For this reason, the Business Plan 2020-2024 contains a section specifying the ESG 2020-2024 objectives with a view to continue progressing in the constant improvement of the management and sustainability practices of Celeo in Spain, Brazil and Chile. The ESG areas tackled by the plan are the following:

- The Integrated Management System
- Risk Management
- Information Technology
- Environment
- Occupational Health and Safety
- Stakeholders
- Society
- Compliance and Resilience.

The ESG objectives for 2021 are specified in a corporate document titled Annual Budget. These objectives along with the measures established are described throughout the relevant chapters (compliance, society, environment, etc.).

Furthermore, Celeo Chile and Celeo Brazil prepare their own annual sustainability action plan, and establish annual sustainability targets which must be complied with by their employees. Their fulfilment is linked to the payment of a bonus that recognises the effort and commitment of the organisation with sustainability. Below follows a breakdown of the objectives by country and degree of fulfilment:

## Some prominent actions :

- A corporate resilience plan is currently under development which considers the assessment of physical risks associated with extreme climate events and market risks related to the transition to a more sustainable economy.
- Commencement of the design process for Celeo's social responsibility strategy.
- Analysis of the 2020 Sustainability Report to identify gaps with regard to the information requirements in order to comply with Law 11/2018, of 28 December 2018.

Objectives 2021	Brazil	Chile	Compliance
Zero serious accidents	x		0%*
Zero lost time incidents		x	100%
Maintenance of ISO certificate (inclusion of the Atacama Maintenance Base)		x	100%
Improvement of results on GRESB, reaching a score of 90/100 or P85 for Global Infrastructure.	x	x	100%
Ethical hacking passed by 100% of the employees under normal IT system operating conditions.		x	98.7%
100% of the employees participated in at least two training activities associated to Compliance and the renewal of the Crime Prevention Model certification.	x	x	100%
Compliance with terms established in the new performance evaluation procedure.	x		100%
Extension of the Integrated Management System in accordance with the ISO 9001, ISO 14001 and ISO 45001 standards.	x		100%

\*The 'Zero severe accidents' objective was not met due to an accident which, despite not resulting in sick leave being taken by any employee, it had the potential for a high loss and was classified as serious.





## Report on ESG aspects

There are several ESG communication management tools that allow Celeo to improve its management in this area and to have an integrated Group vision:

- Corporate tool for the management of the ESG indicators on a quarterly basis. In 2021, several improvements were made to the Environmental Tool (improvements in the collection of some data, classification of waste, energy generated indicators, etc.)
- Management Report. Quarterly report addressed to the Board of Directors of Celeo which includes a section on ESG with the most relevant aspects for Spain, Chile and Brazil.
- Annual Sustainability Report. This details the efforts and challenges of the company with regard to ethical, responsible and sustainable management.
- Furthermore, as of this financial year, Celeo is preparing its Non-Financial Information Statement to comply with the requirements established in Law 11/2018, of 28 December 2018, regarding non-financial information and diversity.

## The SDGs in the Celeo agenda




Celeo joins the United Nations (UN) 2030 Agenda adhering to the commitment to advance in the goals and challenges identified as priority the coming years. The prioritisation made is consistent with the nature of this activity, the strategic objectives, management processes and business practices of the sector.




SDG	Global SDG targets	Celeo Chile targets	% Progress in 2021	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	In 2030, this must reach 30% of women	22%	Activities to raise awareness regarding gender equality, unconscious biases and action measures. Inclusion of the concept and activity of feminine sisterhood, its benefits at a cultural level and through the professional development of women
	8.8 Protect employment rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Zero serious accidents a year involving direct employees and contractors	35%	The current strategy to comply with the goals and targets will be of value weighted and redefined in 2022, in light of the organisational changes associated with the inclusion of the Colbún assets
	11.3 By 2030, enhance inclusive and sustainable urbanisation and capacities for participatory, integrated and sustainable human settlement planning and management in all countries	Implement five projects with communities adapting to climate change or resilience in the event of disasters by 2030	*	During 2021, the risk assessment continued in relation to the information gathering stage. This was followed by a restructuring of the strategy associated to the SDG objectives and targets for 2022, taking into account the new scenario due to the inclusion of Colbún assets
	12.2 By 2030, achieve sustainable management and efficient use of natural resources	Reduce the consumption of water, energy and fuel by 25% before 2030	*	Work continued on the implementation of tools to record and monitor the target variables, taking into account the change of scenario that would be generated by the inclusion of the Colbún assets
	13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	Decrease scope 1, 2 and 3 emissions by 25% before 2030	*	The monitoring, recording and follow-up of the target variables continued, as well as a risk-impact assessment for SF6 gas leak scenarios. This will be restructured due to the inclusion of Colbún assets

\*The objectives for Chile must be redefined due to the incorporation of Colbún

Celeo Brazil is currently reviewing the objectives and targets which are most in line with the current context and degree of maturity of the company in terms of ESG. Accordingly, the inclusion of SDG 5 has been approved. Gender equality has been included as a new goal.

SDG	Global SDG targets	Celeo Brazil targets	% Progress in 2021	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	One woman in senior management in 2023	100%	Completed	
		Increase the number of women in O&M by 50% in five years compared to 2021	100%	Two women have been recruited	
		Enrol four women on electrotechnical courses in five years compared to 2021	80%	It will commence in February 2022	
	7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services	Between now and 2024, increase the investment in renewable generation assets, reaching a capacity of 1,000 MW	22%	Celeo is working on these new renewable generation developments in the country	
		7.2 Substantially increase the share of renewable energy in the global energy mix by 2030	By 2024, to continue expanding and improving the electricity transmission infrastructure, increasing the portfolio on an annual basis: transmission lines (200 to 500 km); transformation capacity (500 to 1000 MVA)	0%	No progress in the contracting of transmission projects
			7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all		
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on labour-intensive sectors	Implementation of a programme to increase the level of education (the entire Celeo workforce should have completed secondary education by 2033)	83%	Progress in generating awareness among employees and managers for their adhesion to the programme. Fulfilment of the goal with 100% of employees having completed secondary education	
		8.3 Promote development through decent job creation, training and growth of micro-, small- and medium-sized enterprises, entrepreneurship and innovation	Training for critical local suppliers with regard to Celeo's ESG policies during the Operation and Maintenance phase in 2024. 100% of active suppliers by 2030	0%	This target will be redefined in 2022
		8.5 By 2030, reduce unemployment by 40% guaranteeing decent work with a special emphasis on equal pay for work of equal value	Hiring of local labour (25% for new transmission projects; 50% for new renewable generation projects)	Not applicable	No new projects have been contracted to date
		8.6 In 2020, reduce the proportion of youth not in employment, education or training by 3% and by 10% before 2030	100% of assets under health and safety certification in 2021	100%	Completed

ODS	Metas globales ODS	Metas Celeo Brasil	% Avance 2021	Observaciones
	8.8 Protect employment rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Implement social projects with volunteer resources, train young people where there are contracted projects from 2020 onwards	10%	Selection of two projects: Educating Young People for the Working World: Quipá Project * Youngsters Cultivating Knowledge, which will benefit 64 Quilombola young people and their families (three Communities – the quilombola territories of Saco/Curtiduría, Riacho dos Negros and Picos)
	13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters	Perform a diagnosis and establish a resilience plan for all Celeo assets in 2021	100%	Completion of the resilience plan of the Celeo Brazil assets, based on the risk of rising temperatures, fires and social risks  Proposed study of social risks  The corresponding mitigating actions will be implemented in 2022
	13.2 Integrate climate change measures into national policies, strategies, and planning	Establish an emissions management plan for 2021, based on the emissions from 2018	90%	The strategy was presented and approved by the executive management (pending approval regarding scope 3)
	13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning			
	15.2 By 2030, reduce illegal deforestation to zero in all Brazilian biomes, increase the surface area of forests under sustainable environmental management and the recovery of 12 million ha of forest and other forms of degraded native vegetation, in all biomes and preferably in the area of the Permanent Preservation and Legal Reserves, in areas for alternative use of the land, expanding the area of planted forest by 1.4 million hectares	Voluntary reforestation 15% above the mandatory total established in the new processes for the concession of environmental licences. Prioritisation of the areas of permanent preservation, legal reserves and the establishment of ecological corridors	0%	Three proposals were evaluated and two projects were selected, totalling 40 hectares of reforestation. The project covers innovative plantation techniques in the area of Caatinga, a biome affected by the SITE construction. Pending approval by the Sustainability Committee
	16.5 Substantially reduce corruption and bribery in all their forms	Consolidate maturity level 4 of compliance for 2021	100%	Completed
	16.b Promote and enforce non-discriminatory laws and policies for sustainable development	ISO 37001 certification for 2022	35%	Progress with the consultation for the certification. Awaiting the preliminary analysis report to move forward with the process for implementing the necessary systems and controls, as well as the continuous monitoring process and registration of materiality and evidence

# Participation in initiatives

Celeo participates in different sustainability initiatives with the aim of consolidating its ESG management and its commitment to sustainable development.

## GRESB

GRESB is an organisation dedicated to assessing and comparing the performance of the global funds and real estate and infrastructure portfolios in terms of environmental, social and governance (ESG). The data are used by more than 100 institutional and financial investors to monitor investments and make the necessary strategic decisions so that the sector makes a transition towards a more sustainable future.

For the fourth consecutive year, Brazil and Chile have participated in this ranking which has become the leading ESG benchmark for real estate and infrastructure investments. Celeo Spain is working towards preparing its participation in 2022.

This year, GRESB has added the Resilience module for the first time. Chile and Brazil have continued progressing towards the systematisation, updating and integration of new requirements in its management systems.

The five-star rating awarded to Celeo is the highest GRESB rating and is in recognition of being the leader of the sector in terms of sustainability.

Celeo Brazil and Chile obtained a score of 100 (99 in 2020) and 96 (94 in 2020), respectively, reaching the objectives established and remaining as leaders in the sector.

**Celeo Brazil achieves the maximum score on the platform for the first time:**

**100 points**



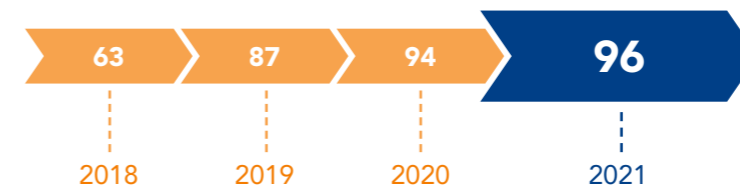
The five-star rating awarded to Celeo is the highest GRESB rating and is in recognition of being the leader of the sector in terms of sustainability.

Celeo Brazil has positioned itself as the best company in the energy transmission sector with the maximum score and has managed to obtain the second position in the global ranking. Celeo Chile obtained second position for the second year running in the energy transmission sector and 16 in the global ranking of the 549 participating companies.

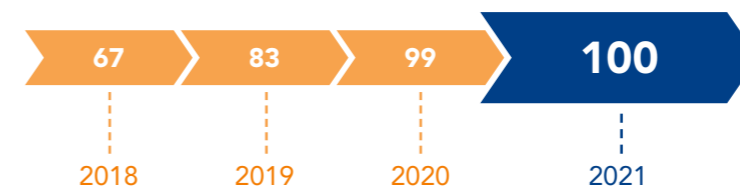
The consolidated result, leadership and maturity of the ESG management by Celeo is the result of an enormous effort by all areas involved in reviewing risks, performance indicators, establishing objectives, executing action plans, etc.

## GRESB Asset Assessment 2021

Celeo Redes Chile S.L.



Celeo Redes Brazil SA



## Global Compact

The Global Compact is the current initiative of the United Nations that leads business sustainability around the world. It calls to companies and organisations to align their strategies and operations with ten principles on human rights, labour, environment and anti-corruption. And with it the UN's mandate to promote the Sustainable Development Goals (SDGs) among companies.

Celeo Brazil and Celeo Chile have been members of the Global Compact (Participant and Signatory, respectively) since 2018. One of the objectives of Celeo Spain is to adhere to this initiative in 2022.

Being a member of the Global Compact will allow Celeo to participate in thematic working groups, involve its employees in discussion forums and develop projects and activities through which to exchange experiences with other organisations. Thus, Celeo is at the forefront of the most relevant and up-to-date discussions on sustainability (human rights, compliance, energy and resilience) and identifies the best practices that form its ESG management.

Celeo Brazil Actively collaborates in the following thematic working groups of the Global Compact:

- **Energy and Climate.** The meetings held in 2021 served to review the activities of the previous year and to propose objectives for the working group for the 2021-2023 period, prioritising aspects associated with climate change and energy. During the first meeting it was possible to talk to the Undersecretary for Climate and International Relations of the Ministry for the Environment, with the aim of obtaining further information concerning the Brazilian climate agenda with regard to COP26.
- **Human rights. Governance and Good Business Practices in Human Rights.** It has actively participated in this working subgroup in two areas: the publication of good practices in human rights and the preparation of a survey so that companies may evaluate the human rights aspect within their organisations.
- **SDGs.** This group is working on three action lines: training, communication and the design of the SDG strategy with the aim of achieving a positive impact on the progress of the 2030 Agenda.
- **Anticorruption.** Within the framework of this working group, the Celeo Compliance Area has identified areas for improvement to continue reinforcing its Integrity Programme.

## Climate Ambition Accelerator Program

With the aim of becoming one of the leaders within the national and international climate agenda, increasing in resilience and reinforcing the social and environmental commitment, Celeo Chile and Celeo Brazil are participating in the Global Compact Climate Ambition Accelerator Programme.

This programme is being implemented in 20 countries and is one of the global impact initiatives of the Global Compact. It is a six-month

training programme for participants/signatories who seek to progress in establishing the emissions objectives based on science and design a path in order to tackle the transition towards net zero emissions, that are coherent with the goals established in the 2030 Agenda and the Paris Agreement.

Through the Global Compact local networks in Brazil and Chile, Celeo has access to the best global practices, learning opportunities between peers, skills development sessions and training, among other benefits.

## IFC, International Financial Corporation

IFC is an organisation, member of the Global Bank Group, that promotes economic development and the improvement of people's lives by incentivising growth in the private sector in developing countries.

In 2021, Celeo Brazil carried out a due diligence with the aim of assessing the level of adhesion of the company's practices to the IFC's principles. This process will result in an action plan which will redound in the improvement of the governance of the projects.

# Managing stakeholders

Celeo considers that managing its stakeholders is essential to the sustainability and success of the Group. It is with this in mind that Celeo has a relationship model with stakeholders (SEP, Stakeholder Engagement Programme) based on the standard AA1000 Stakeholder Engagement Standard.

The SEP facilitates the systematisation and construction of long-lasting relationships and trust with stakeholders. It has been implemented in Brazil and Chile (since 2018), and in Spain (since 2020).

Celeo maintains an open and frequent dialogue with its stakeholders through different communication channels such as customer and employee satisfaction surveys, consultations with employees, citizen participation processes, visits, meetings, community diagnostics, corporate website, etc.

Through the SEP, each company establishes different action and communication plans with its priority stakeholders according to the needs and expectations detected in the relationship and the desired level of commitment. Throughout 2021, specific actions have been implemented to improve the relationship between Celeo and its stakeholders.

A significant milestone for 2021 has been the launch of the corporate website [www.celeo-group.com](http://www.celeo-group.com) unifying all the relevant information of the three countries, projecting a single corporate image to stakeholders.

Celeo stakeholders	Expectations
Shareholders and partners	Sustainable profitability, operational excellence, corporate reputation, adoption of good practices and an ethical relationship that is both transparent and equal.
Customers	Availability of assets and operational efficiency with a quality service.
Regulatory bodies of the electricity sector	Availability, quality, continuity of the energy supply and compliance with the prevailing legislation.
Financial institutions, investors and the securities committee	Financial return on financed capital and comply with prevailing legislation.
Suppliers and contractors	Favourable environment for executing services in terms of integrity, security and trust.
Employees	Safe, healthy, ethical and respectable working environment with a career plan.
Local and traditional communities	Conservation of the environment, social responsibility, safety in the communities close to the transmission assets. Efficient communication channels.
Associations and NGOs	Acting proactively to guarantee the sustainable development of the business and fulfilment of volunteering commitments.





3

GOOD

GOVERNANCE

## Ownership structure

The shareholder structure of Celeo is represented by a 51% stake held by Elecnor S.A. and the remaining 49% is owned by Pasterze Investments Holding N.V., a company belonging to the Dutch fund APG Group, one of the largest pension funds in the world.

Elecnor S.A. is the parent of a group formed by nearly 80 companies located in Spain and more than 50 other countries. It is an organisation which has more than 18,000 professionals, and focuses on two main business areas: infrastructures, which focuses on the execution of engineering, construction and services projects; and Concessions, an area through which it carries out its investments in energy infrastructure assets, allowing it to be involved in the development of large-scale projects from the very start, generating revenue through their development, execution, operation, maintenance and exploitation.

After more than 60 years of continuous growth, Elecnor has become one of the leading Spanish business groups in the infrastructures,

renewable energies and new technologies sectors. The diversification of its activities has been one of the guiding strategies throughout its history, allowing it to encompass different sectors ranging from electricity, gas, industrial plants, railroads, telecommunications, water, control systems, constructions, the environment, the maintenance of installations and even space engineering.

APG is one of the world's largest pension investors. At the end of November 2021, the assets APG manages for its pension funds and their 4.7 million participants represented a value of approximately 627 billion euros. It is APG's ambition to achieve attractive and sustainable investment returns for its clients. So that APG can

always ensure a good and affordable pension. For current and future generations.

APG pursues an active investment policy for its funds. By managing the trusted assets in this way, and given the scale of the assets APG manages, APG wields the kind of clout that enables it to really put sustainable investment into practice. Being one of the world's largest pension investors empowers APG to set clear requirements and, whenever necessary, get companies to comply with sustainability criteria. And so that is exactly what APG does.

APG's Asset Management unit is home to over 700 highly educated and highly experienced investment professionals. For all investment categories, APG has a dedicated group of highly educated specialists. As a result, APG has the in-house expertise to manage approximately 75% of its assets internally. This, in turn, allows APG to operate very cost-efficiently.

APG also currently supplies index products that emphatically match the sustainability ambitions of its Dutch pension fund clients. Although APG is and remains an active investor, in this way APG meets the wishes of smaller funds in particular to be able to implement their sustainable & responsible investment policy in a

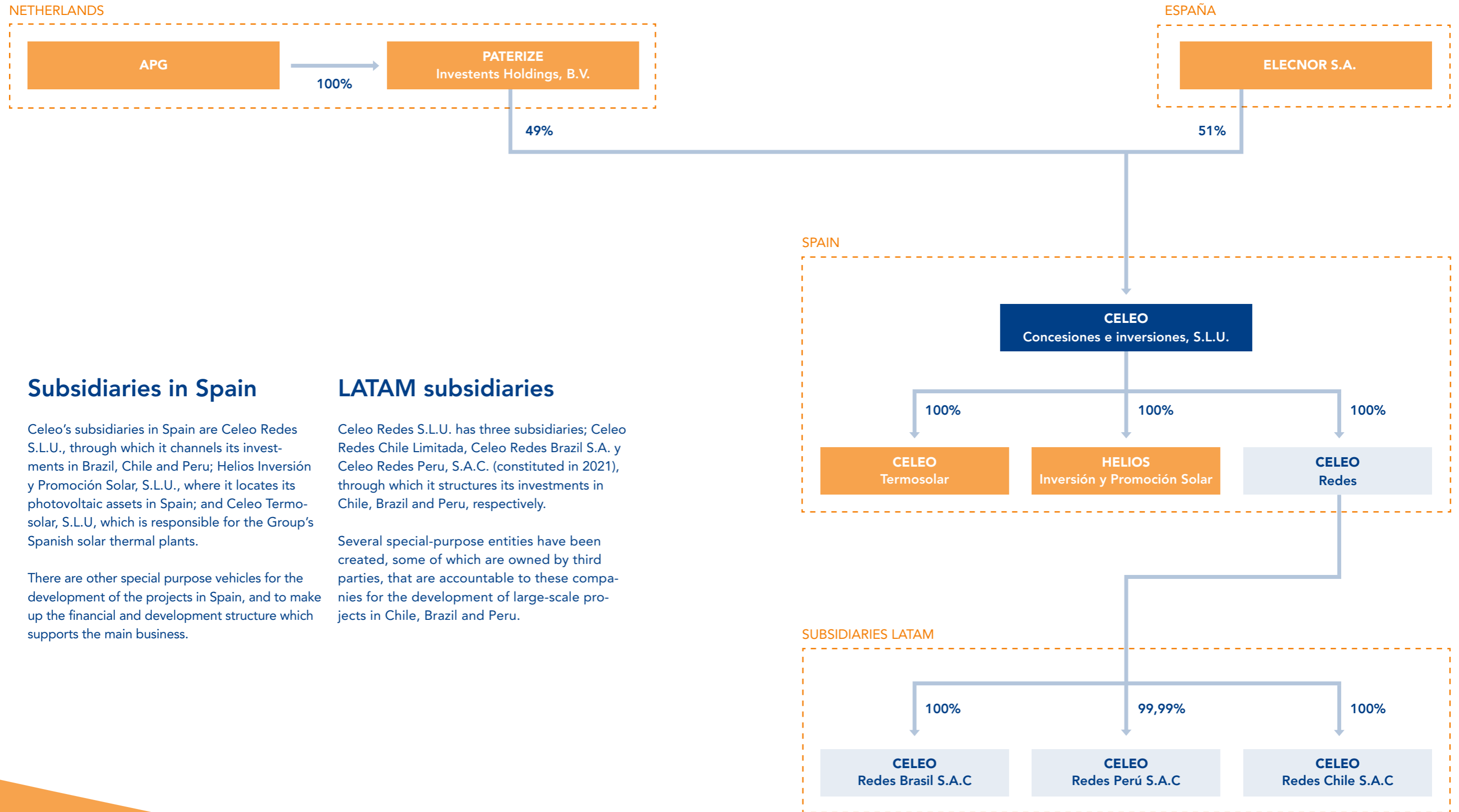
cost-effective manner.

APG has a global presence, 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, APG's pension funds and their participants can take advantage of extensive local investment expertise. And they can take advantage of APG's access to large investors, specialist investment options, and mandates with external asset managers. On top of that, its scale empowers APG to negotiate attractive investment conditions. APG passes these benefits on to its pension fund clients and their participants, thus contributing to stable long-term returns and low costs.

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**7 years**  
of successful partnership

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### Subsidiaries in Spain

Celeo’s subsidiaries in Spain are Celeo Redes S.L.U., through which it channels its investments in Brazil, Chile and Peru; Helios Inversión y Promoción Solar, S.L.U., where it locates its photovoltaic assets in Spain; and Celeo Termosolar, S.L.U, which is responsible for the Group’s Spanish solar thermal plants.

There are other special purpose vehicles for the development of the projects in Spain, and to make up the financial and development structure which supports the main business.

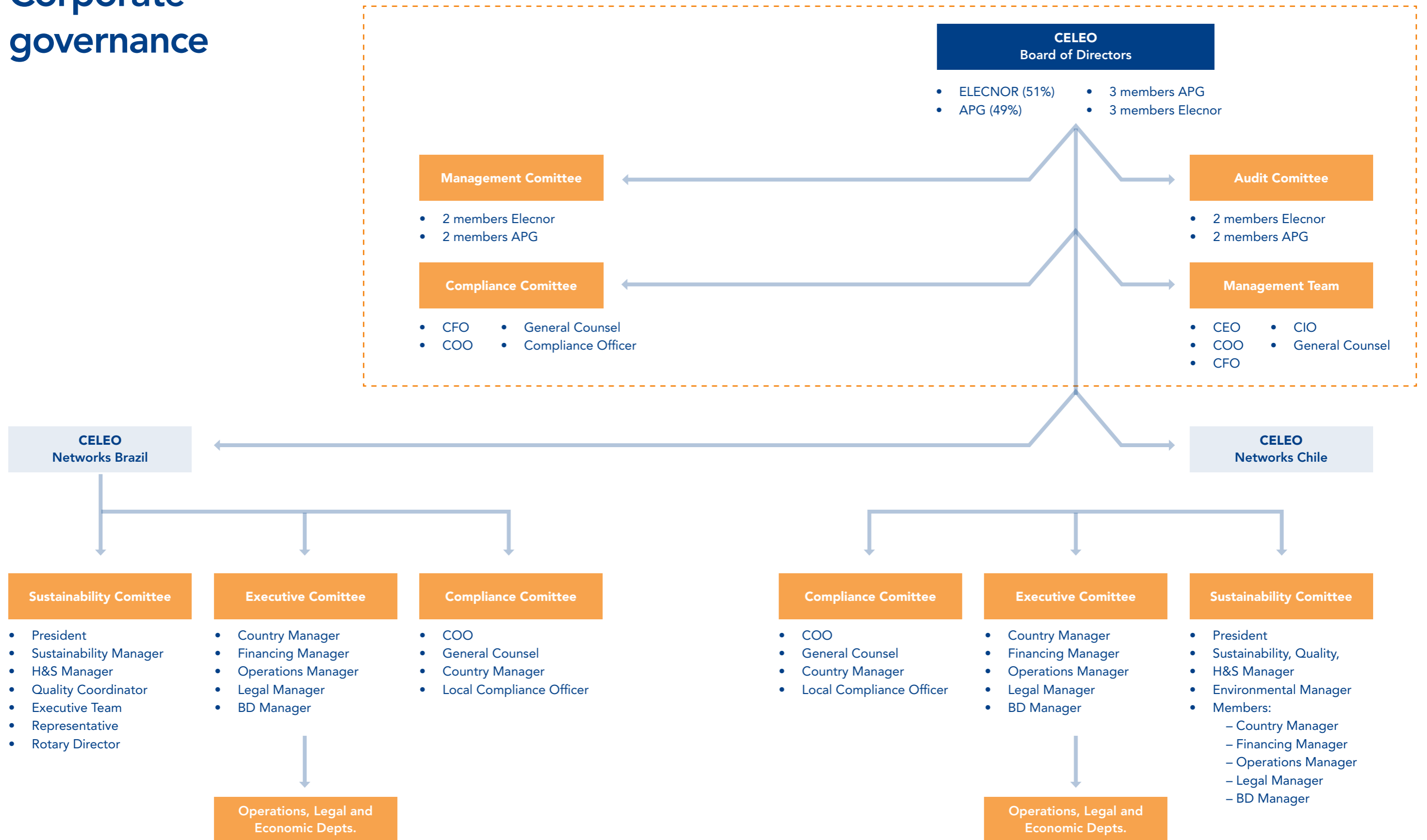
### LATAM subsidiaries

Celeo Redes S.L.U. has three subsidiaries; Celeo Redes Chile Limitada, Celeo Redes Brazil S.A. y Celeo Redes Peru, S.A.C. (constituted in 2021), through which it structures its investments in Chile, Brazil and Peru, respectively.

Several special-purpose entities have been created, some of which are owned by third parties, that are accountable to these companies for the development of large-scale projects in Chile, Brazil and Peru.

# Corporate governance

CELEO CONCESSIONS AND INVESTMENTS S.L. (SPAIN)



## Board of Directors

It is the body responsible for determining the strategic direction of the company and the supervision of its management.

At present, none of its members are executive or independent directors and no women are represented on the board.

The members of the Board of Directors possess notable knowledge and experience in sustainable investments, infrastructures as well as ESG to discharge their duties.

Regarding the management of ESG matters, the company is subject to different assessments of which the Board is regularly informed.

With regard the management of economic matters, the accounts are audited annually by an independent accounts auditor.

Every year the company publishes its Sustainability Report and Non-Financial Information Statements in accordance with the requirements set out in Law 11/2018, of 28 December on non-financial information and diversity. This report is verified by an independent third party.

Celeo voluntarily submits itself to an annual assessment by the independent organisation GRESB (Glo-

bal ESG Benchmark for Real Assets), with regards to environmental, social and governance matters.

During 2021, the Board met on nine occasions.

The appointment and selection process for both the Board of Directors and its Committees is regulated in the shareholders' agreement and in the company's corporate by-laws. These establish the number of directors that must sit on the Board and the Committees, the period for which the members must be selected and the right of each shareholder to appoint half of the members of each body. Thus, the Annual General Meeting appoints the Board, and the Board establishes the Commissions and Committees.

The shareholders' agreement and the corporate bylaws also govern the procedure to be followed in the event of a conflict of interest. There is also a specific regulation within the Compliance Programme to address possible conflicts of interest within the company.

As regards the remuneration policy, the board members do not receive remuneration, although consideration is contemplated to cover any reasonable travelling expenses and the discharge of their duties, which under no circumstances represent significant amounts.

The Board of Directors is the most senior governing body of Celeo. As at 31 December, its composition was as follows:

Celeo Board of Directors	Position	Years of service	Executive /Independent /Proprietary	Representation
Miguel Morenés Giles	President	17/12/2019	Proprietary	Elecnor
René Defize Quiroga*	Vicepresident	10/06/2021	Proprietary	APG
Joaquín Gómez de Olea y Mendaro	Member	17/01/2017	Proprietary	Elecnor
Rafael Martín de Bustamante Vega	Member	19/05/2016	Proprietary	Elecnor
Ronaldus Theodorus Joannes Gertruda Boots	Member	17/12/2019	Proprietary	APG
Varun Verma**	Member	10/06/2021	Proprietary	APG

\*Replacing Dirk Hovers as Vice-president; \*\*New member of the Board

## The Board of Directors has two Committees:

### Audit Committee

This committee is responsible for the appointment, compensation, retention and supervision of the audit firms of the company and its subsidiaries; the establishment of the procedures for addressing disputes associated with accounting auditing matters; and, involving the necessary advisers to support the audit tasks. Furthermore, this Committee is responsible for supervising the accounting information associated with:

- The main risks or events that may significantly affect the economic results of the Group and its tax matters.
- The main accounting policies, judgements and estimates applied.
- Understanding the accounting treatment given to the most significant operations
- Examining the financial information to be

approved and issued by the Board of Directors and the Annual General Meeting.

- Supervising the audit processes.

This committee met on two occasions and dealt with matters associated with the audits of Celeo and its subsidiaries for their supervision, as well as the main events that may have had an economic impact on the Group's financial statements during the year. These sessions are attended by the CFO of Celeo and the partners of the audit firms in order to establish the procedures to carry out the audit plan and comply with the established scope and calendar.

Furthermore, this Committee analyses and reviews the financial statements submitted before the Board for their preparation and approval.

### Executive Committee

This committee is assigned the function of analysing the progress of theW company and its business, in accordance with the strategic policies approved by the Board of Directors. It also provides guidance to the Management Team.

In 2021, it convened on six occasions, during which it addressed matters relating to the ordinary running of the business, projects under construction and in operation, current financing and the accounting statements of the Company, as well as environmental, social and governance matters.

Audit Committee	Position	Representation
Joaquín Gómez de Olea y Mendaro	President	Elecnor
Miguel Morenés Giles	Member	Elecnor
Varun Verma*	Member	APG
René Defize Quiroga	Member	APG

\*Replaces Dirk Hovers

Executive Committee	Position	Representation
Miguel Morenés Giles	President	Elecnor
Ronaldus Theodorus Joannes Gertruda Boots*	Member	APG
Rafael Martín de Bustamante Vega	Member	Elecnor
René Defize Quiroga	Member	APG

\*Replaces Dirk Hovers

## Management Team

The Board of Directors has the ongoing support of the Management Team, which assists and provides support to the Board of Directors with regard to the global strategy of the company and its subsidiaries. It is responsible for implementing the decisions of the Board of Directors and for the day-to-day running of the company and its subsidiaries.

Its main duties include the development of environmental, social and governance policies that apply to the company and its subsidiaries, as well as determining the annual objectives. To this end, it prepares regular reports for the Board of Directors and has direct contact with the other governance bodies of the subsidiaries located in Brazil and Chile, such as the Sustainability Committees, Compliance Committees and the Executive Management Teams of other countries.

## Executive management in other countries

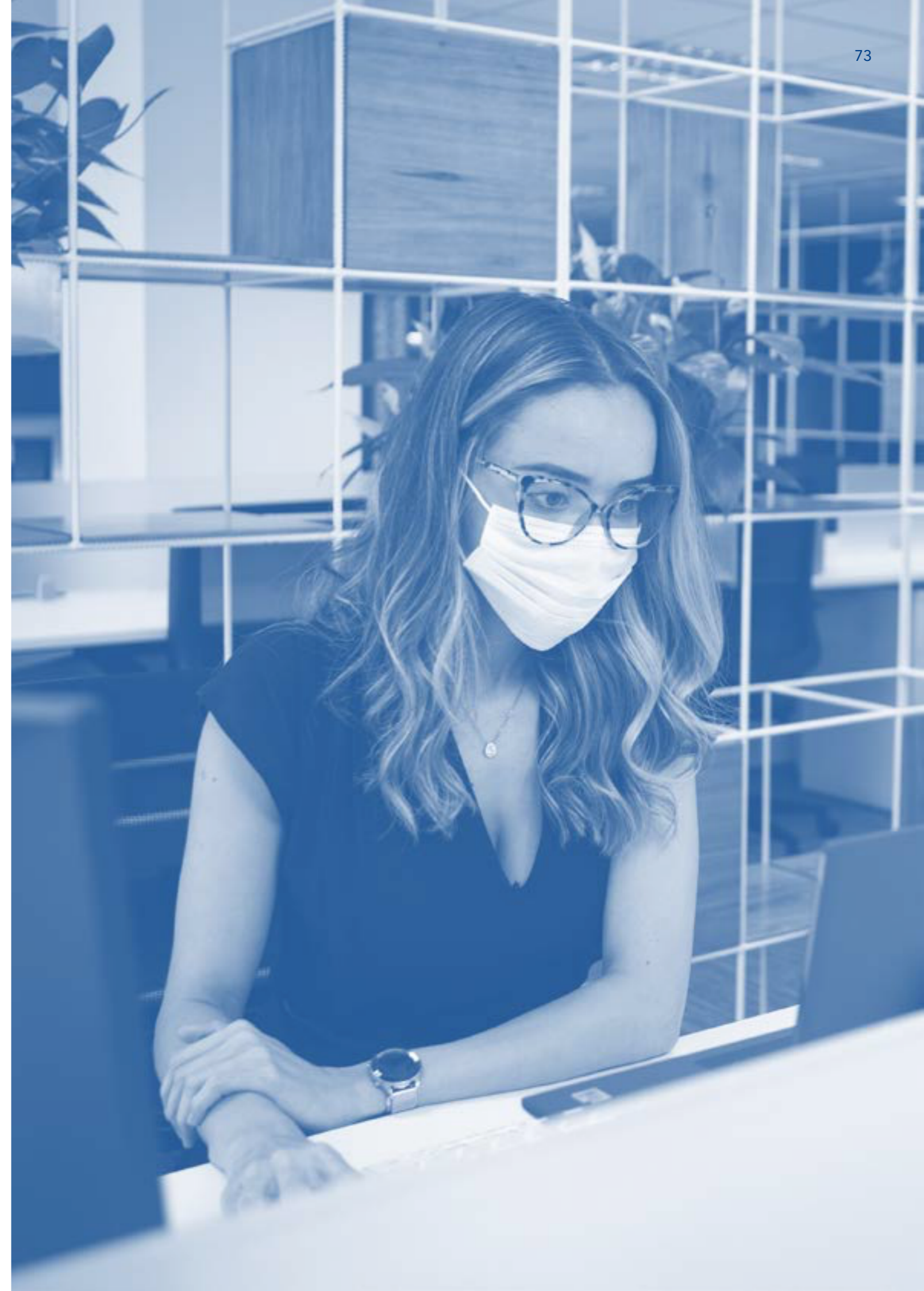
The Executive Management Team of Brazil and Chile are responsible for the administration, management and organisation of their companies in their day-to-day operations. Both prepare regular reports for the Management Team.

## Management of COVID-19: Crisis Committee

The 2021 financial year has been affected by a progressive increase in infections around the world, subsequent restrictions on mobility and partial lockdowns, however Celeo's activity has not been affected and it has been able to operate normally.

With this backdrop, Celeo's priority continued to be guaranteeing both the health and safety with professionals as well as the continuity of its operations. Therefore, considering the health situation that has been evolving throughout the financial year, Celeo has maintained the local Crisis Committees which were formed at the beginning of the pandemic. These Committees have coordinated and assessed the action plans and contingency plans of the countries.

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 Business Officer
Alberto Ferrández Barturen	General Counsel



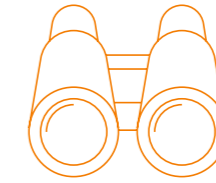


## Our purpose and values



### Mission

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



### Vision

To become a leading company in the energy infrastructures market, committed to excellence, with a sound environmental, social and good governance culture that involves all our stakeholders in the creation of value for the company.

## Our Values

### Regard for life and its surroundings

Health and safety is our essential value. We prioritise safety over any other requirement in our activities, executing the task solely and exclusively under safe conditions. We look after the social and environmental environment necessary to have a full life.

### Customer and stakeholder approach

We are committed to the satisfaction of our customers and stakeholders, anticipating their needs and exceeding their expectations. We employ our best efforts to provide an excellent service day after day.

### Honesty, respect and transparency

We encourage honesty, respect and transparency throughout all levels of the company to construct ethical and long lasting relationships.

### Commitment, effort and constancy

We believe in commitment, effort and constancy to reach our goals.



# Risk management models

Celeo has a Risk Management Model in place which is structured along three lines of defence, on the basis of the recommendations by the Committee of Sponsoring Organisations (COSO). The Three Lines Model helps organisations identify structures and processes that better facilitate the achievement of objectives and promote a sound risk management and governance.

1

## Operations departments

Are owners of the risks, responsible for managing them and implementing corrective actions in the event of process or control deficiencies. It is the responsibility of the Operations, Financial, Legal, IT and Business Development areas, as well as employees and middle management in general. They report to local executive management, control areas and the Sustainability Committee.

2

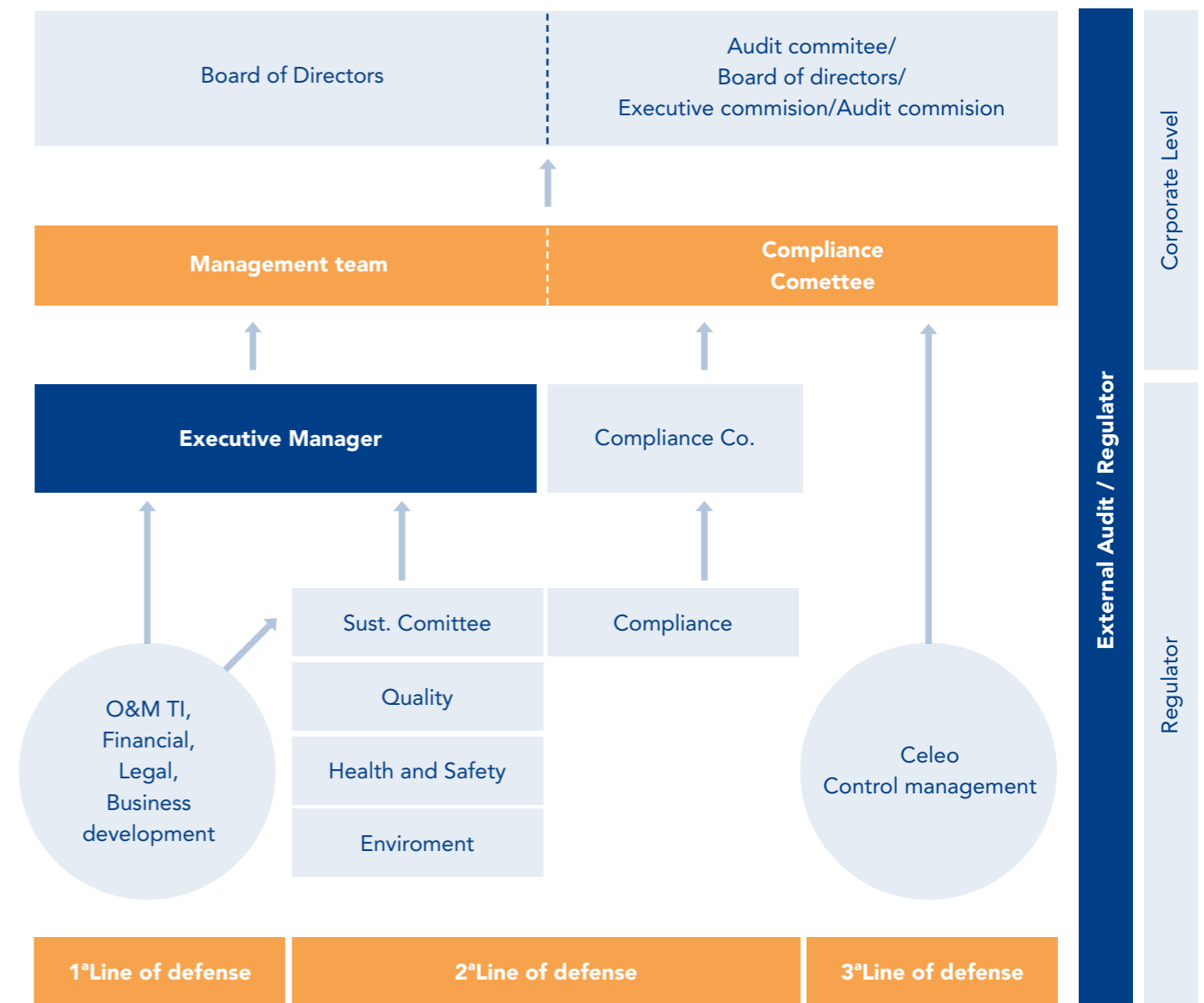
## Control Areas

Are responsible for the assurance, supervision and monitoring of risks and controls. They monitor the compliance of control measures on risks. These areas work together with the 1st Line of Defence in identifying and assessing risks, as well as implementing the control measures. It is the responsibility of the Quality, Health and Safety, Environment and Compliance areas. These areas report to the Sustainability Community except for Compliance which reports to the Compliance Committee..

3

## Internal management control

Which supervises all the control systems in an objective and independent manner and reports to the Board. This function is carried out by the Management Team, with the support of the Celeo management teams..



\*In Spain the functions of the Sustainability committee are done by the IMS Working Group, who reports directly t the team management.

In this model, external auditors, regulators and other external agents are considered as additional lines of defence, providing additional assurance to the organisation's stakeholders.

This Risk Management System has two levels of assessment and action:

## Business risks

This includes those risks that may affect the fulfilment of the cross-cutting objectives of the organisation and its mission, vision and values. In each subsidiary, the Sustainability Committee heads the process for identifying, analysing and assessing these risks, which can be classified as:

**Financial Risks:** Associated to fluctuations in the financial markets and the impacts that these may have on generating immediate results and the future growth of the company.

**Strategic risks:** Associated to changes in the energy sector, the setting in which the company operates, regulatory changes or strategic agreements with stakeholders, as well as social (HR, Health and Safety and Community) and environmental aspects.

**Operational Risks:** These are associated with the provision of the service, facilities and compliance with the obligations with the stakeholders..

The tool used for the identification, assessment and control measures for business risks is the Business Risks Matrix, which is prepared by the Sustainability Committee and approved by the executive management, which in turn, reports to the Management Team.

## Process risks

Headed by each control area, this encompasses all those risks relating to the functioning and operation of the company, the facilities and the compliance with the obligations with the stakeholders, the environment and health and safety. Process risks are divided into Quality, Environmental, Health and Safety, Social, Compliance and Information Security risks.

In the subsidiaries, the management tools for the identification, assessment and control measures for the process risks are six risk matrixes, one for each of the above-mentioned areas. They are prepared by each control area, approved by the Sustainability Committee and by the Compliance Committee in the case of the Compliance risk matrix.





In 2021, work was carried out on the following:

**Spain:**

- The risk process and procedure were implemented, this being the risk matrix and the action plan for mitigating the identified risks. Furthermore, a corporate resilience plan is being designed to make Celeo a company that is resilient to new events and threats, especially those relating to climate change.
- Lastly, the risk assessments of the ASTE and ASTEXOL plants were updated.

**Chile and Brazil:**

- Integration of the new GRESB resilience module with five new indicators relating to physical risks (identification and assessment), transition risks and climate change strategy..
- Analysis of risks and definition of action plans in the face of climate events affecting transmission structures.
- Review and update of the Resilience and Climate Change risk identification and opportunities matrix.
- Implementation of the Comprehensive Inspection and Observation Activities Plan (only Chile).
- Update of the risk matrix due to the pandemic (only Chile).

Brazil reviewed the assessment and prioritisation of risks and opportunities together with the areas.

# Compliance System

The Celeo Compliance System comprises the Compliance Programmes of Spain, Brazil and Chile. The focus of these programmes is to promote a culture of ethics and compliance within the organisation to prevent any conduct that may infringe the applicable legislation and the commitments undertaken by the company, harm its reputation or negatively affect its public image.

Celeo's principles with regard to Compliance, as reflected in its Compliance Policy, are: culture of ethics and zero tolerance; combating fraud, corruption, active and passive bribery; integrity in its activities; responsibility and continuous improvement.

The Compliance Programmes in force in Celeo are based on the Code of Ethics (common to the three countries) and comprise different elements, implementing regulations, control measures and internal practices adapted to each of the different legislative requirements and sensitivities concerning compliance, in accordance with the law applicable to the three countries.

Below follows the main elements that form the Compliance Programme:

**Code of Ethics and the Compliance Policy, common to the entire Celeo Group.**

Compliance Manual, an informative document which gathers, structures and regulates the Compliance Programme for its observation and

monitoring by the groups affected by it. In Brazil and Chile, they have equivalent documents that are adapted to their jurisdictions (i.e., Corporate Integrity Programme for Brazil and the Crime Prevention Model for Chile).

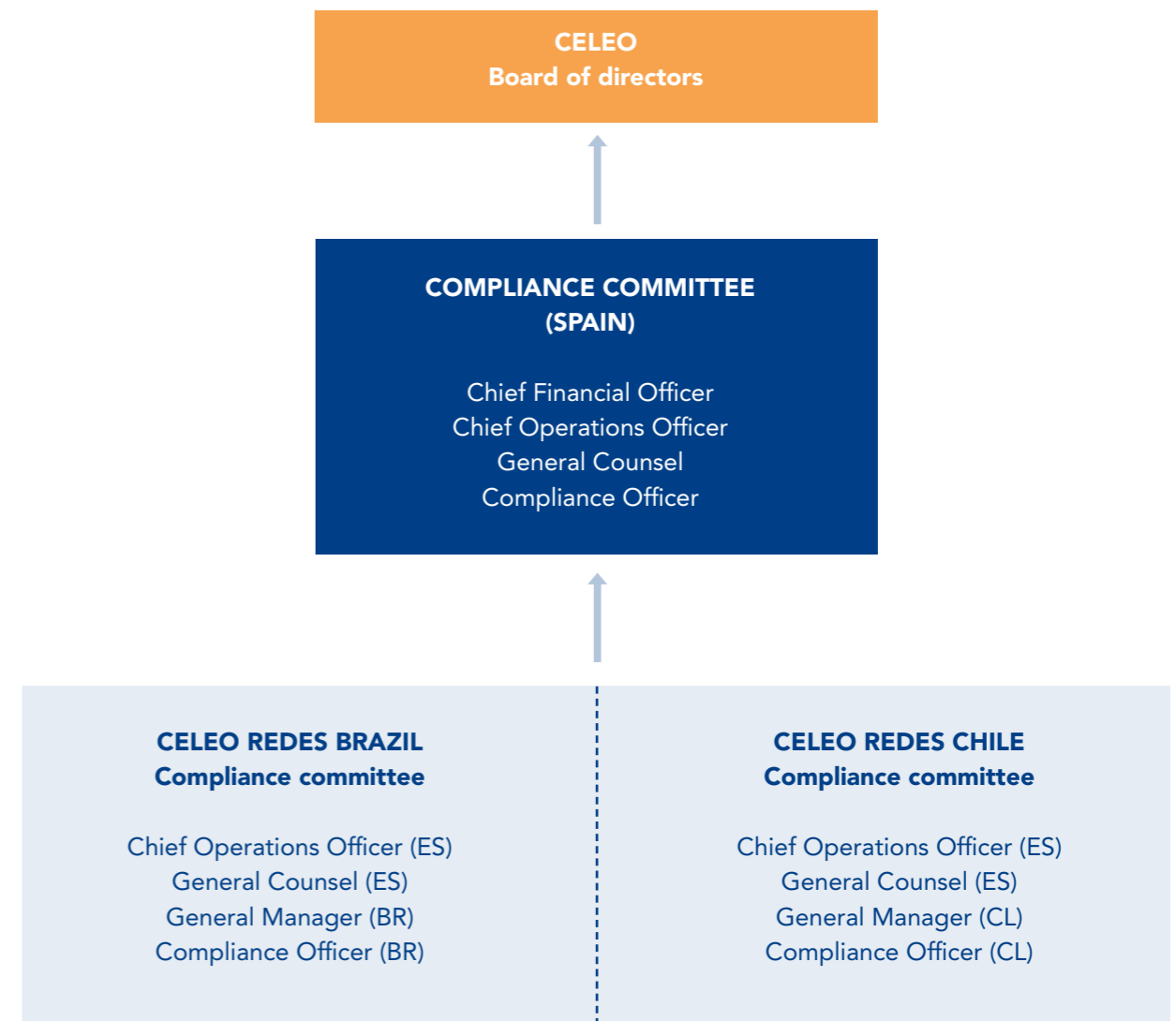
Set of specific policies, regulations and procedures to mitigate and prevent compliance risks adapted to their corresponding jurisdictions, such as the Regulations on Anticorruption and Antibribery, Conflicts of Interest and the Prevention of Situations of Harassment or Discrimination, the Whistleblowing Channel, Transparency Channel, Disciplinary Code, etc.

Celeo has a Corporate Compliance Committee (Spain) and Compliance Committees in Brazil and Chile, whose powers and functions are in line with the specific legislation concerning Compliance in each country. The three Committees act in a coordinated manner and based on a hierarchical structure.

The Corporate Compliance Committee, which reports to the Board of Directors, has been

updated according to the recommendations of good governance, replacing the Chief Executive Officer with the Chief Financial Officer. The Chief Operations Officer, the General Counsel and the Compliance Officer also sit on the committee.

The members of the local Compliance Committees have also been updated in accordance with the changes occurring the organisational structure (appointment of the new General Manager of Celeo Chile and the new Compliance Officer in Brazil).



It should be noted that the scope of the Compliance Programme in Spain affects all Celeo Group Companies with a presence in Spain, including the Celeo parent company. In this regard, the functions linked to the Compliance Committee in Spain guarantee both the fulfilment and implementation of the Compliance Programme applicable in Spain, as well as supervise and guide the other Compliance Committees in Brazil and Chile. Its main functions include the following:

- Supervise, monitor and control the implementation and progress of the Celeo Group Compliance System.
- Supervise the Compliance Committees at subsidiary level.
- Identify and assess Compliance risks and ensure the fulfilment of the objectives in each one of the scopes into which the Compliance Programme in Spain is structured (prevention, response, reporting and monitoring).
- Implement the Compliance Programme maintaining close communications with the Board of Directors.
- Manage any possible reports received through the Transparency Channel and propose, where necessary, possible sanctions in accordance with the Disciplinary Code.
- Receive and evaluate regular reports presented by the Compliance Officer.
- Disseminate the knowledge and the application of the Compliance Programme.
- Coordinate the regulations regarding Compliance.

During this financial year, the Corporate Compliance Committee has held two meetings during which it covered the following issues: amendment of the composition of the Compliance Committees, approval of the new elements of the Compliance Programme and of the annual Compliance Plan, renewal of some members of the local Committees and the approval of the financial limits for representation costs in accordance with the Anticorruption Regulations.

Lastly, the company has a new website for the Group <https://www.celeogroup.com> with a section dedicated to the transparency channel specific to each country, applicable to all Celeo professionals and its stakeholders. This channel guarantees total confidentiality and is the means through which to channel queries, communications, report potential irregularities, breaches, infringements or suspicions in relation to the Compliance Programme and/or the prevailing legislation.

The following channels also exist:

- **Spain:** via the email [transparencia@celeogroup.com](mailto:transparencia@celeogroup.com)
- **Chile:** via a section that guarantees anonymity on the corporate website <https://celeoredeschile.cl/canal-de-transparencia.php> or via the email [transparenciachile@celeogroup.com](mailto:transparenciachile@celeogroup.com).
- **Brasil:** via a section that guarantees anonymity on the corporate website [canaldetransparencia.celeoredes.com.br/](https://canaldetransparencia.celeoredes.com.br/) or via the email [canaldetransparencia@celeogroup.com](mailto:canaldetransparencia@celeogroup.com).

In Spain, there have been a total of 49 reports, generally to provide requested information (meetings with public civil servants and declaring relationships with public civil servants) and three queries regarding corruption/bribery. Similarly, in Chile and Brazil they received 22 and 54 reports and 18 and 45 queries, respectively. All the queries were satisfactorily resolved. With regard to complaints, Chile received two, with all queries and complaints being resolved satisfactorily.

As regards Chile, the reports were mainly aimed at reporting transfer permits for personnel and contractors issued by the company during the

pandemic, and the consultations were mainly about holding events, contracts, or preventing possible situations of conflict of interest.

**Lastly, it is worth mentioning that there has been no report or sanction regarding fraud or bribery, including money laundering and conflicts of interests.**

Celeo acts in accordance with the law and prevailing legislation in the companies in which it operates, considering the specific nature and demands of the electricity sector. Furthermore, the company has a specialised department for Compliance to undertake the diverse actions in this area, observing at all times the best international practices in Compliance.

In 2021, there was no significant breach of the laws or regulations of any nature that may result in non-monetary or monetary fines or sanctions.

Nº of Communications Transparency Chananel

	2021
Brazil	99
Chile	40
Spain	52
<b>Total</b>	<b>191</b>

## Main actions

The following actions were carried out in **Spain**:

- Preparation and approval of the Annual Compliance Plan (ACP).
- Inclusion of new elements into the Compliance Programme.
- Appendix to the employment contract to reinforce the commitments regarding confidentiality, information security, compliance and data protection between employees and the company.
- Declaration of relationships with public civil servants in accordance with the provisions set forth in the Anticorruption and Antibribery Legislation.
- Legislation on Competition and Best Market Practices.
- Approval of the economic limits for gifts, invitations, meals, travel and, in general, any representation expenses in relation to the Anticorruption and Anti bribery Legislation.
- Training and awareness raising campaigns.

- Restructuring of the composition of the Compliance Committees (corporate and local).
- Coordination with the management systems teams for the preparation of specific internal management procedures for the part corresponding to Compliance.
- Design and implementation of a specific section within the Intranet with Compliance content.
- Design and implementation of a section within the new Celeo Group corporate website to provide third parties with information on Compliance.
- Digitalisation of the reporting form for information in relation to meetings held with public civil servants (procedure included within the Anticorruption and Antibribery Regulation), in conjunction with the Information Security team.

**Brazil** has continued making progress in the reinforcement and maturity of its Compliance Programme, as well as its objective of attaining the ISO 37001 certification for its Antibribery Management System in 2022. Furthermore, with the aim of improving the risk management of third parties, a due diligence has been initiated with certain suppliers that have relationships with

public agents or who are politically exposed. As part of its continuous improvement, the PIC participated in the review of the CRB Goods and Services Acquisition Procedure and the Supplier Classification Procedure. These activities form part of the work that is being performed to reinforce the management of third parties of the Company with a focus on best practices in governance, ethics and integrity.

Furthermore, the company promoted a series of corporate events during 2021 with the active participation of Compliance as a way of disseminating the Compliance Programme and knowledge about compliance. These events were in the form of specific training sessions on the Anticorruption and Antibribery Policy and Rules of Conduct. A presentation was given before the entire company on the Compliance Programme and its attributes and responsibilities in Brazil.

This seminar was held at the JOIA [Organisational Immersion and Learning Seminar]- Inmersión Organizacional y Viaje de Aprendizaje [Organisational Immersion and Learning Journey] and was aimed at all employees of Celeo Redes Brazil.

Towards the end of 2021, as is the tradition in Brazil, the Annual Training of the Corporate Integrity Programme took place, the objective being to refresh the knowledge of the employees of the whole group in Brazil in relation to the Compliance Programme and its outlines. Considering the backdrop of the pandemic that we are still experiencing, training was carried out remotely and given by a specialised external consultant (ICTS Protiviti).

Since 2018, Celeo Brazil has actively participated with the Rio Compliance Institute (ICRIO for its acronym in Spanish), an entity that promotes the best practices of good governance and the culture of compliance, ethics and transparency. It also participated in a Global Compact working group on Anticorruption, in which it identified areas for improvement to continue reinforcing its Integrity Programme.

Actions continued in **Chile** aimed at reinforcing the ethics system and culture of the company, in particular:

- Dissemination of the Code of Ethics.
- Preparation of the new versions of the Crime Prevention Model of Chile, including updates at a local level and a new version of the Internal Rules and Regulations on Health and Safety. Lastly, as a result of the new additions of crimes in the Chilean penal catalogue, work will be done throughout this financial year on a new policy for employment contracts.
- General training chats or those aimed at new starters.
- Certification that the Prevention Model complies with the requirements of law 20393 for the coming two financial years.
- Internal audit without qualifications about the revocation of the fulfilment of the compliance procedures, especially with regard to acquisitions, payments and the use of communication channels.
- The climate survey regarding culture/compliance scored 97%.

## Compliance training

Regarding training, each country defines its own training plan, adapted to its specific needs and circumstances, as well as the most efficient means to reach its employees.

In **Spain**, a variety of communication actions were carried out (Internet, email, information pills, etc.) aimed at promoting and disseminating elements of the Compliance System, as well as two new bulletins concerning anticorruption and bribery, regarding the procedure established for meetings with public civil servants, and another informing on the digitalisation of the internal form for reporting information on these meetings.

**Chile** offered two informative chats relating to the functioning of the transparency and crime channel, as well as induction talks for new employees. The Compliance Officer participated in a seminar regarding corporate fraud, current cases of interest and reviewed the current rules on Compliance in Chile.

**Brazil** continued with the monthly training efforts through the internal newsletter "Corriente Con-

tinua" (Continuous Current), reinforcing aspects of the Corporate Integrity programme and its importance within the company, including:

- The importance of employees following the corporate values, the standards of ethics defined in the policies and the procedures.
- Rules of conduct that must be followed by employees, as well as the principles of equality and non-discrimination.
- The anticorruption and antibribery policy and the zero tolerance of the company with regard to these aspects..
- Relationship between compliance and democracy and the value of the Corporate Integrity Programme.
- Furthermore, training was provided to employees, supervisors and managers of the new Piauí maintenance base on the anticorruption and antibribery policy and the rules of conduct.

### Specific training in Compliance

Country	Standard Training (Topic)	Format	Attendees	Responsible area	Hours
Spain	Introduction to the Compliance System	Online	100% Profesionales *	Compliance	1.5h
Spain	New elements in the Compliance Programme	Online	100% Profesionales *	Compliance	0.5h
Chile	Functioning of the Transparency Channel and crimes.	Online	100% Profesionales	Legal	2 h
Brazil	Anticorruption and Anti-bribery Policy and Rules of Conduct – PACTO (Technical – Operational Improvement and Training Programme) <sup>1</sup>	Online	Base de Manutenção de Teresina/PI (SITE y UFVSJP)	Compliance	1h
Brazil	E Compliance Structure and Responsibilities at Celeo Redes Brazil – JOIA (Organisational Immersion and Learning Seminar) <sup>2</sup>	Online	67% Professionals	Compliance	0.5h
Brazil	Annual PIC training	Online	83% Professionals	Compliance	1h

\*Those professionals are unable to attend received a recording of the session and/or presentation materials for viewing.

<sup>1</sup>PACTO: Programa de Aprimoramento e Capacitação Técnico-Operacional

<sup>2</sup>JOIA: Jornada Organizacional de Imersão e Aprendizado)

## Anticorruption and antibribery

Celeo rejects any practice that contravenes the anticorruption and antibribery legislation, whether public or private, of a national or international nature, and maintains the principle of zero tolerance towards any practice that may harm the reputation of the organisation or negatively affect its public image.

Celeo has various regulations and procedures in place that must be complied with by all its professionals, and these form part of the Compliance Programme:

**Anticorruption and Antibribery Regulation**, this regulates the interactions with public civil servants and third parties with whom the Group forms relationships as part of its activity, establishing standards for conduct and the grounds for action regarding gifts, offers and promises, prohibiting, in general terms, any that may be considered as a bribe/corruption. It also prohibits any type of contribution or donation to any political party, or their representatives, on behalf of the company and contemplates the criteria and procedures for the possible authorisation of donations and sponsorships to non-governmental associations. Preventive tools are established to detect and prevent possible situations of corruption or bribery, such as the following:

- Signed statement by all Celeo professionals with a relationship with a public civil servant. To identify possible relationships that may interfere with the activity of Celeo and which may involve greater risk.
- Specific procedure for performing meetings with public civil servants: first inform the head of the corresponding department;

and report the information on the said meeting to the CO using the relevant form.

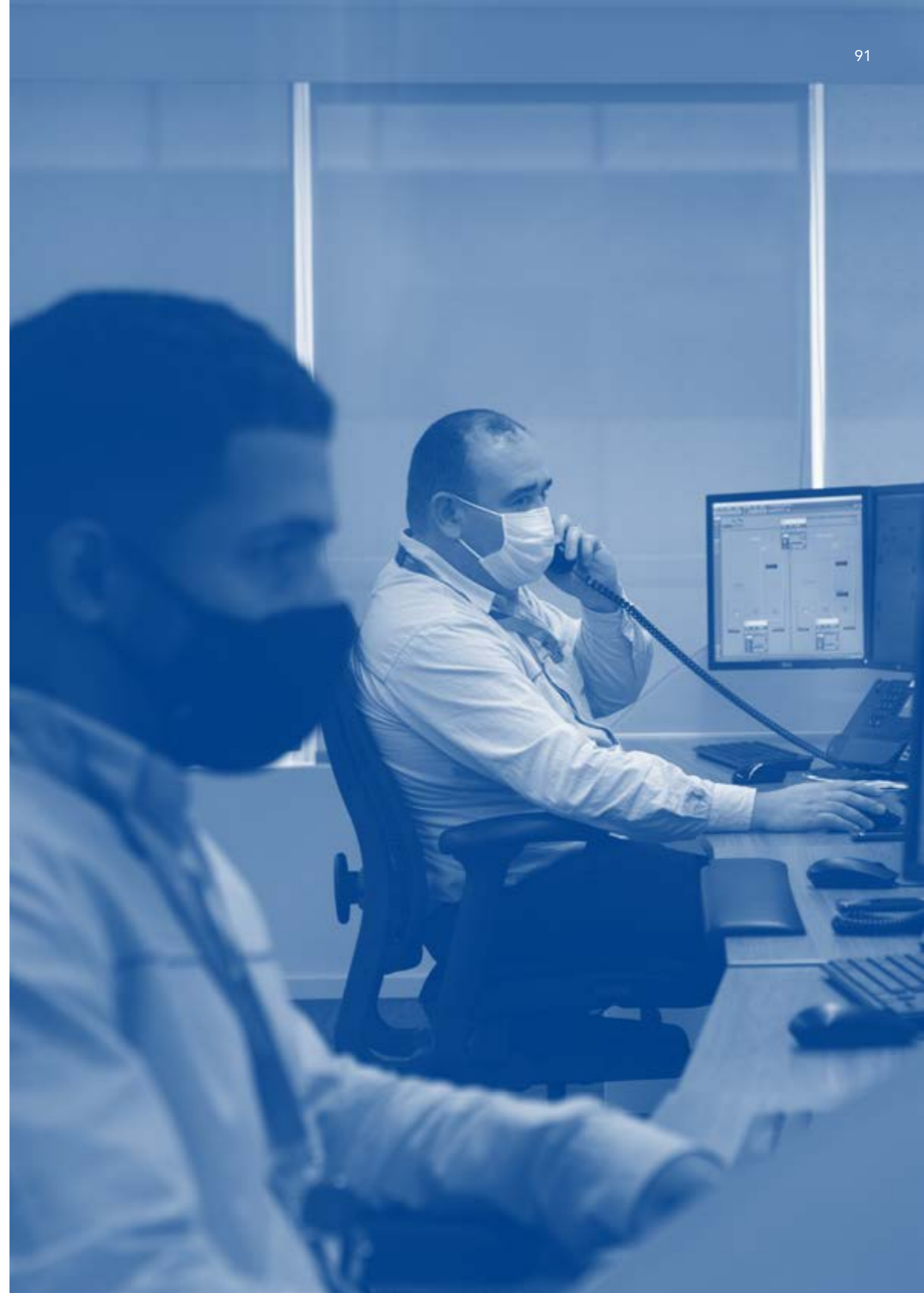
- Approval of economic limits applicable to Celeo professionals for gifts, invitations, meals, trips and, in general, representation expenses.

**Travel and Expenses Procedure** that regulates the settlement of employee expenses and travel expenses with the aim of controlling the destination of the costs incurred and to prevent abuse.

**Regulations on Conflicts of Interest** to prevent possible cases of corruption between individuals.

**Procurement and Service Contracting Procedure**, aimed at ensuring that the company obtains the best conditions in terms of quality, price, efficiency and periods through a transparent process. This procedure includes an additional control of the Compliance area for engagements under circumstances that are considered to be of greater risk: direct contracts; politically exposed persons; and suspected links with high-risk countries according to the Corruption Perceptions Index and/or in tax havens.

At local level, a **risk matrix** is in place as indicated in the section "Risk Management Model", which details the company's risks in this area, as well as the measures for control, assessment and monitoring, for their mitigation and control. A full assessment and monitoring is carried out of high-risk operations.







These documents are specific to each company, with specific procedures for travel, expenses and purchases. The Code of Ethics and the Compliance Policy are common for the Celeo Group.

The corporate website of the Celeo Group has a specific area for information on Compliance and access to relevant documentation (Code of ethics, Anticorruption and Antibribery Regulations, etc.) which are freely available to third parties. There is also a transparency channel for any complaints by third parties. No complaints have been received during this financial year.

#### Specific training in Anticorruption and Antibribery

Country	Classification	Percentage
Spain	Governance Body	100%
	Management Team	100%
	Staff	100%
Chile	Governance Body	100%
	Top Management	100%
	Middle Management	100%
	Staff	100%
Brazil	Governance Body	100%
	Top Management	100%
	Management	100%
	Middle Management	100%
	Staff	100%

# Human rights

The Group has a sustainability policy and a social responsibility policy in place which expresses its commitment to protecting fundamental human rights, especially those of the most vulnerable groups, and to promote relationships based on equality of conditions and the contribution to the development of the societies in which it operates.

**The Group has not received complaints of human rights in 2021.**

The Group has a sustainability policy and a social responsibility policy in place which expresses its commitment to protecting fundamental human rights, especially those of the most vulnerable groups, and to promote relationships based on equality of conditions and the contribution to the development of the societies in which it operates. The Group has not received complaints of human rights in 2021.

In this manner, the Code of Ethics promotes respect for the law and Human Rights, and fully adheres to the Universal Declaration of Human Rights, with a special focus on respecting the rights of ethnic minorities or indigenous peoples to carry out its activities, equal opportunities, child labour and forced labour.

As previously detailed in the chapter on Sustainability Management, Celeo Brazil and Celeo Chile are signatories of the Global Compact, undertaking to include the 10 principles with regard to human rights, labour, environment and anticorruption as part of its corporate strategy, as well as to promote the Sustainable Development Goals (SDGs). Lastly, it should be noted that Brazil forms part of one working groups of the Global Compact for Human Rights, in which it is an active participant..

Celeo Spain recently participated in the 10th anniversary of the Guiding Principles on Business and Human Rights celebrated in Madrid in order to expand and seek ways in which to generate involvement and interest in this area within the company.

Lastly, the training sessions in Spain relating to the introduction of the Compliance System in the section of the Code of Ethics, was also used to provide training on Human Rights.

Furthermore, every country has a risk matrix in place as indicated in the section "Risk Management Model", which reflects the risks of the company in this area of human rights such as the abolition of child labour, forced labour, freedom of association, as well as the measures for control, assessment and monitoring. A full assessment and monitoring is carried out of high-risk operations.

4

ECONOMIC

PERFORMANCE AND

OPERATIONAL

EXCELLENCE

# Economic management

Celeo is characterised for maintaining a conservative financial policy. Its capital structure is defined by its commitment to solvency and maximising shareholder returns.

Below follows the performance of the main financial figures for the last two financial years.

## Analysis of the main figures

Information on profit/loss	2021	2020	Change
Operating profit/loss	54,977	49,564	+11%
EBITDA	111,168	108,134	+3%
Pre-tax profits	59,915	62,424	-4%
Net profit	29,859	29,892	0%

Net equity	2021	2020	Change
Net equity	1,206,754	1,081,563	+11%

Turnover	2021	2020	Change
Sales	197,646	258,456	-24%

\*Note. The economic data presented is that as at 31 December 2021

For the financial year 2021, the Celeo Group generated a consolidated net profit attributed to the parent company of 30 million euros, compared to 30 million euros for the 2020 financial year. This result reflects the favourable performance of the Group's businesses, which have managed to offset the negative effect of the depreciation in the average exchange rates of the Brazilian real and the North American dollar compared to the previous financial year.

Sales reached a total of 198 million euros, compared to the 258 million euros in 2020, a decrease mainly attributable to the recognition of revenue from the construction of the infrastructure for the Brazilian Serra de Ibiapaba Transmissora

de Energia concession, a project whose production start-up occurred during the current financial year. This recognition is in accordance with the accounting criteria of the Brazilian concessions and does not have an impact on the EBITDA nor on the profit for the financial year.

The EBITDA stood at 111 million euros, compared to 108 million euros in 2020.

## Review by activity

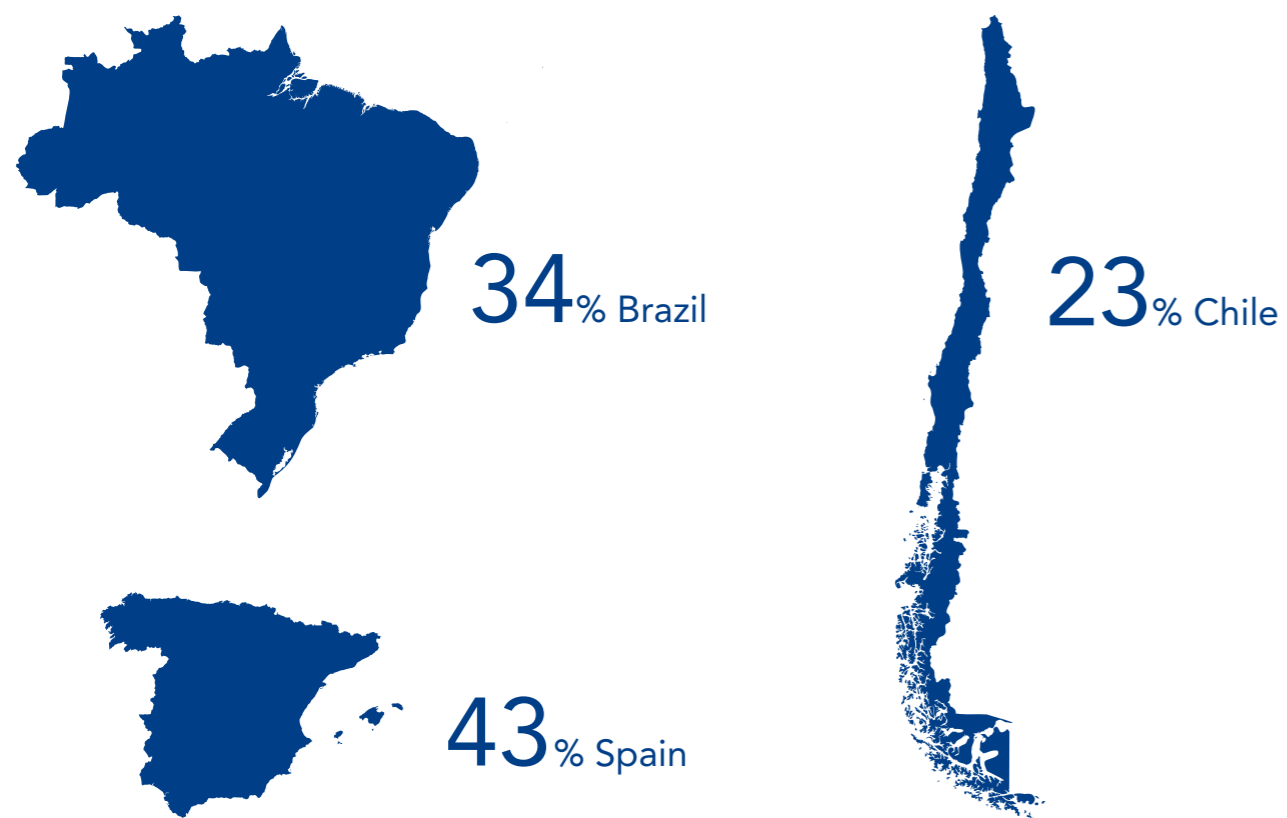
Geographic areas	2021	2020	Change
Chile	46,617	45,929	+1%
Brazil	66,759	123,070	-46%
Spain	84,270	89,457	-6%
<b>TOTAL</b>	<b>197,646</b>	<b>258,456</b>	<b>-24%</b>

Activities	2021	2020	Change
Transmission	95,892	156,582	-39%
Generation	101,754	101,874	0%
<b>TOTAL</b>	<b>197,646</b>	<b>258,456</b>	<b>-24%</b>

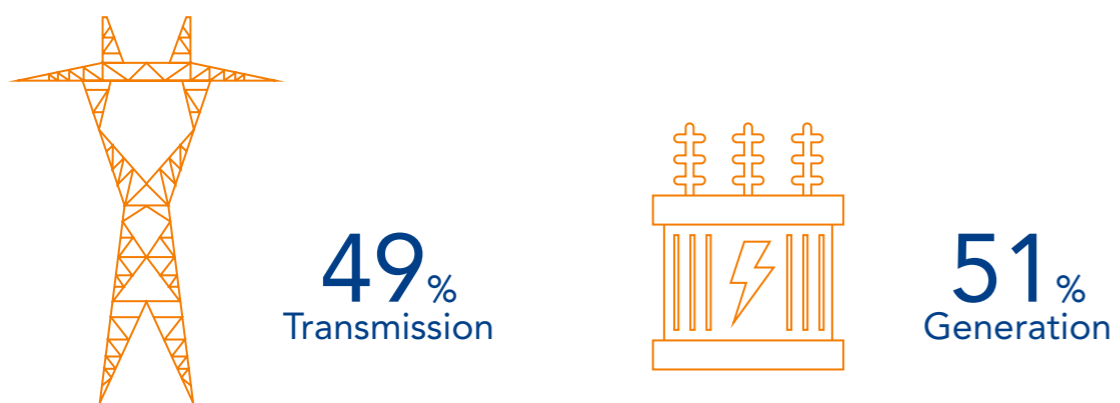
\*Note. The economic data presented is that as at 31 December 2021

In 2021, 49% of the revenue originated from electricity transmission, compared to 51% from generation. Revenue is divided as follows; Brazil 34%, Spain 43%, and Chile the remaining 23%.

## Revenue by geographic area 2021



## Revenue by business 2021



Data in thousands of euros

Spain	2021	2020
Pre-tax profits	6,271	5,394
Tax on profits paid	(66)	(392)
Public subsidies received	0	0

Brazil	2021	2020
Pre-tax profits	57,712	57,496
Tax on profits paid	(6,263)	(7,832)
Public subsidies received	0	0

Chile	2021	2020
Pre-tax profits	(3,986)	(463)
Tax on profits paid	0	0
Tax on profits paid	0	0

Perú	2021	2020
Pre-tax profits	(82)	0
Tax on profits paid	0	0
Public subsidies received	0	0

## Financing and investment

In the energy transmission and generation businesses it is essential to have access to capital to finance and continue propelling investment projects. Having a sound financing strategy is a priority for Celeo given that undertaking projects requires a large investment, especially in the initial phases. With this in mind, Celeo has access to multiple sources of external financing that cover a large part of the investment.

Of particular note is the formalisation with several financing entities in June 2021 of the financing contract for two solar thermal plants in operation ASTE 1A and ASTE 1B. Furthermore, the previous credit agreement was cancelled along with the associated guarantees.

The financing was structured into a banking segment and an institutional segment in the amount of 331 million euros. This is the first financing carried out by Celeo to obtain a “green evaluation” by Standard and Poor’s, achieving a high score of E1/83.

Prior to the purchase of Colbún Transmisión, S.A., the special purpose vehicle Alfa Desarrollo SpA launched 144A/Reg-S Senior Secured type bonds onto the market in the amount of 1,098 billion dollars.

## Economic value generated and distributed

In the performance of its activity, Celeo generated a direct economic impact that has benefited its main stakeholders. Due to its international nature, Celeo contributes to creating wealth, mainly in Spain, Chile and Brazil.

	2021	2020
<b>Economic value generated (EVG) (€)</b>	<b>287,373</b>	<b>351,932</b>
Revenue	287,373	351,932
<b>Economic value distributed (EVD) (€)</b>	<b>118,081</b>	<b>248,834</b>
Operating costs	77,696	137,784
Salaries and employee benefits	15,685	13,609
Payments to capital providers	80,307	77,132
Payments to Governments (taxes)	6,329	8,224





## Economic environment and outlook

### Brazil

Brazil has experienced an economic recovery this year. After the slowdown in growth caused by the COVID-19 pandemic, all sectors have shown an increase in their growth rate during 2021, compared to the previous year. It is estimated that the Brazilian GDP will grow by 0.7% in 2022 and for the period 2023-2026, it is forecast that the economy will grow at an annual average rate of 2%.

It is expected that the Selic rate (the weighted average interest rate for one-day interbank operations, guaranteed by the federal government securities) will increase from 9.25% at the end of 2021 to 11.75% at the beginning of 2022 in an effort to curb the high inflation rates recorded during 2021.

The Brazilian real (BRL) once again suffered a new depreciation during the last quarter of 2021, driven by various factors, such as the evasion of tax rules to increase social spending. It is considered that the Real is undervalued and that the stabilisation of the interest rates, economic recovery and improvement in the exchange rate terms will support the appreciation of the Real during the 2022-2026 period, with its value against the US dollar increasing noticeably. However, this support might not be able to strengthen the Real whilst the volatility associated with the presidential elections continues, which could potentially weaken it until the second half of 2022.

It is expected that the demand for Brazilian oil, gas and coal will recover. It is also expected that domestic demand for gas will increase at an average annual rate of 2.1% during the forecast period of 2022-2031. Brazil is one of the

largest producers in the world of hydroelectric energy, however, its dependence on this source of energy was affected by a severe drought during 2021. As an alternative, the state authorities granted permission for the thermal plants to operate without power purchase agreements during six months, subsequently, gas and electricity imports increased. Although it is anticipated that the country will continue to face an energy shortage, these policies may help reduce its dependence on hydroelectric energy.

In February 2021, state authorities launched the Energy Expansion Plan for the 2021-2029 period which aims to increase energy consumption through investments in energy infrastructures reaching 2.7 billion Brazilian reais. It is expected that more than 84% of the outlay is destined to the oil and gas sector, 13.5% to the generation, transmission and distribution of energy, and the remaining 2.5% to increase the offer of biofuels. The Energy Expansion Plan aims to increase the domestic installed capacity of 186 GW in 2021 to nearly 236 GW for 2030, thus increasing the weight of solar, wind and natural gas energy capacity, while decreasing the relative weight in hydroelectric and biomass energy.

**Standard & Poor's (S&P) have maintained rating of BB- for Brazil's long-term foreign currency since January 2018.**

## Chile

Presidential elections in Chile were followed by the drafting of a new constitution and its corresponding referendum in 2022. This process will generate a high level of political uncertainty in both the short and medium term. The left-wing nature of the new constitution could affect its acceptance among citizens, which could lead to the current Constitution remaining in place.

After the economic recession caused by COVID-19, the forecast growth for GDP in 2021 is estimated at around 11.9%, making it one of the countries in Latin America with most V-shaped recovery. The expectations forecast that growth will stabilise next year at around 3%, with this growth being driven by a complete reopening of the economy, growth in exports and greater domestic consumption. However, these estimates could change due to the political uncertainty. For the period 2023-2026, it is estimated that the real GDP growth will be around 2% on average.

After 16 months of maintaining interest rates at a minimum of 0.5%, the Central Bank of Chile decided to increase the basic rate of interest by 225 basis points for the period July-October 2021. The increase is one of the weapons, in terms of monetary policy, in the ongoing fight to put a brake on the increase in inflation, reinforce the peso and prevent the economy from overheating. Therefore, expectations regarding the interest rate indicate a continuous increase until reaching around 5.5% during the first half of 2022. For the period 2023-2026, it is expected that the Central Bank of Chile will moderate its monetary policy to support economic growth.

In contrast to the sharp increase in inflation during the second half of 2021, it is expected that there will be a gradual levelling off for 2022, falling to 5.6%, but still above the target range of 2-4% established by the Central Bank of Chile. It is expected that inflation should reach

its target rate towards the end of 2022, at 3.6%. Furthermore, it is also expected that inflation will remain within its target range during the 2023-2026 period, at an average of 2.8%. The monetary policies adopted and the determination of the Central Bank of Chile to maintain inflation at stable levels within the 2-4% range will ensure that inflation remains controlled, although the prices of raw materials may fluctuate.

The Chilean peso is expected to maintain a certain degree of volatility until the first quarter of 2022 due to the uncertainty generated by the constitutional reform process. However, it will once again begin to appreciate from the second half of 2022 onwards and in the medium term, due to the sustained growth and a stable political environment after the process concerning the new Constitution comes to an end. The increases in interest rates and the growth in the demand for copper by green investments will provide a certain amount of support to the Chilean peso.

Regarding the consumption of electricity, and after a 5% fall in 2020 due to the pandemic, a partial recovery occurred in 2021 with a growth of 2.9%. The energy sources that will record greater growth are oil with a 0.7% increase year-on-year and natural gas with a 1% increase year-on-year. However, the demand for coal is expected to gradually decrease due to the policies aimed at reducing the dependence on this energy source.

**S&P downgraded the long-term foreign currency credit rating for Chile to A (A+ for the previous financial year).**







## Spain

The Spanish economy suffered the biggest year-on-year fall in the EU after the pandemic, with GDP falling 10.8% in real terms. However, by the end of 2021, the economy had reached a growth of 5%. Industrial activity and household consumption have been affected by the increase in energy prices throughout Europe. Subsequently, the economy has not yet recovered the economic levels prior to the outbreak of the pandemic, and is not expected to do so until towards the middle of 2023. The estimates for the real GDP for 2022 and 2023 stand at around 5.1% and 3%, respectively. However, the forecasts for 2022 are threatened by the possible health measures that the government may have to take as a response to the new omicron variant of the virus.

The overall strong demand for products after the lockdown, added to the greater energy costs and interrupted supply chains have caused inflation to set all-time highs at the year end of 2021, to stand at 6.5%. Once the supply chains are re-established and it is possible to cover the increase in demand, it is expected that the growth in prices will level off. In comparison to the increase in 2021, inflation will increase 2.4% in 2022 and an average of 1.7% for the period 2023-2026.

The value of the euro depreciated after reaching 1.23 EUR/USD at the end of 2020, to close at 1.14 EUR/USD in December 2021. The slower than expected economic recovery and high inflation in the eurozone will lead to a depreciation of the euro against the US dollar in 2022 and 2023. For the period 2024-2026, is expected that the euro will appreciate as a result of the change in trend of the monetary policies implemented by the European Central Bank, therefore, it is expected that there will be future interest rate hikes.

Electricity prices had been fluctuating considerably during 2021 in Western Europe, reaching all-time highs around €300/MWh at the end of 2021

in Spain. This effect on prices has been caused, largely due to the price of gas due to an increase in demand for energy and the broken supply chain of the natural gas resources after the block caused by the pandemic. However, the sharp increase in gas prices has been transferred to electricity prices due to the connection between these basic products in the European energy market. The different European governments have been implementing emergency measures to try and mitigate the high energy prices, although these measures will simply help mitigate the effects in the short term. The Spanish government presented alternatives to reduce the energy bill by 22% from the month of October until the end of the year, whereby it reduced the taxes on electricity and restricted the increase to the price of natural gas to a maximum of 4.4%.

**S&P maintains Spain's  
A credit rating.**

## Peru

It is expected that the Pedro Castillo, the president-elect of Peru in 2021, will face challenges during his administration due to a variety of factors, among them: a hostile Congress, the inexperience of the president and his team, and the lack of compatibility between the members of his political party. These factors have resulted in resignations by some members of the Government during the first few months of the mandate. However, it is expected that there will be an improvement in the political stability during the 2022-2026 period, as the experience of those in power increases. The Castillo administration seeks to implement policies encouraging public spending to expand social services, increase regulatory power and increase investment in infrastructures.

After the COVID-19 pandemic, the economy recovered in 2021 and GDP in real terms is expected to grow by 3.3% in 2022. This growth will be supported by exports, investment and strong external demand. The forecasts for GDP growth for 2023-2026 are within the 2.5%-3% range.

However, after the depreciation experienced in 2021, it is expected that the value of the Peruvian sol will stabilise once the uncertainty generated by the electoral process has decreased.

In August 2021, the Central Bank of Peru (BCP for its acronym in Spanish) increased interest rates by 50 basis points due to the increasing inflation and its future forecasts. The CPI stood at 5.9% at the end of 2021, with prices being affected as a consequence of the temporary interruption to the supply chains after the reopening of the economy due to the shutdown caused by COVID-19, higher import prices and the depreciation of the currency.

After COVID-19, the consumption of energy suffered a decrease of 15.8% in 2020, with a forecast recovery during 2021-2030 period. Furthermore, the energy dependence on oil should

decrease in favour of natural gas, while hydro-power energy will be the main renewable energy source in the country, reaching a share of 11.3% in 2030. Although Pedro Castillo has not announced any new energy policy, the first Minister for energy confirmed that the government will be taking greater control over the natural gas and hydro power projects.

**S&P rates the long-term foreign currency credit rating for Peru at BB+.**





## Operational efficiency and quality

Celeo aims to become a leading company in the energy infrastructures market, reaching maximum levels of excellence in service and contributing to the progress of society. With this in mind, Celeo ensures the correct functioning of its assets so as to guarantee at all times the quality, safety and continuity of the electricity supply in the countries where it has a presence, as well as the maintenance of all its assets.

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With the aim of guaranteeing the efficiency and safety of its facilities, Celeo has a solid regulatory framework in place comprising different policies, procedures, control systems and other documents that can be found in the Integrated Quality, Environment and Health and Safety in the Workplace Management System.

The IMS is certified in Chile and Brazil under the ISO 9001, ISO 14001 and ISO 45001 standards. The relevant certifications were renewed in 2021.

Celeo Spain has given a huge boost to its management system with the creation of a process map for the company and the documentation necessary in accordance with the ISO 9001, ISO

14001 and ISO 45001 standards, with the certification process taking place in the 2022-2023.

In Spain, the operation and maintenance of the assets is subcontracted out to Elecnor, with Celeo performing all other exploitation activities.

Celeo carries out the exploitation activities of its assets through its own personnel in Brazil and Chile, where it constantly works on improving its technical indicators, as a result these are always among the highest standards of efficiency. It is for this reason that the company offers ongoing training to its employees in the O&M area.

In 2021, the operational continuity was not affected because of the health crisis. As in 2020, the Crisis Committee has continued to regularly supervise and monitor the evolution of the pandemic and its impact on the company.

In accordance with the contingency plans of the respective countries, a series of measures were taken for both the operation and maintenance teams to prevent the spread of the virus between them (system for shifts, disinfection and regular ventilation, bubble groups for travelling to and

from the workplace in vehicles, temperature control, mandatory use of masks, etc.)

In Chile it is necessary to comply with the quality and availability standards of the Technical Standard for Service Quality and Safety (NTSyCS). This standard restricts the maximum number of hours of forced disconnection (HFOR) per plant, as well as the frequency of the forced disconnections (FFOR), all within a time window of five years of operation.

Celeo Chile has implemented several projects and initiatives that have resulted in operational improvements in 2021, of which the following two are of particular note:

Control of vegetation using herbicides. One of the main maintenance activities on the transmission lines is controlling the vegetation that grows along

the clearance strip, an activity that is normally carried out using forestry cutting and pruning techniques. Given the characteristics of this activity, it is very intensive in the use of human and economic resources, and it is also a job that requires a great deal of preparation due to the exposure to risk.

Over the last year, a pilot plan was set up in coordination with the environmental area and community relations area, where the Maule maintenance team began to apply herbicides in selected areas to verify the potential decrease in the growth rates of forest tree plantation saplings.

This activity has shown favourable results in decreasing the frequency of interventions, as well as the exposure of personnel to risk activities.

#### HFOR (Total hours of forced disconnection)

Year	AJTE 3	AJTE4	CHATE 3	DATE
2019	0.42	5.38	2.3	4.13
2020	6.92	8.33	3.98	0.05
2021	1.20	10.40	5.80	1.20

#### Availability

Year	AJTE 3	AJTE4	CHATE 3	DATE
2019	100.00%	99.94%	99.97%	99.95%
2020	99.91%	99.90%	99.95%	100.00%
2021	99.98%	99.82%	99.90%	99.94%



Remote Support Project (RSP) This project seeks to aid Celeo personnel located in remote areas, or who do not have sufficient technical knowledge or experience to tackle a specific activity by themselves.

Augmented reality glasses are used over an Internet connection to be able to connect (via Teams or another platform) with another person and maintain a conversation and also see via streaming what the other operator is seeing, or to share text and images.

To execute the project, internet connections were installed at the substations (control rooms and manoeuvring yard) by the personnel themselves

This project allows the possibility of remote shifts, a decrease in the amount of travel (air and land), training, technical visits, etc.

Regarding operational performance, the objective of Celeo Brazil is to comply with all the maintenance provided for in ANEEL Regulatory Resolution no 905/2020, which establishes the minimum requirements for the maintenance of the Basic Grid, as well as the implementation of a short, medium and long-term action plan for predictive and preventive maintenance.

The Operations Department managed to achieve the goals set out for 2021. Here follows some of the activities carried out: execution of 18 preventive maintenance actions in compliance with regulations; performance of two interventions to improve the seals of the Switches on the LTTs with the aim of resolving leaks of SF6; internalisation of the O&M of the CPTe Concession; switching of the Cachoeira Paulista/Tijuco Preto 500kV TL; preparation of the Asset Management Plan; renovation work at the Base de Manutenção de Vilhena and the Base de Uberlândia with the construction of COS BACKUP and the continuation of the requests for exemption from the liability for the TC explosion at VCTE.

Likewise, some projects that have contributed to improving the performance of the facilities and the transmission lines were concluded: 230kV Campo Grande – Chapadão, 230kV Anastácio - Corumbá II and 230kV Jauru – Vilhena. The goal to reduce the incidents caused by atmospheric discharges and strong winds was achieved.

The most significant operating indicators for Celeo Brazil are as follows:

## Availability ratio:

This is the number of available hours of the units or circuits compared to the total operating hours.

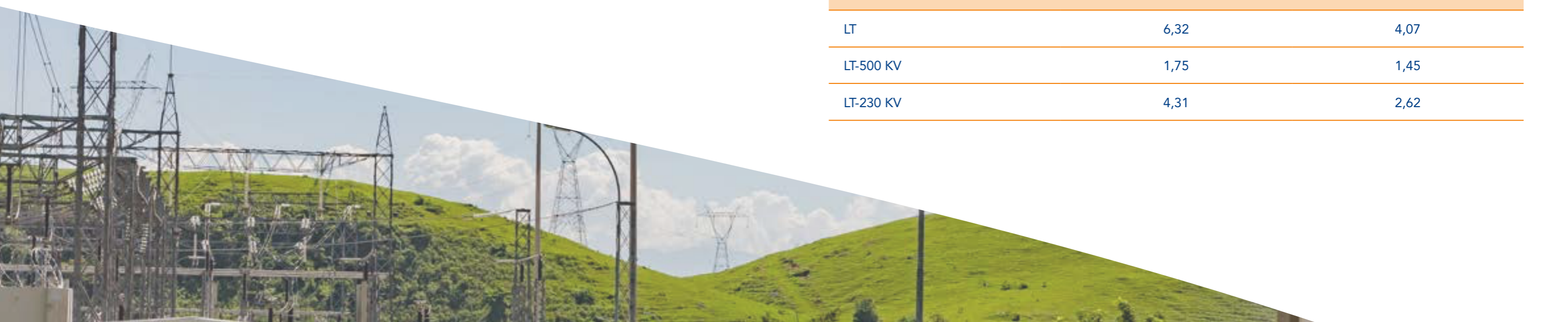
In 2021, there were no incidents that affected the operational performance of the Company in terms of availability

Availability	2020	2021
Transmission line	100%	99,99%
Transformer	99,99%	99,99%
Reactors	100%	100%
Static compensators	99,98%	99,96%
Series capacitor banks	99,99%	100%

## Unavailability ratio:

This measures the unavailability of units or circuits of a transmission line. Regarding the units, the indicator represents the forced disconnections of the transmission function (TF). For transmission lines, it is calculated for every 100 km of line.

Failure ratio - TL	2020	2021
LT	6,32	4,07
LT-500 KV	1,75	1,45
LT-230 KV	4,31	2,62



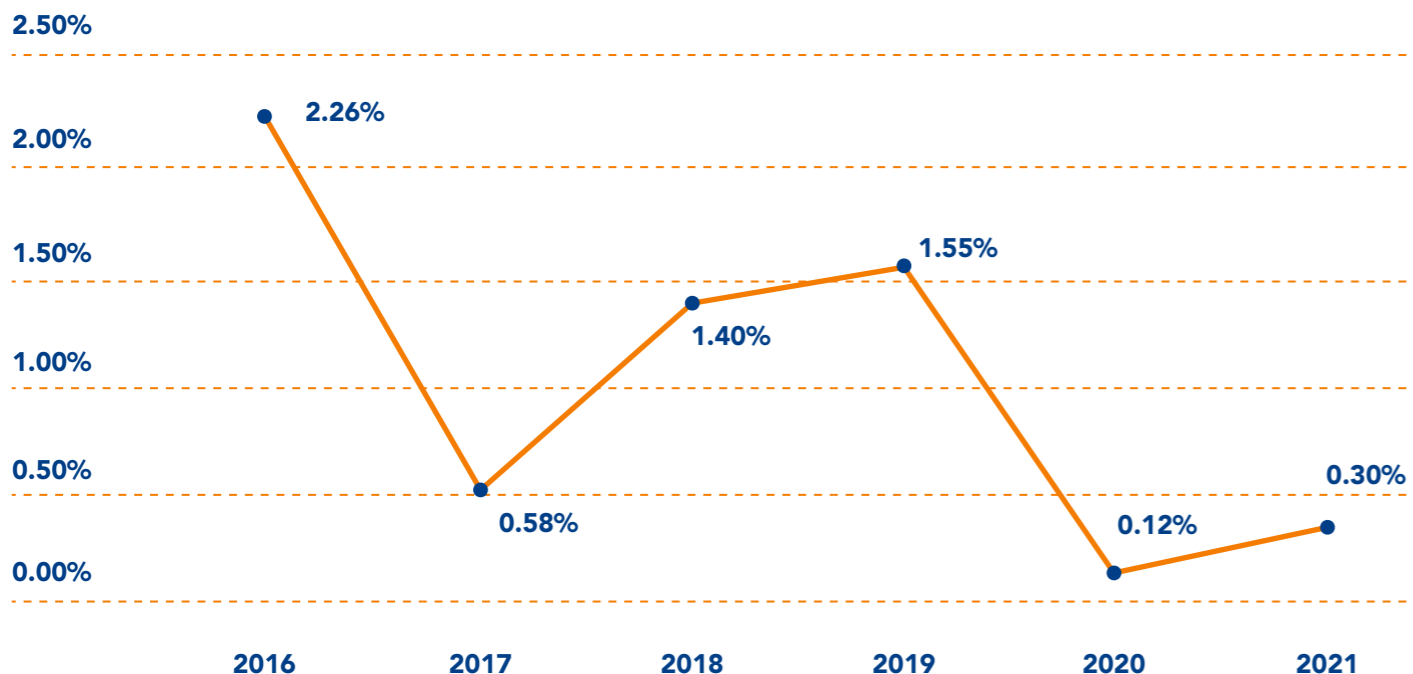
Unit failure ratio	2020	2021
Transformer	0.50	1.17
Reactors	0.00	1.85
Static compensators	0.25	1.00
Series capacitor banks	0.00	0.00

### Penalties for disconnections- Variable quota

Regulations establish the 'Receita Anual Permitida - RAP' [Annual Permitted Turnover] as remuneration for the transmission concessionaires. This is an annual amount that is paid to the concessionaire on a monthly basis via the 'Base Payment - BP (1/12 of the RAP)'. The right to receive 100% of the RAP is linked to the full availability of the transmission installations. The real value received is the result of discounting the 'Parcela Variável - PV', [Variable Quota] from the BP which takes into consideration the disconnection time and whether its origin was scheduled or forced.

Celeo Brazil has established the operational target of not exceeding 1% for the PV/RAP. In 2021, this stood at 0.3%.

Ration PV/RAP (%)



### Technical losses through transmission

These losses form a part of the energy that is not used and that the system requires for its operation. These types of losses are normal and cannot be fully eliminated.

In Spain there is a preventive maintenance plan in place for electricity generation plants with defined reviews and inspections with the frequency recommended by the suppliers of each unit, as well as what is stated in the market standards and the state-of-the-art. Furthermore, daily monitoring is carried out of the assets to analyse their functioning and to detect any anomalies.

Celeo has initiatives in place that have resulted in operational improvements. Of particular note is the inclusion in the maintenance plan of photovoltaic plants with a power in excess of 1 MW to a thermal graphic inspection carried out using an unmanned aerial vehicle via image processing using artificial intelligence. Through this action it is possible to know the status of the photovoltaic panels. Furthermore, a cybersecurity audit has been carried out of the generation assets in Spain.

At Astexol-2, cracks were detected on three blades on row L-0 of the low-pressure turbine

during major maintenance carried out in December 2020. In 2021, all the blades on row L-0 were replaced. Due to the unavailability of the plant for these works, its performance was 95.28%, lower than the minimum guaranteed performance established in the O&M contract with the operator, although it was above the minimum value established for incurring penalties.

At Aste1, it should be noted that during March the plant's availability was 56.12% due to a fault in the steam control valve at the inlet of the high-pressure turbine, rendering it out of service and requiring the intervention of specialised technicians.

At Aste 1A and Aste 1B there was a loss of production during March caused externally by the unavailability of the 220kV line due to the energisation of the new substation (Manzanares switchyard), where the new photovoltaic plants evacuate. It was considered as loss of earnings.

Despite these events the performance at Aste has been satisfactory.

**2.75%**  
Technical losses through transmission in 2020

**3.19%**  
Technical losses through transmission in 2021

### Generation by technology

MWh	2019	2020	2021
Solar thermal	314,518	273,004	268,844
Photovoltaic (ES)	25,440	24,171	24,929
Photovoltaic (BR)	–	–	294,997

### Average availability factor by technology

Tecnología	Unavailability by kW 2019	Unavailability by kW 2020	Unavailability by kW 2021
PV (Spain)	95.53%	95.95%	97.83%
Solar thermal – CSP (Spain)	99.88%	98.26%	95.50%

With regard to the generation projects in progress, in Celeo began testing the generation of the SJP photovoltaic plant in February 2020, reaching full power in the April and generating a total of 129 MWh until June, where the generation was interrupted due to a failure in the main energy transformation units. After several on-site inspections, it was decided to send the units back to the factory for repair.

On 28 March 2021, the plant began generating once again, and now generates the maximum power for which it is designed. It is important to highlight that the deadline for the production start-up agreed with the regulator is January 2022, therefore, despite the incident, the plant is generating prior to the regulatory date.

Given that Celeo operates in a regulated market and due to the nature of the activity that it provides in Spain and Chile, complaints are not received from customers.

In the case of Celeo Brazil, the complaints from customers correspond to ANEEL and ONS, which are received through official letters. About 2021, no complaints were received.

It is worth noting that in November 2021, Celeo Brazil, with the regulation team taking the lead, began the first customer satisfaction survey with distribution agents with a connection to the grid.

## Innovation in the service of the operations

Celeo carries out certain investments that re-round in an improvement in operational efficiency and quality. As previously mentioned, of particular note is the thermographic inspection of the photovoltaic plants in Spain. The images obtained from an unmanned aerial vehicle (UAV) were processed using artificial intelligence (AI), obtaining a precise and rapid analysis of the status of the installed photovoltaic panels.

Celeo Brazil, through the ANEEL R&D programme, contributes to the development of the country's electrical system by investing in innovative initiatives that improve the safety of the electrical system, the quality of the service and contributes to reducing the environmental impacts and electricity tariffs.

The project for improving the grounding system of the LT 230 kV Vilhena – Jaurú, the aim of which is the development and application of an innovative methodology to improve the performance of the critical transmission lines in the event of atmospheric discharges, as well as a new procedure for measuring the response of the grounding of the towers to the currents from the discharges, which are expected to be completed in 2022. This is being carried out in conjunction with the Lightning Research Center (Federal University of Minas Gerais).

Investment in R&D&i	Country	2021
Improvement project LT 230 kV Vilhena – Jaurú	Brazil	R\$ 1,387,347
Thermographic inspection (UAV+AI)	Spain	€5,700
Radio communications project for the Atacama zone	Chile	\$CL 42,821
Remote Support Project S/S Illapa	Chile	\$CL 11,606
Remote Support Project S/S Cumbre	Chile	\$CL 7,169
Remote Support Project S/S Hualqui	Chile	\$CL 8,174
Support Project S/S La Pólvera	Chile	\$CL 7,769

## Our suppliers

Supply chain management is a relevant aspect to achieving that Celeo's activities maintain their efficiency, quality and ESG standards.

Due to the nature of its activity, Celeo's main suppliers are specialists in the energy sector in both the provision of professional services (consultancy and auditing firms, financial entities and banks, legal firms, environmental services, etc.) and in the supply of materials and equipment (for high, medium and low voltage, electric products for maintenance processes, etc.).

It should be noted that both Brazil and Chile have a strategic alliance with Elecnor for the construction of transmission lines and solar farms, and Spain has one in place for the operation and maintenance of solar thermal and photovoltaic assets.

Regarding to the risks relating to the supply chain, these are managed through the Risk and Opportunities Matrix of the processes for each area. In general terms, these are associated to possible breaches of contractual clauses, problems with the quality of material/services received, breaches of the Compliance Programme, delays in delivery and aspects associated with labour safety, etc.

Celeo does not have a centralised system for managing purchases, with this being performed at country level.

In 2021, Celeo Spain developed its procedure for purchasing and contracting services, which defines the responsible purchasing and contracting principles in a manner in which the trade relations with the suppliers comply with the prevailing legislation, the Code of Ethics, the associated policies and standards, as well as the values and

principles that reflect the highest standards of quality, integrity and excellence in the area of purchasing and the contracting of services.

Furthermore, it has created a procedure for the assessment, approval and monitoring of suppliers. This procedure includes a questionnaire that covers ESG criteria, these being ethics (availability of the code of conduct, anticorruption policy, adhesion to initiatives such as the Global Compact, etc.); environment (promoting the use of clean energy sources, environmental management systems, initiatives for offsetting emissions, etc.); and social (health and safety management system, activities in line with the social actions of the company, establishing a dialogue with stakeholders, etc.).

Regarding the supervision and audit process, procedures have been put in place that describe the system to be implemented during audits and inspections of Celeo assets in Spain.

All the above procedures are in the process of being approved by the Management. At the time of its approval, all the suppliers with whom Celeo has worked will be included Approved Supplier's List, with the approval criteria "Historic".

Country	Number of suppliers	Number of critical suppliers	Purchases made (€)	Local purchases (%)
Spain	225	7	63,928,841.12	96.6%
Chile	450	32	69,024,504.16	26.0%
Brazil	6,527	1,286	8,510,761.30	99.0%

Celeo Chile has a supplier selection and evaluation procedure in place that defines the criteria for the classification, selection and assessment of those suppliers considered as critical, it also considers environmental as well as health and safety aspects. At present, the company classifies its suppliers as: general, critical and strategic.

In addition to guaranteeing control and preventing risks in the selection of suppliers, it is enshrined within the Crime Prevention Model as a significant tool to prevent any irregularity within the framework of the compliance programme.

In 2021, a new service provider passed the selection filters.

Celeo Brazil has several procedures in place which establish the guidelines and responsibilities for the acquisition of goods and services, as well as the responsibilities for the supplier classification process, which aims to ensure a standard of quality in relation to the supplies.

Suppliers are classified according to the level of risk of the operation, in addition to taking social, environmental and ethical aspects into account. All the requirements are detailed in the terms and conditions of the contract. At present, the company classifies its suppliers as: general, critical and strategic.

The supplier selection and evaluation process is performed for potentially critical suppliers that meet the following criteria: compliance with labour, social security and legal obligations; ethical criteria (they do not use child labour, they do not maintain their employees in labour conditions similar to slavery, they do not practice any form of discrimination); guarantee the health and safety of their employees and mitigate their negative impacts on the environment.

In 2021, 135 new critical suppliers passed through selection and evaluation process according to environmental and social criteria. No on-site audits were carried out of the suppliers due to the health restrictions.

In 2021, no operations were significantly affected in terms of supply due to the pandemic given that the necessary procedures, operational contingency plans and specific protocols, etc., were put into place.



# Information security

The control systems used for the monitoring and operation of the electric systems may be subject to cyberattacks due to the large amount of sensitive information that they manage due to being a critical infrastructure, which has a direct relationship on the security of the supply for the countries where they operate.

For this reason, Celeo has an Information Security Policy in place to guarantee the security of the information in the privacy of the data on the company and employees, as well as ensuring the continuity of the business within an information technology context. This Policy includes the requirements laid out by the ISO 27001 standard.

In 2021, in Spain, Celeo approved the following procedures in relation to information security:

- Business Continuity & Cyber Security Standard: procedure that lays out a series of rules, plans and controls that allow the achievement of a more resilient and solid day-to-day operation, as well as greater protection and response capacity should a high-risk event occur. Furthermore, this procedure corroborates that information security is a key element in business continuity.
- Computing Resources Using Standard: procedure that aims to preserve Celeo's IT resources (e.g., computers, networks, ownership of data, etc.). These resources comply with the company's standards and protects it from infrastructure or legal damage as a consequence of undue use.

- Information and Records Management: procedure which defines a framework for managing the information and records at Celeo.
- Information Security Asset Management Standard: procedure that establishes a standard and rules for the appropriate identification and classification of the information assets generated, obtained, acquired, transformed or controlled within the organisation.

Since 2020, there has been a working group in Celeo formed by the Information Security (IS) managers of Spain, Brazil and Chile, who defined a corporate IS Plan based on the following areas of action and following the principles of the ISO 27001 standard (confidentiality, integrity and availability).

- Information security and management.
- Asset management: software, systems, inventory, acceptable use, etc.
- Operational continuity: maintain the integrity and availability of the company's data, as well as the availability of its services in the event of fortuitous situations that compromise the orderly functioning of the business (informa-

tion access policies, backups, contingency plans, cyber security, cryptography, etc.).

- Governance framework: establishment and standardisation of a regulatory structure that governs the above points.
- Cybersecurity.

In 2021, changes were made to the IS Strategic Plan 2021-2023 in accordance with three main objectives: reinforce the IS environment by including the OT aspect, improve the information management resources with a focus on digitalisation and optimisation processes, and reinforce the business continuity standards. These objectives are being implemented through action plans or procedures at country level.

In 2021, Celeo studied and implemented new measures to tackle the risks detected to both its assets (OT) and its offices (IT), with the performance of different audits to ensure the bastioning of all systems.

In particular, training sessions have been held in Spain on Phishing (3 hours) and Cybersecurity (1 hour), in which the entire workforce participated.

The members of the IS team attended the XVI International Congress of experiences in Industrial Cybersecurity as well as other seminars associated with the application of cybersecurity and its implementation.

Celeo Chile is currently implementing the NERC-CIP (North America Electric Reliability Corporation-Critical Infrastructure Protection) of the domestic electric sector. Furthermore, a phishing exercise was carried out with the aim of determining the different vulnerabilities to which companies are exposed, and provided the following training sessions:

- Cloud security (1 hour) in which 92 employees participated.

- Reporting Incidents and Grooming (1 hour) with 96 participants.
- When my safety affects everyone (1) with the participation of 102 employees.

Celeo Brazil also implemented several actions:

- Ethical Hacking on the corporate network with the aim of mapping out the vulnerabilities and to improve the security management and preventing cyberattacks.
- Phishing campaign in which all employees participated to discover the level of knowledge and fragility of the users.
- A one-hour workshop and remote training session on information security with the participation of 217 and 38 employees, respectively.
- Furthermore, it participates in the ABRATE (Brazilian Association for Electrical Energy Transmission Companies) cybersecurity working group.

A worker in safety gear, including a hard hat and a harness, is seen from behind, standing on a metal lattice tower. The worker is looking out over a landscape of power lines and vegetation under a cloudy sky. The entire image has a blue color overlay.

5

# PREVENTION

CULTURE

Celeo considers it a priority to guarantee the health and safety of its employees and stakeholders. It is with this in mind that Celeo has committed to the objectives of zero accidents, zero tolerance in the event of breaches and continually promoting a culture of prevention among its employees.

## Managing health and safety

Celeo has a Health and Safety Policy in place establishing its commitments both for employees and for other stakeholders.

The Policy is based on six principles:

- Prevention of injuries and deterioration of health.
- Prevention culture.
- Consultation and participation.
- Compliance with legal requirements.
- Continual improvement.
- Zero tolerance.

Celeo Brazil and Celeo Chile both have an Integrated Management System (IMS) in place, which encompasses Health and Safety in the workplace, thus complying with the relevant policies.

Celeo Spain is currently developing the IMS, which includes the Health and Safety element. It currently has the necessary procedures in place to guarantee a safe working environment for its employees.

The Health and Safety Integrated Management System is structured and systematised in accordance with standard ISO 45001:2018, the purpose of which is to eliminate and minimise risks in this area to which the employees may be exposed during the performance of their tasks.

With the aim of ensuring strict compliance with the health and safety in the workplace, Celeo has identified the main risks associated to its operations, which include: driving (collisions with vehicles, collisions with stationary objects, overturning and accidents involving pedestrians); hoisting works (crushing due from suspended loads falling); working at heights (falls): jobs with electrical risk (electrocution and burns); cutting, pruning and forestry thinning (exposure to noise, vibrations, cuts, fires, allergic reactions to bites/stings, etc.), which could result in an accident during the performance of the activity by its employees.

The Health and Safety Policy guarantees the rights of the employee to refuse to carry out activities in the event of a situation of severe and imminent risk, without fear of reprisals. Employees are trained to understand and interpret the risk assessments of the activities, identifying conditions that prevent them from carrying out the tasks.

As a result of the IMS, different procedures have been put into place adapted to the operation and the reality of each country. The procedures determine the necessary controls for all the activities undertaken.

In 2021, **Celeo Brazil and Celeo Chile** renewed the certification in accordance with standard ISO 45001 which covers all of its assets. Furthermore, Celeo Chile has been awarded the “PEC Exce-lencia certificate”, a process regulated by the national Supervisory Body, Mutual de Seguridad.

At **Celeo Spain**, the health and safety management in Spain falls under a specialised external company. There are also three health and safety officers in the office that ensure compliance with all safety measures at all levels throughout the company. With regard to the outsourced Operation and Maintenance (O&M) service, this is covered by the Joint Service of the contractor.

In Spain, tests are underway with a platform for the coordination and control of the Business Activities.

Throughout the year, different initiatives have been implemented to help continuously improve the Integrated Management System (IMS). At Celeo Chile, of particular note is the implementation of a regulatory monitoring tool (SINAIL), the automation of the IMS reporting process through the CMASS tool and the Comprehensive Plan for Inspection and Observation Activities. Celeo BrasilBrazilBrazil has also been working on improving the management of some critical processes such as the vehicle management or the cleaning of the easement strip by third parties.

In 2021, Celeo continued making progress in consolidating a culture of excellence regarding the health and safety of its employees; by improving working conditions; by promoting a healthy working environment, etc. All of which is aimed to reduce number of accidents and sickness to zero.

## Health and safety of subcontractors and clients

There is a general Risk and Opportunities Management procedure in place which includes the methodology to identify hazards, assess risks and determine the necessary controls for the activities carried out by its subcontractors.

Celeo Brazil has a specific procedure in place, the Occupational Health and Safety Procedure, for visitors and contractors carrying out their activities within the facilities. The purpose is to verify their skills and competencies, to comply with the occupational health and safety and environmental requirements of Celeo. Prior to being granted access and depending on the risks identified, all the necessary documentation of the contractors will have been assessed along with the training requirements and compatible suitability to the activities that they will carry out within the facilities. The environmental hazards and risks are identified and managed through the Preliminary Risk Assessment (PRA).

The procedure Special Rules for Contractors and Subcontractors established by Celeo Chile defines and applies a regulatory framework mainly with regard to Health and Safety in the Workplace with contractors and subcontractors with the aim of preventing the occurrence of workplace accidents, occupational diseases, as well as damages and liabilities associated to such events. It also defines the roles, responsibilities and coordination of actions to ensure compliance with the prevailing statutory and legal requirements.



## Consultation and participation of employees in preventive activities

Celeo respects the right of employees to participate in preventive activities. The consultation and participation in matters of health and safety between the company and its employees is mainly carried out through the two joint Health and Safety Committees (CPHS for its acronym in Spanish) at Celeo Chile and the Internal Accident Prevention Committee (CIPA for its acronym in Spanish) at Celeo Brazil.

At Celeo Chile, there is a CPHS for the Santiago Office and one for the Maintenance Base of Zona de Maule, each one comprising six representatives of the company and six representatives of the employees. The Committees represent 91.4% of the workforce, given that they do not include employees from Atacama (7 employees) or Valparaíso (2 employees).

The main functions of the CPHS are detailed as follows:

- Advise and instruct on the correct use of protection devices.
- Monitor the compliance, both by the company and by the employees, of the prevention, health and safety measures.
- Investigate the causes of workplace accidents and occupational diseases occurring within the company.
- Indicate the adoption of all the health and safety measures aimed at preventing occupational risks.

- Encourage participation in training courses.
- Decide whether the accident or disease is due to employee negligence.

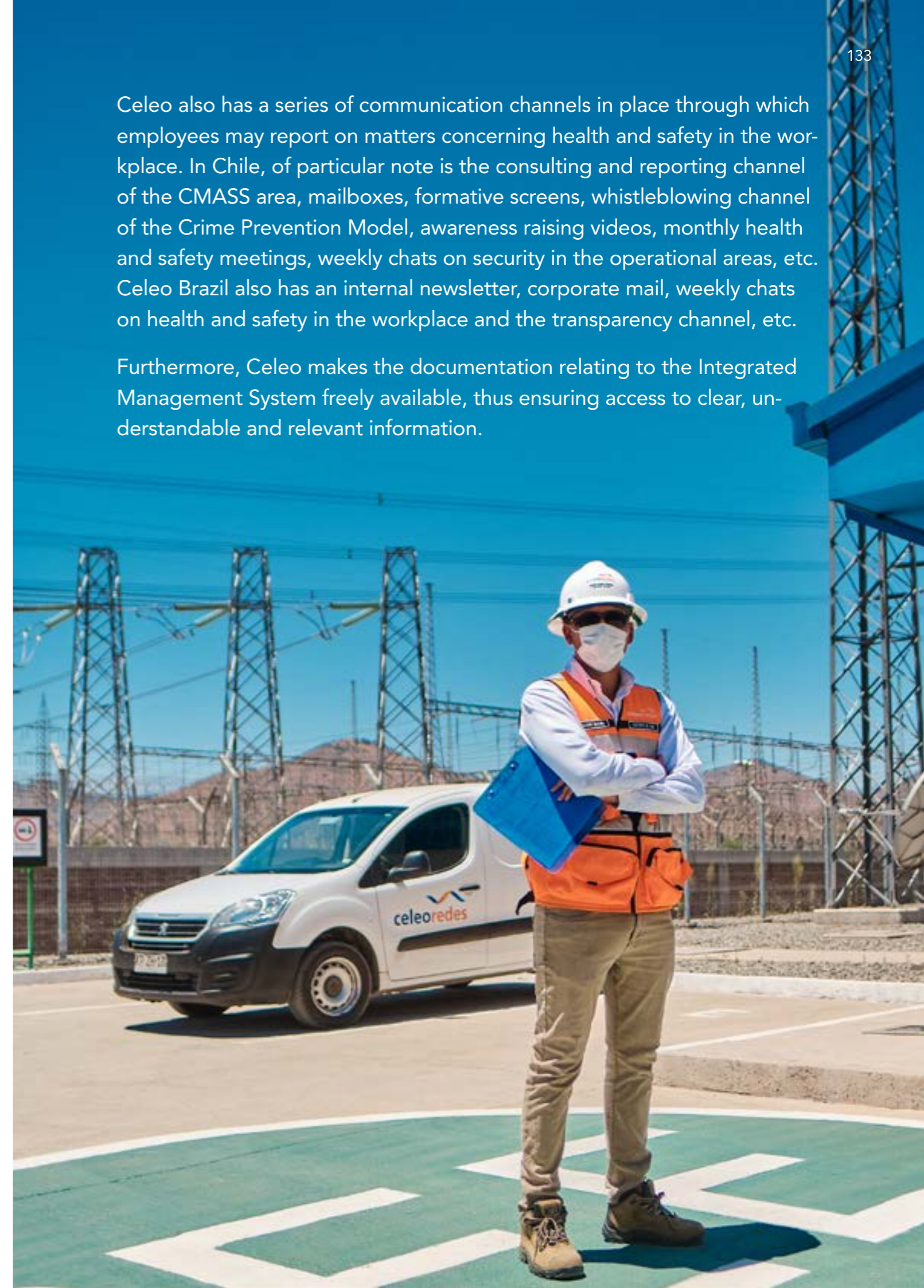
The CPHS meets monthly and has a channel through which employees may present any concerns regarding the safety conditions during the performance of their duties, and propose measures to correct or control the situations of risk, and other concerns.

In Celeo Brazil, all employees are represented by the Internal Accident Prevention Committee (CIPA) comprising company and employee representatives. This committee works to develop preventive actions to guarantee good working conditions that prevent accidents and occupational diseases. In addition to the CIPA committee (which is a legal obligation) a representative of the workers is appointed at each site to act as instruments for consultation and participation.

Celeo Brazil also has an internal procedure in place to define the responsibilities of each of the members of the CIPA, the frequency of its meetings (monthly) as well as the working framework with regard to health and safety.

Celeo also has a series of communication channels in place through which employees may report on matters concerning health and safety in the workplace. In Chile, of particular note is the consulting and reporting channel of the CMASS area, mailboxes, formative screens, whistleblowing channel of the Crime Prevention Model, awareness raising videos, monthly health and safety meetings, weekly chats on security in the operational areas, etc. Celeo Brazil also has an internal newsletter, corporate mail, weekly chats on health and safety in the workplace and the transparency channel, etc.

Furthermore, Celeo makes the documentation relating to the Integrated Management System freely available, thus ensuring access to clear, understandable and relevant information.



# Accident rates

The monitoring of the health and safety indicators is done using HS Tool, with Spain, Brazil and Chile following the same criteria.

## Indices by gender (2021):

	Frequency index		Severity index	
	Men	Women	Men	Women
Spain*	0.00	0.00	0.00	0.00
Brazil	0.00	0.00	0.00	0.00
Chile	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10<sup>6</sup>)  
Severity Index = (number of days lost/hours worked) x 10<sup>3</sup>

Celeo indices	2020	2021
Frequency index	1.95	0.00
Severity index	0.02	0.00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10<sup>6</sup>)  
Severity Index = (number of days lost/hours worked) x 10<sup>3</sup>

## Indices for own personnel (2020):

	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0.00	0.00	59,840	0.00	0.00
Brazil	2.00	17.00	793,100	2.52	0.02
Chile	0.00	0.00	171,710	0.00	0.02
<b>Total</b>	<b>2.00</b>	<b>17.00</b>	<b>1,024,650</b>	<b>1.95</b>	<b>0.00</b>

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10<sup>6</sup>)

Severity Index = (number of days lost/hours worked) x 10<sup>3</sup>

(\*) Includes data only from the solar thermal plants ASTE1A, ASTE1B and ASTEXOL-2

## Indices for own personnel (2021):

	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0.00	0.00	72,800	0.00	0.00
Brazil	0.00	0.00	913,660	0.00	0.00
Chile	0.00	0.00	204,347	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>1,108,747</b>	<b>0.00</b>	<b>0.00</b>

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10<sup>6</sup>)

Severity Index = (number of days lost/hours worked) x 10<sup>3</sup>

(\*) Includes data only from the solar thermal plants ASTE1A, ASTE1B and ASTEXOL-2

## Indices for the EPC &amp; O&amp;M contractor (2020)

	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Brazil	4.00	33.00	2,481,326	1.61	0.01
Chile	3.00	8.00	264,262	11.4	0.03

	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0.00	0.00	193,841	0.00	0.00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked) x 10<sup>6</sup>

Severity Index = (number of days lost/hours worked) x 10<sup>3</sup>

(\*) Includes data only from the solar thermal plants ASTE1A, ASTE1B and ASTEXOL-2

## Indices for the EPC &amp; O&amp;M contractor (2021)

	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Brazil	2.00	29.00	2,029,300	0.99	0.01
Chile	0.00	0.00	356,888	0.00	0.00

	Accidentes con baja	Días perdidos	Horas trabajadas	Índice de frecuencia	Índice de gravedad
España*	0,00	0,00	188.480	0,00	0,00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked) x 10<sup>6</sup>

Severity Index = (number of days lost/hours worked) x 10<sup>3</sup>

(\*) Includes data only from the solar thermal plants ASTE1A, ASTE1B and ASTEXOL-2

Within these indices, commuting accidents involving subcontractors are excluded.

In 2021, the main indicators for accidents for Celeo personnel stood at 0 (frequency indicator) and 0 (severity indicator) compared to 1.95 and 0.02 for 2020, respectively.

For the third year running, Celeo Chile closed the year with no accidents with time lost for its personnel. Celeo Spain also recorded no accidents of any type.

No accidents involving the loss of life were recorded among Celeo personnel.

Celeo has an investigation procedure in place in the event of any incident. These procedures allow the company to know, investigate, notify and manage the incidents, as well as perform any follow-up of corrective and preventive actions to

minimise the risks and prevent the occurrence of similar events by eliminating the causes identified and through the correct dissemination of the causes and consequences, along with incorporating the lessons learned into training and risk assessments. The effectiveness of the actions resulting from the incident investigations will be verified after they have been closed.

At Celeo there are no workers exposed to considerable risk of contracting an occupational disease. The main discomfort and diseases originate from diseases that are endemic to the regions in which the activities are performed, against which adequate protection is provided to employees (for example, through vaccination). In 2021, no occupational diseases were recorded in the Group.

# Training for employees in health and safety in the workplace

Training in health and safety is key to ensuring that the operations of Celeo attain the highest level of protection. In 2021, the training activity continued in accordance with the priorities for each of the three countries.

Training is mandatory and carried out during working hours, combining both face-to-face classes and online sessions. The face-to-face training sessions followed the specific protocols relating to COVID.

## Training hours (2021)

Country	Training hours	Temática
Spain	471	Basic course in OHS, OHS for Offices, Basic level on Prevention for Metal Activities in Construction" - 60 hours
Brazil	14,333	Integration of health and safety in the workplace, Fire fighting, PPE- personal protective equipment, Emergency attention plan, Risk map, NR 12 Rotating equipment
Chile	4,242	Hoisting course- First Aid, Emergency response (Emergency brigade), COVID-19 Preventive Measures (Safe Return to the Offices), NFPA 70E, Using fire extinguishers, 4x4 courses
<b>Total</b>	<b>19,046</b>	

Celeo is committed to the development of a sound prevention culture to reach a high level of health and safety protection in the workplace.

To do so, several awareness raising campaigns have been carried out for employees, including the following:

## 1. YO SUMO (ME TOO)

The "Yo Sumo" (Me Too) Health and Safety in the Workplace Campaign seeks to consolidate the message that "We all prevent risks at Celeo". The campaign was launched remotely and presented in person at the Celeo Chile work centres, including visits to the La Pólvora and Hualqui construction projects.

## 2. HEALTH AND SAFETY WEEK (SIPAT)

The Celeo Brazil health and safety week took place in an online format, both dynamic and attractive, with an average participation of 270 employees. Of particular interest was the creation of a gamification platform promoting games and interactive activities through which employees could compete using their knowledge of health and safety in the workplace

## 3. ROAD SAFETY DAY

To celebrate Road Safety Day, Celeo Spain circulated a news bulletin with information of interest on accidents turn from the workplace: concepts, figures and the dos and don'ts to prevent these types of accidents.

With the aim of highlighting occupational health and safety aspects for the World Day for Safety and Health at Work Day, Celeo Chile acknowledged the three employees who had most stood out in 2021 for their good practices in this area. Celeo Brazil, gave individual and group prizes within the framework of the SIPAT.



## Health checks

Celeo Spain employees are covered by a mutual insurance company which is responsible for organising healthcare benefits (medical assistance) and economic benefits (receipt of sick leave benefits) in the event of work-related accidents or occupational disease. It also offers the possibility of an annual medical check-up through a different external company.

Celeo Chile also has the services of a mutual insurance company, responsible for providing health services to employees. The company guarantees the quality of the services as they are assessed by the CMASS Area. The Annual Health and Safety in the Workplace Plan allocates the activities that the mutual insurance company must perform during the year.

Celeo Brazil has an Occupational Health and Medical Check-up Programme in place which provides guidelines to protect employees from risks to their health which may be associated with their work or workplace, and promote the health of all people. The Environmental Risk Prevention Programme (PPRA) also assesses the activities carried out by employees to determine whether they are exposed to harmful agents which could potentially cause damage to their health and physical integrity

Celeo is committed to the health and well-being of its employees through the following actions:

- **Celeo Brazil** provides free medical access through an agreement with a recognised health plan (Bradesco Saúde) as well as a 24-hour medical service through telemedicine. It has also implemented an emotional health support programme for employees.
- **Celeo Spain** provides access to medical services through a private insurance which covers practically all medical specialties.
- **Celeo Chile** offers all its employees a supplementary health insurance free of charge which is valid from when they join the company, offering health and repayment benefits; a voluntary oncological agreement which provides cover for hospital and day-hospital treatments at the FALP Oncological Institute.

## Managing COVID-19 at Celeo

In 2021, the company continued implementing the necessary preventive measures to avoid or minimise the risk of contagion by COVID-19 as much as possible, within a global backdrop of increasing levels of vaccination.

The Crisis Committee has held regular follow-up meetings during which they have reviewed the situation in each country, monitoring the condition of the employees, their family members and contractors, the measures implemented, etc.

It should be noted that Celeo Chile obtained the "Mutual COVID-19 Seal of Safety" demonstrating that the company complies with all requirements imposed by the authorities for working at its work centres. Celeo Chile worked alongside Mutual de Seguridad to implement the best and most effective practices to reduce the likelihood of infection to a minimum.

### Number of people infected

	2020	2021
Spain	3	11
Brazil	47	52
Chile	0	0
<b>Total</b>	<b>50</b>	<b>63</b>

Number of employees with COVID-19 confirmed by a medical examination



6

OUR

PEOPLE



The last few years have been affected by an uncertain social context that has tested all organisations. For both Celeo and its employees, it has represented a strengthening of a mutual commitment, in which all the necessary tools have been used to ensure health, well-being and safety in the workplace through the adaptation of processes and working methods where necessary. In turn, the employees have given their all to reach the strategic objectives defined whilst maintaining a high level of excellence.

Being acutely aware of the value of maintaining the strength of this commitment and incorporating it as an asset within the corporate culture of the Group, the company has continued to search for synergies between the countries and standardise key processes and procedures to ensure an efficient management of human resources so that can respond to the needs and challenges of the company.

Of particular note is the effort to implement and roll out the Celeo development model, to attract, retain and implicate the best talent in the most suitable positions and provide opportunities so that they may develop professionally, both in terms of growth within the position itself as well as both horizontal and vertical functional mobility.

Lastly, Celeo has continued to carry out many initiatives to reinforce the corporate culture and values, improve the training and development of its employees, promote communication, and generate a sense of pride in belonging to the company.

## Welcome to Celeo

At the 2021 year-end, Celeo had a workforce of 507 compared to the 445 of the previous financial year, representing annual growth of 12%, mainly in Brazil and Chile. 23% of the workforce are women, compared to 77% who are men, all distributed between Brazil, Chile and Spain.

The average workforce

# 479

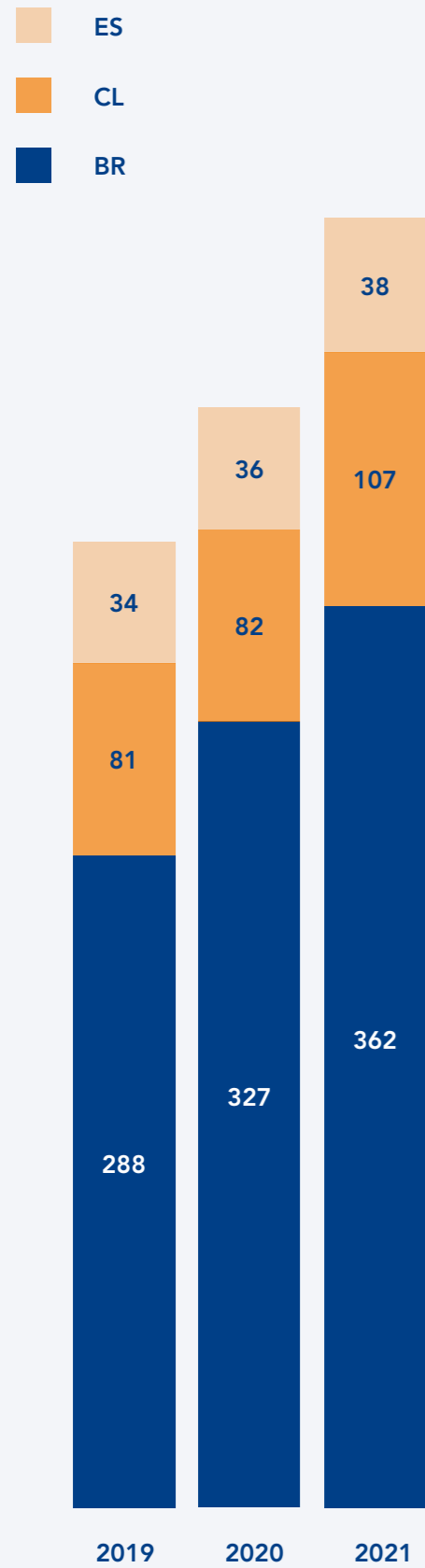
for the 2021 financial year



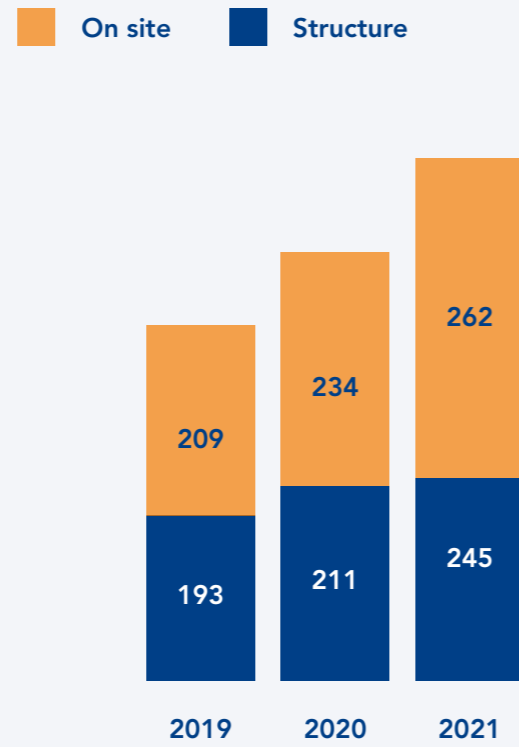
487  
Employees  
Permanent contract

20  
Employees  
Temporary contract

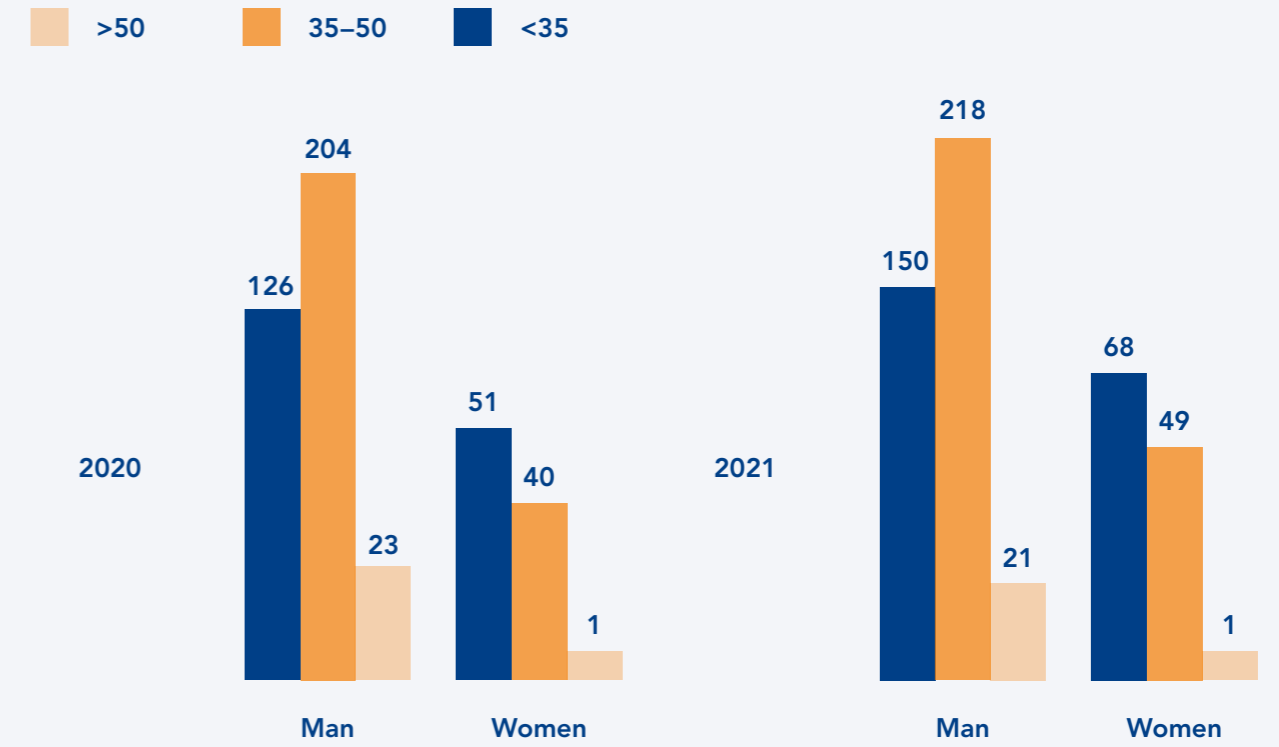
Trend in the Celeo workforce



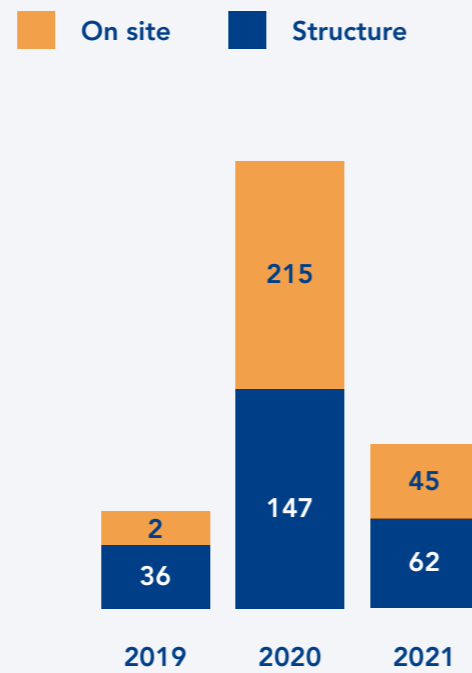
Trend in the workforce by structure



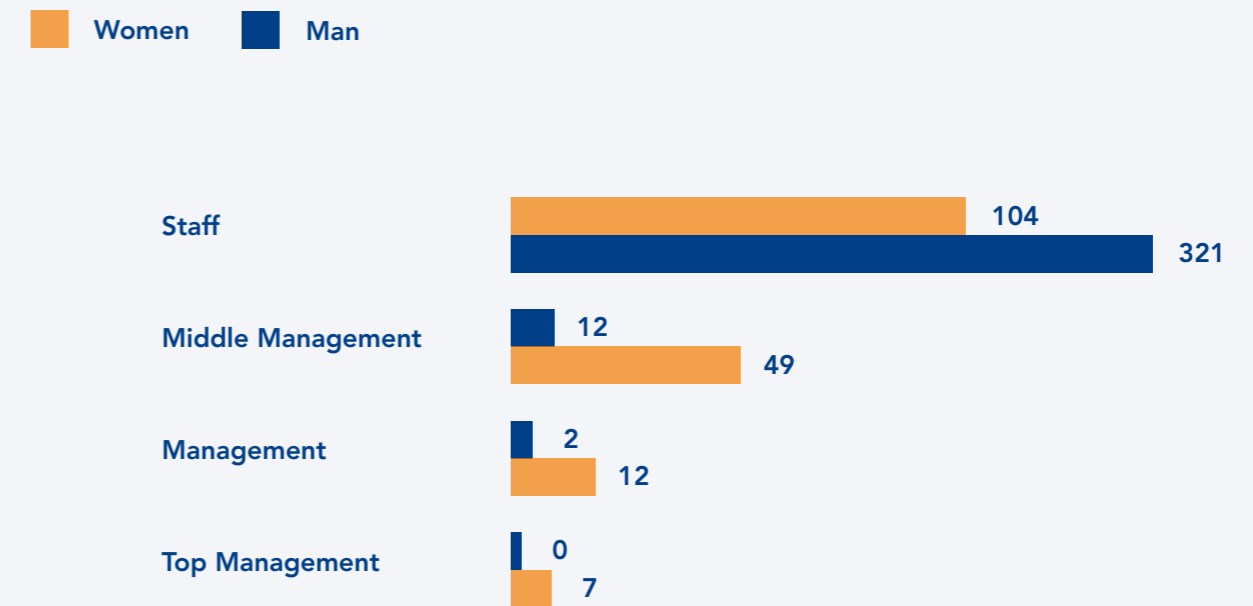
Trend in the workforce at year end by age



Trend in the workforce by structure and by country



Workforce by professional category



Note. In 2021, one person was hired in Peru.

## Turnover rate and employment termination

In 2021, there were 106 new starters (including 17 interns in Brazil) and 12 dismissals (all in Brazil and Chile).

The dismissals detailed by gender, age range and professional categories are detailed below.

In 2021, the number of absenteeism hours (including illness and accidents) totalled 12,527, distributed as follows: Spain 400, Brazil 7,875 and Chile 6,365.

Gender	Number of dismissals
Men	9
Women	3
<b>Total</b>	<b>12</b>

Age	Number of dismissals
<35	4
35-50	7
>50	1
<b>Total</b>	<b>12</b>

Category	Number of dismissals
Top Management	0
Management	0
Middle Management	1
Staff	11
<b>Total</b>	<b>12</b>

Note. Departures on the grounds of unfair dismissal or disciplinary dismissals.

### Tasa de rotación

	2020	2021
New starters	89	106
Departures	47	62
Turnover %	11%	12%

Note. The turnover rate is calculated by dividing the number of departures (voluntary or dismissal) by active workforce at the close of the financial year. In 2021, the calculation did not include students on work experience in Brazil

2020	Spain		Brazil		Chile		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
<b>Departures by age</b>	3	1	31	4	7	1	41	6
Over 50 years of age	0	0	1	0	1	0	2	0
35 to 50	0	0	13	2	2	1	15	3
Under 35 years of age	3	1	17	2	4	0	24	3
<b>Rate (%)</b>	14%	7%	12%	7%	10%	8%	12%	7%
Over 50 years of age	0.0%	0.0%	6.0%	0.0%	0.0%	0.0%	9.0%	0.0%
35 to 50	0.0%	0.0%	9.0%	8.0%	5.0%	20.0%	8.0%	48.0%
Under 35 years of age	38.0%	14.0%	17.0%	6.0%	16.0%	0.0%	18.0%	6.0%

2021	Spain		Brazil		Chile		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
<b>Departures by age</b>	3	2	38	10	8	1	49	13
Over 50 years of age	0	0	5	0	1	0	5	0
35 to 50	1	0	17	2	5	0	23	2
Under 35 years of age	2	2	16	8	3	1	21	11
<b>Rate (%)</b>	13.6%	12.5%	13.4%	12.8%	9.6%	4.2%	12.6%	11.0%
Over 50 years of age	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	23.8%	0.0%
35 to 50	10.0%	0.0%	10.7%	6.9%	10.2%	0.0%	10.6%	4.1%
Under 35 years of age	25.0%	33.3%	14.5%	17.0%	9.4%	6.6%	14.0%	16.2%

Note. The turnover rate is calculated by dividing the number of departures by the active workforce at the close of the financial year by age and gender. In 2021, the calculation included students on work experience in Brazil

# Commitment with people

The well-being and social development of employees continues to be a key commitment for Celeo. It is with this in mind that the company is working on the continuous improvement of the quality of employment, initiatives that promote equality, the implementation of well-being programmes and recognition actions, and in strengthening its commitment to employees and their families. All within a setting of mutual respect and trust.

## Quality employment

Celeo is committed to offering a stable and secure employment, as demonstrated by the fact that 96% of its contracts are of a permanent nature and 96% are full time.

### Workforce at year-end:

2020	Spain		Brazil		Chile		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	21	15	262	58	69	13	367	71
Temporary	0	0	1	6	0	0	1	6
<b>Total</b>	<b>21</b>	<b>15</b>	<b>263</b>	<b>64</b>	<b>69</b>	<b>13</b>	<b>368</b>	<b>77</b>

2021	Spain		Brazil		Chile		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	21	16	278	66	83	24	382	106
Temporary	1	0	6	12	0	0	7	12
<b>Total</b>	<b>22</b>	<b>16</b>	<b>284</b>	<b>78</b>	<b>83</b>	<b>24</b>	<b>389</b>	<b>118</b>

(\*) The calculation for temporary contracts for Brazil in 2020 and 2021 includes 3 and 12 students on work experience, respectively.

### Workforce at year-end by employment type:

2021	Spain		Brazil		Chile		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
Full-time	22	16	278	65	83	24	383	105
Part-time	0	0	6	13	0	0	6	13
<b>Total</b>	<b>22</b>	<b>16</b>	<b>284</b>	<b>78</b>	<b>83</b>	<b>24</b>	<b>389</b>	<b>118</b>

## Average number of employees by contract type and gender (2021):

contract type	Spain		Brazil		Chile		TOTAL	
	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.
Men	22.23	0.33	273.99	2.37	76.10	0.00	372.32	2.70
Women	16.15	0.00	61.82	7.47	17.93	0.00	95.90	7.47
Total	38.38	0.33	335.81	9.84	94.03	0.00	468.22	10.17

## Average number of employees by contract type and professional category (2021):

contract type	Spain		Brazil		Chile		TOTAL	
	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.
Top Management	5.00	0.00	1.00	0.00	0.82	0.00	6.82	0.00
Management	3.93	0.00	6.17	0.00	4.00	0.00	14.10	0.00
Middle Management	0.00	0.00	37.84	0.00	24.67	0.00	62.51	0.00
Staff	29.45	0.33	290.80	9.84	64.47	0.00	384.72	10.17
Total	38.38	0.33	335.81	9.84	94.03	0.00	468.22	10.17

## Average number of employees by contract type and age (2021):

contract type	Spain		Brazil		Chile		TOTAL	
	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.	Perm.	Temp.
<35	13.58	0.33	132.59	9.84	39.28	0.00	185.45	10.17
35-50	20.80	0.00	185.96	0.00	52.75	0.00	259.51	0.00
>50	4.00	0.00	17.26	0.00	2.00	0.00	23.26	0.00
Total	38.38	0.33	335.81	9.84	94.03	0.00	468.22	10.17

## Average number of employees by employment type and gender (2021):

contract type	Spain		Brazil		Chile		TOTAL	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Men	22.56	0.00	273.99	2.37	76.10	0.00	372.65	2.37
Women	16.15	0.00	61.27	8.02	17.93	0.00	95.35	7.02
Total	38.71	0.00	335.26	10.39	94.03	0.00	468.00	10.39

## Average number of employees by employment type and professional category (2021):

contract type	Spain		Brazil		Chile		TOTAL	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Top Management	5.00	0.00	1.00	0.00	1.00	0.00	7.00	0.00
Management	3.93	0.00	6.17	0.00	4.00	0.00	14.11	0.00
Middle Management	0.00	0.00	37.84	0.00	24.67	0.00	62.51	0.00
Staff	29.78	0.00	290.25	10.39	64.47	0.00	384.5	10.39
Total	38.72	0.00	335.26	10.39	94.03	0.00	468.01	10.39

## Average number of employees by employment type and age (2021):

contract type	Spain		Brazil		Chile		TOTAL	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
<35	13.92	0.00	132.59	9.84	39.28	0.00	185.79	9.84
35-50	20.80	0.00	185.41	0.55	52.75	0.00	258.96	0.55
>50	4.00	0.00	17.26	0.00	2.00	0.00	23.26	0.00
Total	38.72	0.00	335.26	10.39	94.03	0.00	468.01	10.39



## Work-life balance and workplace disconnection

Celeo organises its working hours in accordance with the employment legislation in each country and its business needs. In the case of control centres, Celeo guarantees that they will be staffed to 24x7.

Celeo favours the implementation of measures that generate a better quality of life, professional development and which provide support to the family. Although there is currently no formal work-life balance policy there are some measures such as the possibility to work from home or to amend certain schedules in order to obtain more free time. It also favours digital disconnection outside of working hours. In Brazil for example, the computers are automatically disconnected one hour after the end of the working day.

## Remuneration policy

Celeo has a remuneration methodology that is common to the three countries with a total compensation approach: fixed and variable remuneration, which is in line with similar companies; employee benefits and a flexible compensation plan in line with the needs of the employee and the organisation. Remuneration benchmarking is carried out on a regular basis to obtain information relating to data on salary and employee benefits in the sector and companies similar to Celeo.

During the COVID-19 health crisis Celeo organised the work according to the recommendations of the health experts and the internal protocols so that employees could continue to perform their duties. Remote working was maintained according to the evolution of the pandemic in each of the countries.

In the case of Spain, after the entry into force of Organic Law 3/2018 of 5 December on the protection of personal data and the guarantee of digital rights the digital disconnection right of workers was recognised in order to ensure their time to rest, leave and holidays was respected, as well as their personal and family privacy outside of the legally or contractually established working hours.

Celeo provides its employees with benefits such as medical insurance, a healthy breakfast and dental insurance. Each country defines what it deems most appropriate in accordance with its social and employment context.

In Spain, in accordance with RD 902/2020, of 13 October, on equal pay for women and men, a record of the workforce's remuneration has been created.





## Commitment to equality and diversity

Aware that the Group carries out its activity in a sector that is historically male dominated with a very small presence of women in management positions and on site, it has been increasing the number of women on its workforce and in positions of greater responsibility.

Celeo has a firm commitment to promote equal opportunities and non-discrimination, as established in its Code of Ethics. Subsequently, Celeo applies criteria of equality and non-discrimination (on the grounds of gender, race, religion, civil status, age, physical abilities, sexual orientation, political beliefs or any other condition), both in its selection processes as well as in the professional performance of its collaborators.

Celeo also promotes dignity, integrity and diversity in the workplace, governed by the principle of zero tolerance towards any form of harassment.

This financial year, women represent 23% of the workforce, compared to 21% last year, with the number of women increasing from 92 to 118 at the close of the financial year. In 2021, 124 new professionals joined the company, of which, 31% are women and the rest, men.

Promotion of young talent:

58%

staff hired under the age of 35

39

Women hired, representing 14% more than 2020

389  
Men  
in Celeo

118  
Women  
in Celeo

### Number of employees by gender

	Spain		Brazil		Chile		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
<b>2020</b>	21	15	263	64	69	13	353	92
<b>2021</b>	22	16	284	78	83	24	389	118

Celeo has continued implementing actions to promote equality, inclusion and diversity among the workforce, and also incentivising the participation of women in the energy sector.

Celeo Chile is working with the aim of reinforcing the concept of social equality. It is with this in mind that several actions have been carried out:

- A workshop on raising awareness about gender equality
- A talk commemorating International Women's Day.
- Participation in a study at national level with companies in the electric sector to evaluate the biases towards women in the sector.

As part of the Energy + Woman Plan, participation in an employment fair, a study and a workshop to raise awareness. This Plan is an initiative promoted by the Ministry for Energy and the Ministry for Women and Gender Equality in Chile, and seeks to promote the incorporation of women into the electric sector, reducing the salary gap and increasing the presence of women in management positions.

Celeo Brazil has initiated a selection process exclusively for women in the operation and maintenance area. With a view to celebrating the International Women's Days, an internal event was held called Café Contigo, to raise awareness about women.

Lastly, it should be noted that in 2021, progress been made in the general lines of Celeo's Global Gender Equality Plan which will be completed and implemented during the coming year.



### New starters by gender and age (2021)

	Spain	Brazil*	Chile	Total
<b>Men</b>	4	50	21	75
<b>Women</b>	3	16	12	31
<b>TOTAL</b>	7	66	33	106

\*Note. Does not include the 17 interns from Brazil

	Spain	Brazil*	Chile	Total
<b>&lt;35</b>	5	37	18	60
<b>35 – 50</b>	2	28	15	45
<b>&gt;50</b>	0	1	0	1
<b>Total</b>	7	66	33	106

\*Note. Does not include the 17 interns from Brazil

## People with disabilities

At the close of the financial year, Celeo did not have any employees with a disability in the workforce, although Celeo Brazil is developing a programme to hire professionals with special needs and Celeo Chile is actively seeking to recruit people with disabilities.

At present, Celeo does not have a formal universal accessibility policy. However, there are some measures to improve access and mobility in some buildings, such as the adaptation of lifts, some common areas and the bathroom facilities.

## Collective bargaining

The Code of Ethics as well as the High-Level Policies of Celeo promote freedom of association and right to collective bargaining in accordance with the law, guaranteeing fair treatment between employees and the company.

In Spain and Brazil, the entire workforce is covered by collective bargaining agreements. Celeo Chile is governed by the corresponding local legislation.

Celeo Brazil is a signatory of an annual Collective Bargaining Agreement with the Workers Union (Sindicato Dos Trabalhadores) in energy companies in the State of Rio de Janeiro and

Región-Sintergia/RJ. In 2021, it signed an addendum to the agreement relating to a salary adjustment and the value of the food vouchers.

The Group has multiple channels for dialogue and participation with the employees. Of particular note is the Transparency Channel in all countries, the Health and Safety Committees (CPHS for its acronym in Spanish) and the Internal Accident Prevention Committee (CIPA for its acronym in Spanish) in Chile and Brazil, respectively.

% of employees covered by a collective bargaining agreement

	Spain	Brazil	Chile
2020	100%	100%	N/A
2021	100%	100%	N/A

## Promoting closer relationships with employees

Internal communication is a tool that allows the company to be connected and closer to its employees, as well as to transmit the corporate culture and generate a sense of pride in belonging to the company.

The most typical channels are the group meetings, regular meetings, corporate emails, sensitisation chats, etc. Of particular note are the newsletters "Corriente continua" and "Más conectados" in Celeo Brasil/Brazil and Celeo Chile, respectively.

During the year, Brazil and Chile have celebrated important dates such as the birthdays of employees and births, as well as events such as Mother's Day, Father's Day, International Women's Day, World Environment Day, national holidays (in Chile) and Christmas.

There are also the ongoing initiatives that are carried out in each one of the countries.

**Celeo Meeting.** Celeo Spain organise a meeting with all its employees at the Lázaro Galdiano Museum in Madrid, where the General Manager presented the Group's results and challenges for the future. The employees enjoyed the seminar "Real magic for the business world" given by the Client Relationship Director - Large Accounts of MasterCard Spain.

**Proyecto Impulsa.** This is the name of the Digital Transformation Project which is being carried out in Celeo Chile with the incorporation of the ERP SAP S4/Hana tool.

With the aim involving employees and providing further details about this project, a communication campaign was carried out through different channels. A gift set was given out which included a recycled bag, a cup, a bottle of water and some headphones, so that everyone would feel part of promoting the organisation.

**Café con Você.** Celeo Brazil continues with the Café con Você initiative, with informal meetings with the General Manager and the directors to share news and new developments of the sector and the business and where employees may ask questions. In 2021, two events were held, which had the participation of 181 and 168 collaborators respectively.

Due to COVID-19, there has been continuous communication in order to inform on the evolution of the pandemic and the actions implemented by Celeo.

## Climate survey.

### Your opinion counts

Employee opinion allows us to gauge the level of satisfaction regarding topics that are important to them in order to identify areas for improvement within the Group.

At corporate level, a climate and commitment survey is being designed that will make it possible to obtain a comparison between countries and with the sector. It is forecast to be launched in 2022 and the results will be used to establish action plans at both corporate and local level.

**Celeo Brazil** has once again launched its climate survey in accordance with the Great Place to Work methodology, based on five pillars: credibility, respect, pride, fellowship and impartiality. In 2021, action plans were set into motion for each department and area as a result of the 2020 survey, in which it was selected as one of the five best companies in which to work in the Energy sector in Brazil. The 2021 survey was launched in the last quarter of the year, and the results will be obtained in 2022.

In 2020, **Celeo Chile** carried out its Employment Culture and Climate survey and obtained a satisfaction rating of 94% with a participation of 99%. Following the results obtained in 2021, the following action plans have been established: creation of an internal communication plan, adaptation of shifts, well-being workshop, subsidies for the sports club, awareness raising of healthy habits, to name a few.



## Celeo development model

Celeo now seeks to attract, retain and implicate the best talent that will allow it to achieve its business objectives. Its aim is to have the best professionals in the most suitable positions and provide them opportunities to develop professionally, both through growing within the post itself as well as through horizontal or vertical functional mobility.

Celeo's development model considers that the employee is the person who must direct their own professional development with the assistance of their direct supervisor, who also plays a key role in the success of the process. The employee therefore takes responsibility for acquiring new skills and behaviours, and for being proactive to take on challenges and greater responsibilities that will allow them to discharge their duties well, as well as to respond to the demands of the environment and the needs of the company.

The supervisor fulfils the following roles:

- Facilitate the alignment between the employee's desires and the needs of the organisation.
- Search for opportunities for growth.
- Assist in drawing up development plans.
- Provide feedback.

Celeo has a performance assessment process in place which evaluates the objectives reached in the performance of the duties and the skills of each employee. Based on the self-assessment results of each employee and the evaluation by their supervisor (together with other calibration mechanisms implemented in Celeo Brazil) the Individual Development Plan is drawn up which is based on a 70-20-10 approach, which establishes

specific development and improvement actions in the day-to-day duties of the employee (70% experience-based learning), specific development actions with the participation of superiors, colleagues, references, etc., (20% learning through others) and specific actions to acquire knowledge and skills through courses and programmes (10% formal learning).

This model is currently underway in Brazil and Chile, and will commence in Spain during the coming financial year.

In Celeo Brazil, this process began at the end of the year and will close during the month of March of the following year with the calibration tables. In Celeo Chile, employees who have been with the company for at least six months will participate in the performance assessment process.

### People evaluated

	2020	2021
<b>Chile</b>	0	79
<b>Brazil</b>	277	316

## Annual Celeo Development Model

### Goal-driven

Achievements and goals reached in the performance of their duties.

### Competencies assessment

Attitudes and behaviours shown, in line with the company's values

## Competencies

- We look after life
- We are a team
- We do the right thing
- We live excellence
- We are specialists

## Assessment scale

### 1. Exceptional

The employee shows the highest level of competency in all behaviours required for the role.

### 2. Exceeds expectations

The employee normally exceeds expectations.

### 3. Expected

The employee normally complies with what is expected.

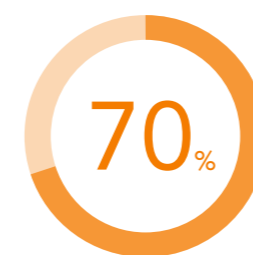
### 4. Close to expected

The employee (partially) fulfils all the aspects required in their post.

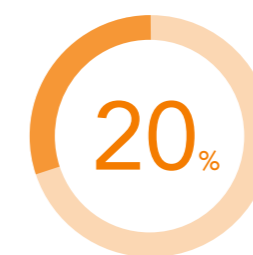
### 5. Bajo lo esperado

The employee is clearly below what is expected.

## Individual development plan IDP



Learning by experience



Learning by others



Formal Learning

## Internal mobility

Celeo promotes internal mobility (vertical and horizontal) to favour the development and retention of internal talent. In 2021, there was a total of 19 internal promotions. Of particular note in 2021, the Director of the Legal & Corporate Department of Celeo Brazil was promoted to General Manager of Celeo Chile and the internal promotion of a middle manager to Director of the Legal & Corporate department.

## Training and development

Celeo remains committed to the training and development of its employees as key elements for an optimum performance of their duties and employability. For this reason, it offers a variety of training actions which may be carried out face-to-face, virtually or mixed, depending on the needs and the training objective.

Every year, each company designs its training plans according to the needs detected and business objectives

At corporate level, there is an Onboarding Programme applied in all countries that also includes training on specific aspects such as OHS, Compliance, IT, sector, etc.

In Celeo Spain, the training actions have been mainly aimed at the acquisition of technical

knowledge (depending on the priorities of each area) and languages.

The training plan in Celeo Chile continues to be focused on training actions, talks and inductions on matters of security and compliance, technical and management skills, languages and information security. Of particular note this year is the start-up of a change management project with the participation of leaders from Celeo and the specific programme for training of users and the training of instructors for the ERP SAP S4/Hana tool.

Celeo Brazil, on the other hand, has mainly directed its training offer towards the Integrated Management System, technical and regulatory aspects, and languages. Development programmes have also been set into motion for directors and managers, covering advanced technical

operational training or specific modules for coordinators and supervisors. The Internal Prevention Week (SIPAT for its acronym in Spanish) was celebrated, during which various training seminars were given in a variety of topics.

In the case of Celeo employees who work remotely, the training actions were given online. The majority of the sessions were recorded and made available to the employees.

Celeo it is firmly dedicated to increasing the educational levels of its employees. In this regard,

it should be noted that Celeo BrasilBrazil and Celeo Chile provide financial assistance so that employees can take on formal higher education or basic education studies.

During this financial year, 12 employees from Celeo BrasilBrazil have taken on higher or postgraduate studies and one employee completed a basic education programme, all representing a total investment of more than 8,000 euros. Celeo Chile has awarded grants for undergraduate and postgraduate studies to a total of 22 employees.

### Training ratios

	Spain		Brazil		Chile		TOTAL	
	2020	2021	2020	2021	2020	2021	2020	2021
<b>Training hours</b>	1,900	3,311	39,902	55,499	7,670	10,997	49,472	69,761
<b>Investment in training (euros)</b>	30,178	41,550	38,327	93,455	77,573	75,187	146,078	266,911

### Training by professional category

	Spain		Brazil		Chile		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
<b>Top Management</b>	64	0	103	0	288	0	455	0
<b>Management</b>	122	108	381	120	953	0	1,456	228
<b>Middle Management</b>	0	0	4,808	1,628	1,049	617	5,857	2,245
<b>Staff</b>	1,659	1,358	42,788	5,672	5,225	2,836	49,655	9,866
<b>TOTAL</b>	1,845	1,466	48,080	7,420	7,515	3,453	57,422	12,338
<b>Average number of training hours</b>	81.78	90.77	173.98	107.09	98.75	192.58	153.12	119.36

7

COMMITTED TO

THE PLANET



# Environmental management

Celeo details its commitment to respect and protect the environment in its Code of Conduct, which it implements through its Environmental Policy, which aims to raise awareness and promote the sustainable development of the business.

The Environmental Policy is based on the application of the six principles: prevention of pollution, efficiency in the use of resources and waste, protecting biodiversity and habitat, resilience in the event of a catastrophe and adaptation to climate change, complying with requirements and continuous improvement.

Celeo has an Integrated Management System in place (referred to as the SIG in Brazil and Chile and the IMS in Spain), which includes the Environmental Management System (EMS). This working framework respects the autonomy and uniqueness of each country.

Celeo constantly works towards continuous improvement in all environmental management processes and through all levels of the organisation.

Through the IMS, Celeo adheres to the principle of precaution, identifying the most significant environmental impact of its activities and establishing the mechanisms necessary for their identification, assessment and control. The main impacts identified are: the change in the use of the land (removal of vegetation) which is carried out for the implementation of structures and easement strips, and the generation of hazardous waste resulting from the preventive maintenance of the installations. Added to these are the im-

pacts deriving from the consumption of energy, water and atmospheric emissions

Celeo carries out the relevant socio-environmental impact assessments whenever it begins a new project and is required to do so by its characteristics. Both in Chile (EIA - Environmental Impact Assessment) and in Brazil (EIA - Environmental Impact Assessment) they submit the project to studies to map out any potential social and environmental impacts during the execution and operation phase. Once the process is completed, the correction, mitigation, modification and offsetting measures and actions are defined to eliminate, minimise and/or offset the impacts.

The activities associated with sustainability included in Celeo's annual budget are mostly aimed at complying with legal requirements, the monitoring and reduction of consumption, (energy, water, waste, etc.), protecting biodiversity, progressing with the resilience plans and reducing and mitigating missions.

The most significant environmental management indicators for Celeo are consolidated in the Environmental Tool, the purpose of which is to automate and consolidate the environmental data of all three countries.

Celeo Brazil and Celeo Chile have certified their IMS according to the ISO 14001:2015 standard, covering the entirety of their facilities. Celeo Spain is currently involved in the certification process for the ISO 9001, ISO 14001 and ISO 45001 standards, which it expects to complete in 2022.

Celeo has the necessary human, technical and financial resources necessary to prevent the possible environmental impacts. At Group level, there are 11 people (7 in Brazil, 3 in Chile and 1 in Spain) reporting to the Operations Area who are responsible for monitoring the compliance with the IMS.

Almost  
**3,5M€**  
invested on environ-  
ment-related activities

Investment	2020(€)*			2021(€)		
	Spain	Brazil	Chile	Spain	Brazil	Chile
Reforestation	ND	-	302.862	-	87.050	264.813
Monitoring	ND	-	118.261	-	-	96.005
CSR Plan	ND	-	45.177	-	-	46.070
Environmental management (OPEX)	ND	637.601	-	348.240	876.885	524.586
Environmental management (CAPEX)	ND	171.027	-	730.944	42.018	41.556
IMS	ND	102.369	-	0	153.518	217.694
Sustainability	ND	163.922	-	0	24.911	41.971
<b>Total</b>		<b>1.074.919</b>	<b>466.300</b>	<b>1.079.184</b>	<b>1.184.382</b>	<b>1.232.695</b>

\*Note: The data for 2020 does not include Spain.



## Efficiency of resources

Celeo promotes the efficient use of resources in its operations and activities to generate the lowest possible environmental impact. Celeo regularly monitors and follows up on its consumption, establishing objectives for its reduction.

### Energy consumption

Celeo's electricity energy consumption is mainly confined to offices, maintenance bases, substations and solar thermal plants, whereas the consumption of fuel is associated to the vehicles used to carry out maintenance of the facilities and also backup electricity generators.

The monitoring of the consumption of our electrical energy is performed through the Environmental Tool, the tool through which each one of the countries monitors its main sources of energy consumption.

Over the 2021 financial year, electrical energy consumption was 23,882 MWh, representing a 5.3% increase on the previous year. With regard to the consumption of natural gas, this reached 18,551 MWh, whereas the consumption of fossil fuels and renewables was 340,128 litres.

Celeo Brazil consumes renewable energy that comes from the photovoltaic panels located at the Uberlândia maintenance base – offices and warehouses – for auto consumption and the excess is evacuated into the grid. In 2021, 15.38 MWh of self-consumption were generated.

At Celeo Spain, the electricity evacuated into the grid from its renewable generation activity totalled 293.77 GWh. The São João do Piauí (UFV-SJP) photovoltaic plant in Brazil generated 295 GWh.

Celeo also implemented other actions that contribute to a more efficient energy consumption, such as those detailed below:

- Changing traditional light bulbs to LEDs.
- Environmental awareness programmes.
- Environmental education programmes in local communities.
- Use of ethanol as a fuel in vehicles.
- Inclusion of electric vehicles as part of the fleet

### Energy consumption

	2020	2021
<b>Electricity (MWh)</b>	22,688	23,882
<b>Natural gas (MWh)*</b>	17,832	18,551
<b>Fuels (l)</b>	295,795	340,128
Fossil fuels (Gasoil + diesel)	272,200	284,319
Renewables (ethanol)**	23,594	55,809

\*Note: Corresponds to the consumption of Celeo Spain (solar thermal plants)

\*\*Note: This consumption corresponds to Celeo Brazil (used as vehicle fuel)

### Below follows a breakdown of the electricity consumption by country (MWh)

	2020	2021
Spain	21,217	21,009
Brazil*	1,386	2,770
Chile	85	103
<b>Total</b>	<b>22,688</b>	<b>23,882</b>

\*Note: This includes the auto consumption based on maintenance of Uberlândia (Brazil) and Atacama (Chile).

The increased energy consumption for Celeo Brazil is due to the commercial start-up of the São João do Piauí Photovoltaic Plant (UFCSJP).

### Consumption of fossil fuels (l)

	2020	2021
Spain	47,890	31,631
Brazil	183,881	188,912
Chile	64,023	63,776
<b>Total</b>	<b>295,795</b>	<b>284,319</b>

## Water consumption

Celeo promotes an efficient and responsible consumption of water during its operations. The greatest consumption of water takes place at Spain's solar thermal plants. These use this resource intensively to cool the units, to produce the steam necessary for the production of electrical energy and to clean the mirrors.

Whereas the consumption of water for Celeo Brazil and Celeo Chile is mainly associated with its use in offices and the maintenance activities of the transmission lines and substations.

Celeo Chile established the target of reducing water consumption by 2% per person, with its consumption in 2021 standing at 13.14 m<sup>3</sup>/employee, representing a decrease of 12.24% compared to 2019 (baseline year).

Furthermore, there is unmanageable consumption at the assets in the Atacama region resulting from the preventive maintenance activities of washing the transmission line insulators. This consumption reached 413 m<sup>3</sup> compared to the 453 m<sup>3</sup> in 2020. The water is provided by a third-party contracted by Celeo in accordance with the established terms and conditions.

Celeo Brazil established a target of reducing consumption by 4% per employee, using 2019 as the baseline year. To achieve this objective, a series

of monitoring initiatives have been implemented such as: weekly controls, the preparation of quarterly reports, the replacement of conventional taps for sensor taps.

Furthermore, on the LTT and CANTE concessions, an automated remote monitoring plan was set into motion, which has a dual purpose: firstly, to gather the data on water consumption and secondly, to control the functioning of the water collection pumps on each well. Once this project is completed, it will be possible to interrupt the water collection remotely, thus guaranteeing that it complies with the permitted water collection volume.

The extraction of water by Celeo Spain for the Aste 1A and 1B solar thermal plants is performed through subterranean wells, whereas the water collection for Astexol-2 is through surface water (river), which is then conducted to the treatment plant, within the established parameters.

As for Celeo Brazil, considering that the facilities are located in rural areas, they are supplied by artesian wells, which have the corresponding licences.

Celeo Chile however, it is mainly supplied by the water supply network.

The World Resources Institute (WRI) drafted the Aqueduct Water Risk Atlas, a document which assesses the water stress of the cities and regions of 189 countries. Using this document, Celeo Brazil has identified only 7% of its projects are located in areas considered to have medium-high water stress, these being UFV-JSP and PTE.

In Celeo Spain, the solar thermal plants (ASTE 1, ASTE 2 and ASTEXOL2) which are the operations that consume water, are located in areas that have not been identified as having a high-water stress level. Celeo Chile the other hand, has identified that 57 m<sup>3</sup> of its total water consumption, in the areas of BDM Atacama, SE Illapa and SE Cumbres are considered as water stressed areas.

### Water consumption by source (m3)

	2020	2021
Water supply network consumption	1,866	2,067
Spain	146	160
Chile	1,547	1,383
Brazil	173	524*
Consumption of subterranean water	1,203,294	1,085,085
Spain	1,200,666	1,081,089
Chile	18	23
Brazil	2,610	3,973
Consumption of surface water (river)	520,598	492,429
Spain	520,598	492,429
Chile	0	0
Brazil	0	0
<b>Total</b>	<b>1,725,758</b>	<b>1,579,259</b>

\*Note. Celeo Brazil has recognised an increase in the consumption of water due to the implementation of the COS backup copy on the UDI maintenance base.

## Waste management

The waste generated by Celeo is processed in accordance with the prevailing legislation in the countries where the Group operates. It always seeks the best alternative for its final disposal, preferring recycling and reuse whenever possible.

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The majority of the waste generated by Celeo comes from the solar thermal plants in Spain. The main hazardous wastes are activated carbon, hydrocarbon residues, heat transfer fluid, etc. The non-hazardous waste include paper, card, plastic, wood, water treatment plant mud, etc. The photovoltaic plants occasionally generate electronic waste deriving from damaged components and degraded photovoltaic panels. The first course of action is to always attempt to repair the elements, failing that, they are replaced.

The main waste generated by Celeo Brazil and Celeo Chile are domestic (paper, cardboard, plastic, organic waste and metals). The maintenance activities generate a low percentage of hazardous waste that comes from the substations, which are removed by the waste management companies authorised

for the processing and final disposal. This is mainly diesel, oils, lubricants, paints, solvents, contaminated packaging, batteries, lighting elements, etc. During the construction phase, the main waste generated are hazardous and non-hazardous industrial waste

Some key initiatives:

- **Celeo Chile** established the targets to reduce its domestic waste by 50% (waste generated in work centres) per person and to increase the amount of recycled waste to 75%. At the year-end, domestic waste had been reduced in the work centres by 56% compared to 2019 (3,946 kg in 2019, 1,734 kg in 2021) and 24% of the non-hazardous waste generated was recycled (409 kg of 1,734 kg).
- **Celeo Brazil** established the target of reducing the waste generated in the office by 3.5% per person compared to the volume generated in 2019 (baseline year). At the year end, it reached a reduction of 91%.

Waste processing (Kg)	2020	2021
Recycled	118,751	450,027
Reused	0	0
Incinerated	0	7,623
Landfill	374,707	510,374
<b>Total</b>	<b>493,458</b>	<b>968,023</b>

Below follows a breakdown of the amount of waste generated and how it has been managed during the 2021 financial year:

Waste generated (Kg)	2020	2021
<b>Hazardous</b>	<b>193,294</b>	<b>482,624</b>
Spain*	104,922	442,555
Chile	63	315
Brazil**	44,663	39,754
<b>Non-hazardous</b>	<b>392,351</b>	<b>502,176</b>
Spain	371,459	490,519
Chile	1,666	1,734
Brazil**	29,510	9,923
<b>Total</b>	<b>585,645</b>	<b>984,800</b>

\*Note: In 2021, there was a significant increase in hazardous waste in Spain (contaminated land and contaminated absorbent material) generated by significant discharges.

\*\*Note: The figures for the amount of waste in 2020 in Celeo Brasil have been recalculated.

Waste management (Kg)	2020	2021
<b>Destination*</b>	<b>493,458</b>	<b>968,023</b>
Hazardous waste	117,630	471,319
Non-hazardous waste	375,828	496,704
<b>Stored**</b>	<b>104,918</b>	<b>16,777</b>
Hazardous waste	88,337	11,304
Non-hazardous waste	16,581	5,473
<b>Total</b>	<b>598,376</b>	<b>984,800</b>

\*Note: Total of waste that has had a final disposal, through some form of processing: recycled, reused, incinerated, etc.

\*\*Note: Waste temporarily stored prior to being delivered to the authorised waste management companies. Some waste may correspond to the previous financial years.

# Climate change

Although there is no corporate strategy on climate change at present, at local level, progress is being made in the following action lines in order to promote actions to reduce the emission of greenhouse gases and to counteract the effects of climate change:

- Control, monitoring and external verification of the emission of greenhouse gases.
- Plans for reducing emissions.
- Adaptation of operations to climate change: contingency plans are being implemented in the event of climate emergencies and resilience in the event of catastrophes.
- Offsetting the environmental impact with reforestation initiatives and renewable generation.
- Participation in initiatives associated with the fight against climate change and net zero emissions. Of particular note in Brazil and Chile is the initiative headed by the Global Compact, Climate Ambition Accelerator, which is described in detail in the chapter titled Sustainable management model.

Celeo has analysed the risks and opportunities associated with climate change which could have a significant impact on the business' operations and, to date, no risks have been detected that could have a noticeable financial impact.

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Respect for the environment and sustainable development at the core of our business

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## Resilience and adaptation to climate change

In 2021, Celeo has moved forward with the design of a common resilience plan for the three countries, mainly tackling the aspects associated with climate change. This plan, which contemplates the physical and transition risks associated with climate change, is in line with the international benchmarks such as the GRESB and Taskforce on Climate-related Financial Disclosures (TCFD), as well as taxonomy of the European Union.

Due to the participation of Celeo Chile and Celeo Brazil in the GRESB, both companies have procedures in place relating to the identification and assessment of transition, physical and social risks associated to the activities and services carried out by the company. It has also included resilience and climate change risks into its risks and opportunities matrix.

In 2021, both companies have continued to move forward through different actions aimed at strengthening their management associated with resilience and climate change:

- Celeo Chile updated the information on rainfall for 2020 through the technical document "Risk analysis and definition of action plans in the event of climate events affecting transmission structures". It is expected to identify priority points for the development of models.
- Celeo Chile has completed an inventory of the tower structures located close to rivers, which could be affected by possible flooding. The inventory includes variables such as the event of flooding at record levels, the parameters of the land and whether the structure is protected by flood defences.

- Celeo Brazil has continued to perform resilience of studies to broaden the study it commenced in 2020, with an assessment on the risks of an increase in temperature, fires and social risks associated to the projects.

## Management of emissions generated by sulphur hexafluoride (SF6)

Sulphur hexafluoride (SF6) is an inorganic chemical compound which, under normal temperature and pressure conditions, is an inflammable, colourless, odourless and non-toxic gas. SF6s are used as an insulator for automatic switches as they pose little risk of contaminating the ground and water as they are not flammable or toxic gas. However, in terms of environmental impact it has been identified as a gas with greater potential for global warming, as it is 23,500 times more warming than carbon dioxide. The reason why it is necessary to monitor these emissions.

The losses of SF6 are only present during operation and maintenance, and in normal circumstances the annual replacements of SF6 are low or non-existent.

Celeo Brazil supervises these emissions and has an Improvement Action Plan at its units and operations to reduce leaks into the atmosphere. It has invested around R\$ 100,000 plans to seal two switches at the VCTE concession.

In 2020, Celeo Chile produced a report to estimate the potential impact on climate change associated to SF6 leaks. This report obtains data, possible scenarios and impacts that may be used when focusing efforts on preventing leaks.

## Carbon footprint

Celeo calculates its carbon footprint annually in accordance with the ISO 14064 standard and the GHG protocol. The carbon footprint is certified in the three countries.

Of particular note is the fact that Celeo Chile has received the seal certifying the greenhouse gases from the Ministry for the Environment (corresponding to 2020) through the Huella Chile Footprint programme. Celeo Brazil on the other hand, received the Gold Seal in GHG protocol for the third year running

The calculation of the 2020 carbon footprint associated with changes in land use in Celeo Brazil was calculated using the methodology defined by Ribeiro, K. (2017) Mudança no uso do solo e emissões de gases de efeito estufa (GEE) em diferentes coberturas ve-

getais na Caatinga Brasileira. For the calculation of the 2021 carbon footprint associated with changes in land use in Celeo Brazil, this calculation methodology has been replaced by the methodology stipulated in the Third Brazilian Inventory of Anthropogenic Greenhouse Gas Emissions and Removals, more aligned with national reporting patterns.

Scopes (tn CO <sub>2</sub> eq)	Spain		Brazil*		Chile		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Scope 1	3,816	3,855	31,774	15,305	203	203	35,793	19,363
Scope 2 (with no transmission losses)	6,192	4,898	107	171	33	41	6,332	5,110
Scope 3	67	148	137	249	40	79	244	476
<b>Total</b>	<b>10,075</b>	<b>8,901</b>	<b>32,018</b>	<b>15,725</b>	<b>276</b>	<b>323</b>	<b>42,369</b>	<b>24,949</b>
Transmission losses**	N/A	N/A	43,985	42,892	44,661	41,315	88,646	84,207

\*Note: the carbon footprint data for 2020 has been recalculated after the publication of the report for the 2020 financial year.

\*\*Note: The transmission losses are given for the energy transmitted and technical characteristics of the transmission lines owned by Celeo. The company considers that they are not manageable emissions

### Intensity ratio of the transmission activity (Brazil and Chile)

	2020*	2021*
GHG intensity ratio (tCO <sub>2</sub> eq/Km)		
Carbon footprint for Brazil and Chile	32,294	16,048
Size of the operation (Km of operational line)	4,640	5,251
<b>Intensity (tCO<sub>2</sub>eq/Km)</b>	<b>6.96</b>	<b>3.06</b>

\*Note: the carbon footprint data for 2020 has been recalculated after the publication of the report for the 2020 financial year, therefore the intensity ratio has changed.

### Intensity ratio of the generation activity

	2020	2021
GHG intensity ratio (tCO <sub>2</sub> eq/MWh)		
Spain's carbon footprint	10,075	8,901
MWh generated	297,175	293,773
<b>Intensity (tCO<sub>2</sub>eq/MWh generated)</b>	<b>0.034</b>	<b>0.030</b>

- In Spain, Scope 3 includes business travel, travel to and from the workplace, water consumption and the management of generated waste.
- In Brazil, Scope 3 includes business travel, travel to and from the workplace and the management of the generated waste destined for landfill.
- In Chile, Scope 3 includes business travel, water consumption and the management of generated waste.

The carbon footprint for Celeo Brazil has been amended in accordance with the results from the verification carried out after the publication in this report. Celeo Brasil and Celeo Chile are currently in the process of verifying their carbon footprint for 2021. The final values may vary with regard to the indicators in this report.



## Other air pollutant emissions

With the aim of reducing its SO<sub>x</sub>, NO<sub>x</sub> and particulate (PM<sub>10</sub>) emissions from its fleet of vehicles, Celeo Brasil is working towards replacing the consumption of fossil fuels with renewable fuels, encouraging the use of sugarcane ethanol rather than petrol.

With regard to noise pollution, Celeo Chile monitors the emission of noise on an annual or twice-yearly basis, as established in each environmental classification resolution. There are also specific internal valuation procedures and noise control measures.

Celeo Brazil carried out noise measurements at 11 of its concessions during 2021 in compliance with the regulations.

Celeo Spain performs an annual study on noise in accordance with the Environmental Monitoring Plan, the results of which are reported to the Environment Authority in the Annual Report.

### Other air pollutant emissions

	2020	2021
SO <sub>x</sub>	137	121
NO <sub>x</sub>	2,422	2,230
PM 10	321	242
SF <sub>6</sub>	144	73
Others*	2,805	2,671
<b>Total</b>	<b>5,829</b>	<b>5,337</b>

\*Others: emissions mainly include emissions of TSP, CO, VOC, NH<sub>3</sub>, RCHO and THC.

\*The emissions from fixed combustion in Brazil have not been included in this table.



# Biodiversity protection

Celeo's activity takes place in areas where there is a great variety of ecosystems, therefore the Group is committed to their conservation and responsible use.

Celeo has identified the main impacts generated by its construction and operation activities on biodiversity (mainly in Brazil and Chile): the suppression or loss of vegetation through cutting and pruning; the loss of fauna, caused by clearing vegetation, the collision of birds into transmission lines, forest fires caused due to vegetation in contact with the energised conductor and the contamination associated with vehicle movements. A preventive approach is being rolled out in both countries.

The above impacts are associated to mitigation, repair and offsetting measures. The lessening of the impacts associated with the operation of the electric transmission lines is caused through the optimisation and reduction of the intervention to the necessary minimum, as well as the environmental regeneration of the affected areas.

In both countries, birdlife monitoring has been established, which verifies whether there is any interference of the transmission line with bird migration, the occurrence of accidents and whether birdlife is using the transmission line structures.

Only Celeo Brazil carries out its activities in areas close to protected areas: Sierra de Ibiapaba Transmissora de Energia (SITE).

The SITE continues carrying out the conservation programs to tackle the possible negative impacts of the operation, of particular note is the protection of the Guariba-da-Caatinga, a species of primate originating from north-east Brazil, a species that is classified as threatened by the IUCN.

## Operational unit Serra de Ibiapaba Transmissora de Energia (SITE) 2021

Operational unit	Priority conservation areas
APA Serra Ibiapara Sustainable use Intersection with TL - 164.97 Km	Sierra Grande / Delta - Ca006 - Caatinga (Conservation priority Extremely high)
Bosque Nacional Palmares Sustainable use Intersection with TL - 4.85 Km (buffer zone only)	Tinguis - Ca023 – Caatinga (Conservation priority Very high) ----- Complexo Campo Maior - Ca039 -Caatinga (Conservation priority Very high)
Parque Nacional Ubajara Full protection Intersection with TL - 62.78 Km (buffer zone only)	Peixe - Ca050 – Caatinga (Conservation priority Very high)
Parque Natural Municipal de Cascada de Conceição Full protection Intersection with TL - 6.25 Km (buffer zone only)	Tabuleiro Costeiro Ca002 – Caatinga (Conservation priority High) ----- Cocal de Telha - Ca032 - Caatinga (Conservation priority High) ----- Teresina Timon I – Cerrado (Conservation priority High)

\*The buffer zone is an area of the conservation units where human activity is subject to rules and restrictions to minimise the negative impacts on the said units (Brazilian law No. 9.985/2000).

## Threatened species

Celeo identifies the species included on the IUCN Red List and national conservation lists that are found in areas affected by the operations, in accordance with the following table:

Level of risk of extinction	Number of protected species	Name of the species	Project	Location
Critically endangered	2	<i>Euxylophora paraensis</i> Huber, <i>Eschweilera subcordata</i> S.A Mori	PATE	Brazil
Endangered	4	<i>Amburana cearensis</i> , <i>Couratari</i> spp. <i>Euxylophora paraensis</i> Huber, <i>Virola surinamensis</i> (Rol. ex Rottb.) Warb	SITE and PATE	Brazil
Vulnerable	12	Género <i>Cedrela</i> , <i>Manilkara excelsa</i> (Ducke) Standl. <i>Bertholletia excelsa</i> Humb. & Bonpl, <i>Cedrela fissilis</i> Vell, <i>Cedrela odorata</i> L, <i>Couratari guianensis</i> Aubl, <i>Mezilaurus itauba</i> (Meisn.) Taub. ex Mez, <i>Tabebuia incana</i> A.Gentry, <i>Hymenolobium excelsum</i> , <i>Hymenolobium excelsum</i> Ducke, <i>Hymenolobium</i> spp, <i>Manilkara paraensis</i> (Huber) Standl.	SITE and PATE	Brazil
	3	<i>Citronella mucronata</i> , <i>Porlieria chilensis</i> , <i>Neoporteria castanea</i>	AJTE and CHATE	Chile
	1	<i>Nothofagus glauca</i>	AJTE and CHATE	Chile
Near threatened	1	<i>Austrocedrus chilensis</i>	CHATE 3	Chile
	1	<i>Minuartia guianensis</i> Aubl	PATE	Brazil

Level of risk of extinction	Number of protected species	Name of the species	Project	Location
Least concern	50	<i>Ameiva ameiva</i> <i>Amphisbaena alba</i> , <i>Amphisbaena vermicularis</i> , <i>Cyanocorax cyanopogon</i> , <i>Dermatonotus muelleri</i> , <i>Erythrolamprus reginae</i> , <i>Erythrolamprus viridis</i> , <i>Iguana iguana</i> , <i>Leposternon polystegum</i> , <i>Leptodactylus fuscus</i> , <i>Leptodactylus mystaceus</i> , <i>Marmosa murina</i> , <i>Micrablepharus maximiliani</i> , <i>Nyctibius griseus</i> , <i>Oxyrhopus trigeminus</i> , <i>Philodryas nattereri</i> , <i>Psarocolius decumanus</i> , <i>Salvator merianae</i> , <i>Tantilla melanocephala</i> , <i>Caryocar brasiliensis</i> , <i>Hymenaea courbaril</i> , <i>Apuleia leiocarpa</i> (Vogel) J.F.Macbr, <i>Aspidosperma discolor</i> A. DC, <i>Carapa guianensis</i> Aubl, <i>Copaifera langsdorffii</i> Desf, <i>Copaifera multijuga</i> Hayne, <i>Couroupita guianensis</i> Aubl, <i>Cupressus lusitanica</i> Mill, <i>Dimorphandra mollis</i> Benth.	SITE	Brazil



## Reforestation and offsetting measures

Reforestation forms part of the mitigation and offsetting process for the impacts caused by the Group’s activities.

Reforestation activities were carried out for the ASTE projects as part of the Celeo Spain Environmental Monitoring Plan. Their maintenance and monitoring activities are ongoing. However, it was detected that some plantations did not survive, therefore the Environment Council and the regional authorities carried out a new control of the success of the reforestation.

Whilst determining the causes why some of the plantations do not survive, it was necessary to carry out new plantations for 11 ha. These plantations are not located in areas considered to fall under environmental protection.

The total number of hectares reforested by Celeo Brazil is 9 ha and Celeo Chile did not carry out any reforestation activities during the financial year.

	AJTE	CHATE	CAIUA	SITE	ASTE
<b>Location</b>	Chile	Chile	Brazil	Brazil	Spain
<b>Reforested surface in 2021 (ha)</b>	0.00	0.00	8.5	0.5	11.00
<b>Accumulated reforested surface (ha)</b>	431.34	485.57	18.5	0.5	220.00
<b>Total surface to be reforested</b>	431.34	488.51	18.5	0.5	220.00
<b>Verification</b>	No	No	No	No	Si

## Water usage on the AJTE and CHATE projects

Celeo Chile has initiated an improvement project for the water collection systems in its reforested areas associated with the AJTE and CHATE projects. Water collection is complex due to these projects being located in mountainous regions. By way of solution, the company has been able to create a 3D model of the tar-

get landscape using LIDAR technology. The aim is to make maximum use of the rainwater; therefore it is necessary to previously know the distance and depth of the furrows where the water falls.

# Environmental training and awareness raising

Celeo Brazil and Celeo Chile have delivered a total of 471 environmental training hours per participant to its employees, with a total of 789 attendees.

Initiatives are being set into motion to raise environmental awareness which involves both employees and communities close to the operating areas. For example, Celeo Chile implemented several internal initiatives to raise awareness about saving water, saving energy, competitions on green energy and conservation measures, as well as a commemorative video for World Environment Day.

Of particular note is the Environmental Education Programme (EAP) in Cantareira, which has been recognised by the Brazilian Institute for the Environment and Natural Renewable Resources (IBAMA for its acronym in Spanish), as a national benchmark in the category of best mitigation programmes for socio-environmental impacts within environmental permits.

Brazil	Participants	Hours
Environmental policy course	231	1
Course on specific procedures to determine environmental aspects and impacts	190	1
Course on specific procedure for managing waste	189	1
Specific procedure for handling hydrocarbons	118	1
Specific procedure for transporting fuel	112	1
General procedure for determining environmental aspects and impacts	28	1
Environmental Management Technician Course	1	365

Chile	Participants	Hours
Handling hazardous substances and waste	7	1
Use of tools for reporting the consumption of resources and waste	10	1
Single window, Law REP 20,920, Substances, Emissions and Waste	20	8
Climate change and low carbon development	1	100



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GENERATORS OF  
**VALUE**  
IN OUR  
**COMMUNITIES**



## Consolidating trusting relationships

Celeo's social commitment is focused on the development and improvement of the well-being of society and reducing the potential impact of its activities in its sphere of influence. Celeo's Social Responsibility Policy is a reflection of this commitment through the building of ethical, transparent and long-lasting relationships with stakeholders, identifying the impacts its activities may have on the community and implementing the relevant plans to prevent, mitigate or offset them.

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The main impacts generated on the community resulting from Celeo's activity are those relating to the effects on the properties that the lines cross, the visual impact of the facilities, the noise caused by the electric equipment and, on some occasions, the impact on biodiversity in specially protected areas. Celeo evaluated impacts through environmental and social evaluation programs that include specific studies and areas for citizen participation. These guarantee the social permit to operate and detail, where appropriate, the necessary control, mitigation and offsetting measures.

In Brazil, citizen participation is a key element of the environmental permit process, through which the parties affected by the project have the opportunity to be heard, either in public audiences or during informative technical meetings.

Of particular note is the Proyecto Integra [Integration Project], a relationship programme with stakeholders which goes beyond the usual environmental obligations and is one that Celeo BrasilBrazil implements voluntarily. Through this

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**Celeo promotes trusting relationships through a closer, transparent and on-going dialogue with the local communities.**

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project, Celeo Brazil involves the populations close to its transmission lines, whom it informs and instructs regarding consequences of burning vegetation while at the same time making the most of the opportunity to detect their needs.

In 2021 educational workshops were carried out in 39 municipalities within the framework of this programme, with the aim of raising awareness of the consequences of burning vegetation and informing on the main social, environmental and public health risks.

Other relevant data within the framework of Proyecto Integra are:

- 200 hours of training courses
- Environmental Education Programme with the participation of 1,602 people
- 32 meetings with 187 people
- 5 webinars of 888 views
- Two 20-hour Environmental Education Programme Courses in the Amazon area at JTE and VCTE.

In Chile, Law 19,300 on the General Bases of the Environment of 1994 requires that a Citizen Participation Process (PAC for its acronym in Spanish) takes place within the Environmental Assessment Process, so that any potential parties affected by the development of a project may exercise the right to be informed. Furthermore, prior to the Environmental Assessment phase, Celeo Chile voluntarily performs a preliminary dialogue process with the community, Early Citizen Participation Process (PACA for its acronym in Spanish), through which the executives of Celeo previously inform the communities on the main characteristics of the projects. The PACA includes meetings and interviews with the authorities and municipal civil servants; the leaders of the social and regional organisations, and local residents.

Within the framework of the CASTE and MATE projects, specific social initiatives will be implemented

based on the results obtained from the PAC, which come to light during the evaluation phase.

Celeo Chile is also making progress in designing a community relationship strategy. The aim is to organise a series of workshops which seek to include the different perspectives and experiences of the Celeo teams involved with the communities into the strategy (People, Legal, CMASS, Engineering, Projects and MAC). Based on the results obtained, opportunities for improvement will be detected in the three lines of action: Intervention, Perception and Expectation.

At the same time, two community diagnostics are carried out in the area of Casablanca and Diego de Almagro with the aim of generating a bond with the community through the preparation, co-construction and implementation of a project in benefit of the community.

With regard the diagnostic of Diego de Almagro, after carrying out 57 interviews with different stakeholders (local and regional authorities, neighbourhood associations, companies, the media, etc.), five action areas were identified where different initiatives will be developed: community resilience, employability and training, sustainable infrastructure, culture of environmental protection, sport and recreation. The first initiative launched in the Culture of environmental protection aspect comprises a workshop on hydro-power and energy efficiency.

Furthermore, an agreement was signed with the fire service of the city of Diego de Almagro enshrined within the line of action for training and employability. As a part of this agreement, the delivery of training material for first aid was organised as well as the scheduling of a workshop to provide training in first aid to the community, which will be carried out at the beginning of 2022.

Celeo Spain maintains an ongoing dialogue with the councils of Castile-La Mancha for the ASTE 1 and ASTE 2 project, and with the Regional Government of Extremadura for the ASTEXOL project. This dialogue is enshrined within the Annual Surveillance Plans relating to those projects.







## Respect for traditional communities

Celeo respects and insists on respect for protecting fundamental human rights, especially those of vulnerable groups.

Celeo Brazil, within the framework of its environmental legislation, pays special attention to the Indigenous and Quilombola Communities. This legislation requires the performance of an Indigenous Component Study (ECI for its acronym in Spanish) or Quilombola Component Study (ECQ for its acronym in Spanish) which evaluates the specific impact of the project on these communities. Afterwards, an Indigenous Basic Environmental Component Plan (PBAI for its acronym in Spanish) or Quilombola Basic Environmental Component Plan (PBAQ for its acronym in Spanish) are developed which contain the control and mitigation measures for each identified impact.

The National Indian Foundation (FUNAI for its acronym in Spanish) is the body responsible for promoting the studies into the identification and delimitation, demarcation, regularisation of land ownership and the registration of land traditionally occupied by indigenous peoples, as well as monitoring and inspecting indigenous lands. Its function is also to control and mitigate the possible environmental impact deriving from any external interference on indigenous land.

The responsibility with regard to the environmental permit relating to the Quilombola communities falls within the remit of the National Institute of Colonisation and Agrarian Reform (INCRA for its acronym in Portuguese).

During the financial year, Celeo has been monitoring the studies and plans pending evaluation and approval by the corresponding bodies (PBAI CAIUA, PBAQ IMTE, PBAI JTE JAURÚ, ECI ENTE, etc.).

## We support the social development and well-being of our surroundings

Celeo's social actions revolve around areas such as culture, sport and education. Social investments are carried out according to the policies and internal rules and regulations relating to donations and investments in social projects, as well as the legal criteria established in agreements or contracts.

Furthermore, it is necessary to validate the project with the communities and the Sustainability and Compliance Committees to ensure that they are in line with the Compliance Policy and Systems to identify the backgrounds of the donors and monitor the payment processes.

At present, Celeo Spain is working on designing the governance framework to manage social projects which encompasses all countries where it is present.

### Social projects

Celeo Chile focuses its social projects on environmental education. In fact, in 2021 it continued with the environmental educational programmes at the Corel and Charrúa schools, and initiated a new programme with the Los Alisos and Bajo Perquin schools. The restrictions due to the health situation have been taken into account this year.

These programmes comprise a series of environmental activities and workshops, with the initiatives rolled out to commemorate World Environment Day or the Indigenous Peoples' Day.

Furthermore, in the Atacama Region, bicycle stands were delivered to the Diego de Almagro rural hospital.

In 2021, Celeo Brazil launched the Celeo in the Community programme with the aim of contributing to the quality of life and the development of local human capital within its social, educational and economic aspects, through the execution of social projects. The projects to be carried out must be consistent with Celeo's guiding principles, its geographic implementation and in line with the priority Sustainable Development Goals (SDGs).

A juvenile education for the working world project is planned for São João do Piauí (Piauí, which falls within the area of influence of Usina Solar UFV JP) in 2021 and 2022, and a project on environmental education and the SDGs in practice, in Atibaia (São Paulo), which falls within the area of influence of CANTE. Both projects will contribute to the following Sustainable Development Goals: 1. No poverty; 4. Quality education; 5. Gender equality; 8. Decent work and economic growth and 12. Responsible consumption and production.



## Juvenile education for the working world in the town of São João do Piauí/PI.

As part of an alliance with the Umbuzeiro socioenvironmental and cultural Institute, the Quipá Jóvenes Cultivando Saberes project will be carried out. That project will benefit 64 Quilombola young people (3 Quilombola communities/territories in Saco/Curtume, Riacho dos Negros and Pico. The aim of the project is to stimulate the participation, personal and professional development of Quilombola young people from rural areas through experiences in traditional agricultural processes, vocational training and the generation of family revenue. The main activities will comprise educational/citizen actions; agricultural classification, inclusion of young people as small producers/breeders of animals (implementation/improvement of production units), commercialisation of family agriculture, beekeeping, sheep farming and culture, etc.

## Environmental Education and the SDGs in practice

In the town of Atibaia/SP, together with the social organisation Espaço Crescer - Livre Atividade, the Espacio Comunitario Esmeralda VERDE - ECOE Verde project will be launched. With the aim of promoting the sustainable development of Barrio de la Esmeralda through social and environmental actions, 1,593 children and adolescents from public schools and residents of Barrio will benefit from numerous activities: educational/citizen actions, community produce farm, mobilisations for the environment, ecological workshops and sustainable art, etc.

Celeo Spain has agreed, within the framework of its Corporate Social Responsibility framework, the following two actions that will be implemented throughout the first quarter of 2022. Both initiatives have been duly reviewed and authorised by the Compliance Committee.

A donation of 13,372 euros will be made to the Madrid Food Bank and a donation of 36,628 euros will be made to the Padre Piquer Training Centre to collaborate with its School Scholarships programme.

The Padre Piquer Training Centre belongs to the Montemadrid Foundation and is governed by an agreement which is renewed every 12 years by the Society of Jesus. It is a state assisted private school located in the district of Tetuán in Madrid, and offers secondary education and sixth form education as well as different levels of vocational training. This district is known for its low income and high immigrant population, in which 45% of students benefit from some form of grant or public aid. The purpose of the internal School Scholarship programme at the Training Centre is to obtain the assistance of third parties in order to boost the provision of scholarships.



## Social initiatives associated to the financing of projects

Within the framework of the commitments acquired with the BNDES in financing the Cantareira (CANTE) project, Celeo BrasilBrazil has continued participating in the Vamos a salvar o planeta and Viver bem em Caetetuba projects.

The Vamos a salvar o planeta project ended in March 2021 with a total investment of R\$ 1.061 billion.

This project involved the construction of a waste separation and composting plant, the creation of a recycling cooperative and environmental education campaigns aimed at students and the population living in the Monte Santo de Minas region.

The Viver bem em Caetetuba project consists in the rehabilitation and construction of an annex to the railway station at Caetetuba (Atibaia, Sao Paulo) to install a social support centre (CRAS for its acronym in Spanish), it will also be used to provide vocational training courses. As a consequence of COVID-19, part of the budget was spent on buying and delivering food as well as hygiene and cleaning kits to 1,164 local residents.

In 2021, an alliance was signed between the Municipal Council for Development and Social Support (project member) with SENAC and SEBRAE (national education entities) to provide a suitable place to provide training in gastronomy for the local residents, with all the equipment for the industrial kitchen being acquired using funds from Cantareira.

Below follows the details of the project: **Vamos a salvar o planeta**

KPIs	Objective	Impact
Members of the cooperative	20	16
Number of machines bought	12	12
Scope of waste gathered	50 districts	50 distritos
Recycling capacity	153 mil Kg	245 mil Kg
Cooperative revenue	R\$ 48 (12 months)	R\$ 116 (11 months)
Number of students trained	3,000	3,000

Results: **Viver bem em Caetetuba**

KPIs	Planned	Completed
Beneficiaries	20,000 residents	20,000 residents
Number of trained residents	210	0 (to be carried out in 2022)
Amount of social support service	5,569 families (2019)	6,172 families (2021)
Revitalisation of the square/m2	678.59m2	1,492.84m2
Campers distributed/beneficiaries	0	1,164 (direct public) 5,003 (indirect public)



## Social projects with a tax incentive

### Projeto Chapeuzinho Vermelho e os ODS.

This is a play with in an adapted story focusing on looking after the environment with educational workshops on SDGs 3, 12, 14 and 15.

### Projeto Armarinho, cantinhoda imaginação.

This comprises promoting the performing arts to children, in public schools and social organisations. A branch with pedagogical materials for permanent use and freely offered to the schools and institutions attended, and training on how to use them. In addition to the MDF structure, each branch becomes involved with educational toys and games, books, dressing up clothes and accessories, a sound box, a projector and a DVD player, etc.

### Xeque Mate Educacional.

A series of chess workshops for children and adolescents, public schools as well as adults with educational conferences.

### Trabalhe Melhor for the elderly

Comprises the renovation of the administrative area: work rooms, meeting rooms, bathrooms so that employees have a better quality of life in the workplace.

### Ballet Feliz.

The aim of this project is to provide children access to culture through dance, as well as build up their self-esteem, discipline and self-awareness.

Project	Type of incentive	Executing entity	Town	Inversión
Chapeuzinho Vermelho e os ODS	Culture	State	Investment	R\$ 188,760.00
Armarinho: cantinho da imaginação	Culture	Komedi e Incentivar fomento de projetos Ltda	2	R\$ 180,777.29
Ballet Feliz	Children and adolescents	Associação Ballet Feliz	1	R\$ 92,384.33
Trabalhe Melhor	Over 18s	Lar São José	1	R\$ 92,384.33
Xeque Mate Educacional	Sport	INEEC	1	R\$ 92,384.33

Projects funded through 2020-2021 Tax Incentives will be executed in 2022

The contributions made to the following projects: ADV Produção de Eventos Culturais Limitada, Komedi e Incentivar fomento de projetos Ltda, Associação Ballet Feliz and INEEC provide support to associations. Furthermore, the collaboration with Lar Sao José is considered is a contribution to a non-profit foundation.

## Alongside the most vulnerable in the fight against covid

Since the beginning of the pandemic, Celeo has wanted to remain alongside the most vulnerable communities, especially those within the area of influence of its projects. Accordingly, in addition to the numerous initiatives carried out during the previous year, others have been added, of which the following stand out.

Celeo Chile has performed two actions within the framework of the Healthcare Material Project. Furthermore, it has delivered 400 personal healthcare kits (hand sanitiser, masks, etc.) throughout communities close to its operations; it has also delivered 80 kits to different organisations in the Colbún and Rincón de Pataguas communities.

Celeo Brazil, in continuation of the actions that began in 2020, focuses its efforts on donating hospital equipment to the towns of São João do Piauí (Piauí, a stabilisation bed) and Parintins (Amazonas, ten intensive care beds), as well as a donation of more than 200 food hampers during two campaigns organised by Banco do Nordeste and Banco do Amazonas.





## Promoting corporate citizenship

Celeo is committed to corporate volunteering as a form of broadening its impact on society through the involvement of its own employees. In this manner, it reinforces relationships between the company and the communities where it operates.

During 2021, Celeo Brazil launched the Corporate Citizenship Programme. Prior to commencement, an Interest Survey was carried out with employees in order to determine the topics and volunteering models that were best suited to the interests and needs. 50% of the workforce participated.

The survey identified a variety of volunteering intentions and also an interest in giving donations to support the more vulnerable in light of the health crisis.

This gave rise to #Cestou CELEO, a campaign for the acquisition of hampers containing articles of basic necessity. In total, 186 hampers were collected from among the employees to which another 186 were added by Celeo, which had committed to contribute the same number as those contributed by the employees.

An agreement was then made with two organisations to ensure their distribution among the selected communities. Through the Roots in Movement Institute, 186 hampers were distributed in the Morro do Alemão community, in the city of Rio de Janeiro; the 186 remaining hampers were distributed among the communities of São João do Meriti, Duque de Caxias, Rio de Janeiro and Queimados.

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ABOUT THE  
**REPORT**



This report (which forms an integral part of the Management Report) complies with the requirements established in Law 11/2018, of 28 December concerning non-financial information and diversity (implemented by Royal Decree Law 18/2017, of 24 November).

This framework provides an overall and interrelated view of the activities and main economic, social, environmental and governance impacts of Celeo, as well as aspects considered significant for the main stakeholders of the company for the 2021 financial year. As can be seen in Annex I "GRI Contents", the preparation process followed uses as reference the Global Reporting Initiative (GRI) international standards in its essential version GRI Standards, considering the requirements identified as material for the business and sector.

The scope of the information reported is for the Celeo Group (Celeo Concesiones e Inversiones, S.L. and its subsidiaries). Any restrictions to the scope shall be specified in the report. The envi-

ronmental information does not include projects under construction, given that Celeo does not directly manage these. Nor does it include CAIUÁ, given that Celeo does not have operational control of this SPV, which represents 3% of the operational kilometres of line in Brazil.

# Materiality analysis

Celeo performed a materiality analysis during the previous financial year with the aim of defining the Group's significant issues regarding sustainability and to prioritise the report's content. This materiality analysis encompasses all activities and countries where Celeo operates.

Management have considered that the issues defined in 2020 remain valid in 2021 given that additional sustainability aspects have not been identified at either an external or internal level. Materiality process.

## Identifying material issues

- Benchmarking of significant companies in the sector and the competition based on their materiality matrixes.
- Analysis of the main public news and initiatives at international and national level.
- Analysis of sustainability standards such as SASB, GRESB or GRI, etc.

## Consulting internal and external stakeholders

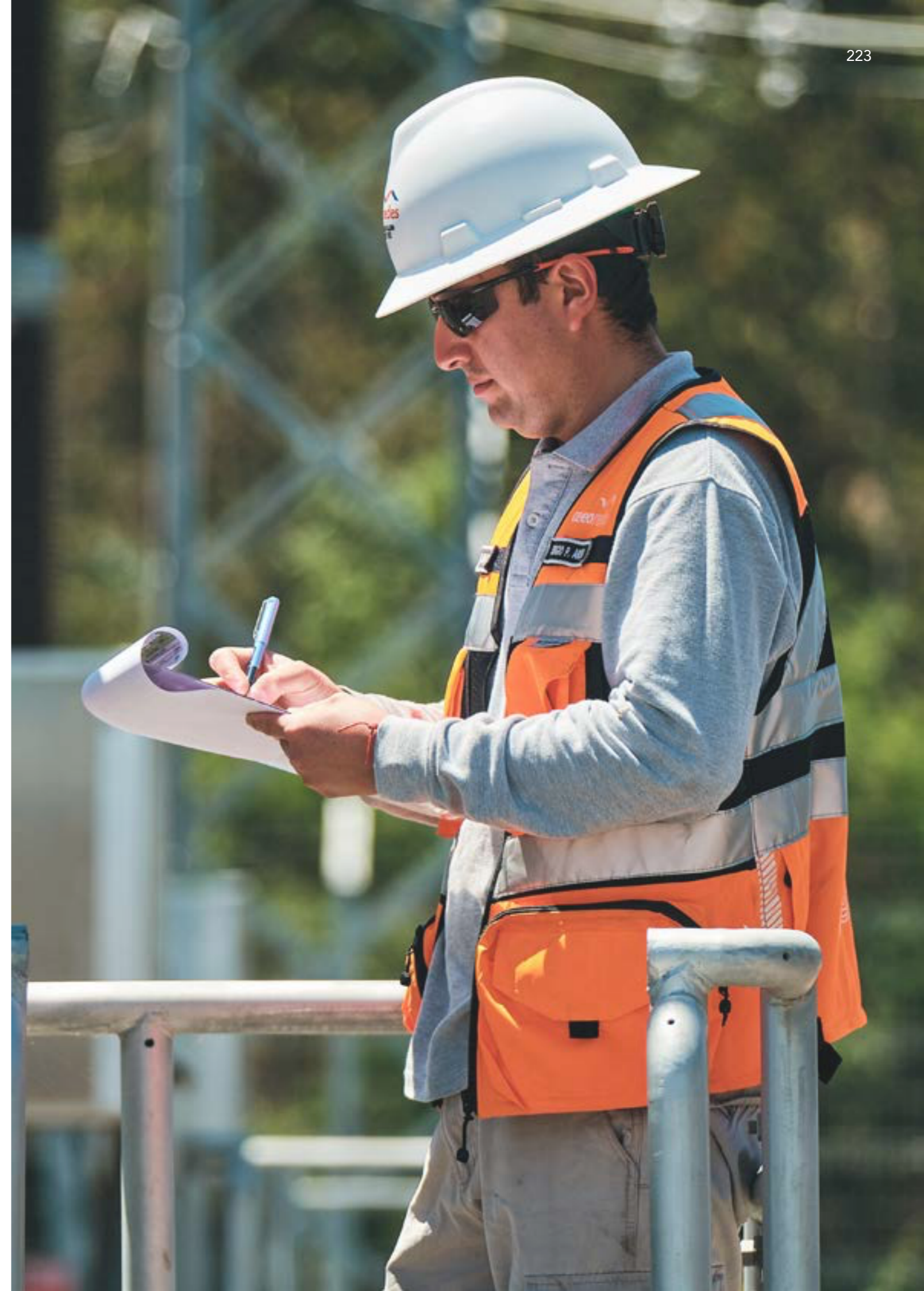
- Interviews with management (7 interviews).
- Distribution of a survey to the main stakeholders as well as the Group's Management to evaluate the issues identified during the previous phase (195 replies).

## Prioritising material issues

- The list of material issues, prioritised from greatest to least relevance, was obtained from the analysis of the assessments carried out from the consultation.

## Preparing the materiality matrix

- The matrix, validate by management, reflects the issues according to high, medium and low relevance for Celeo and its stakeholders.



## Celeo's materiality matrix

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



## Material issues for Celeo 2021

HIGH RELEVANCE	Aspect	Internal impact	External impact	SDG
Health safety and wellbeing at work				 
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				

**LEYEND:**



Economic



Social



Environment



Governance

The background of the slide features a photograph of a high-voltage power line tower in a field. The image is overlaid with a semi-transparent blue filter. The tower is a lattice structure with multiple cross-arms supporting power lines. In the foreground, there is a field of tall, dry grass. In the background, there are rolling hills under a clear sky.

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ANNEX I.GRI

# CONTENTS

## General contents

GRI standard	Contents	Page in the Report detailing the response/Direct response to cover those GRI	Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
<b>Organisational profile</b>			
102-1	Name of the organisation	10-11	–
102-2	Activities, brands, products and services	10-15	–
102-3	Location of headquarters	Av. General Perón, 38, planta 14. Edificio Master's I 28020 - Madrid Madrid España	–
102-4	Location of operations	16-23	–
102-5	Ownership and legal form	10-11	–
102-6	Markets served	24-31	–
102-7	Scale of the organisation	16-23;	–
102-8	Information on employees and other workers	146-155	–
102-9	Supply chain	122-123	–
102-10	Significant changes to the organisation and its supply chain	There have been no significant changes	–
102-11	Precautionary Principle or approach	173	–
102-12	External initiatives	54-57	–
102-13	Membership associations	33-34	–
<b>Strategy</b>			
102-14	Statement from senior decision-maker	1-4	–
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and norms of behaviour	75	–
<b>Governance</b>			
102-18	Governance structure	62-72	–
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	58-59	–
102-41	Collective bargaining agreements	94; 162	–
102-42	Identifying and selecting stakeholders	58-59	–
102-43	Approach to stakeholder engagement	222-224	–
102-44	Key topics and concerns raised	58-59 ;222-224	–

Estándar GRI	Contenidos	Página del Informe donde se da respuesta / Respuesta directa para cubrir aquellos GRI	Omisiones
GRI 101: Fundamentos 2016			
GRI 102: Contenidos Generales 2016			
<b>Reporting practice</b>			–
102-45	Defining report content and topic boundaries	221	–
102-46	List of material topics	220-221	–
102-47	Restatements of information	222-227	–
102-48	Changes in reporting	Not applicable	–
102-49	Reporting period	Not applicable	–
102-50	Date of most recent report	2021	–
102-51	Reporting cycle	2020	–
102-52	Contact point for questions regarding the report	Anual	
102-53	Claims of reporting in accordance with the GRI Standards	celeogroup.com	–
102-54	GRI contents	This report has been prepared in accordance with the Essential option of the GRI Standards	
102-55	External assurance	230	–
102-56	Verificación externa	250-252	–

## Material issues

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis	
<b>Economic performance</b>					
GRI 103: Enfoque de gestión 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Economic performance	
103-2	The management approach and its components	98-102	–		
103-3	Evaluation of the management approach	98-102	–		
GRI 201: Economic performance 2016					
201-1	Direct economic value generated and distributed	102	–	Economic performance	
201-4	Financial assistance received from the government	102	–		
<b>Indirect economic impacts</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Community relationships	
103-2	The management approach and its components	1-6; 24-30	–		
103-3	Evaluation of the management approach	1-6; 24-30	–		
GRI 203: Indirect economic impacts 2016					
203-1	Infrastructure investments and services supported	14-23	–	Community relationships	
203-2	Significant indirect economic impacts	141	–		
<b>Procurement practices</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Economic performance	
103-2	The management approach and its components	86-87; 122-123	–		
103-3	Evaluation of the management approach	86-87; 122-123	–		
GRI 204: Procurement practices 2016					
204-1	Proportion of spending on local suppliers	122-123	–	Economic performance	
<b>Water and effluents</b>					
GRI 303: Management approach 2018					
303-1	Interactions with water as a shared resource	178-179	–	Water/Biodiversity	
GRI 303: Water and effluents 2018					
303-3	Water withdrawal	178-179	–		
303-5	Water consumption	178-179	–		



GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis	
<b>Anticorruption</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Ethics and compliance	
103-2	The management approach and its components	220-222	–		
103-3	Evaluation of the management approach	220-222	–		
GRI 205: Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	82-93	The quantitative data at group level is not available		
205-2	Communication and training about anti-corruption policies and procedures	82-93	–		
205-3	Confirmed incidents of corruption and actions taken	85	–		
<b>Energy</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Energy consumption/Energy efficiency/Climate change and the energy transition	
103-2	The management approach and its components	176-177	–		
103-3	Evaluation of the management approach	176-177	–		
GRI 302: Energy 2016					
203-1	Energy consumption within the organisation	176-177	–		
203-2	Reduction of energy consumption	176-177	–		
<b>Biodiversity</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Biodiversity	
103-2	The management approach and its components	190-193	–		
103-3	Evaluation of the management approach	190-193	–		
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	190-191	–		
304-2	Significant impacts of activities, products, and services on biodiversity	190	–		
304-3	Habitats protected or restored	192-193	–		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	192-193			
<b>Emissions</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–		
103-2	The management approach and its components	186-188	–		
103-3	Evaluation of the management approach	186-188	–		
GRI 305: Emisiones 2016					
305-1	Direct (Scope 1) GHG emissions	186	–	Climate change and the energy transition	
305-2	Energy indirect (Scope 2) GHG emissions	186	–		
305-3	Other indirect (Scope 3) GHG emissions	186	–		
305-4	GHG emissions intensity	187	–		
305-5	Reduction of GHG emissions	186-187	–		
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	188	–		
<b>Waste</b>					
GRI 103: Management approach 2020					
306-1	Waste generation and significant waste-related impacts	180-181	–	Circular economy and efficient waste management	
306-2	Management of significant waste-related impacts	180-181	–		
GRI 306: Waste 2020					
306-3	Waste generated	180-181	–		
306-4	Waste diverted from disposal	180-181	–		
306-5	Waste directed to disposal	180-181	–		
<b>Environmental compliance</b>					
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its boundary	220-222	–	Ethics and compliance	
103-2	The management approach and its components	172-174	–		
103-3	Evaluation of the management approach	172-174	–		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
GRI 307: Environmental compliance 2016				
305-1	Non-compliance with environmental laws and regulation	Note 1	–	Ethics and compliance
<b>Supplier environmental assessment</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Responsible supply chain
103-2	The management approach and its components	122-123	–	
103-3	Evaluation of the management approach	122-123	–	
GRI 308: Supplier environmental assessment 2016				
414-1	New suppliers that were screened using environmental criteria	123	–	
<b>Employment</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Lifework balance
103-2	The management approach and its components	144-169	–	
103-3	Evaluation of the management approach	144-169	–	
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	150, 161	–	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	156 The benefits apply to full-time employees	–	
<b>Occupational health</b>				
GRI 403: Management approach 2018				
403-1	Occupational health and safety management system	128-133	–	Occupational health
403-2	Hazard identification, risk assessment and incident investigation	128-133	–	
403-3	Occupational health services	128-133	–	
403-4	Worker participation, consultation, and communication on occupational health and safety	132-133		
403-5	Worker training on occupational health and safety	138		
403-6	Promotion of worker health	139		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	140-141		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
GRI 403: Occupational health and safety 2018				
403-8	Workers covered by an occupational health and safety management system	128-130	–	
403-9	Work-related injuries	134-137	–	
403-10	Work-related ill-health	134-137	–	
<b>Training and education</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	
103-2	The management approach and its components	168-169	–	
103-3	Evaluation of the management approach	168-169	–	Training and development
GRI 404: Training and education 2016				
404-1	Average hours of training per year per employee	168-169	–	
404-2	Programmes for upgrading employee skills and transition assistance programmes	168-169	–	
<b>Diversity and equal opportunity</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	
103-2	The management approach and its components	159	–	Equal opportunity, diversity and inclusion
103-3	Evaluation of the management approach	159	–	
GRI 405: Diversity and equal opportunity 2016				
405-1	Diversity of governance bodies and employees	68-69; 147-155	–	
<b>Non-discrimination</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	
103-2	The management approach and its components	159	–	Equal opportunity, diversity and inclusion
103-3	Evaluation of the management approach	159	–	
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	Note 2		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
<b>The rights of indigenous peoples</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Human rights
103-2	The management approach and its components	94, 205	–	
103-3	Evaluation of the management approach	94, 205	–	
GRI 411: The rights of indigenous peoples				
411-1	Casos de violaciones de los derechos de los pueblos indígenas	Nota 2	–	
<b>Human rights assessment</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Human rights
103-2	The management approach and its components	94	–	
103-3	Evaluation of the management approach	94	–	
GRI 412: Human rights assessment 2016				
412-2	Employee training on human rights policies or procedures	No specific training has been carried out on human rights	–	
<b>Local communities</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222		Relationship with communities
103-2	The management approach and its components	201-217		
103-3	Evaluation of the management approach	201-217		
GRI 413: Local communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programmes	201-217		
413-2	Operations with significant actual and potential negative impacts on local communities	201-217		
<b>Supplier social assessment 2016</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Responsible supply chain
103-2	The management approach and its components	122-123	–	
103-3	Evaluation of the management approach	122-123	–	

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
GRI 414: Supplier social assessment 2016				
414-1	New suppliers that were screened using social criteria	122-123	–	Responsible supply chain
<b>Public policy</b>				
103-1	Explanation of the material topic and its boundary	220-222	–	Ethics and compliance
103-2	The management approach and its components	62-72	–	
103-3	Evaluation of the management approach	62-72	–	
415-1	Political contributions	Nota 3	–	
<b>Customer health and safety</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Ethics and compliance
103-2	The management approach and its components	130	–	
103-3	Evaluation of the management approach	130	–	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note 2	–	
<b>Customer privacy</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Ethics and compliance
103-2	The management approach and its components	124	–	
103-3	Evaluation of the management approach	124	–	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nota 2	–	
<b>Socioeconomic compliance</b>				
GRI 103: Enfoque de gestión 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Ethics and compliance
103-2	The management approach and its components	62-72	–	
103-3	Evaluation of the management approach	62-72	–	
GRI 419: Socioeconomic compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	Note 2	–	

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
<b>Participation in sustainability rankings and initiatives</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Participation in sustainability rankings and initiatives
103-2	The management approach and its components	54-57	–	
103-3	Evaluation of the management approach	54-57	–	
<b>Cybersecurity</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Cybersecurity
103-2	The management approach and its components	124-125	–	
103-3	Evaluation of the management approach	124-125	–	
<b>Innovation and Technology</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Innovation and Technology
103-2	The management approach and its components	121	–	
103-3	Evaluation of the management approach	121	–	
<b>Circular economy and efficient resource management</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Circular economy and efficient resource management
103-2	The management approach and its components	180-181	–	
103-3	Evaluation of the management approach	180-181	–	
<b>Alliances for sustainable development</b>				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	220-222	–	Alliances for sustainable development
103-2	The management approach and its components	24-34	–	
103-3	Evaluation of the management approach	24-34	–	

Note 1. Through the available channels, Celeo has no knowledge of having received any notifications regarding significant fines or sanctions due to the non-compliance with environmental laws or regulations.

Note 2. There is no record of any incidents or aspects that should be mentioned.

Note 3. Celeo does not make contributions to political parties.



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

## **Independent Limited Assurance Report on the 2021 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 2021 Sustainability Report of Celeo Concesiones e Inversiones S.L. (hereinafter the Parent) and its subsidiaries for the year ended 31 December 2021 (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 2021. 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**

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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**

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In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Caleo Concesiones e Inversiones S.L. and its subsidiaries in relation to its 2021 Sustainability Report and for no other purpose or in any other context.

Under separate cover, we will provide the management of Caleo 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

9 May 2022

# Contact information

## **CELEO CONCESIONES E INVERSIONES SLU**

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# Credits

## **CELEO CONCESIONES E INVERSIONES SLU**

Presidente del Consejo de Administración  
Miguel Morenés Giles

## **CHIEF EXECUTIVE OFFICER**

José Ángel Lostao Unzu

## **GRI CONSULTING**

Cointegra

## **GRAPHIC DESIGN**

Somos Waka

## **LIMITED ASSURANCE**

KPMG

## **PHOTOS**

Celeo archive and Biocore  
Tecnologia e Soluções Ambientais  
(wildlife photos in chapter 7)