



Auditor's Report on Celeo Concesiones e Inversiones, S.L. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Celeo Concesiones e Inversiones, S.L. and subsidiaries for the year ended 31 December 2021)

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



KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of Celeo Concesiones e Inversiones, S.L.

Opinion

We have audited the consolidated annual accounts of Celeo Concesiones e Inversiones, S.L. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in net equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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Business combinations: Brilhante Transmisora de Energía I y II (see notes 2(f), 3(b) and 6)

In May 2021, the Group, through Celeo Redes Brasil, acquired a 50% interest in both Brilhante Transmisora de Energía I and Brilhante Transmisora de Energía II, companies in which it already held the remaining 50% and had joint control until that date. The total acquisition price amounted to Euros 16 million. As a result of this transaction and in accordance with the applicable financial reporting framework, the Group recognised income from a business combination amounting to Euros 2,404 thousand, calculated as the difference between the fair values of the assets acquired and liabilities assumed and the price paid in the business combination. Calculating the fair value of the assets acquired and the liabilities assumed is a particularly complex area that requires the use of assumptions and estimates and the exercising of judgement by the Directors, and we therefore consider this transaction to be a relevant aspect of the audit.

Our audit procedures included the assessment and review of the process followed by Parent management to recognise the fair value of the assets acquired and liabilities assumed, and the assessment of the methodology and key assumptions used to determine the fair values of the assets acquired and liabilities assumed, involving our valuation specialists for this purpose. Furthermore, we assessed whether the disclosures in the consolidated annual accounts on the business combination and the aforementioned process meet the requirements of the applicable financial reporting framework.

Business combinations: Colbún Transmisión, S.A. (see notes 2(f), 3(c) and 11)

On 30 September 2021, the Group, through the newly-created company Alfa Transmisora de Energía, S.A., in which it has a 20% interest, acquired 100% of Colbún Transmisión, S.A.. As a result of this transaction and in accordance with the applicable financial reporting framework, in 2021 the Group recognised the provisional valuation of the assets acquired and liabilities assumed under equity-accounted investees. Due to the complexity involved in determining the fair value of certain assets, at the 2021 year end the Group was at a preliminary stage of the Purchase Price Allocation (PPA) process and therefore performed a provisional PPA. This business combination will be definitively recognised in 2022, within the 12-month period provided for by IFRS 3, to reflect the information, facts and circumstances that existed at the acquisition date. Due to its significance, and because it is a particularly complex area that requires the use of assumptions and estimates and the exercising of judgement by the Directors, we consider this transaction to be a relevant aspect of the audit.

Our audit procedures included the assessment of and discussion with Company management regarding the process followed to identify and recognise the fair value of the assets acquired and liabilities assumed, and the assessment of the methodology and key assumptions used to determine the fair values of the assets acquired and liabilities assumed, involving our valuation specialists for this purpose. Furthermore, we assessed whether the disclosures in the consolidated annual accounts on the transaction and the aforementioned process meet the requirements of the applicable financial reporting framework.

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Financial assets from concession agreements (Euros 884.750 thousand) (see notes 3(k) and 12(a))

The Group makes investments related to concession contracts, which are recognised as non-current financial assets in the consolidated statement of financial position according to their nature. Given the weight of the financial assets from concession agreements with respect to the Group's total assets, and because the preparation of the financial models that support the value of these financial assets requires the Directors to exercise judgement and to use assumptions and estimates, this is the area that required most of our attention and, consequently, this has been considered a relevant aspect of the audit.

Our audit procedures included the review of concession contracts and an assessment of the reasonableness of the main assumptions and judgements used by Group management to prepare the financial models that serve as a basis for the recognition of finance income, operating income and the value of financial assets. In addition, we assessed whether the disclosures in the accompanying consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of:

- a) Determine solely that the consolidated non-financial information statement has been provided in accordance with applicable legislation and, if this is not the case, report thereon
- b) Assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021 and the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

From the significant risks communicated to the Directors of Celeo Concesiones e Inversiones, S.L., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(signed on the original in Spanish)

Juan Ignacio Fernández Pérez

On the Spanish Official Register of Auditors ("ROAC") with No. 23.906

5 May 2022

Celeo Concesiones e Inversiones, S.L. and Dependent Companies

Consolidated Annual Accounts

31 December 2021.

Consolidated directors' report

2021 Financial Year

(Including Auditor's Report)

Prepared in accordance with the International Financial
Reporting Standards adopted by the European Union

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

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

Consolidated Statement of Financial Position at 31 December 2021
(Thousands of euros)

Assets	31.12.2021	31.12.2020
Non-current assets		
Intangible assets		
Goodwill (Note 7)	1,125	1,125
Other intangible assets (Note 8)	591,806	554,678
Tangible fixed assets (Note 9)	1,034,257	1,054,510
Right of use assets (Note 10)	22,464	23,276
Investments accounted for under the equity method (Note 11)	254,636	238,302
Non-current financial assets (Note 12)	926,165	796,169
Deferred tax assets (Note 17)	78,859	86,759
Total non-current assets	2,909,312	2,754,819
Current assets		
Inventory stock	662	744
Trade receivables and other accounts receivable (Note 13)	40,284	55,103
Trade receivables, related companies (Note 21)	1,336	403
Public authority receivables	3,682	3,134
Current gains tax assets	4,764	1,688
Other receivables	10,324	8,147
Short-term investments in related companies (Note 21)	15,760	10,680
Other current assets	1,428	759
Cash and other equivalent liquid assets (Note 13)	140,767	120,307
Current accruals and deferred income	787	-
Held-for-sale non-current assets (Note 11)	-	27,952
Total current assets	219,794	228,917
Total assets	3,129,106	2,983,736

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2021.

Consolidated Statement of Financial Position at 31 December 2021
(Thousands of euros)

Liabilities and Net Equity	31.12.2021	31.12.2020
Net Equity (Note 14):		
Equity attributable to holders of dominant company net equity instruments:		
Capital	166,671	166,671
Other reserves	1,087,127	1,038,157
Conversion differences	(180,555)	(228,689)
Equity adjustments through valuation	(540)	(16,360)
Result for year attributed to the Dominant Company	29,859	29,892
	1,102,562	989,671
Non-controlling holdings (Note 14)	104,193	91,892
Total net equity	1,206,755	1,081,563
Non-current liabilities:		
Provisions for risks and liabilities	223	154
Financial liabilities through issuance of bonds and other tradable securities (Note 15)	640,185	624,158
Bank borrowings (Note 15)	718,567	743,963
Derivative financial instruments (Note 15)	58,451	82,494
Lease liabilities (10)	25,789	25,974
Other non-current liabilities	21,613	16,806
Liabilities through deferred taxes (note 17)	265,238	240,016
Total non-current liabilities	1,730,066	1,733,565
Current liabilities:		
Financial liabilities through issuance of bonds and other tradable securities (Note 15)	57,733	24,118
Bank borrowings (Note 15)	44,314	27,487
Derivative financial instruments (Note 15)	13,915	17,167
Trade payables, associated and related companies	24,108	17,632
Trade and other accounts payable	21,753	31,816
Lease liabilities (10)	863	1,097
Current gains tax liabilities	6,168	5,467
Other current liabilities	23,431	43,824
Total current liabilities	192,285	168,608
Total net equity and liabilities	3,129,106	2,983,736

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

Consolidated Income Statement for the financial year
ended at 31 December 2021
(Thousands of euros)

	31.12.2021	31.12.2020
Ongoing operations:		
Net turnover (Note 19)	197,646	258,456
Other operating income	1,414	2,235
Supplies (Note 19)	(51,516)	(114,063)
Personnel expenses (Note 19)	(15,685)	(13,609)
Amortisations, impairment and allocations to provisions (Note 19)	(56,191)	(58,570)
Other operating expenses (Note 19)	(34,830)	(32,098)
Impairment and results through disposal of fixed assets	8,623	-
Result of entities consolidated within ordinary operations under the equity method (6 and 11)	5,516	7,213
Negative difference in business combinations (Note 6)		-
Operating income	54,977	49,564
Financial revenues (Note 19)	86,951	85,156
Financial costs (Note 19)	(77,796)	(71,168)
Exchange rate differences	(4,154)	(1,128)
Impairment and profit /(loss) from disposal of financial instruments	(63)	-
Profit before tax	59,915	62,424
Gains tax (Note 18)	(21,406)	(24,155)
Result for the financial year from ongoing operations	38,509	38,269
Profit/Loss for the financial year	38,509	38,269
Attributable to:		
Shareholders of the Dominant Company	29,859	29,892
Minority interests (Note 14)	8,650	8,377

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2021.

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

Consolidated Comprehensive Income Statement for the financial year
ended at 31 December 2021
(Thousands of euros)

	31.12.2021	31.12.2020
CONSOLIDATED RESULT OF THE INCOME STATEMENT	38,509	38,269
Other comprehensive result:		
Entries to be classified under income		
- Hedging of cash flows, net of taxation effect (Note 14)	15,820	(19,588)
- Conversion differences of financial statements of businesses abroad	32,897	(236,477)
- Stake in other comprehensive result of investments accounted for under the equity method	16,370	(25,144)
Other comprehensive result for the financial year, net of taxes	65,087	(281,209)
Comprehensive result attributable to:	103,596	(242,940)
a) Holders of dominant company equity instruments	93,813	(218,476)
b) Non-controlling holdings	9,783	(24,464)

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2021.

Consolidated Statement of Changes in Net Equity corresponding to the financial year ended at 31 December 2021
(Thousands of euros)

Thousands of euros	Capital	Share premium	Cumulative reserves	Equity adjustments through valuation	Conversion differences	Net result for the financial year	Non-controlling interests	Total equity
Balance at 31 December 2019	166,671	752,777	77,257	3,228	91	227,523	89,884	1,317,431
Adjustments for re-expression	-	-	(300)	-	-	(18,523)	27,571	8,748
Balance at 1 January 2020	166,671	752,777	76,957	3,228	91	209,000	117,455	1,326,179
Total recognised revenue and expenditure for FY 2020	-	-	-	(19,588)	(228,780)	29,892	(24,464)	(242,940)
Shareholder contributions (Note 14.e)	-	-	1,432	-	-	-	-	1,432
Distribution of result	-	-	-	-	-	-	-	-
To Reserves	-	-	209,000	-	-	(209,000)	-	-
Capital increase (Note 14.a)	-	-	-	-	-	-	4,311	4,311
Dividends (Note 14)	-	-	-	-	-	-	(5,964)	(5,964)
Variation in the consolidation scope	-	-	-	-	-	-	-	-
Other movements	-	-	(2,009)	-	-	-	554	(1,455)
Balance at 31 December 2020	166,671	752,777	285,380	(16,360)	(228,689)	29,892	91,892	1,081,563
Balance at 1 January 2021	166,671	752,777	285,380	(16,360)	(228,689)	29,892	91,892	1,081,563
Total recognised revenue and expenditure for FY 2021	-	-	-	15,820	48,134	29,859	9,783	103,596
Shareholder contributions (Note 14.e)	-	-	19,054	-	-	-	-	19,054
Distribution of result	-	-	-	-	-	-	-	-
To Reserves	-	-	29,892	-	-	(29,892)	-	-
Capital increase (Note 14.a)	-	-	-	-	-	-	5,029	5,029
Dividends (Note 14)	-	-	-	-	-	-	(2,511)	(2,511)
Variation in the consolidation scope	-	-	-	-	-	-	-	-
Other movements	-	-	24	-	-	-	-	24
Balance at 31 December 2021	166,671	752,777	334,350	(540)	(180,555)	29,859	104,193	1,206,755

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2021.

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

Consolidated Statement of Cash Flows for the financial year ended on 31 December 2021
(Thousands of euros)

	31.12.2021	31.12.2020
Cash flows from operating activities:		
Consolidated profit/(loss) for the year	38,509	38,269
Adjustments for		
Amortisations	56,191	58,570
Impairment and net result through disposal of tangible fixed assets and other intangible assets	(8,623)	-
Variation in provisions for risks and expenses and other provisions (Note 19)	69	(227)
Stake in profits/(losses) for the financial year from investments accounted for under the equity method (Note 11)	(5,516)	(7,213)
Impairment and net result through disposal of financial instruments and other fixed assets	63	-
Financial revenue (Note 19)	(86,951)	(85,156)
Financial costs (Note 19)	77,796	71,168
Exchange differences	4,154	1,128
Corporation tax	21,406	24,155
Resources from transactions	97,098	100,694
Variation in operating capital:		
Trade receivables and other accounts receivable	5,105	4,300
Inventory stock	82	161
Trade payables and other accounts payable	(11,560)	5,404
Variation in other current assets and liabilities	3,380	(9,505)
Gains tax paid	(6,329)	(8,224)
Net cash flows from/(used in) operating activities (I)	87,777	92,830
Cash flows through investment activities:		
Cash impact through business combinations (Note 6)	(9,077)	(4,298)
Payments for the acquisition of group and associate companies and jointly controlled entities (Note 11)	(38,039)	-
Payments for the acquisition of financial assets (Note 12)	(27,314)	(99,859)
Payments for the acquisition of tangible fixed assets (Note 9)	(6,352)	(29,857)
Payments for the acquisition of intangible assets (8)	(3,363)	(2,638)
Collections through disposal of tangible, intangible and non-current fixed assets (Note 9)	5,179	51
Collections from financial assets (Note 12)	5,324	2,249
Collection of dividends from associate companies (Note 11)	1,713	19,758
Collection of interest	69,619	61,088
Collections through disposals of group and associate companies and jointly controlled entities	7,032	-
Net cash flows from/(used in) investment activities (II)	4,722	(53,505)
Cash flows through financing activities:		
Cash flows through financial debt and other long-term debt (Note 15)	348,464	131,705
Interest paid	(70,182)	(71,092)
Repayment of financial debt and other long-term debt (Note 15)	(373,933)	(109,569)
Payments from lease liabilities (Note 10 a))	(2,751)	(4,150)
Dividends paid (Note 14)	(2,511)	(5,964)
Collections/payments derived from contributions/refunds of funds by non-controlling shareholders	5,029	4,311
Changes in cash through shareholder contributions	19,054	1,432
Net cash flows from financing activities (III)	(76,830)	(53,327)
Effect of variations in exchange rates on cash and cash equivalents	4,791	(24,409)
Net increase in cash and cash equivalents (I+II+III)	20,460	(38,411)
Cash and cash equivalents at start of period	120,307	158,718
Cash and cash equivalents at end of period	140,767	120,307

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2021.

CELEO CONCESIONES E INVERSIONES, S.L. and Dependent Companies

Consolidated explanatory notes

1. Nature, Activities and Composition of the Group

Celeo Concesiones e Inversiones, S.L. (hereinafter the Company or the Dominant Company) was incorporated on 27 April 2009 as a private limited liability company, for an indefinite duration. It has its registered office and tax domicile in Madrid, at the address Avenida General Perón 38.

The corporate purpose of the Company comprises the pursuit of the following activities, both nationwide and abroad:

- a) Subscription, acquisition, disposal, assignment, holding, management and administration of all types of shares, stock, bonds and securities representing the shareholder equity of all manner of entities and/or companies engaged in business activities, whether or not listed on the Stock Exchange, explicitly excluding the inherent activities of Collective Investment Undertakings.
- b) The ownership, operation and management of all manner of concessions, sub-concessions, public service management, authorisations and administrative licences for works, services and mixed licences of the State, autonomous regions, provinces, municipalities, autonomous bodies and entities, and in general any State or public authority abroad, or international bodies or institutions.
- c) Promotion, design, exploitation, management, administration, operation, maintenance, upkeep and supplementary services, and the contracting and subcontracting of the construction and execution of infrastructure, public, private and mixed works, production or transport installations for any class of energy and installations and services for the supply, purification, transformation and treatment of any class of water and waste.
- d) The acquisition, assignment, investment, holding and administration of fixed capital and production equipment, raw materials and energy, consumer goods, movable and immovable assets or rights in rem of any class and nature.
- e) The provision, both for companies in which it holds a stake and on behalf of third parties, of services comprising technical consultancy, economic and legal management, administration, research, financing studies, marketing, transfer of technology and other similar services connected with the administration of investee companies, their financial structure, or the activities listed in the above paragraph.

The Company holds stakes in dependent companies. As a result, the Company is the parent of a Corporate Group under the terms of current legislation. The dependent companies are essentially engaged in the various activities that comprise the corporate purpose indicated above, mainly the promotion, operation and management of transmission lines, and also the operation of solar thermal and photovoltaic energy generation facilities. The Group also has investments in associate entities, which are accounted for under the equity method.

Information regarding stakes in group and associate companies accounted for under the equity method and included within the consolidation of the Celeo Concesiones e Inversiones Group (hereinafter, the "Group") at 31 December 2021 and 2020 is presented in Annex I.

The dominant Company, the shareholders of which are detailed in Note 14, is jointly controlled by Elecnor, S.A. with a stake of 51% and Pasterze Investments Holding B.V. with a stake of 49%. The registered office and tax domicile of Elecnor, S.A. is in Madrid, at the address Calle Marqués de Mondéjar, 33. Pasterze Investments Holding B.V. (hereinafter, APG Group), a company validly incorporated and extant under the laws of the Netherlands, with its registered office and tax domicile at the address Oude Lindestraat, 70, Heerlen, Netherlands.

CELEO CONCESIONES E INVERSIONES, S.L. and Dependent Companies

Consolidated Explanatory Notes

2. Basis of presentation

- ***Basis for presentation and regulatory financial reporting network applicable to the Group***

The consolidated annual accounts have been formulated on the basis of the accounting records of Celeo Concesiones e Inversiones, S.L. and of the dependent entities. The consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and all other provisions of the applicable regulatory financial reporting framework, in order to present a true and fair view of the consolidated net equity and consolidated financial position of Celeo Concesiones e Inversiones, S.L. and dependent companies at 31 December 2021, and of the consolidated financial performance, consolidated cash flows and changes in consolidated net equity corresponding to the financial year ended at said date.

The Group formulated its consolidated annual accounts for the first time in 2019, adopting the IFRS-EU, and on said date applied IFRS 1 "First-time Adoption of International Financial Reporting Standards".

These consolidated annual accounts for the financial year ended at 31 December 2021 have been prepared by applying the latest version of all the applicable standards published by the IASB and adopted by the Regulation Commission of the European Union, the application of which is mandatory at 31 December 2021, as detailed in 3.

The Directors of the Dominant Company believe that the consolidated annual accounts for the 2021 financial year, which were formulated on 24 March 2022, will be approved by the General Shareholders' Meeting without any modification.

The consolidated annual accounts of the Celeo Concesiones e Inversiones Group corresponding to the financial year 2020 were approved by the General Shareholders' Meeting of Celeo Concesiones e Inversiones, S.L. held on 24 June 2021.

These consolidated annual accounts have been prepared on the basis of the going concern hypothesis, using the historical cost principle, except for business combinations and derivative financial instruments, which are valued at their fair value, and investments in associate companies, which are valued under the equity method.

- ***International Financial Reporting Standards (IFRS)***

Standards applied for the first time

The Group applied the following standards and interpretations for the first time for its consolidated annual accounts beginning on 1 January 2021:

- Modifications to IFRS 16 because of rent concessions derived from Covid-19 beyond 30 June 2016. The entity must apply the standard in its first IFRS financial statements for periods beginning on or later than 1 January 2021.
- Reform of IBOR – Phase 2 (modification to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These new standards did not constitute a change in the accounting policy of the Group. Furthermore, the Group did not adopt any standard in advance.

Standards, amendments and interpretations issued which have not yet taken effect

At the date of formulation of these consolidated annual accounts, those standards, amendments and interpretations issued which have not yet taken effect and that the Group expects to adopt from 1 January 2022 or subsequently are:

- Modifications to IAS 37 Provisions, contingent liabilities and contingent assets: provisions for onerous contracts.

CELEO CONCESIONES E INVERSIONES, S.L.

and Dependent Companies

Consolidated Explanatory Notes

- Reference to the conceptual framework of the IFRS in IFRS 3

The Group is in the process of analysing the standards, although it believes that the effect of application of the new standards, modifications or interpretations will not be significant for the Group's consolidated annual accounts when applied for the first time.

Standards, amendments and interpretations of existing standards not adopted by the European Union

At the date of formulation of these consolidated annual accounts, the IASB and the IFRS Interpretations Committee had published the standards, modifications and interpretations detailed below, which are pending adoption by the European Union:

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint businesses"
- IAS 1 (Amendment) "Classification of liabilities as current or non-current"
- IFRS 17 Insurance contracts: Replacing IFRS 4. This sets out the principles for registration, valuation, presentation and disclosure of insurance contracts in order for the entity to provide relevant and reliable information allowing users of the financial information to determine the effect that the contracts have on the financial statements.
- IAS 37 (Amendment) "Provisions, contingent liabilities and contingent assets: Provisions for contracts for payment".

The Group is in the process of analysing these standards, although given the Group's activities, the effect of application of the new standards, amendments or interpretations on the consolidated annual accounts once they are applied for the first time is not expected to prove significant for the Group.

c) Functional currency and currency of presentation

These consolidated annual accounts are presented in thousands of euros, this being the functional currency and currency of presentation of the Dominant Company.

d) Relevant accounting estimations and relevant hypotheses and judgments in the application of the accounting policies

The information contained in these consolidated annual accounts is the responsibility of the Board of Directors of the Dominant Company.

The preparation of the consolidated annual accounts in accordance with the IFRS-EU requires the application of relevant accounting estimations, and the generation of judgments, estimations and hypotheses in the process of applying the accounting policies of the Group. In this regard, a summary is set out below of the details of those aspects involving the greatest degree of judgment, complexity, or where the hypotheses or estimates are significant in preparing the annual accounts.

Significant book estimates and hypotheses

- Business combinations: determination of the fair values of stakes held prior to the combination of businesses and the determination of the fair values of assets and liabilities acquired (Note 6).
- The evaluation of possible impairment losses of certain assets with an indefinite useful life included within goodwill (Notes 7, 8).
- The ordinary revenues through the provision of services derived from concession contracts within the scope of IFRIC 12 "Service Concession Arrangements" are recognised by considering the degree of execution of service provision at the date of close, once the corresponding margin has been set. This requires a re-estimation each financial year of all costs to be incurred throughout the period of the concession (Note 12).

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- Impairment of financial assets: calculation on the basis of the expected loss (Notes 12 and 13).
- Recognition and valuation of provisions and contingencies: hypotheses to determine the likelihood of occurrence and the estimated amounts of outgoing resources (Note 16).
- Recognition and valuation of deferred tax assets: estimations and hypotheses used to evaluate the recoverability of tax credits (Note 17).

Although the estimates performed by the Directors of the Company were calculated in accordance with the best information available at 31 December 2021, it is possible that future events could force them to be modified in future financial years. The effect on the Consolidated Annual Accounts of any modifications which may arise out of adjustments to be made during future financial years would be recorded on a forward-looking basis.

Relevant judgments

The information as to judgments made in the application of the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements is included in the following notes:

- Consolidation: determination of control (6 and 3.b).
- Leases: classification of leases (Note 10).
- Held-for-sale non-current assets (Note 11).

e) Comparison of information

The information contained in these consolidated annual accounts for the financial year 2020 presents information for the financial year ended at 31 December 2021, purely and solely for comparative purposes.

f) Consolidation scope variations

The most significant variations occurring in the consolidation scope in the financial year 2021 were as follows:

- Constitución de Celeo Redes Perú S.A.C. and Puerto Maldonado Transmisora de Energía S.A.C. In April 2021 in Lima, Celeo Redes was awarded the projects "138 kV Puerto Maldonado-Iberia Transmission Line and 220/60kV Valle del Chira Substation". The start of commercial operations of the two projects is scheduled within 43 and 28 months respectively from the date of the award, and will represent a total approximate investment of 60 million dollars. The awarding of these projects represents Celeo's initial entry into a new country, placing it in an excellent position to strengthen its expansion in another of its main strategic markets.
- In May 2021 Celeo Redes Brasil completed the purchase from the Cobra Group of the 50% stake in the companies Brilhante Transmissora de Energia S.A. and Brilhante Transmissora de Energia II S.A. for a total acquisition price of 102 million reais. As a result of the operation, Celeo has acquired all the stock, taking control of these concessions, which have been in operation since 2010 and 2014, respectively. Note 6 describes the impacts of this business combination.
- Acquisition of the company Colbún Transmisión S.A. in September 2021, Transmisora Eléctrica de Quillota (TRANQUILLOTA) in December 2021, on the part of the newly created special purpose entity Alfa Desarrollo SpA, in which Celeo Redes SLU holds 20% and APG Energy and Infra Investments SL 80%.

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The most significant variations occurring within the consolidation scope in the financial year 2020 were as follows:

- On 16 April 2020, APG Energy & Infra Investments Chile SpA. acquired 50% of CRC Transmisión SpA by means of a capital increase of 44 million dollars, no longer exercising control over these businesses.
In summary, the main accounting impacts reflected in the consolidated financial statements for the 2020 financial year are as follows:
 - Deregistration of all assets and liabilities of the subgroup CRC Transmisión SpA on the date of loss of control for their book value, amounting to 40,529 thousand euros (net assets).
 - Recognition of the investment retained in the CRC Transmisión SpA subgroup at its fair value at the date of loss of control for an amount of 40,729 thousand euros, estimated in accordance with the valuation agreed with APG Energy & Infra Investments Chile SpA. for the transfer of this subgroup, which entails a contribution of 40,729 thousand euros by APG Energy & Infra Investments Chile SpA. to the capital stock of CRC Transmisión SpA, diluting the state of the Celeo Group to 50%. From the moment of the loss of control, the Celeo Concesiones e Inversiones Group reflects this stake as an investment in a joint venture, applying the provisions of IAS 28 Investments in Associates and Joint Ventures.
 - Accounting for all the aforementioned amounts recognised under other comprehensive result (conversion differences) on the consolidated income statement at the date of loss of control for an amount of 412 thousand euros of income.
 - Recognition of the resulting difference as a result for the financial year attributable to the Celeo Concesiones e Inversiones Group in the amount of 200 thousand euros, this amount being registered under the caption "Result from entities consolidated within ordinary operations under the equity method" in the attached consolidated income statement corresponding to the financial year 2020.
- On 29 April 2020 Celeo Redes Brasil, S.A. received a loan from APG Energy & Infra Investments 2012, S.L. with a value of 160 million BRL as an advance on the co-investment agreement for 50% of Celeo Redes Expansões, S.A. The company to which were transferred 100% of Parintins Amazonas Transmissora de Energia S.A., 66.6% of Jauru Transmissora de Energia S.A. and which will own 100% of Cachoeira Paulista Transmissora de Energia S.A., once the relevant approvals have been obtained. As a consequence, the Celeo Concesiones e Inversiones Group will not exercise control over these companies registered under the caption "Investments accounted for under the equity method" of the Group. At 31 December 2019, under the agreement already in place with APG since 2018 (Note 11), the companies Jauru Transmissora de Energia S.A. and Cachoeira Paulista Transmissora de Energia S.A. were already consolidated under this caption. The inclusion of Parintins Amazonas Transmissora de Energia S.A. within this arrangement entailed the loss of control of this company in 2020, and the main accounting impacts reflected in the consolidated financial statements for this financial year are as follows:
 - Deregistration of all assets and liabilities of Parintins Amazonas Transmissora de Energia S.A. at the date of loss of control for their book value, amounting to 3,252 thousand euros (net assets).
 - Recognition of the investment retained at Parintins Amazonas Transmissora de Energia S.A. for its fair value at the date of loss of control, amounting to 1,626 thousand euros. From the moment of the loss of control, the Celeo Concesiones e Inversiones Group reflects this stake as an investment in a joint venture, applying the provisions of IAS 28 Investments in Associates and Joint Ventures.
 - Recognition of non-current assets held for sale in the amount of 1,626 thousand euros at the same fair value as the investment.

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- Accounting for all the aforementioned amounts recognised under the other comprehensive result (conversion differences) on the consolidated income statement at the date of loss of control, for an amount of 861 thousand euros of expenditure.

The key hypotheses taken into account in the valuation of the stakes retained were as follows:

- The value was obtained by using the Equity Cash Flows discounting method, estimated in the respective functional currencies of the projects (US Dollar for the project in Chile and Brazilian Real for the projects in Brazil).
- The discount rates employed to convert the aforementioned cash flows to the present value corresponded to the respective costs of capital, estimated by means of the Capital Asset Pricing Model (CAPM), taking into account both the market circumstances at that time and the circumstances of the specific projects (7% for the project in Chile and 10% for the project in Brazil, approximately).
- The conversion into Euros of the present value obtained was performed by using the corresponding exchange rates at the date of closure of the operation (31 March 2020 for the CRC Transmisión subgroup on 30 April 2020 for Parintins Amazonas Transmissora de Energia S.A.).

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The book value of the assets and liabilities of the subgroup CRC Transmisión and Parintins Amazonas Transmissora de Energia S.A. at the date of loss of control is shown below (the reference date was taken as 31 March 2020 and 30 April 2020, respectively, as there were no significant variations with regard to the dates when the operations took place: 16 and 29 April 2020):

	Thousands of euros	
	CRC Transmisión Subgroup	Parintins Amazonas Transmissora de Energia S.A.
Assets		
Other intangible assets	3,010	-
Property, plant and equipment	101,854	-
Non-current financial assets	2,140	4,414
Assets through deferred taxes	879	-
Trade receivables and other accounts receivable	1,416	-
Trade receivables, related companies	46	-
Public authority receivables	5,433	40
Cash and other equivalent liquid assets	7,766	16
Other receivables	-	160
Non-current assets held for sale	20,011	-
Liabilities		
Financial liabilities through issuance of bonds and other long-term tradable securities	63,815	-
Long-term debts with Group companies	5,026	-
Deferred income tax liabilities	27	-
Financial liabilities through issuance of bonds and other short tradable securities	2,946	-
Trade payables, associated and related companies	29,351	312
Trade payables and other accounts payable	525	910
Public authority payables	336	156
Total net assets	40,529	3,252

The Celeo Concesiones e Inversiones Group does not consider these losses of control as an interrupted activity, since neither the subgroup CRC Transmisión nor Parintins Amazonas Transmissora de Energia S.A. corresponded to a segment of activity. Furthermore, the loss of control did not constitute the abandonment of any geographical area where the Group was present.

3. Accounting principles

a) *Dependent entities*

Dependent entities are understood as all those over which the Company exercises control, directly or indirectly through dependent entities. The Company controls a dependent entity if given its involvement therein it is exposed or entitled to variable yields and it has the capacity to influence said yields through the power which it exerts over it. The Company has this power if it holds substantial rights in force which give it the ability to direct significant activities. The Company is exposed or entitled to variable yields through its involvement in the dependent entity if the yields obtained by said involvement may vary depending on the economic evolution of the entity.

The revenue, expenses and cash flows of the dependent entities are included in the consolidated annual financial statements from the date of acquisition, namely the date when the Group obtains effective control thereof. Dependent companies are excluded from consolidation from the date on which control is lost.

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In the consolidation process, transactions and balances held with Group companies and profits or losses not realised have been offset in the consolidation process. Nonetheless, losses not realised have been considered as an indicator of impairment of the value of the assets transferred.

The accounting policies of the dependent entities have been adapted in accordance with the Group's accounting policies, for transactions and other events which are similar and occurred under similar circumstances.

The annual accounts or financial statements of the dependent entities employed in the process of consolidation refer to the same date of presentation and the same period as those of the Dominant Company itself.

The non-controlling stakes in the net assets of dependent companies are identified within the net equity separately from the net equity of the Dominant Company. Non-controlling stakes in the consolidated results for the financial year (and the consolidated comprehensive total result for the financial year) are likewise presented separately in the consolidated income statement.

Changes in the stake of a dependent company that do not give rise to a loss of control are accounted for as equity transactions, in other words any difference is recognised directly under equity.

In the reduction of the stake of a dependent entity that entails the loss of control over it, the Group recognises a result for the difference between the consideration received plus the fair value of any investment maintained at the entity, plus the book value of the non-controlling stakes and the book value of the consolidated net assets. The other comprehensive result corresponding to the dependent entity is transferred in full to results or reserves, depending on its nature. Consolidated net assets include goodwill, to the extent that the entity disposed of constitutes a business. If the entity disposed of constitutes a business which formed part of a cash-generating unit or a group of cash-generating units to which goodwill had been assigned, this is assigned to the part disposed of and the part maintained in accordance with the fair value and the recoverable value, respectively.

The fair value of the investment maintained constitutes the cost of acquisition for subsequent valuation purposes in accordance with its classification.

b) Business combinations

The Group applied the exception to the acquisition method allowed for in IFRS 1 "First-time adoption of the International Financial Reporting Standards", and as a result only business combinations performed from 1 January 2004 onwards, the date of transition of the Celeo Group to the IFRS-EU, were registered under the acquisition method. There were no acquisitions of entities performed prior to said date.

The Group applied IFRS 3 "Business combinations", revised in 2008, to transactions performed from 1 January 2010 onwards.

In business combinations, the Group applies the acquisition method.

The date of acquisition is the date when the Group obtains control over the business acquired.

The consideration given in the combination of businesses is determined on the date of acquisition in accordance with the sum total of the fair values of the assets handed over, the liabilities incurred or assumed, the net equity instruments issued and any contingent consideration dependent on future events or the fulfilment of certain conditions in exchange for control of the business acquired.

The consideration given excludes any disbursement that does not form part of the exchange for the business acquired. The costs related with the acquisition are recognised as an expense as they are incurred.

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The Group recognises the assets acquired and the liabilities assumed at the date of acquisition. The liabilities assumed include contingent liabilities to the extent that they would represent present obligations derived from past events, and their fair value can be reliably measured. The Group likewise recognises assets for compensation granted by the vendor at the same time, and following the same valuation criteria as the entry subject to the compensation from the business acquired, taking into account, where applicable, the risk of insolvency and any contractual limitation on the amount of compensation.

An exception to the application of this criterion applies to non-current assets or disposable groups of elements classified as being held for sale.

The existing surplus between the consideration given, plus the value assigned to non-controlling stakes and the net amount of the assets acquired and the liabilities assumed, is registered as goodwill. Where applicable, the shortfall, following evaluation of the amount of consideration given, the value assigned to the non-controlling stakes and the identification and evaluation of the net assets acquired, is recognised as a separate entry on the consolidated income statement.

If the business combination can only be determined provisionally, the identifiable net assets are initially registered for their provisional values, recognising the adjustments made during the valuation period as if they had been known at the date of acquisition, with any relevant re-expression of the comparative figures for the previous financial year. In any event, adjustments to provisional values only include information regarding facts and circumstances that existed at the date of acquisition, and that if they had been known, would have affected the amounts recognised at said date.

Following expiry of this period, adjustments to the initial valuation are made only in order to correct an error.

In business combinations conducted in stages, the existing surplus between the consideration given plus the value assigned to the non-controlling stakes plus the fair value of the prior stake in the business acquired and the net amount of the assets acquired in the liabilities assumed, is registered as goodwill. Where applicable, any shortfall after valuation of the amount of the consideration given, the value assigned to the non-controlling stakes, to the prior stake and the identification and valuation of the net assets acquired, is recognised under results. The Group recognises the difference between the fair value of the prior stake in the business acquired and the book value in the consolidated results or under the other comprehensive result. The Group likewise reclassifies amounts deferred under the other comprehensive result corresponding to the prior stake to reserves or results, as applicable.

If the Group does not hold a prior stake in the business acquired, the existing surplus between the value assigned to the non-controlling stakes and the net amount of the assets acquired and liabilities assumed is registered as goodwill. Where applicable, any shortfall, following valuation of the value assigned to the non-controlling stakes and the identification and evaluation of the net assets acquired, is recognised under results.

Loss of control

When the Group loses control over a dependent company, it deregisters the assets (including Goodwill) and liabilities of the dependent entity and the non-controlling stake for their book value at the date when control is lost, recognising the consideration received and the stake maintained in the company in question at the fair value at the date when control is lost, recognising the result derived from the difference. The other comprehensive result corresponding to the dependent company is transferred in full to results or to reserves, depending on its nature.

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Non-controlling interests

Non-controlling stakes at independent entities are registered at the date of acquisition for the percentage stake in the fair value of the identifiable net assets. Non-controlling stakes at independent entities acquired prior to the date of transition were recognised for the percentage stake in the net equity thereof at the date of initial consolidation.

Non-controlling stakes are presented under the consolidated net equity separately from the equity attributed to the shareholders of the Dominant Company. Non-controlling stakes in consolidated results for the financial year (and in the consolidated comprehensive total result for the financial year) are likewise presented separately on the consolidated income statement (consolidated comprehensive income statement).

The Group's stake and non-controlling stakes in the consolidated results for the financial year (the consolidated comprehensive total result for the financial year) and in the changes in the net equity of dependent entities, following consideration of adjustments and offsetting derived from consolidation, are determined on the basis of the stakes in ownership at the close of the financial year, without considering the possibility of exercising or converting potential voting rights, and following deduction of the effect of dividends, whether agreed or not, of preference shares with cumulative rights not classified under net equity accounts. However, the Group's stake and the non-controlling stakes are determined by considering the possibility of exercising potential voting rights and other derivative financial instruments which, in substance, currently grant access to economic profits associated with stakes in ownership, in other words the right to a stake in future dividends and changes in the value of the dependent entities.

The surplus from losses attributable to non-controlling stakes generated prior to 1 January 2010 not attributable to them because they exceed the amount of their stake in the equity of the dependent entity, is registered as a reduction in the net equity attributable to the shareholders of the Dominant Company, except in those cases where the non-controlling stakes have a binding obligation to assume part or all of the losses and they have the capacity to make the required additional investment. The profits obtained in subsequent financial years are assigned to the net equity attributable to the shareholders of the Dominant Company, until the amount of the losses absorbed in previous accounting periods corresponding to the non-controlling stakes is recovered.

From 1 January 2010 onwards, the results and each component of the other comprehensive result are assigned to the net equity attributable to the shareholders of the Dominant Company and the non-controlling stakes in proportion to their stake, even if this would imply a debit balance of non-controlling stakes. Agreements signed by the Group and the non-controlling stakes are recognised as a separate transaction.

c) Associate entities

Associate entities are deemed to be those over which the Company directly, or indirectly through its dependents, exerts significant influence. Significant influence is the power to intervene in financial policy and operating decisions at an entity, without constituting control or joint control over it. In the evaluation of the existence of significant influence, consideration is given to potentially exercisable voting rights or those which are convertible at the date of close of each financial year, likewise taking into consideration potential voting rights held by the Group or by another entity.

Investments in associate entities are registered under the equity method from the date when significant influence is exercised up to the date when the Company can no longer accredit the existence thereof. Nonetheless, if at the date of acquisition all or part of the investment complies with the conditions for classification as non-current assets or disposable groups of elements held for sale, this is registered at the fair value, less the costs of sale or disposal by some other means.

Investments in associate entities are initially recognised at their cost of acquisition, including in addition any costs directly attributable to the acquisition and any contingent asset or liability consideration dependent on future events or the fulfilment of certain conditions.

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The surplus between the cost of the investment and the percentage corresponding to the Group in the fair values of the identifiable net assets is registered as goodwill, included in the book value of the investment. Any shortfall, following valuation of the amounts corresponding to the cost of the investment in the identification and valuation of the net assets of the associate entity, is registered as income in determining the stake of the investor in the results of the associate entity for the financial year when the acquisition occurred.

If the investment is the result of a loss of control over a dependent company that did not comprise a business, the cost of the investment is the fair value, net of the offsetting of results derived from the loss of control.

The accounting policies of associate entities have been subject to homogenisation of timing and valuation on the same terms as with reference to dependent entities.

The Group's stake in the profits or losses of associate entities obtained from the date of acquisition is registered as an increase or reduction in the value of the investments, credited or charged to the entry "Stake in the result for the financial year from investments accounted for under the equity method" on the consolidated income statement. Likewise, the Group's stake in the "other comprehensive result" of associate entities obtained from the date of acquisition onwards is registered as an increase or reduction in the value of the investments in the associate entities, with recognition of the counterpart based on the nature thereof under "other comprehensive result" on the consolidated comprehensive income statement. Distributions of dividends are recorded as reductions in the value of the investments. To determine the Group's stake in the profits or losses, including the losses recognised through value impairment of associate entities, the income or expenditure derived from the acquisition method is considered.

The Group's stake in the profits or losses of associate entities and in changes in net equity is determined on the basis of the stake in ownership at the close of the financial year, without taking into consideration the possibility of exercising or converting potential voting rights. However, the Group's stake is determined by considering the possibility of exercising potential voting rights and other derivative financial instruments which, in substance, currently grant access to economic profits associated with stakes in ownership, in other words the right to a stake in future dividends and changes in the value of associate entities.

Losses in associate entities corresponding to the Group are limited to the value of the net investment, except in those cases where the Group has assumed legal or implicit obligations, or has made payments in the name of the associate entities. For the purposes of recognition of impairment losses at associate entities, consideration is given to the net investment, as the result of adding to the book value resulting from application of the equity method, that corresponding to any other entry which, in substance, forms part of the investment in the associate entities. Any surplus loss beyond the investment in equity instruments is applied to other entries in reverse order of priority in the settlement. The profits obtained subsequently by those associate entities where the recognition of losses was limited to the value of the investment are registered to the extent that they exceed the losses not previously recognised.

In this regard, if the part corresponding to the Group of the losses of an associate is equal to or greater than its stake in that associate, it will no longer recognise any part which might correspond to it in subsequent losses. To this extent, the stake in the associate will be equal to the book value of the investment calculated in accordance with the equity method, to which will be added the amount of any other long-term part which in substance forms part of the net investment of the Group in the associate.

Profits and losses not realised in transactions conducted between the Group and associate entities are recognised only to the extent that they correspond to the stakes of other unrelated investors. This criterion does not apply to the recognition of losses not realised that would represent evidence of a value impairment of the asset transferred. Nonetheless, the profits and losses derived from transactions between the Group and associate entities from net assets comprising a business are recognised in full.

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In the reduction of the stake of an associate entity that does not constitute the loss of significant influence or where the Group loses comprehensive control of a joint business and maintains significant influence, the Group recognises a result for the difference between the consideration received and the proportional part of the book value of the stake disposed of. The other comprehensive result corresponding to the proportional part of the associate entity disposed of is reclassified to results or reserves as if the associate had directly sold the assets or liabilities tied to it. If the transaction entails a loss, the Group checks the value impairment of the residual investment maintained.

Value impairment

Following application of the equity method, the Group evaluates if there is objective evidence of impairment of the net investment in the associate entity.

Calculation of the impairment is determined as the result of the comparison of the book value associated with the net investment in the associate entity against the recoverable value, the recoverable value to be understood as whichever is the greater of the value in use or the fair value less the costs of sale or disposal by some other means. In this regard, the value in use is calculated in accordance with the Group's stake in the present value of estimated cash flows from ordinary activities and any amounts that might result from the final disposal of the associate entity.

The recoverable amount of the investment in an associate is evaluated with regard to each associate entity, unless it does not constitute a cash-generating unit (CGU).

d) Transactions and balances in foreign currency

Transactions, balances and flows in foreign currency

Transactions in foreign currency are converted to the functional currency by applying the cash exchange rates between the functional currency and the foreign currency on the dates when the transactions are performed.

Monetary assets and liabilities denominated in foreign currency have been converted to euros by applying the rate in place at the close of the financial year, while non-monetary amounts valued at their historical cost are converted by applying the exchange rates applied on the date when the transaction occurred. Lastly, the conversion into euros of non-monetary assets valued at fair value has been performed by applying the exchange rate on the date when the asset in question was quantified.

Conversion of businesses abroad

The Group did not take advantage of the exemption provided for in IFRS 1 "First-time adoption of the IFRS" regarding cumulative conversion differences. The Group has therefore accounted for cumulative conversion differences in a retrospective manner at the date of transition to the IFRS (1 January 2018).

The conversion to euros of businesses abroad the functional currency of which is not that of a hyperinflationary country has been performed through application of the following criterion:

- Assets and liabilities, including goodwill and adjustments to net assets derived from the acquisition of the businesses, including comparative balances, are converted at the closing exchange rate on the date of each balance sheet;
- Income and expenses, including comparative balances, are converted to the exchange rate in force at the date of the transaction; and
- Exchange differences resulting from the application of the above criteria are recognised as conversion differences under the comprehensive result;

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This same criterion applies to the conversion of the financial statements of the companies accounted for under the equity method, recognising the conversion differences corresponding to the Group's stake in the other comprehensive results.

Conversion differences registered under the other comprehensive result are recognised under results as an adjustment to the result in the sale, following the criteria set out in the subsections concerning dependent and associate entities.

e) Interest costs

The Group recognises interest costs directly attributable to the acquisition, construction or production of qualified assets as an increase in their value. Qualified assets are those which require a substantial time period before they can be used or disposed of. To the extent that financing was specifically obtained for the qualified asset, the amount of interest to be capitalised is determined in accordance with the real costs incurred during the financial year, less the returns obtained on temporary investments made with such funds (Note 3.h).

The capitalisation of interest begins when the expenses related with the assets have been incurred, the interest has been incurred, and the necessary activities are being undertaken to prepare the assets or parts of them for their intended use or for sale, and ends once all or practically all of the activities required to prepare the assets or parts of assets for their intended use or sale have been completed. Nonetheless, capitalisation of interest is suspended during the interruption of the course of activities, if they cover a significant time period, unless the delay is necessary in order to make the asset functional or available for sale.

f) Held-for-sale non-current assets

Non-current assets or disposable groups of elements the book value of which will essentially be recovered through a sale transaction, rather than through continued use, are classified as non-current assets held for sale. To classify non-current assets or disposable groups of elements as being held for sale, they must be available for disposal, in their current condition, subject solely to usual and standard sale transaction terms, while it is furthermore necessary that the transaction be considered highly probable.

Non-current assets or disposable groups of elements classified as held for sale are not amortised, being valued at whichever is the lower of their book value and fair value less costs of sale or disposal by some other means.

At the date of acquisition, the Group classifies a non-current asset or disposable group of elements, including dependent entities, and all or part of the investment in associate entities or joint businesses acquired solely for the purpose of subsequent disposal or exchange as held for sale, if it expects that the planned transaction will take place during the following year and the sale complies with the requirements to be considered highly likely within a short time after the acquisition. At the moment of initial recognition of this type of asset, the initial valuation is determined on the basis of the value that would have been recognised if it had not been classified as available for sale and its fair value less costs of sale or disposal by some other means, whichever is the lower.

g) Intangible assets

Goodwill

Goodwill is determined by following the criteria set out in subsection concerning business combinations.

Goodwill is not amortised, but any impairment in its value is checked on an annual basis or prior to this in the event of any evidence of a potential loss in the value of the asset. For these purposes, the goodwill resulting from the combination of businesses is assigned to each of the cash-generating units (CGU) or groups of CGUs of the Group that are expected to benefit from synergies from the

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combination, applying the criteria referred to in subsection (j) for value impairment. Following initial recognition, goodwill is valued at its cost less cumulative value impairment losses.

Impairment losses connected with goodwill are not subject to subsequent reversal.

Other intangible assets

The goods comprising the intangible assets of the Group correspond to computer applications and electrical easements, and are presented on the consolidated statement of financial position for their cost value reduced by the amount of accumulative impairment losses and amortisations.

Electrical easement assets do not have a defined useful life and so are not subject to amortisation. The Group conducts tests of value impairment loss at least once per year, and whenever there are factors that would indicate a possible loss in the value of intangible assets with an indefinite useful life.

The Group reviews the residual value, useful life and the amortisation method for intangible assets at the close of each financial year. Modifications to the criteria initially established are recognised as a change in estimation.

Intangible assets are amortised on a straight-line basis over the course of their useful life.

Impairment of assets

The Group evaluates and determines the losses and reversals of value impairment losses of intangible assets in accordance with the criteria referred to in subsection (k).

h) Property, plant and equipment

Initial recognition

Tangible fixed assets are recognised at cost, less the cumulative amortisation and, where applicable, the cumulative value impairment loss.

The capitalised costs include financial expenses regarding the external finance accruing during the construction period for works with a construction period of more than one year.

As the Group has no obligation to meet significant costs for dismantling in connection with the closure of its facilities, the attached consolidated statement of financial position does not include any provision whatsoever in this regard.

The cost of the tangible fixed assets includes the estimation of dismantling or removal costs, and refurbishment of the site where they are located, wherever these constitute obligations incurred as a consequence of their use, and for purposes other than the production of inventory stock. In this regard, since the Celeo Group has no obligation to meet significant costs in connection with the closure of its facilities, the attached consolidated statement of financial position does not include any provision whatsoever in this regard.

Subsequent costs

Subsequent to initial recognition of the asset, costs are capitalised only if they are incurred to generate future economic profits that can be classified as likely, and the amount of the costs in question can be reliably valued. In this regard, the costs derived from the daily maintenance of material fixed assets are recorded in results as they occur.

Replacements of tangible fixed asset elements open to capitalisation entail a reduction in the book value of the elements replaced. In those cases where the cost of the elements replaced was not amortised separately or the book value thereof cannot feasibly be determined, the replacement cost is used to indicate the cost of the elements at the moment of their acquisition or construction.

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Amortisations

The amortisation of tangible fixed assets is performed on a systematic basis over their useful life.

Amortisation of tangible fixed asset elements is established by applying the criteria set out below:

	Estimated years of useful life
Buildings	33-50
Technical installations and machinery (*)	10-25
Apparatus and tools	3 -10
Furniture and fittings	3-10
Information processing equipment	3-5
Transport elements	2-10
Other fixed assets	3-10

(*) Including machinery and installations assigned to renewables projects.

The Group reviews the residual value, the useful life and the amortisation method for tangible fixed assets at the close of each financial year. Modifications to the criteria initially established are recognised as a change in estimation.

Impairment of assets

The Group evaluates and determines the losses and reversals of value impairment losses of tangible fixed assets in accordance with the criteria indicated in subsection (k).

The Dominant Company Directors believe that the book value of the assets is no higher than their recoverable value, the latter being calculated in accordance with the future cash flows generated by these assets (3.h).

i) Right of use assets and lease liabilities

At the date of the initial application of the IFRS-EU, for those leases in which the Group acts as lessee, the Group decided to measure the lease liability at the present value of the remaining lease payments under the contract, discounted using the incremental rate for the lessee at the date of transition to the IFRS-EU. Measurement of the right of use asset was performed for an amount equal to the value of the liability. At the date of transition, the Group analysed if a contract was or contained a lease.

(i) Identification of a lease

The Group evaluates at the start of a contract whether it contains a lease. A contract is or contains a lease if it grants the right to control usage of the identified asset for a time period in exchange for consideration. The time period during which the Group uses the asset includes consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when there is a modification to the contract.

(ii) Accounting records of the lessee

In those contracts that contain one or more lease and non-lease components, the Group considers all the components as one single lease component.

The Group has opted not to apply the accounting policies indicated below for short-term leases, and those where the underlying asset has a value of less than 5 thousand euros. At 31 December 2021 the right of use asset caption corresponds essentially to leases of properties and land where the photovoltaic and solar thermal generating facilities are located. For this type of contract, the Group recognises the payments on a straight-line basis over the duration of the lease.

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At the start of the lease the Group recognises a right of use asset and a lease liability.

The right of use asset comprises the amount of the lease liability, any lease payment made on or before the start date, less the incentives received, initial direct costs incurred, and an estimate of the dismantling or restoration costs to be incurred, as indicated in the accounting policy for provisions.

The Group values the lease liability as the present value of the lease payments pending at the start date. The Group discounts the lease payments at the appropriate incremental interest rate, unless it can reliably determine the implicit interest rate of the lessor. In this regard, for the initial measurement of the lease liability, the incremental interest rate was used, representing the interest rate that a lessee would need to pay to request a loan for a similar term, and with a similar guarantee, for the funds required to obtain an asset of a similar value to the right of use asset, in a similar economic environment. The Group uses different discount rates for each country and in accordance with the remaining lease periods, the discount rate applied being 4.95% for leases in Spain, between 4.96% and 5% for leases in Chile, and between 9.7% and 10.56% for leases in Brazil, depending on the duration of the contracts, which is where most of the leases are subject to this standard are located.

Pending lease payments comprise fixed payments, less any incentive to be collected, variable payments dependent on an index or rate, initially valued at the index or rate applicable on the start date, the amounts expected to be paid for residual value guarantees, the price of exercising the purchase option where it is reasonably certain that this will be exercised, and indemnification payments for the cancellation of the contract, wherever the lease duration indicates the exercise of a cancellation option.

The Group values right of use assets at cost, less the cumulative impairment losses and amortisations, adjusted for any re-estimation of the lease liability.

If the contract transfers ownership of the asset to the Group at the end of the lease period or the right of use asset includes the price of the purchase option, the amortisation criteria indicated in the subsection for tangible fixed assets are applied from the start date of the lease up to the end of the useful life of the asset. The Group otherwise amortises the right of use asset from the start date up to whichever is the earlier date of the useful life of the right or the end date of the lease.

The Group applies value impairment criteria for non-current assets as indicated in subsection (k) to the right of use asset.

The Group values the lease liability by increasing this by the financial expense accruing, reduced by the payments made, and re-estimating the book value on the basis of modifications to the lease, or to reflect updates to essentially fixed payments.

The Group registers re-estimations of the liability as an adjustment to the right of use asset, until it is reduced to zero, and subsequently under results.

The Group re-estimates the lease liability by discounting the lease payments at an updated rate if there is a change in the lease duration or a change in the expectation as to exercising the purchase option over the underlying asset.

The Group re-estimates the lease liability if there is a change in the estimated amounts payable as a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect changes in market rents once these have been revised.

j) Value impairment of non-financial assets subject to amortisation or depreciation

The Group follows the criterion of evaluating the existence of evidence that could indicate a potential value impairment of non-financial assets subject to amortisation or depreciation, in order to ascertain whether the book value of the aforementioned assets is greater than their recoverable value.

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Likewise, and irrespective of the existence of any evidence of value impairment, the Group checks at least each year the potential value impairment that could affect intangible assets with an indefinite useful life - electrical easements.

The recoverable amount is calculated for each individual asset, unless this cannot be estimated. In this case the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. In this regard, electrical easements do not generate cash flows independently, and so with a view to an analysis of their possible impairment, the flows from the CGU to which they belong will be used.

The recoverable value of the assets is whichever is the greater of their fair value less costs of sale and their value in use.

Calculation of the value in use of the asset is performed in accordance with the future cash flows expected to result from usage of the asset, expectations as to possible variations in the amount or timing distribution of the flows, the time value of money, the price to be paid to cover the uncertainty connected with the asset, and other factors that market participants would consider in the valuation of future cash flows connected with the asset.

In the event that the recoverable amount is less than the net book value of the asset, the corresponding impairment loss is recorded against the caption "Amortisations, impairment and allocations to provisions" of the attached consolidated income statement.

The Group evaluates at each closing date if there is any evidence that the loss from value impairment recorded in previous years does not exist any longer or that it has reduced. Value impairment losses corresponding to goodwill are not reversible. Losses from value impairment for the rest of the assets only revert if the estimations used to determine the asset recoverable value have changed.

k) Public authority concessions

The Group operates various assets under service concession contracts granted by different public bodies.

The Group analyses in accordance with the characteristics of the contracts whether they lie within the scope of IFRIC 12 "Service Concession Arrangements".

In the concession contracts lying within the scope of IFRIC 12, construction services and service provision are recognised in accordance with the accounting policy for ordinary income.

As a result, the fair value of the service provided will be similar to the fair value of the total consideration received less the cost of construction.

Since the Group provides various services on the basis of these contracts (construction, maintenance and operational services), the income is recognised in accordance with the fair values of each service provided.

The Group recognises the consideration received under construction contracts as a financial asset, only to the extent that there is an unconditional contractual right to receive cash or another financial asset, whether directly from the assigning party or from a third party.

In this regard:

- The transmission concessions in Brazil in which the Celeo Redes subgroup has a stake are governed by the corresponding Concession Contract signed by and between Concessionaria de Transmissao (the Concession Operator) and Agencia Nacional de Energia Elétrica (ANEEL).
- The Concession Contract governs the obligation on the part of the Concession Operator to construct certain infrastructure and to operate it for a period of 30 years. In consideration, the Concession Operator is granted the unconditional right to receive cash, through the setting of a

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fixed and quantified remuneration, the "Receita Anual Permitida" (RAP), which the concession operator will receive throughout the operational period of the infrastructure.

- The RAP is periodically updated in order to account for certain economic variables, mainly inflation.
- The responsibility of the Concession Operator is confined to maintaining the infrastructure available for use, and its remuneration is not affected by whether or not it is used.
- There is a penalty protocol applied by ANEEL for infrastructure unavailability events for reasons attributable to the Concession Operator, although these are limited to a maximum of 12.5% of the RAP in the last 12 months, in other words 87.5% of the RAP is always collected. These penalties have furthermore been minimal over recent financial years.

Maintenance and operation services

The Group accounts for income from maintenance and operation services under concession contracts as explained in subsection p.1.

l) Financial instruments

Recognition and classification of financial instruments

Financial instruments are classified at their initial recognition as a financial asset, a financial liability or an equity instrument, according to the economic basis of the contractual agreement and the definitions of financial asset, financial liability or equity instrument set out in IAS 32 "Financial instruments: Presentation".

Financial instruments are recognised when the Group becomes an obliged party under the contract or legal business in accordance with its provisions.

For the purposes of valuation, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value with changes in results, separating those initially designated from those held for trading or valued on a mandatory basis at fair value with changes in results, financial assets and liabilities valued at amortised cost, and financial assets valued at fair value with changes in other comprehensive result, separating equity instruments designated as such from other financial assets. The Group classifies financial assets other than those designated at fair value with changes in results and equity instruments designated at fair value with changes in other comprehensive result, in accordance with the business model and the characteristics of the contractual flows. The Group classifies financial liabilities as valued at amortised cost, except for those designated at fair value with changes in results and those held for trading.

The Group classifies a financial asset at amortised cost if it is maintained within the context of a business model the purpose of which is to maintain financial assets to obtain the contractual cash flows and the contractual conditions of the financial asset give rise to cash flows on specified dates which are solely payments of principal and interest on the principal pending (SPPI).

The Group classifies a financial asset at fair value with changes under the other comprehensive result if it is held within the context of a business model the purpose of which is achieved by obtaining contractual cash flows and selling financial assets and the contractual conditions of the financial asset give rise to cash flows on specified dates that are SPPI.

The business model is determined by the key personnel of the Group, and at a level that reflects the manner in which groups of financial assets are jointly managed to achieve a specific business objective. The Group's business model represents the way in which it manages its financial assets to generate cash flows.

Those financial assets that form a part of a business model the objective of which is to hold assets to receive contractual cash flows are managed to generate cash flows in the form of contractual collections over the lifespan of the instrument. The Group manages assets held in the portfolio to

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receive such specific contractual cash flows. To determine if the cash flows are obtained through the receipt of contractual cash flows from the financial assets, the Group considers the frequency, the value and the calendar of sales in previous financial years, the reasons for these sales, and the expectations with regard to future sales activity. Nonetheless, sales in themselves do not determine the business model, and cannot therefore be considered in isolation. Instead, it is information about past sales and about expectations of future sales which provides indicative data as to how the declared objective of the Group is achieved in terms of the management of financial assets, and more specifically the way in which cash flows are obtained. The Group considers information as to past sales within the context of the reasons for these sales and the conditions which existed at the time, in comparison with the current conditions. For these purposes the Group considers that trade receivables and other accounts receivable that will be assigned to third parties and will not lead to their deregistration are held under this business model.

Although the objective of the Group's business model is to hold financial assets to receive contractual cash flows, the Group does not necessarily hold all instruments until maturity for this purpose. The Group's business model is therefore to hold financial assets to receive contractual cash flows even if sales of such assets have occurred or are expected to occur in the future. The Group holds this requirement to be fulfilled provided that sales occur because of an increase in the credit risk of the financial assets. In all other cases, at the individual and aggregate level, the sales must be relatively insignificant even if they are frequent, or infrequent if they are significant.

Those contractual cash flows that are SPPI are consistent with a basic loan agreement. In a basic loan agreement, the most significant interest elements are generally the consideration for the time value of money and the credit risk. Nonetheless, in an agreement of this type, the interest also includes consideration for other risks, such as liquidity risk and costs, such as the administrative costs of a basic loan associated with holding the financial asset for a set period. Furthermore, the interest may include a profit margin that would be consistent with a basic loan agreement.

The Group designates a financial liability at the initial moment at fair value with changes under results, if doing so eliminates or significantly reduces any inconsistency in the valuation or in the recognition that would otherwise arise, if the valuation of the assets or liabilities or the recognition of their results take place on a different basis or a group of financial liabilities or of financial assets and financial liabilities is managed, and its return is evaluated, on the basis of the fair value, in accordance with a documented investment or risk management strategy, and information is provided internally with regard to the group on this same basis for the key management personnel of the Group.

The Group classifies other financial liabilities, except for financial guarantee contracts, commitments to grant a loan at a below-market interest rate and the financial liabilities resulting from a transfer of financial assets that do not fulfil the requirements for the registration in the accounts or that are accounted for using the continued involvement focus, as financial liabilities at amortised cost.

Category of financial instruments at fair value

An analysis is set out below of those financial instruments which at 31 December 2021 and 2020 were valued at fair value subsequent to their initial recognition, grouped into levels 1 to 3, depending on the fair value calculation system:

- Level 1: the fair value is obtained from direct observation of their listed price on active markets for identical assets and liabilities.
- Level 2: the fair value is determined by observation on the market for inputs other than the prices included in category 1, which are observable for assets and liabilities either directly (prices) or indirectly (e.g. obtained from the prices).
- Level 3: The fair value is determined by means of appraisal techniques including inputs for assets and liabilities not directly observed on the markets.

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	Fair value at 31 December 2021			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current liabilities				
Derivative financial instruments (Note 15)		58,451		58,451
Current liabilities				
Derivative financial instruments (Note 15)		13,915		13,915
		72,366		72,366

	Fair value at 31 December 2020			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current liabilities				
Derivative financial instruments (Note 15)	-	82,494	-	82,494
Current liabilities				
Derivative financial instruments (Note 15)	-	17,167	-	17,167
	-	99,661	-	99,661

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Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised for their fair value, plus or less the transaction costs incurred, and subsequently valued at their amortised cost, using the effective interest rate method.

Value impairment

The Group recognises in results a value correction for expected credit losses from financial assets valued at amortised cost, fair value with changes in other comprehensive result, accounts receivable from financial leases, assets from contracts, loan commitments and financial guarantees.

For financial assets valued at fair value with changes under other comprehensive result, the expected credit loss is recognised under the other comprehensive result, and does not reduce the fair value of the assets.

At each date of close the Group values the valuation correction as an amount equal to the expected credit losses over the next 12 months, for those financial assets for which the credit risk has not significantly increased since the date of initial recognition, or where it believes that the credit risk of a financial asset has no longer increased significantly.

When evaluating if there is a significant increase in credit risk, the Group considers all reasonable and demonstrable prospective information, specifically:

- Internal and external credit risk ratings;
- Actual or expected adverse changes in the business, financial or economic conditions that could cause a significant change in the capacity of the borrower to fulfil its obligations;
- Significant current or expected changes in the operating results of the borrower;
- Significant increases in the credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the guarantee supporting the obligation or in the quality of the guarantees or credit improvements of a third party;

Nonetheless, the Group recognises the expected credit loss during the entire lifespan of the interest for trade receivables or contractual assets.

Interest and dividends

The Group recognises interest under the effective interest rate method, which is the discount rate matching the book value of a financial instrument with the estimated cash flows over the expected lifespan of the instrument, based on its contractual conditions and without taking into consideration the expected credit losses, except for financial assets acquired or originated with losses incurred.

Dividend income from investments in equity instruments is recognised under results if the rights arise for the Group upon receipt, it is likely to receive the economic benefits, and the amount can be reliably estimated.

Deregistrations and modifications of financial liabilities

The Group deregisters a financial liability or a part thereof once it has fulfilled the obligation contained in the liability or is legally released from the main responsibility contained in the liability, either as a result of court proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to the initially recognised liabilities are recorded in the accounts as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions.

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The Group considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any commission paid, net of any commission received, and employing the original effective interest rate to perform the discounting, is less than 10% different from the present discounted value of the cash flows which still remain from the original financial liability.

If the exchange is registered as a cancellation of an original financial liability, the costs or commissions are recognised under results, forming part of the corresponding results. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference regarding the prior book value under results. Otherwise, costs or commissions adjust the book value of the financial liability and are amortised by means of the amortised cost method throughout the remaining lifespan of the modified liability.

The Group recognises the difference between the book value of the financial liability, or a part thereof, cancelled or assigned to a third party, and the consideration paid, including any asset assigned other than cash or the liability assumed under results.

Accounting for hedging operations

Derivative financial instruments are initially recognised by following the criteria set out above for financial assets and liabilities. Derivative financial instruments that do not comply with the hedge accounting criteria set out below are classified and valued as financial assets or liabilities at fair value with changes under results. Derivative financial instruments that comply with the hedge accounting criteria are initially recognised at their fair value, plus any transactional costs directly attributable to the contracting thereof, or, where applicable, less transactional costs directly attributable to the issuance thereof. Nonetheless, the transaction costs are subsequently recognised under results, to the extent that they do not form part of the effective variation in the hedge.

At the start of the hedge, the Group formally designates and documents the hedging relationship, and the objective and strategy that it assumes with regard thereto. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the risk hedged, and the manner in which the Group measures the efficacy of the hedge.

Accounting for hedging operations only applies if there is an economic relationship between the item hedged and the hedging instrument, the credit risk does not exert a dominant effect over the value changes resulting from this economic relationship, and the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the item hedged that the Group actually uses to hedge that amount of the item hedged. Nonetheless, this designation must not reflect an imbalance between the weightings of the item hedged and of the hedging instrument generating a lack of hedging effectiveness, irrespective of whether or not it is recognised or could give rise to an accounting result contrary to the purpose of the hedge accounting.

Likewise, in hedges of cash flows from planned transactions or a component thereof, the Company evaluates whether said transactions are highly likely, and whether they reveal exposure to variations in cash flows that could ultimately affect the results for the financial year.

The Group evaluates whether the relationship fulfils the requirements of prospective efficacy at the outset of the hedging relationship and also continuously. The Group evaluates efficacy at each accounting close or whenever there are significant changes that would affect the efficacy requirements.

The Group conducts a qualitative evaluation of efficacy whenever the fundamental conditions of the instrument and the item hedged coincide. Where the fundamental conditions do not fully coincide, the Group employs a hypothetical derivative with fundamental conditions equivalent to the item hedged to evaluate and measure ineffectiveness.

The Group only designates as hedged items those assets, liabilities, firm commitments and transactions expected to be highly likely. The item hedged may be an individual item or a group of items.

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Cash flow hedges

The Group recognises under other comprehensive result the losses or gains derived from the fair value valuation of the hedging instrument corresponding to the part identified as an ineffective hedge.

The part of the hedge deemed ineffective, and the specific component of the loss or gain or cash flows connected with the hedging instrument, excluded from the appraisal of efficacy of the hedge, are recognised as a credit or charge against financial expense or income accounts.

In planned transaction hedges that give rise to the recognition of a financial asset or liability, the associated losses or gains that have been recognised under the other comprehensive result are reclassified to results in the same financial year or years during which the asset acquired or liabilities assumed affect the result, and under the same entry on the consolidated income statement.

Interruption of hedge accounting

If the hedging relationship no longer fulfils the effectiveness requirements connected with the hedging ratio, but the risk management objective remains the same for this relationship, the Group adjusts the hedging ratio in order to continue fulfilling the hedging relationship criteria (rebalancing). Rebalancing refers to adjustments made to the designated quantities of the item hedged or of the hedging instrument in an existing relationship in order to maintain a hedging ratio that fulfils the hedging effectiveness requirements. The Group accounts for the rebalancing as a continuation of the hedging relationship. On the date of rebalancing, the Group determines the lack of effectiveness of the relationship and recognises any ineffectiveness under results.

The Group interrupts the hedging relationship prospectively only when all or part of the hedging relationship no longer fulfils the qualified requirements. This includes situations in which the hedging instrument expires or is sold, ended or exercised. For these purposes, the replacement or renewal of a hedging instrument is not an expiry or ending, provided that the operation is consistent with the documented risk management objective of the Group.

In cash flow hedges, the cumulative amount under the other comprehensive result is not recognised under results until the planned transaction takes place. Notwithstanding the above, the cumulative amounts under the other comprehensive results are reclassified as financial income or expenses at the moment when the Group no longer expects the planned transaction to take place.

m) Inventory stock

This caption of the consolidated statement of financial position records the assets that the Group expects to consume over the course of production or in the provision of services.

Inventory stock is valued at whichever is the lower of the cost and the net realisable value. The cost includes all expenses derived from acquisition and transformation, including those incurred in order to achieve the current condition and location of the stock.

If inventory stock comprises products that are not normally interchangeable, the cost is established in a specific manner, while for all others the mean weighted cost method is used.

The net realisable value is the estimated price of sale less the estimated costs to complete production and those required in order to perform the sale.

n) Cash and other equivalent liquid assets

Cash and cash equivalents include cash on hand and demand deposits at banks and credit institutions. This item also covers other highly liquid short-term investments provided that they can easily be converted into specific sums of cash and are subject to insignificant exchange rate risk. For these purposes investments maturing less than three months from the date of acquisition are included.

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The Group classifies cash flows corresponding to interest received and paid and dividends received and paid as financing and investment activities.

o) Provisions

The Group policy is to allocate provisions for the estimated amount required in order properly to meet liabilities, whether legal or implicit, probable or certain, derived from contingencies, litigation in progress or obligations, arising as a result of past events wherever it is likely that this would entail outgoing resources for the Group, and where it is possible to make a reasonable estimate of the corresponding amount. This provision is allocated upon emergence of the liability or obligation, charged to the corresponding caption of the consolidated income statement in accordance with the nature of the obligation, at the present value of the provision when the effect of discounting the obligation materialises.

The amounts recognised on the consolidated statement of financial position correspond to the best estimate at the date of close of the disbursements required to cancel the present obligation, following consideration of the risks and uncertainties connected with the provision.

Provisions are reversed against results when it is unlikely that there will be outgoing resources required to settle the obligation. The reversal is performed against the item in the results where the corresponding expense was registered, and the surplus, where applicable, is recognised under the entry for "other income".

Meanwhile, contingent liabilities are not recognised to the extent that they correspond to possible obligations (they depend on the occurrence or otherwise of uncertain future events) or to present obligations that do not fulfil the provision recognition (because it is not likely, or the amount cannot be reliably measured).

p) Revenue recognition

Income through sales and services provided is recognised for the market value of the goods or rights received as consideration for the goods and services provided, as applicable, in the course of the normal business operations of Group companies, net of applicable discounts and taxes.

p.1 Services provided

Ordinary income derived from the provision of services is recognised by considering the degree of execution of service provision at the date of close if the result of the transaction can be reliably estimated. This circumstance occurs when the amount of the income; the degree of execution; the costs already incurred and those pending can be reliably valued, and it is likely that the economic benefits derived from provision of the service will be received.

p.2 Interest and dividends

Interest is recognised under the effective interest rate method, which is the discount rate matching the book value of a financial instrument with the estimated cash flows over the course of the expected lifespan of the instrument, on the basis of the contractual conditions and without considering future credit risk losses.

Dividend income from investments in equity instruments is recognised under the results if rights for the Group to receive this have arisen.

q) Gains tax

The expenditure or income from gains tax comprises both current and deferred tax.

Current tax is the amount payable or recoverable under gains tax with regard to the consolidated tax gain or loss for the financial year. Current gains tax assets or liabilities valued for the amount

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expected to be paid or recovered from the tax authorities, using the regulations and taxation rates that have been approved or are about to be approved at the date of close.

Liabilities through deferred tax are the sums payable in the future as corporation tax in connection with temporary taxation differences, while deferred tax assets are sums recoverable with regard to corporation tax as a result of the existence of temporary deductible differences, negative taxable bases subject to offsetting or deductions pending application. For these purposes a temporary difference is understood as the difference existing between the book value of the assets and liabilities and their taxable base.

Current or deferred corporate income tax is recognised under results, unless it arises from a transaction or economic event recognised in the same or a different financial year against net equity or a business combination.

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

- where they arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a combination of businesses and at the date of the transaction did not affect either the book result or the taxable base sum;
- they correspond to differences connected with investments in dependent, associate companies and joint businesses over which the Group has the power of control at the point of reversion and it is not probable that any foreseeable future reversion will take place.

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is likely that there will be sufficient future taxable gains to offset them, or the tax legislation allows for the possibility of future conversion of deferred tax assets into a credit that may be enforced against the Public Authority. However, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the date of the transaction, do not affect either the book result or the taxable base, are not recognised;
- they correspond to temporary differences associated with investments in dependent, associate companies and joint businesses to the extent that the temporary differences will revert in the foreseeable future and future positive taxable gains are expected to be generated to offset the differences.

It is, however, considered likely that the Group has sufficient tax gains to recover deferred tax assets, provided there are taxable temporary differences of a sufficient amount, related to the same tax authority and related to the same taxpayer, reversal of which is expected in the same fiscal year in which a reversal in deductible temporary differences is expected or in years in which a tax loss, arising from a deductible temporary difference, may be offset against prior or subsequent gains.

In order to determine future taxable gains, the Group considers tax planning opportunities, provided that it intends or is likely to adopt them.

Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities are valued at the tax rates which will apply in the financial years when the assets are expected to be realised or the liabilities paid, based on the regulations and rates in force or approved and pending publication and following consideration of the tax consequences which will be derived from the manner in which the Group expects to recover the assets or settle the liabilities. For these purposes, the Group has considered the deduction due to the reversal of temporary measures implemented in transitional provision thirty-seven of Corporation Tax Act 27/2014 of 27 November, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations applied in 2013 and 2014.

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The Group reviews the book value of deferred tax assets at the date of close of the financial year, in order to reduce this value to the extent that it is unlikely there will be sufficient positive future taxable bases to offset them.

Deferred tax assets that do not fulfil the above conditions are not recognised on the consolidated statement of financial position. The Group reconsiders at the close of the financial year whether the conditions to recognise deferred tax assets that were previously recognised are still fulfilled.

Tax uncertainties

If the Group determines that the Tax Authority is unlikely to accept an uncertain tax treatment or group of uncertain tax treatments, it considers this uncertainty in determining the taxable base, tax bases, negative taxable base credits, deductions or taxation rates. The Group determines the effect of the uncertainty on the corporation tax return under the expected amount method, if the range of possible outcomes varies greatly, or the most likely outcome method, in the case of a binary outcome or one concentrated on one of value. In those cases where the tax asset or liability calculated under these criteria is greater than the amount presented in self-assessed tax returns, it is presented as current or non-current on the consolidated statement of financial position in accordance with the expected date of recovery or settlement, taking into account, where applicable, the amount of the corresponding late-payment interest on the liability, as this accrues on the income statement. The Group registers changes in facts and circumstances regarding tax uncertainties as a change in estimation.

The Group recognises and presents penalties in accordance with the accounting policy indicated for provisions.

Classification

Deferred tax assets and liabilities are recognised on the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

r) Consolidated statement of cash flows

In the cash flow statement, drawn up in accordance with the indirect method, the following expressions are used with the following meanings:

- Cash flows. Incoming and outgoing cash and cash equivalents, the latter being understood as short-term high-liquidity investments with no significant risk of changes in their value.
- Operating activities. Typical activities of the entities that make up the Group, and other activities that cannot be classified as investment or financing.
- Investment activities. Investment activities are those relating to the acquisition, transfer or disposal by other means of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends collected as investment activities.
- Financing activities. Financing activities are those activities generating changes in the size and composition of the consolidated net equity and the liabilities not forming part of operating activities.

The cash flows corresponding to operating activities correspond to the ordinary activity of the Group.

The net cash flows from investment activity are essentially the result of new investments in dependent companies, other intangible assets, tangible fixed assets, rights of use and concessions (see Notes 6, 8, 9, 10 and 12).

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In addition, net cash flows from financing activities correspond in the main to the amortisation of financial liabilities in accordance with the contractual calendar and the refund of the share premium (see Notes 14 and 15).

s) *Segment reporting*

An operational segment is a component of the Group that undertakes business activities in which it may obtain ordinary income and incur expenses, where the operating results are regularly reviewed by the highest authority for operational decision-making at the Group, to decide as to the resources that should be assigned to the segment, evaluate its performance, and with regard to which separate financial information is available. The segments defined by the Group are detailed in 25.

t) *Environment*

The Group undertakes operations the main aim of which is to predict, reduce or rectify any damage which it could cause to the environment as a result of its activities.

The expenses derived from environmental activities are recognised as "Other operating expenses" in the financial year in which they are incurred.

Tangible fixed asset elements acquired for the purpose of lasting use in operations, and the main function of which is the minimisation of environmental impact and protection and improvement of the environment, including the reduction or elimination of future pollution caused by Group operations, are recognised as assets by application of valuation criteria, presentation and disclosure consistent with those set out in subsection (h).

4. Financial risk management policy

The Group is exposed to certain financial risks that it manages by grouping systems for the identification, measurement, limitation of concentration and supervision. The management and limitation of financial risks is performed in coordination by Corporate Management and the different Business Units and Subsidiaries that make up the Group. Operations connected with financial risk management are approved at the highest decision-making level, in accordance with the established standards, policies and procedures.

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Exchange rate risk

Market risk as a result of exchange rate risk is the consequence of the operations that the Group performs on international markets in the course of its business. Part of the income and procurement costs are denominated in currencies other than the functional currency of each country where the dependent companies operate. As a result, there could be a risk that fluctuations in the exchange rates of these currencies against their functional currency could affect the Group's results.

To manage and minimise this risk, the Group uses hedging strategies, since the objective is to generate results only for the performance of the ordinary activities that it performs, and not by speculating on exchange rate fluctuations. The instruments used to achieve such hedging are essentially debts referenced to the currency in which contract payments are collected.

At 31 December 2021 the most significant balances of the Group in foreign currency correspond to the debt in UF maintained by the Chilean subsidiaries, the functional currency of which is the US dollar (see Note 14).

Interest rate risk:

Variations in interest rates modify the fair value of those assets and liabilities accruing a fixed interest rate, and future flows from assets and liabilities referenced to a variable interest rate. The Group actively manages its exposure to interest rate risk, to mitigate its exposure to the variation in interest rates derived from debt taken on at variable interest rates, using hedging instruments where appropriate to minimise the financial interest risk, or by referencing borrowing to the same adjustment indices as applied to the income from the project financed. The hedging instruments, which are assigned specifically to financial debt, have as a maximum the same nominal amounts, and are essentially interest rate swaps (IRS), the purpose of which is to achieve a fixed interest cost for finance originally arranged at variable interest rates. In any event, interest rate hedges are arranged with an accounting efficiency criterion.

In addition, it should be pointed out that, as may be seen in Note 15, the Group has bonds issued on the capital market at a fixed interest rate in the financial years 2021 and 2020, corresponding to the companies of the subgroup Celeo Redes and Celeo Fotovoltaico.

Liquidity risk

Liquidity risk is mitigated by means of the policy of holding cash and highly liquid and non-speculative short-term instruments, through first-tier credit institutions, in order to fulfil future commitments, along with the arrangement of credit facilities of a sufficient limit and term to address expected needs.

Note 15 provides a disclosure of the maturities of financial liabilities.

Meanwhile, in terms of transmission lines, specifically those providing their services in Brazil under the concession regime, the national system operator, Operador Nacional do Sistema Eléctrico (ONS), is responsible for coordinating system collections and payments, and informs the Concession Operator each month of the companies that are required to pay it: generators, major consumers and distributors connected to the system. Before these companies connect to the system, they lodge surety which will be enforced in the event of non-payment, and are immediately disconnected from the system, at which point the payment obligation is distributed among all other system users. The concession operator thus has a guarantee of collection under the national electricity system. In this regard, during the years that the Group has been operating these lines, no non-payment on the part of its users has occurred.

With regard to the transmission lines in Chile, they belong to the national transmission system (formerly known as the trunk system), with responsibility for coordinating the flow of payments to the transmission companies lying with the coordination entity Coordinador Eléctrico Nacional (CEN). Up until December 2018 the applicable regime was that the generating companies were those responsible for making payment to the transmission companies. From 2019 onwards, distribution companies are added to those responsible for making the payments, and so from this date onwards there is a more diverse portfolio of payers. The collection guarantee under the national transmission system is based on a CEN Procedure which establishes that in the event of possible non-payment by a coordinated party (the company subject

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to coordination by the CEN), the party in breach is disconnected from the system, with the payment obligation being divided among the other coordinated companies.

In Chile we are also involved in dedicated transmission lines where commitments are in place with counterparties of proven solvency, that in the main hold an Investment Grade rating. In such cases the remuneration we receive is governed by each of the long-term contracts we have signed with the companies using our infrastructure, either for the output of the energy generated, or otherwise to guarantee their supply of electricity.

As for our substations and transmission lines in Peru, the expectation is that they will begin operations from late 2023 onwards. These concessions correspond to the SCT (Supplementary Transmission System) which handles demand from certain tariff zones governed by the OSINERGMIN (Energy and Mining Investment Supervision Body) The billing process is coordinated by the COES (National Interconnected System Economic Operations Committee), which determines the tariffs that each generator or reseller in the zone must pay us.

Credit risk

The main Credit Risk is attributable to accounts receivable through trade operations, to the extent that a counterparty or client might not meet its contractual obligations. To mitigate this risk, operations are performed with clients that have an appropriate credit record, while furthermore, given the activity and sectors in which it operates, the Group has clients with a high credit rating. In addition, a financial solvency analysis of the client is conducted, and specific conditions are included in the contract intended to guarantee collection of the price.

In the case of renewables projects in Spain, under the terms of the regulatory electricity framework in force, the electricity generated is sold on the Iberian Electricity Market (MIBEL), collecting income from the market operator (OMIE) with a payment guarantee system, and the National Markets and Competition Commission (CNMC), the regulatory body for energy markets in Spain, dependent on the Ministry of Industry.

The Group always aims to further heighten the measures it has been taking to mitigate this risk, and conducts periodic analyses of its exposure to credit risk, conducting the corresponding impairment valuation corrections. At 31 December 2021 and 2020 there were no overdue accounts receivable nor impaired balances (see Note 13.a).

Regulatory risk

As for Regulatory Risk, and in particular with regard to renewable energies, the Group conducts detailed monitoring in order properly to reflect any impact on the consolidated income statement.

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5. Distribution of Results

The proposal for the distribution of the Dominant Company's results for the financial year ended at 31 December 2021 to be presented before the General Shareholders' Meeting is as follows:

	Euros
Basis of distribution	
Loss for financial year	(294,748.23)
Distribution	
Legal reserve	
Losses from previous years	(294,748.23)
	(294,748.23)

The application of the result of the Dominant Company for the financial year ended at 31 December 2020, approved by the General Shareholders' Meeting on 25 March 2021, comprised:

	Euros
Basis of distribution	
Profit for the year	785,071.54
Distribution	
Legal reserve	78,507.15
Compensation for losses from previous financial years	706,564.39
	785,071.54

At 31 December 2021 the non-distributable reserves amounted to a figure of 4,798,775 euros (4,720,268 euros in 2020), corresponding in their entirety to the legal reserve.

6. Business combinations

In May 2021, Celeo Redes Brasil completed the purchase from the Cobra Group of the 50% stake in the concessions Brilhante Transmissora de Energia (BTE) and Brilhante Transmissora de Energia II (BTE II), for a total acquisition price of 102 million BRL. Through this operation Celeo acquires the entirety of these concessions, which have been in operation since 2010 and 2014, respectively.

The business acquired generated ordinary income and consolidated results for the Group during the period between the date of acquisition and the close of the financial year amounting to 1,524 thousand euros and 2,356 thousand euros of losses, respectively.

If the acquisition had occurred on 1 January 2021, the ordinary income of the Group and the consolidated result for the financial year ended at 31 December 2021 would have been 1,080 thousand euros and 1,004 thousand euros higher, respectively.

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The detail of the consideration given, of the fair value of the net assets acquired, and the excess net assets acquired over the cost of the combination is as follows:

	Thousands of euros	
	BTE	BTE II.
Consideration given		
Cash paid	11,853	4,170
Total consideration given	11,853	4,170
Fair value of the prior investment in the business	17,237	4,545
Fair value of net assets acquired	34,473	9,090
Surplus net assets acquired over cost of acquisition	5,384	375

The surplus amount of net assets acquired beyond the cost of acquisition, totalling 5,759 thousand euros, was recognised under the entry "Result of integrated entities from ordinary operations under the equity method" on the consolidated income statement for the 2021 financial year hereto attached.

The valuation at fair value of the 50% non-dominant stake previously held in the businesses acquired (BTE and BTE II, respectively), amounting to 21,782 thousand euros, led to recognition of an additional result for a total amount of 2,484 thousand euros, recognised under the entry "Result of integrated entities from ordinary operations under the equity method" on the consolidated income statement for the 2021 financial year.

In addition, the transfer to the income statement of the conversion differences that the Group held in the net equity at the date of assumption of control, associated with the stakes in these companies, meant recognition of a negative result totalling 5,839 thousand euros, recognised under the entry "Result of entities consolidated within ordinary operations under the equity method" on the consolidated income statement for the 2021 financial year.

The fair value of the main assets acquired and liabilities assumed is shown below:

	Thousands of euros	
	BTE	BTE II.
Assets		
Non-current financial assets	61,045	8,673
Current assets	1,425	91
Cash and other equivalent liquid assets	6,043	903
Liabilities		
Financial liability through issuance of bonds and other securities	28,506	-
Deferred tax liabilities	3,243	528
Other liabilities	2,291	49
Total net assets	34,473	9,090
Amount paid in cash	11,853	4,170
Cash and other equivalent liquid assets of the acquired party	6,043	903
Effect on cash through the acquisition	(5,810)	(3,267)

During this financial year the purchase price corresponding to the acquisition was provisionally assigned in accordance with the principles of IFRS 3 *Business Combinations*, leaving the assets and liabilities acquired at fair value.

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7. Goodwill

The disclosure of the balance under the caption "Intangible assets - Goodwill" on the consolidated statements of financial position for the 2021 and 2020 financial years, in accordance with the companies giving rise to them, and the movement over the course of these financial years, is as follows:

2021 Financial Year

	Thousands of euros					
	Balance at 31.12.2020	Registration	Impairment	Deregistration	Other	Balance at 31.12.2021
Companies consolidated by full consolidation:						
Other businesses						
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	-	1,125
	1,125	-	-	-	-	1,125

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	Thousands of euros					
	Balance at 31.12.2019	Registration	Impairment	Deregistration	Other	Balance at 31.12.2020
Companies consolidated by full consolidation:						
Other businesses						
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	-	1,125
	1,125	-	-	-	-	1,125

As indicated in Note 3.g, the Group evaluates the impairment of its goodwill each year.

The cash-generating unit considered for the purposes of the corresponding goodwill impairment test included in the above table is identified with the actual company to which it was assigned.

The recoverable amount is whichever is the greater of the market value reduced by the costs of sale, and the value in use, understood as the present value of estimated future cash flows approved by Management and considered to be reasonable. To calculate the value in use, the hypotheses which are used include discount rates, growth rates and expected changes in prices of sale and costs. The Dominant Company Directors estimate the discount rates that reflect the time value of money and the risks associated with the cash-generating unit.

Likewise, the sensitivity analyses performed by Management, which include variations in accordance with deviations occurring in the main estimations for the previous financial year, also reveal no impairment.

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8. Other intangible assets

The movement occurring under this chapter of the consolidated statement of financial position in the financial years 2021 and 2020 was as follows:

	Thousands of euros			
	Computer applications	Electrical easement	Permits and licences	Total
COST:				
Balance at 31 December 2020	936	67,061	497,875	565,872
Additions	54	3,309	-	3,363
Withdrawals	-	(132)	-	(132)
Conversion differences	33	5,521	40,351	45,905
Balance at 31 December 2021	1,023	75,759	538,226	615,008
CUMULATIVE AMORTISATION:				
Balance at 31 December 2020	(270)	-	(10,924)	(11,194)
Provisions (Note 19)	(232)	-	(10,418)	(10,650)
Conversion differences	(20)	-	(1,338)	(1,358)
Balance at 31 December 2021	(522)	-	(22,680)	(23,202)

Net cost at 31 December 2020	666	67,061	486,952	554,678
Net cost at 31 December 2021	501	75,759	515,546	591,806

	Thousands of euros			
	Computer applications	Electrical easement	Permits and licences	Total
COST:				
Balance at 31 December 2019	1,094	75,103	732,933	809,130
Variation in the consolidation scope (Note 2.f.)	-	(2,930)	(183,248)	(186,178)
Additions	257	1,600	-	1,857
Withdrawals	(36)	-	-	(36)
Conversion differences	(379)	(6,712)	(51,810)	(58,901)
Balance at 31 December 2020	936	67,061	497,875	565,872
CUMULATIVE AMORTISATION:				
Balance at 31 December 2019	(22)	-	-	(22)
Provisions (Note 19)	(248)	-	(11,495)	(11,743)
Conversion differences	-	-	549	549
Balance at 31 December 2020	(270)	-	(10,924)	(11,194)

Net cost at 31 December 2019	1,072	75,103	732,933	809,108
Net cost at 31 December 2020	666	67,061	486,952	554,678

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The chapter "Electrical easement" corresponds essentially to the perpetual easement for the electrical energy transmission lines in Chile and Peru, which have an indefinite useful life, and they are therefore not subject to the process of amortisation, but do undergo an annual impairment evaluation. These evaluations serve to conclude that there is no risk of impairment, since when subjected to very extensive sensitivity analyses, no type of impairment arises. Registrations for 2021 financial year correspond essentially to the "138kV Puerto Maldonado-Iberia Transmission Line and 220/60kV Valle del Chira Substation" awarded in April 2021 in Lima, Peru (2.f).

The chapter "Computer Applications" at 31 December 2021 and 2020, corresponds to the database management systems licences used by the Group.

At 31 December 2021 and 2020 the Group maintains computer applications of the Dominant Company in use, amounting to 13 thousand euros, which are fully amortised.

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9. Tangible fixed assets

The movement occurring under this chapter of the consolidated statement of financial position in the financial year 2021 and 2020 was as follows:

	Thousands of euros							
	Land	Buildings, Technical Installations and Machinery	Furniture and Fittings	Information Processing Equipment	Transport Elements	Other Fixed Assets	Fixed Assets in Progress	Total
COST:								
Balance at 31 December 2020	214	1,112,919	981	271	83	331	47	1,114,846
Variation in the consolidation scope (Note 2.f)	-	102	-	-	-	-	-	102
Additions	-	6,035	55	107	-	-	383	6,250
Withdrawals	-	(7,700)	(17)	-	-	-	-	(7,717)
Transfers	-	(4,603)	-	-	-	-	-	(4,603)
Conversion differences	14	28,759	8	35	14	2	2	28,834
Balance at 31 December 2021	228	1,135,185	1,024	413	97	333	432	1,137,712
CUMULATIVE AMORTISATION:								
Balance at 31 December 2020	-	(60,136)	(47)	(78)	(10)	(65)	-	(60,336)
Provisions (Note 19)	-	(43,733)	(56)	(76)	(21)	-	-	(43,886)
Withdrawals	-	3,515	17	-	-	-	-	3,532
Transfers	-	(122)	-	-	-	-	-	(122)
Conversion differences	-	(2,612)	(4)	(18)	(9)	-	-	(2,643)
Balance at 31 December 2021	-	(103,088)	(90)	(172)	(40)	(65)	-	(103,455)
Net cost at 31 December 2020	214	1,052,783	934	193	73	266	47	1,054,510
Net cost at 31 December 2021	228	1,032,097	934	241	57	268	432	1,034,257

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	Thousands of euros							
	Land	Buildings, Technical Installations and Machinery	Furniture and Fittings	Information Processing Equipment	Transport Elements	Other Fixed Assets	Fixed Assets in Progress	Total
COST:								
Balance at 31 December 2019	270	1,099,678	1,054	247	104	105	154,989	1,256,447
Variation in the consolidation scope (Note 2.f)	-	(77,991)	-	-	-	-	(14,976)	(100,701)
Additions	-	728	41	60	-	244	35,257	36,330
Withdrawals	(15)	-	-	-	-	-	-	(15)
Transfers	-	125,383	-	-	-	-	(125,383)	-
Conversion differences	(41)	(34,879)	(114)	(36)	(21)	(18)	(44,145)	(77,215)
Balance at 31 December 2020	214	1,112,919	981	271	83	331	47	1,114,846
CUMULATIVE AMORTISATION:								
Balance at 31 December 2019	-	(20,384)	(25)	(15)	-	(65)	-	(20,489)
Variation in the consolidation scope (Note 2.f)	-	1,930	-	-	-	-	-	1,930
Provisions (Note 19)	-	(45,089)	(56)	(80)	(23)	-	-	(45,248)
Conversion differences	-	3,407	34	17	13	-	-	3,471
Balance at 31 December 2020	-	(60,136)	(47)	(78)	(10)	(65)	-	(60,336)
Net cost at 31 December 2019	270	1,079,294	1,029	232	104	40	154,989	1,235,958
Net cost at 31 December 2020	214	1,052,783	934	193	73	266	47	1,054,510

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The caption "Buildings, Technical Installations and Machinery" at 31 December 2021 and 2020 corresponds in the main to the investments in owned transmission lines (not covered by IFRS 12) in Chile, the photovoltaic plant in Brazil and the photovoltaic and thermo-electric plants in Spain.

The value of additions during the 2021 financial year corresponds in the main to the investments made in the Sao Joao do Piaui photovoltaic plants (3,981 euros). Meanwhile, the withdrawals correspond in the main to the value of the infrastructure that Aries Solar Termoeléctrica transferred with the Nudo Manzanares EIG (7,700 thousand euros), generating a positive result of 2,362 thousand euros

Changes in the consolidation scope at 31 December 2020, corresponded in the main to the investments in Chile as a result of the transmission works of the companies Mataquito Transmisora de Energía S.A. and Casablanca Transmisora de Energía S.A. which were deregistered as they belong to the subgroup of CRC Transmisión SpA (see Note 2.f.).

The transfers in the amount of 125,383 thousand euros in 2020, correspond to the operational start-up of the Sao Joao de Piaui photovoltaic plants in the month of April.

The cost of tangible fixed asset elements fully amortised and still in use at 31 December 2021 amounts to 660 thousand euros (652 thousand euros in 2020).

The Group policy is to arrange insurance policies to cover the possible risks to which the various elements of its tangible fixed assets are subject, in addition to the possible claims that could arise in the pursuit of its activities, on the basis that these policies provide sufficient cover for the risks to which the assets are subject.

10. Right of use assets and lease liabilities

The details and movements by right of use asset class during the 2021 and 2020 financial years were as follows:

a) *Nature of lease agreements*

2021 Financial Year

	Thousands of euros			
	Land	Transport elements	Other	Total
Balance at 31 December 2020	21,524	73	4,628	26,225
Additions	149	468	27	644
Value adjustments	(7)	(16)	138	115
Conversion differences	12	39	108	159
Balance at 31 December 2021	21,678	564	4,901	27,143
Cumulative Amortisation at 31 December 2020	(1,566)	(73)	(1,310)	(2,949)
Provisions (Note 19)	(817)	(226)	(612)	(1,655)
Conversion differences	-	(27)	(48)	(75)
Cumulative Amortisation at 31 December 2021	(2,383)	(326)	(1,970)	(4,679)
NET COST:				
Net cost at 31 December 2021	19,295	238	2,931	22,464

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The balance for "Land" essentially records the value of the land lease agreements where the infrastructure of the ASTE solar thermal plants are located. Meanwhile, the balance for "Other" essentially comprises the contractual value of the offices located in Spain and Brazil

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	Thousands of euros			
	Land	Transport elements	Other	Total
Balance at 31 December 2019	21,881	95	4,956	26,932
Additions	-	-	782	782
Value adjustments	11	-	-	11
Conversion differences	(368)	(22)	(1,110)	(1,500)
Balance at 31 December 2020	21,524	73	4,628	26,225
Cumulative Amortisation at 31 December 2019	(779)	-	(747)	(1,526)
Provisions (Note 19)	(812)	(92)	(675)	(1,579)
Conversion differences	25	19	112	156
Cumulative Amortisation at 31 December 2020	(1,566)	(73)	(1,310)	(2,949)
NET COST:				
Net cost at 31 December 2020	19,958	-	3,318	23,276

b) Detail of lease payments and liabilities

The movement of lease liabilities during the financial year 2021 was as follows:

	Thousands of euros
Balance at 31 December 2020	27,071
Additions	760
De-registrations	0
Financial expenses	1,572
Payments	(2,751)
Balance at 31 December 2021	26,652

The movement of lease liabilities during the financial year 2020 was as follows:

	Thousands of euros
Balance at 31 December 2019	28,884
Additions	793
De-registrations	0
Financial expenses	1,544
Payments	(4,150)
Balance at 31 December 2020	27,071

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The analysis of the contractual maturity of lease liabilities, including future interest payable, is as follows:

	Thousands of euros	
	2021	2020
Up to 6 months	399	368
From 6 months to 1 year	464	729
From one to two years	1,115	857
From two to three years	1,055	881
From 3 to 4 years	998	907
More than 4 years	22,621	23,329
Total	26,652	27,071

11. Investments accounted for under the equity method

At 31 December 2021 and 2020 the stakes in associate entities of the Group valued under the equity method (3.c) are as follows:

Company	Thousands of euros	
	2021	2020
Subgroup of Alfa Transmisora de Energía, S.A.	16,966	-
Transmisora Eléctrica de Quillota Limitada	5,465	-
Subgroup of CRC Transmisión	152,494	142,388
Subgroup of Celeo Redes Expansões	67,660	60,736
Jauru Transmissora De Energia, S.A.	12,051	11,903
Brilhante Transmissora de Energia, S.A.	-	17,578
Brilhante Transmissora de Energía II, S.A.	-	5,697
Total	254,636	238,302

Annex II hereto attached presents the main figures of companies registered under the equity method.

In May 2021, as a result of changes in the consolidation scope described in Note 2.f, the Group deregistered the equity method investment in the companies Brilhante Transmissora de Energia and Brilhante Transmissora de Energia II, since following completion of 100% of the acquisition, both companies are now consolidated under the full integration method.

Likewise, September 2021 saw the completion of the acquisition of Colbún Transmisión by the special purpose entity Alfa Transmisora de Energía S.A. (Alfa). This company is 20% owned by Celeo Redes Chile Expansión SpA and 80% by APG Energy and Infra Investments SL. In December 2021, Alfa Transmisora de Energía S.A. acquired the company Transmisora Eléctrica de Quillota Limitada. Both companies are engaged in the electrical energy transmission business in Chile.

At 31 December 2020, as a consequence of the variations in the consolidation scope described in Note 2.f, the Group registered under the equity method the investment of the company Parintins Amazonas Transmissora de Energia S.A. and of the subgroup CRC Transmisión SpA (including the investees Diego Almagro Transmisora de Energía S.A., Mataquito Transmisora de Energía, S.A. and Casablanca Transmisora de Energía S.A.).

On 29 April 2020 Celeo Redes Brasil, S.A. received a loan from APG Energy & Infra Investments 2012, S.L. with a value of 160 million BRL as an advance on the co-investment agreement for 50% of Celeo Redes Expansões, S.A. The Company to which were transferred 100% of Parintins Amazonas

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Transmissora de Energia S.A. (PATE), 66.6% of Jauru Transmissora de Energia S.A. (JTE) and 100% of CPTE. Bearing in mind the contents of these agreements and the ultimate purpose of the investments, the Group did not have control over these companies, presenting them as associates for an amount of 68 million euros (61 million euros in 2020).

The remaining stakes, 50% of the subgroup of Celeo Redes Expansões, S.A., represented as non-current assets held for sale in September 2021, following receipt of the relevant permits, were transferred to APG Energy & Infra Investments 2012.

The activity of companies consolidated under the equity method at 31 December 2021 corresponds to the operation of public electrical energy transmission services in Brazil (under the scope of IFRIC 12, see Note 3.k), and in Chile.

The movements occurring in the financial year 2021 and 2020 under this caption of the consolidated statement of financial position were as follows:

	Thousands of euros	
	2021	2020
Opening balance	238,302	104,461
Reduction in capital stock	(1,428)	-
Inclusions within the consolidation scope (Note 2.f)	22,843	171,730
Exclusions from the consolidation scope (Note 2.f)	(24,278)	-
Stake in profits/(losses)	3,112	7,013
Conversion differences	16,370	(25,144)
Dividends collected	(285)	(19,758)
Closing balance	254,636	238,302

12. Non-current financial assets

The detail of the various non-current financial instruments other than those of companies accounted for under the equity method is as follows:

Thousands of euros	Non-current financial assets		Total
	Public authority concessions	Other financial investments	
Balance at 31 December 2019	979,277	29,655	1,008,932
Additions	94,376	5,483	99,859
De-registrations	-	(2,249)	(16,051)
Variation in the consolidation scope (Note 2.f.)	-	(2)	(2)
Other	3,983	2,359	20,144
Conversion differences	(310,893)	(5,820)	(316,712)
Balance at 31 December 2020	766,743	29,426	796,169
Additions	25,681	18,907	44,588
De-registrations	-	(5,324)	(5,324)
Business combinations (6)	69,718	-	69,718
Other	12,764	-	12,764
Transfers	1,742	(1,742)	-
Conversion differences	7,102	148	8,250
Balance at 31 December 2021	884,750	41,415	926,165

a) *Public authority concessions*

At 31 December 2021 of the Group was developing and operating on a concession basis various projects for the construction and operation & maintenance of several electrical energy transmission lines in Brazil, through its subsidiaries incorporated for this purpose, the parent company in the

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aforementioned company in Celeo Redes Brasil, S.A. Under the terms of the concession contracts, the Group will collect a set amount over the course of the concession period as remuneration both for the construction work and for operation and maintenance, which does not depend on any usage that might be made of the aforementioned transmission lines. The concession periods are around 30 years. This set amount to be collected will be periodically updated in accordance with certain variables such as interest rates, the general consumer price index and other market reference rates depending on the terms established in the various contracts, although the modifications are not significant.

The Group gives an undertaking under the terms of the concession agreements to implement the transmission installations in full within a set period, and to provide operation and maintenance services, employing quality materials and equipment and maintaining the installations with appropriate operational methods to guarantee sound levels of regularity, efficiency, safety, modernisation, permanent efforts to reduce costs, and achieve social integration and environmental conservation. The concession entity cannot assign the assets associated with the public transmission service or use them as collateral without the authorisation of ANEEL.

The concession will be terminated in any of the following cases: end date of the contract, expiry, cancellation, annulment because of any fault or irregularity, or cessation of the transmission company. Termination of the concession will give rise to reversion of all assets linked to the service to the granting authority, with the corresponding evaluations and analyses then being performed in order, where applicable, to determine the indemnification for the transmission company. The assets must be in appropriate operational and technical condition, maintained in accordance with the network procedures approved by ANEEL to allow continuity of the public energy transmission service.

At the end date of the contract, ANEEL is entitled to extend the contract. The maximum renewal period is the same as the duration of the concession, by request of the transmission company. A possible extension to the concession period may also be agreed in accordance with public interest and the conditions stipulated in the contract.

The transmission company may instigate cancellation of the contract in the event of a breach by the granting authority of the regulations laid down in the contract. In this case the transmission company cannot interrupt provision of the service until a court decision has been passed to decree termination of the contract.

In accordance with the criteria described in Note 3.k, the Group initially registers a financial asset for the fair value of the amounts to be received for construction of the infrastructure, valued at the amortised cost from that point onwards, using the effective interest rate method.

The main additions in the 2021 financial year correspond to the construction of the Serra de Ibiapaba Transmissora de Energia, S.A. transmission line, construction of which was completed in the month of November.

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We detail below the expected payment collection due dates corresponding to the non-current balance at 31 December 2021 and 2020:

	Thousands of euros		Thousands of euros
	2021		2020
2023	6,771	2022	5,186
2024	-	2023	6,703
2025	282	2024	-
2026	726	2025	279
2027 and following	876,971	2026 and following	754,575
Total	884,750	Total	766,743

b) Other non-current assets

The composition of the chapter "Other non-current assets" in the above table is as follows:

	Thousands of euros	
	2021	2020
Debt service reserve account	15,144	17,716
Associate company loan (Note 21).	15,774	-
Other	10,497	11,710
	41,415	29,426

The caption "Debt service reserve account" at 31 December 2021 and 2020 corresponds in the main to the amount of the debt service reserve account of the Brazilian concession companies and the generation project in Spain.

The caption "Other" at 31 December 2021 and 2020 corresponds in the main to cash surpluses that the Group invests in a long-term deposits. These deposits accrue interest at the market rate.

Non-current financial assets at 31 December 2021 and 2020 are registered at their amortised cost.

13. Current financial assets

a) Trade receivables and other accounts receivable

The chapter "Trade receivables and other accounts receivable" under the current assets on the consolidated statement of financial position records the accounts receivable the Group has as a consequence of operations performed with third parties.

At 31 December 2021 and 2020 there were no overdue accounts receivable or impaired balances, the balances not yet due amounting to 40,284 thousand euros and 55,103 thousand euros, respectively.

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b) *Cash and other equivalent liquid assets*

The composition of this chapter of the attached consolidated statement of financial position is as follows:

	Thousands of euros	
	2021	2020
Other equivalent liquid assets	75,887	88,335
Cash and banks	64,880	31,972
Total	140,767	120,307

The balance of the caption "Other equivalent liquid assets" at 31 December 2021 corresponds in the main to the temporary acquisition of deposits and placements, all in the very short term and accruing market interest. Upon maturity they are reinvested in assets of a similar nature and term in accordance with cash management needs at the time in question.

14. Net equity

a) *Capital stock*

At 31 December 2021 and 2020 the shareholders of the Dominant Company were as follows:

	% stake
Elecnor, S.A.	51%
Pasterze Investments Holding B.V.	49 %
	100%

The capital stock of the dominant Company is divided into 166,670,560 corporate stock units of a par value of 1 euro each. These stock units are also divided into two different classes: Class A, owned by Elecnor, S.A., and Class B, owned by Pasterze Investments Holding B.V. The classes of share have the rights and obligations attributed to them in the recast corporate bylaws. As a result, at 31 December 2021 and 31 December 2020, the capital stock of the dominant Company amounted to 166,670,560 euros.

b) *Equity adjustments through valuation*

The movement occurring under this caption during 2021 and 2020 was as follows:

	31.12.2020	Variation in the market value	Settlement	Changes in consolidation scope	31.12.2021
Through full consolidation					
Cash flow hedges:					
Interest rate swaps (IRS)	(7,118)	2,390	587	-	(4,141)
Other accounting hedges	(9,242)	12,843	-	-	3,601
Total adjustments to net equity through valuation under full consolidation method	(16,360)	15,233	587	-	(540)
Companies accounted for under the equity method	-	-	-	-	-
Total adjustments to net equity through valuation	(16,360)	15,233	587	-	(540)

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	31.12.2019	Variation in the market value	Settlement	Changes in consolidation scope	31.12.2020
Through full consolidation					
Cash flow hedges:					
Interest rate swaps (IRS)	3,228	(11,879)	1,534	-	(7,118)
Other accounting hedges	-	(9,242)	-	-	(9,242)
Total adjustments to net equity through valuation under full consolidation method	3,228	(21,121)	1,534	-	(16,360)
Companies accounted for under the equity method	-	-	-	-	-
Total adjustments to net equity through valuation	3,228	(21,121)	1,534	-	(16,360)

c) *Share premium*

This reserve is freely available.

The share premium at 31 December 2021 and 2020 amounted to 752,777 thousand euros.

d) *Other Reserves*

Statutory reserve

The statutory reserve has been endowed in accordance with section 274 of the Spanish Corporations Act, which provides that, in any event, an amount equal to 10 per cent of the profits of the year shall be allotted to the statutory reserve until this reaches at least 20 per cent of the capital stock.

This reserve cannot be distributed to the shareholders and may only be used to offset losses in the profit and loss account, provided that sufficient other reserves are not available for this purpose. The balance registered under this reserve may be used to increase the capital stock.

At 31 December 2021 and 2020, the Dominant Company had not allocated to this reserve the minimum limit established by the Capital Companies Act.

e) *Shareholder contributions*

On 03 March 2021 and 19 May 2021, the Shareholders decided to make an additional non-reimbursable contribution to the share capital in the amount of 5,000,000 euros and 11,000,000 euros, respectively. In addition, on 26 August 2021, Elecnor, S.A. decided to make a non-reimbursable contribution to the share capital of 5,244,858 euros. Meanwhile, following the partial collection this year through the sale of Tramperase, S.L.U., 1,766,005 euros were returned on 16 July. Lastly, on 29 November 2021 an additional return for an amount of 424,525 euros took place.

On 23 June 2020 the Shareholders decided to make an additional non-reimbursable contribution to the share capital for an amount of 2,868,695 euros, and likewise, following the partial collection during the year through the sale of Tramperase, S.L.U. as described above, 1,436,842 euros was returned on 22 December.

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f) *Non-controlling interests*

The composition of the caption "Net Equity - Non-controlling interests" under the liabilities on the attached consolidated statement of financial position was as follows during the financial year 2021 and 2020:

	Thousands of euros	
	2021	2020
Integração Maranhense Transmissora De Energia, S.A.	25,789	23,974
Caiua Transmissora De Energia, S.A.	19,829	18,695
Cantareira Transmissora De Energia, S.A.	58,129	48,871
Dioxipe Solar, S.L.	446	352
	104,193	91,892

The movement occurring during the financial years 2021 and 2020 under this caption of the consolidated statement of financial position is detailed below:

	Thousands of euros
Balance at 31 December 2019	117,455
Stakes in profits/losses	8,377
Conversion differences	(32,841)
Capital increases	4,311
Dividends distributed	(5,964)
2020 PPA Amortisation	378
Other	176
Balance at 31 December 2020	91,892
Stakes in profits/losses	8,650
Conversion differences	1,039
Capital increases	5,029
Dividends distributed	(2,511)
Other	94
Balance at 31 December 2021	104,193

g) *Conversion differences*

The cumulative conversion differences under net equity at 31 December 2021 and 2020 for each of the significant currencies are as follows:

	Thousands of euros	
	2021	2020
Brazil	(172,722)	(181,843)
Chile	(8,002)	(46,835)
Peru	169	-
Mexico	-	(11)
	(180,555)	(228,689)

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15. Financial debt

The composition of the captions "Financial liabilities through issuance of bonds and other tradable securities", "Bank borrowings" and "Derivative financial instruments" under the non-current liabilities and current liabilities on the attached consolidated statements of financial position at 31 December 2021 and 2020, and their classification, are as follows:

	Thousands of euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Debentures and other negotiable securities	640,185	57,733	624,158	24,118
Bank borrowings	718,567	44,314	743,963	27,487
Derivative financial instruments	58,451	13,915	82,494	17,167
Total	1,417,203	115,962	1,450,615	68,772

At 31 December 2021 and 2020 all the financial liabilities of the Group correspond to financial liabilities at amortised cost, except for hedging derivatives, which are valued at their fair value.

The main characteristics of the most significant financial liabilities under the captions "Bonds and other tradable securities", "Bank borrowings" and "Derivative financial instruments" at 31 December 2021 and 2020 are as follows:

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2021 Financial Year

Type Company	2021					
	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Bonds and other tradable securities						
Celeo Redes Operación Chile, S.A.	USD/UF	5.20% (USD) and 2.99% (UF)	2047	515,882	13,511	528,248
Cantareira Transmissora De Energia, S.A.	BRL	HICP + 6.95%	2032	15,848	4,007	12,039
Celeo Redes Transmissora De Energia, S.A.	BRL	CDI + 0.75%	2023	89,539	8,313	53,036
Serra de Ibiapaba Transmissora De Energia,S.A.	BRL	HICP + 5.90%	2036	18,383	3,280	15,920
Brilhante Transmissora de Energia, S.A.	BRL	CDI + 2.65%	2022	31,695	27,164	-
Celeo Fotovoltaico, S.A.	EUR	3.948%	2038	32,400	1,458	30,942
Bank borrowings					57,733	640,185
São João de Piauí FV I S.A.	BRL	HICP + 2.1851%	2039	10,694	-	9,396
São João de Piauí FV II S.A.	BRL	HICP + 2.1851%	2039	10,694	-	9,322
São João de Piauí FV III S.A.	BRL	HICP + 2.1851%	2039	10,694	36	10,371
São João de Piauí FV IV S.A.	BRL	HICP + 2.1851%	2039	10,694	-	9,429
São João de Piauí FV V S.A.	BRL	HICP + 2.1851%	2039	10,694	-	9,451
São João de Piauí FV VI S.A.	BRL	HICP + 2.1851%	2039	10,694	-	9,762
Integração Maranhense Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2029	22,527	2,087	8,344
Cantareira Transmissora de Energia S.A.	BRL	TJLP + 2.12%	2029	67,643	4,297	60,253
Encruzo Novo Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2027	8,412	637	2,676
Pedras Transmissora de Energia S.A.	BRL	TJLP + 2.21%	2024	6,815	1,245	1,015
Caiuá Transmissora de Energia S.A.	BRL	TJLP + 1.97%	2029	13,407	1,171	5,643
Coqueiros Transmissora de Energia S.A	BRL	TJLP + 2.58%	2024	4,573	283	446
Linha de Transmissão Corumbá S.A.	BRL	TJLP + 2.28%	2028	15,307	1,424	5,237
Serra de Ibiapaba Transmissora De Energia,S.A.	BRL	HICP + 1.57%	2043	102,376	13,015	94,847
Puerto Maldonado Transmisora de Energía, S.A.C.	USD	Libor + 1.35%	2024	26,464	-	860
Celeo Redes, S.L.U.	USD	Euribor + 1.35%	2024	4,411	10	4,263
Dioxipe Solar S.L.	EUR	Euribor + 2.53%	2037	224,708	6,642	166,347
Aries Solar Termoeléctrica, S.L.	EUR	Euribor + 1.35% and 2.46%	2037	331,637	13,467	310,905
Derivative financial instruments					44,314	718,567
Aries Solar Termoeléctrica, S.L.	EUR	5.18%	2031	183,801	9,002	40,229
Dioxipe Solar S.L.	EUR	4.04%	2032	168,531	4,913	18,222
					13,915	58,451

(*) At exchange rate at close.

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Financial Year 2020

Type Company	2020					
	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Bonds and other tradable securities						
Celeo Redes Operación Chile, S.A.	USD/UF	5.20% (USD) and 2.99% (UF)	2047	476,574	12,571	518,637
Cantareira Transmissora De Energia, S.A.	BRL	HICP + 6.91%	2032	15,690	2,331	13,317
Celeo Redes Transmissora De Energia, S.A.	BRL	CDI + 0.75%	2023	88,648	7,719	59,804
Serra de Ibiapaba Transmissora De Energia, S.A.	BRL	HICP + 5.90%	2036	18,200	96	-
Celeo Fotovoltaico, S.A.	EUR	3.948%	2038	36,144	1,401	32,400
Debts with credit institutions					24,118	624,158
São João de Piauí FV I S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,523
São João de Piauí FV II S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,449
São João de Piauí FV III S.A.	BRL	HICP + 2.1851%	2039	10,588	-	10,548
São João de Piauí FV IV S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,562
São João de Piauí FV V S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,582
São João de Piauí FV VI S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,883
Integração Maranhense Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2029	22,303	2,068	10,297
Cantareira Transmissora de Energia S.A.	BRL	TJLP + 2.12%	2029	66,970	4,151	63,530
Encruzo Novo Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2027	8,328	632	3,282
Pedras Transmissora de Energia S.A.	BRL	TJLP + 2.21%	2024	7,061	1,181	2,173
Caiuá Transmissora de Energia S.A.	BRL	TJLP + 1.97%	2029	13,274	1,160	6,725
Coqueiros Transmissora de Energia S.A.	BRL	TJLP + 2.58%	2024	4,527	279	722
Linha de Transmissão Corumbá S.A.	BRL	TJLP + 2.28%	2028	15,155	1,404	6,595
Serra de Ibiapaba Transmissora De Energia, S.A.	BRL	HICP + 1.57%	2043	101,357	1,603	97,221
Dioxipe Solar S.L.	EUR	Euribor + 2.53%	2037	189,345	5,776	176,418
Aries Solar Termoeléctrica, S.L.	EUR	Euribor + 3.275%	2037	339,748	9,233	318,453
Financial derivatives					27,487	743,963
Aries Solar Termoeléctrica, S.L.	EUR	4.10%	2031	254,811	11,427	54,501
Dioxipe Solar S.L.	EUR	4.04%	2032	168,531	5,740	27,993
					17,167	82,494
					68,772	1,450,615

(*) At exchange rate at close.

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The detail by maturity date of the non-current part of the above financial liabilities is as follows for the financial years 2021 and 2020:

Debts maturing in	Thousands of euros	Debts maturing in	Thousands of euros
	2021		2020
2023	125,233	2022	72,152
2024	78,768	2023	123,182
2025	76,666	2024	66,604
2026 and following	1,136,536	2025 and following	1,188,677
Total	1,417,203	Total	1,450,615

Financial liabilities through the issuance of bonds and other tradable securities

The balance of the caption "Financial liabilities through issuance of bonds and other tradable securities" under the non-current liabilities and the current liabilities at 31 December 2021 and 2020 corresponds in the main to:

- During the 2021 financial year the bonds formalised at the end of the 2020 financial year at Serra de Ibiapaba Transmissora de Energia were disbursed, for a value of 160 million BRL, with an interest rate of HICP + 5.90%.
- Meanwhile, within the context of the business combination described in 6, during the 2021 financial year the debt of the company Brilhante Transmissora de Energía, S.A. became subject to consolidation under the full integration method.
- The issuance of project bonds intended to finance the transmission lines in Chile, formalised by the company Celeo Redes Operación Chile, S.A. of the subgroup Celeo Redes on 11 May 2017.

This bond issue, totalling 593.9 million dollars and maturing in 2047 (30-year issue) comprises two tranches: one international tranche in USD amounting to 379 million USD at a fixed annual coupon of 5.2%, and a local Chilean tranche in UF amounting to 5,410,500 UF (approximately 214 million USD), at a fixed annual coupon of 2.99%.

The funds derived from this bond issue are guaranteed by the projects and were used to refinance (prepayment of the existing finance) the transmission line projects in Chile, with the remainder being used for the corporate purposes of the issuing company or its shareholders.

- At the end of the 2018 financial year a bond issue was formalised at Celeo Redes Transmissora De Energia, S.A. for an amount of 565 million BRL to finance the projects Vila Do Conde Transmissora De Energia and LT Triangulo, maturing in 2023 and with a coupon of the CDI rate +0.75%.
- The bond issue performed by the company Celeo Fotovoltaico, S.A. on 29 December 2016 for a nominal value of 41,600 thousand euros. This finance covers the obligation to establish a maintenance reserve account and the debt service reserve account and to ensure compliance with the DSCR.

In addition, there are certain obligations assumed by the borrower entities with regard to compliance with the Debt Service Cover Ratio (DSCR) and the obligation to establish a debt service reserve account (DSRA), a breach of which could give rise to foreclosure of the aforementioned loans. In the opinion of the Dominant Company Directors, these obligations were fulfilled in the financial year 2021, and no possible breaches thereof are expected in the future.

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Financial liabilities through bank borrowings

Bank borrowings corresponding in the main to the dependent companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., and the photovoltaic plants and transmission lines in Brazil, recording finance structured under the Project Finance method.

On 5 March 2010 and 15 April 2011 Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, proceeded to arrange loans for amounts of 238,745 thousand euros and 443,790 thousand euros, respectively. The loans have a structure divided into two tranches: "Tranche A" for the partial financing of project costs, and "Tranche B" for the issuance of guarantees. These loans were granted by the BBVA (Agent Bank) and a syndicate of banks. The interest rate is set as the EURIBOR plus a spread.

In June 2021, Aries Solar Termoeléctrica (ASTE) finalised a hybrid financing agreement, combining a bank tranche and an institutional tranche, for an amount of 331 million euros. The previous credit agreement dated 15 April 2011 was also simultaneously cancelled. The operation meant a considerable improvement in the financing terms, including a substantial reduction in the cost of the debt and the elimination of certain cash sweeps and guarantees granted to the financing institutions. Furthermore, this refinancing allowed a distribution to be made to the project shareholders. The operation thus generated a considerable increase in shareholder value. S&P also conducted a Green Evaluation of the financing, awarding it a rating of E1, thereby underpinning the Celeo Group's dedication and commitment to ESG criteria.

The obligations stipulated in the contracts establish a commitment to maintain the DSCR calculation above certain limits. The distribution of dividends during the term of the Financing Agreement will be dependent on the aforementioned fulfilment of the DSCR. In addition, a pledge agreement has been established over credit rights and shares representing 100% of the capital stock of the company.

Financial derivatives

In accordance with its risk management policy, the Group uses derivative financial instruments to cover those risks to which its future cash flows are exposed as a result of variations in interest rates, which affect the Group's results.

The purpose of these operations is to mitigate the effect that a variation in interest rates could entail for future cash flows from certain credits and loans financed with reference to a variable interest rate, associated with the finance for the projects of the dependent companies Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L. The notional value of the liabilities subject to interest rate hedging at 31 December 2021 is 301,025 thousand euros (380,775 in 2020).

The interest rate swaps are limited to a maximum of the same nominal value or a lower value than the outstanding principals under the loans hedged.

In the 2021 financial year there was no circumstance requiring a modification of the hedge accounting policy to account for the derivatives compared with that initially adopted.

16. Contingencies

At 31 December 2021 the Group has bank guarantees and other guarantees related with the normal course of the business amounting to 367,175 thousand euros (240,190 thousand euros in 2020), of which 303,082 thousand euros are associated with bank finance, and 64,093 thousand euros the execution and development of projects (35,537 thousand euros for execution and development of projects at 31 December 2020).

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17. Deferred tax assets and liabilities

The movement and composition of the captions "Deferred tax assets" and "Deferred tax liabilities" on the attached consolidated statement of financial position during the financial years 2021 and 2020 are as follows:

	31/12/2020	Transfers	Credit (charge) to results account	Credit (charge) to valuation reserve	Conversion differences and Other	Business combinations (6)	Changes in scope	31.12.21
Deferred tax assets								
Valuation of derivative financial instruments (Note 15)	25,716	(711)	(63)	(6,823)	-	-	-	18,119
Financial assets	-	1,267	3,961	-	55	-	-	5,283
Tangible/intangible fixed assets	4,638	(1,898)	366	-	(519)	-	-	2,587
Tax credits	33,375	22,453	(4,603)	-	44	-	85	51,354
Deductions and rebates pending application	3,340	(3,406)	(78)	-	205	-	-	61
Other deferred tax assets	19,690	(17,705)	1,030	-	(1,560)	-	-	1,455
	86,759	-	613	(6,823)	(1,775)	-	85	78,859
Deferred tax liabilities								
Tangible/intangible fixed assets	167,158	-	(2,665)	-	10,402	-	-	174,895
Financial assets	58,052	7,984	12,880	-	104	3,771	-	82,791
Other deferred tax liabilities	14,806	(7,984)	592	-	138	-	-	7,552
	240,016	-	10,807	-	10,644	3,771	-	265,238

	31/12/2019	Credit (charge) to results account	Credit (charge) to valuation reserve	Changes in scope (2-f)	Conversion differences and Other	31.12.20
Deferred tax assets						
Valuation of derivative financial instruments (Note 15)	25,650	(74)	140	-	-	25,716
Tangible/intangible fixed assets	5,780	(1,140)	-	-	(2)	4,638
Tax credits	19,389	7,009	7,733	(461)	(295)	33,375
Deductions and rebates pending application	1,469	2,181	22	-	(332)	3,340
Other deferred tax assets	28,159	(4,503)	(3,781)	-	(185)	19,690
	80,447	3,473	4,114	(461)	(814)	86,759
Deferred tax liabilities						
Tangible/intangible fixed assets	200,742	1,099	-	-	(34,683)	167,158
Financial assets	123,202	6,527	-	-	(71,678)	58,052
Other deferred tax liabilities	15,903	2,986	(819)	-	(3,264)	14,806
	339,847	10,613	(819)	-	(109,625)	240,016

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The deferred tax assets and liabilities with a realisation or reversion term of less than twelve months are relatively insignificant.

The chapters "Deferred tax assets - Tangible/intangible fixed assets" and "Deferred tax liabilities - Tangible/intangible fixed assets" in the above table include in the main temporary differences arising as a consequence of the differences between the book and taxable value of the various elements of tangible fixed assets and intangible assets, in addition to temporary differences derived from differences between the book and taxable amortisation of these elements of non-current assets.

The chapters "Deferred tax assets - Tax credits" and "Deferred tax assets - Deductions and rebates pending application" in the above table include, respectively, tax credits for negative taxable bases and deductions pending offsetting by various companies of the Group which have been capitalised, as the Dominant Company Directors believe that they will be recoverable through the income expected to be obtained by them over the coming financial years.

The deferred taxes regarding financial assets correspond to the tax impact resulting from registration of income in accordance with administrative concession regulations (Note 3.k) and paying tax in accordance with the turnover generated each financial year.

18. Gains Tax

The Dominant Company pays tax within the context of Spanish regulations as set out in Corporation Tax Act 27/2014, of 27 November 2014, approved on 28 November 2014.

At the close of the financial year 2021, the Dominant Company had pending inspection by the tax authorities the financial years 2018 to 2021 for all taxes except for Corporation Tax, for which it has the financial years 2017 to 2020 pending inspection, as the deadline for the filing of corporation tax returns is 25 calendar days after six months after the conclusion of the taxation period, and the corporation tax corresponding to the financial year 2021 will therefore not be open to inspection until 25 July 2022.

Nonetheless, the right of the Public Authority to examine or investigate negative taxable bases that have been compensated or are pending compensation, double taxation deductions and deductions to incentivise the execution of certain activities that have been applied for or are pending application are subject to a statute of limitation of 10 years from the day following the conclusion of the period established for presentation of the tax return or self-assessed settlement corresponding to the taxation period during which the right to compensation or application arose. Following expiry of said period, the Group will be required to accredit negative taxable bases or deductions by presenting the settlement or self-assessed settlement and accounting records, with accreditation of the filing thereof during said period at the Companies Register.

As a consequence of the different interpretations that could be given to the tax regulations in force, there could be certain contingent liabilities that are not open to objective quantification. Nonetheless, in the opinion of the Dominant Company Directors, the possibility that future inspections could give rise to such contingent liabilities at Group companies is remote, and in any event any tax debt that could arise from them would have no significant impact on the consolidated annual accounts of the Group.

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The table set out below establishes the determination of the expense accruing through Corporation Tax in the financial years 2021 and 2020, with the following result:

	2021	2020
Accounting results before tax	59,915	62,424
Non-deductible costs	13,510	16,794
Non-computable income	(18,317)	(14,000)
Equity method result (Note 11)	(5,516)	(7,213)
Other	9,685	(5,914)
Tax credits not capitalised and applied	(45)	-
Negative taxable bases not capitalised	7,402	14,848
Adjusted book result	66,634	66,938
Gross tax calculated at the local rate	(20,825)	(20,808)
Deductions	45	-
Adjustments	(2,880)	-
Other	2,254	(3,347)
Corporation Tax charge accruing	(21,406)	(24,155)

(*) The various subsidiaries and dependent companies abroad consolidated under the full consolidation method calculate the Corporation Tax charge and the payments resulting from the different taxes applicable to them in accordance with their corresponding legislations, and on the basis of the tax rates in force in each country.

Details are given below of the main components of the gains tax charge accruing in the financial years 2021 and 2020:

	2021	2020
Current tax		
For the financial year	(10,586)	(12,082)
Adjustments of previous financial years	(2,880)	-
Other adjustments	2,254	(3,347)
Deferred tax		
Amount of the deferred tax charge (income) connected with the emergence and reversion of temporary differences.	(10,194)	(8,726)
Charge accruing from gains tax	(21,406)	(24,155)

Likewise, details are given below of the amount and date of generation of deductible temporary differences, losses or tax credits for which deferred tax assets were not recognised on the consolidated statement of financial situation at 31 December 2021 and 2020 (in thousands of euros):

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Negative taxable bases pending offsetting	31.12.2021	31.12.2020
Year of generation:		
2012 and earlier	20,193	20,010
2013	137,468	136,658
2014	7,443	7,355
2015	7,287	6,921
2016	31,724	29,421
2017	39,291	37,107
2018	34,776	32,398
2019	36,773	38,669
2020	43,005	55,825
2021	34,137	-
Total	392,097	364,364

The Negative Taxable Bases pending offsetting at 31 December 2021 described above are generated by various companies belonging to the Group, their future recoverability being dependent on sufficient taxable profits being earned by the actual companies that generated them, with no time limit for offsetting. The Group has not capitalised these negative taxable bases at the holding companies where the income corresponds mainly to dividends that are not taxable, as the Directors do not consider their recovery to be likely.

19. Income and expenses

Net turnover

The disclosure of this balance of the consolidated income statements for the financial years 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Services provided	47,175	20,379
Sales of goods and energy	150,471	238,077
Total	197,646	258,456

The amounts for Services Provided correspond to administration, operation & maintenance services that the holding companies provide for their subsidiaries integrated under the equity method, and for third parties. Sales of goods and energy correspond to energy generation activities. Note 25 describes in greater detail the activity undertaken, and presents information segmented by geographical area and service type.

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Result of entities consolidated within ordinary activity under the equity method

The disclosure of this balance of the consolidated income statements for the financial years 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Share in profits/(losses) of entities consolidated within ordinary operations under the equity method (Note 11)	3,112	7,013
Positive result through the staged acquisition of BTE and BTE II (Note 6)	8,243	-
Negative result through the staged acquisition of BTE and BTE II (Note 6)	(5,839)	-
Result of the loss of control of the Subgroup CRCT (Note 2.f)	-	200
Total	5,516	7,213

Inventory supplies

The disclosure of this balance of the consolidated income statements for the financial years 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Subcontracts	(51,516)	(114,063)
Total	(51,516)	(114,063)

In 2020 there was a fire at the energy output transformers of the Sao Joao do Piaui photovoltaic plants, which led to a temporary suspension of plant activity. The Group therefore registered an amount of 6,387 thousand euros under this caption in connection with the insurance compensation for the period up to 31 December 2020. In 2021 the transformers were replaced and the plant was operating at full capacity. At the date of formulation of these consolidated annual accounts, the compensation was approved and paid by the insurance company prior to the formulation of the accounts, as indicated in Note 26.

Other operating expenses

The disclosure of this balance of the consolidated profit and loss accounts for the financial years 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Leases	1,072	2,062
Repair and maintenance	797	252
Independent professional services	6,251	9,895
Insurance premiums	2,921	1,866
Supplies	3,371	2007
Banking services	2007	399
Taxes	16,570	14,279
Other expenditure	1,841	1,338
Total	34,830	32,098

"Taxes" at 31 December 2021 and 2020 correspond mainly to various levies applicable to dependent companies in Brazil under the tax regulations.

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Personnel expenses

The disclosure of this balance of the consolidated income statements for the financial years 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Wages and salaries	13,455	11,893
Compensation	50	-
Social Security paid by the company	2,110	1,663
Other social benefit expenses	70	53
Total	15,685	13,609

Amortisations and provisions

The disclosure of this balance of the consolidated income statements for the financial years 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Provisions for amortisation of tangible fixed assets (Note 9)	43,886	45,248
Provisions for amortisation of intangible assets (Note 9)	10,650	11,743
Provisions for amortisation of right of use assets (Note 9)	1,655	1,579
Total	56,191	58,570

Financial revenue

Financial income corresponds to the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost.

Financial expenses

At 31 December 2021 the financial expenses correspond to the application of the effective interest rate method to financial liabilities at amortised cost, except for 15,820 thousand euros net of tax effect of income corresponding to the transfer of accounting hedges to the income statement; (expense of 19,588 thousand euros in 2020) (see Note 14.b).

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20. Information on employees

The average number of persons employed in the course of the financial year 2021 and 2020 distributed by category is as follows:

	Average number of employees	
	2021	2020
Top Management	7	7
Management	14	13
Middle Management	64	79
Staff	384	329
Total	469	428

Of the Group's average workforce during 2021, 10 employees had a temporary contract (none in 2020).

Likewise, the gender distribution at 31 December 2021 and 2020 of the personnel and Directors of the Group was as follows:

Categories	31.12.2021		31.12.2020	
	Men	Women	Men	Women
Board Members	6	-	6	-
Top Management	7	-	7	-
Management	12	2	12	1
Middle Management	49	12	64	15
Staff	321	104	270	76
Total	395	118	359	92

During the 2021 and 2020 financial years the Group had no employees with disability greater than or equal to 33% (or the equivalent local classification).

21. Balances and transactions with related parties

21.1. Balances and transactions of the Group with related parties

The conditions of transactions with related parties are equivalent to those applicable to transactions performed on market terms. The transactions performed by the Group with investee companies not consolidated by full consolidation and with other related companies during the financial year 2021 and 2020 were as follows:

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2021 Financial Year

	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Chile Transmisora SPA	-	83	-
Mataquito Transmisora de Energía, S.A.	-	525	-
Casablanca Transmisora de Energía, S.A.	-	1,020	-
Diego de Almagro Transmisora de Energía, S.A.	-	735	-
Brilhante Transmissora de Energia, S.A.	-	103	-
Jaurú Transmissora de Energia, S.A.	-	409	-
Alfa Transmisora de Energía, S.A.	-	1,354	-
Cachoeira Paulista Transmissora de Energía, S.A.	-	19	-
Other companies:			
Elecnor. S.A.	8,425	-	4
Elecnor Servicios y Proyectos, S.A.U.	8,677	-	-
Aplicaciones Técnicas de la Energía, S.A.	29	-	-
Total	17,131	4,248	4

On 23 June 2021 approval was given for the demerger by segregation of the Services and Projects Business by the dominant Company Elecnor, S.A. in favour of Elecnor Servicios y Proyectos, S.A.U.

Financial Year 2020

	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Chile Transmisora SPA	-	60	-
Mataquito Transmisora de Energía, S.A.	-	208	-
Casablanca Transmisora de Energía, S.A.	-	39	-
Diego de Almagro Transmisora de Energía, S.A.	-	360	-
Brilhante Transmissora de Energia, S.A.	-	268	-
Jaurú Transmissora de Energia, S.A.	-	443	-
Other companies:			
Elecnor Chile Til Til	-	20	-
Elecnor. S.A.	16,510	358	-
Aplicaciones Técnicas de la Energía, S.A.	10	-	-
Hidroambiente, S.A.	-	140	-
Sociedad Aguas Residuales Pirineos, S.A.	-	7	-
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	-	7	-
Total	16,520	1,929	-

At 31 December 2021 and 2020 the composition of the balances receivable and payable with these investee companies not consolidated through full consolidation and with other related companies as a result of prior operations was as follows:

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2021 financial year

	Thousands of euros			
	Accounts Receivable			Accounts payable
	Trade receivables, related companies	Long-term investments in related companies	Short-term investments in related companies	Trade payables, associated and related companies
Celeo Redes Chile Transmisora SPA	-	-	10,679	-
Jaurú Transmissora de Energía, S.A.	21	-	-	-
Cachoeira Paulista Transmissora de Energía, S.A.	7	-	-	-
Mataquito Transmisora de Energía, S.A.	66	-	168	-
Casablanca Transmisora de Energía, S.A.	13	-	36	-
Diego de Almagro Transmisora de Energía, S.A.	6	-	4,528	-
Alfa Transmisora de Energía, S.A.	1,152	15,774	349	-
Elecnor Chile, S.A.	60	-	-	2
Elecnor, S.A.	1	-	-	1,099
Elecnor Servicios y Proyectos, S.A.U.	-	-	-	3,858
Elecnor do Brasil, S.A.	10	-	-	19,142
PCH Faveiro Serviços de Projetos	-	-	-	7
Total	1,336	15,774	15,760	24,108

Long-term investments in related companies correspond in the main to the loan granted by Celeo Redes Chile Expansión to Alfa Transmisora de Energía.

Trade payables, associate and related companies, corresponds in the main to the debt that the Sao Joao do Piaui and Serra de Ibiapaba Transmissora de Energía, S.A. photovoltaic plants owe to Elecnor do Brasil for completion of construction of these projects

Financial Year 2020

	Thousands of euros		
	Accounts Receivable		Accounts payable
	Trade receivables, related companies	Short-term investments in related companies	Trade payables, associated and related companies
Celeo Redes Chile Transmisora SPA	8	8,431	-
Brilhante Transmissora de Energía, S.A.	19	-	-
Jaurú Transmissora de Energía, S.A.	20	-	-
Paritins Amazonas Transmissora de Energía, S.A.	287	-	-
Cachoeira Paulista Transmissora de Energía, S.A.	1	-	-
Mataquito Transmisora de Energía, S.A.	1	155	-
Casablanca Transmisora de Energía, S.A.	1	34	-
Diego de Almagro Transmisora de Energía, S.A.	-	2043	-
Elecnor Chile, S.A.	65	-	167
Elecnor, S.A.	-	-	4,476
Elecnor Brasil, S.A.	1	10	12,947
Celeo Apolo FV, S.L.	-	7	-
Sistema de Evacuación Albuera SET, A.I.E.	-	-	42
Total	403	10,680	17,632

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21.2 Remuneration of the Board of Directors

a) Remuneration and other benefits of the Board of Directors

The members of the Board of Directors of the dominant Company did not accrue any remuneration, nor receive any credits, guarantees or advances in the performance of their directorial functions, and there are no agreements in place with the dominant Company regarding retirement supplements, life insurance or other considerations for the financial year 2021 and 2020. Provision is made for compensation for reasonable travel expenses for performing the functions, which in no case represents a significant amount

b) Situations of conflict of interest of the Dominant Company Directors

The Directors of the Dominant Company and persons related to them have not incurred any situation of conflict of interest requiring notification pursuant to the terms of Article 229 of the Consolidated Text of the Capital Companies Act.

c) Transactions outside ordinary dealings or on non-market terms performed by Dominant Company Directors

During the 2021 and 2020 financial years, the Dominant Company Directors did not perform with it or with Group companies any operations outside ordinary dealings or on non-market terms.

21.3 Remuneration of Senior Management

During the 2020 financial year, the Executive Team of the Celeo Group accrued remuneration totalling 1,534 thousand euros (1,401 thousand euros in the financial year).

The total remuneration indicators include the fixed remuneration and annual variable remuneration.

Likewise, at 31 December 2021 and 2020 the dominant Company had not entered into any significant obligations regarding pensions or guarantees with the executive team, and not granted any advances or credits.

22. Auditors' fees

The audit firm (KPMG Auditores, S.L.) for the annual accounts of the Group during the financial years ended at 31 December 2021 and 2020 invoiced the net professional service fees detailed below:

KPMG Auditores, S.L.:	Thousands of euros	
	2021	2020
For auditing services	157	135
For other accounting verification services	47	5
Total	204	140

The amounts included in the above table include all fees regarding services performed during the financial years 2021 and 2020, irrespective of when they were invoiced.

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Furthermore, other entities affiliated to KPMG International invoiced the Group during the financial years ended at 31 December 2021 and 2020 the net professional service fees detailed below:

Other entities affiliated with KPMG International:	Thousands of euros	
	2021	2020
For auditing services	306	237
For other accounting verification services	71	-
For tax consultancy services	16	15
Total	393	252

23. Information on the average supplier payment period. Third Additional Provision. "Duty of Disclosure": Act 15/2010, of 5 July 2010

The information as to deferrals of payments made to suppliers by the Spanish consolidated companies in the financial years 2021 and 2020 is as follows:

	Days	
	2021	2020
Average supplier payment period	20	35
Ratio of operations paid	20	33
Ratio of operations pending payment	11	29
	Amount in Thousands of Euros	
Total payments made	34,841	24,529
Total payments pending	5,479	4,786

The figures set out in the above table regarding payments to suppliers refer to trade payables owed to suppliers of goods and services, and so include figures regarding the entries "Trade payables and other accounts payable - Payables for purchases or services provided".

24. Environmental information

Celeo places on record its commitment to respect and protect the environment in its Code of Conduct, developed by means of its Environmental Policy, focused on raising awareness and facilitating sustainable business development.

The Environmental Policy is based on the application of the following six principles: prevention of pollution, efficiency in the use of resources and waste, protection of biodiversity and habitat, resilience to disasters and adaptation to climate change, fulfilment of requirements and continuous improvement.

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

Celeo constantly works to achieve continuous improvement in all environmental management processes and at every level of the organisation.

The Celeo Group collaborates with various associations promoting research and development in the sector. Celeo furthermore undertakes a number of initiatives, such as thermographic inspection of photovoltaic plants by means of unmanned aerial vehicles (UAV) and the ANEEL R&D programme,

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helping to improve the security of the electricity system and service quality, resulting in reduced environmental impacts.

Celeo subscribes to the principle of precaution, through the EMS, identifying the most significant environmental impacts from its activities, and establishing the required mechanisms to identify, evaluate and control them.

25. Segment Reporting

IFRS 8 requires that operating segments be identified on the basis of the information used by company management to reach decisions regarding operational matters. In this regard, the Dominant Company Directors believe that the segments required for information, as they constitute the basis for the Group's decision-making in assigning resources, and for which operating results are regularly reviewed by the most senior management to assess performance, are: *management and operation of transmission lines*, and *electrical energy generation*. Likewise, income is earned in each of these markets corresponding to the different activities undertaken by the Group.

• **Information on operating segments**

Assets and liabilities for general use, and the results generated by them, have not been subject to assignment to the remaining segments. Likewise, reconciliation items that arise from comparison of the result of integrating the financial statements of the different operating segments (produced through management criteria) with the consolidated financial statements of the Celeo Concesiones e Inversiones Group have not been assigned. In the information indicated below, these elements will appear under the caption "Corporate".

The information regarding operating segments as detailed below:

- a) The detail of the consolidated results account captions by segment at 31 December 2021 and 2020 is as follows:

2021 financial year

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2021
Net turnover	95,892	101,674	6,590	(6,510)	197,646
Inventory supplies	(31,314)	(20,202)	-	-	(51,516)
Results from investments under equity method	5,516	-	-	-	5,516
Financial profit/(loss)	27,955	(23,109)	(38)	130	4,938
Minority interest result	(8,649)	(1)	-	-	(8,650)
Consolidated result of parent company	26,283	4,844	982	(2,250)	29,859

Financial Year 2020

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2020
Net turnover	156,582	99,785	5,688	(3,598)	258,456
Supplies	(95,198)	(18,865)	-	-	(114,063)
Results from investments under equity method	7,213	-	-	-	-
Financial result	30,456	(17,493)	(10)	(93)	13
Minority interest result	(8,361)	(16)	-	-	(8,377)
Consolidated result of parent company	29,748	(348)	492	-	29,892

- b) The detail of the assets and liabilities by segment at 31 December 2021 and 2020 is as follows:

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	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2021
Assets					
Intangible assets	591,617	174	15	-	591,806
Goodwill	-	1,125	-	-	1,125
Tangible assets	341,724	692,208	325	-	1,034,257
Right of use assets	3,024	19,440	-	-	22,464
Investments accounted under equity method	254,636	-	-	-	254,636
Non-current financial assets	954,144	11,672	1,060,143	(1,115,568)	910,391
Assets through deferred taxes	6,277	73,297	(715)	-	78,859
Receivables	34,556	26,553	4,108	(4,826)	60,391
Remaining assets	131,741	50,205	10,388	(17,157)	175,177
Total assets	2,317,719	874,674	1,074,264	(1,137,551)	3,129,106
Liabilities					
Non-current financial liabilities	792,829	624,375	-	-	1,417,204
Lease liabilities	2,482	23,307	-	-	25,789
Other non-current liabilities	3,731	18,105	-	-	21,836
Deferred income tax liabilities	248,279	16,959	-	-	265,238
Current financial liabilities	80,445	35,518	-	-	115,963
Other current liabilities	37,936	59,118	1,253	(21,985)	76,322
Total liabilities	1,165,702	777,382	1,253	(21,985)	1,922,352

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2020
Assets					
Intangible assets	554,652	--	27	-	554,679
Goodwill	-	1,125	-	-	1,125
Tangible assets	320,473	733,783	254	-	1,054,510
Right of use assets	2,979	20,104	193	-	23,276
Investments accounted under equity method	238,302	-	-	-	238,302
Non-current financial assets	835,170	12,147	1,047,917	(1,099,065)	796,169
Assets through deferred taxes	7,201	80,263	(705)	-	86,759
Receivables	38,847	27,986	4,911	(3,269)	68,475
Remaining assets	143,737	29,091	1769	(14,156)	160,441
Total assets	2,141,361	904,499	1,054,366	(1,116,490)	2,983,736
Liabilities					
Non-current financial liabilities	781,028	669,587	-	-	1,450,615
Lease liabilities	3,049	23,789	233	-	27,071
Other non-current liabilities	14,399	2,561	-	-	16,960
Deferred income tax liabilities	219,822	20,194	-	-	240,016
Current financial liabilities	35,195	33,577	-	-	68,772
Other current liabilities	59,893	55,535	736	(17,425)	98,739
Total liabilities	1,113,386	805,243	969	(17,425)	1,902,173

• **Information on the activity undertaken by the company**

The main activities in which the Celeo Concesiones e Inversiones Group operates are:

- Generation of energy
- Management and operation of Transmission Lines.

The Group currently undertake these activities in Brazil, Chile and Spain, and is beginning operations in Peru. The most significant aspects of the sectoral regulations would be:

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Transmission market in Brazil

Celeo Concesiones participates in this market in projects regulated by ANEEL (Agencia Nacional de Energía Eléctrica), the body which regulates the Brazilian electrical system. For newly constructed projects, ANEEL defines the maximum permitted annual income ("Receita Anual Permitida", or "RAP") for each transmission line tendered. The bidder offering the lowest RAP is awarded the concession, subject to the following:

- The concession period is 30 years from the date of the award, with the possibility of renewing the concession upon expiry for a further 30 years with an adjusted RAP. During this period, the concession operator must guarantee availability of the assets and maintain a high-quality O&M and insurance programme.
- The concession operator is responsible for development and construction of the infrastructure by the Commercial Operation Date agreed in the tender conditions. In general, this period is from 2 to 4 years.
- The RAP is adjusted yearly on the basis of the inflation observed, with additional adjustments established in the tender conditions of each project, so as to guarantee profitability for the concession operator.

Generation market in Brazil

On the renewable generation market, Celeo sells the energy produced by its plants in proportions of approximately 80% on the regulated market ('ACR') and 20% on the open market ('ACL').

- On the regulated market, the energy is sold by means of long-term PTAs (20 years) with distributors as the counterparty, at a fixed price discounted for inflation. These contracts were finalised in the generation auctions organised by ANEEL.
- As for all other generation, it is settled at the spot market price on the open market, or otherwise, depending on market conditions, under PPAs with a duration of up to 1 year on the open market. Specifically, the 2022 agreement was finalised with a reseller for all the energy produced.

The energy produced by the Celeo plant is classified as "Incentivised Energy", with a 50% discount on the TUST (Grid Usage Charge).

Transmission market in Chile

The CNE (National Energy Commission) is the Chilean regulatory body, and defines in its transmission tenders the maximum VATT (annual transmission value per section) for each project. This value covers both the yearly reimbursement of the investment value, and the annual operation and maintenance costs. The bidder with the lowest VATT is awarded the project, subject to the following:

- The winner will be the owner of the project for an unlimited duration. During this period, the concession operator must maintain a high-quality O&M and insurance programme.
- The concession-holder is responsible for development, construction and operational start-up by the agreed Commercial Operation Date. This period is in general between 3 and 5 years.
- The VATT is adjusted yearly in accordance with inflation, switching to the general regime in the 21st year of operations, with income likely being subject to an adjustment every 4 years for the value of the replacement of system assets as new and the regulated profitability approved for this period.

Transmission market in Peru

Celeo Concesiones is involved in this market as a transmission project concession-holder for the Ministry of Energy and Mines, with Osinergmin (the Energy and Mining Investment Supervisory Body) being the agency responsible for the regulations affecting such assets.

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- The bidder offering the lowest Mean Annual Cost (MAC) in USD will be awarded the contract. This MAC includes one component remunerating investment, and another covering the annual operation and maintenance costs. The MAC is adjusted yearly to take US inflation into account.
- The concession period runs for up to 30 years from the Commercial Operational Start-up of the infrastructure. During this period the concession-holder must guarantee availability of the infrastructure by performing proper operation and maintenance of the assets.

Regulation of renewable energies in Spain

Electricity Sector Act 24/2013, of 26 December 2013, repealing and replacing Act 54/1997, of 27 November 1997, setting out the basic regulations of the Electricity Sector, established the new general operational framework of the sector and the regime of activities and agents.

As a consequence, in June 2014 Royal Decree 413/2014 was passed, adjusting the return on the investment, limiting the profitability of renewables projects during the useful life, in order to achieve a reduction or elimination of the tariff deficit which existed within the electricity system.

The change in remuneration mechanism involved a shift from the premium system to specific remuneration linked both to the investment (remuneration on investment or Rinv) and to operation (remuneration for operation, or Ro).

As a result, each type of facility was classified (IT) in accordance with its technology, location and year of construction, with a series of specific characteristics being assigned to each project according to which both the Rinv and Ro were granted to each facility based on the principle of ensuring that they will achieve a reasonable return, which at that point was set at 7.398% before tax. The Rinv and Ro supposedly covered both the cost of the investment and the cost of operation not covered by income generated through the sale to the pool.

For each regulatory semi-period (3 years), the specific remuneration is calculated for each type of installation (IT). As a result, depending on the technology, the installed power and the year of commissioning, the project has specific values and a theoretical return adjusted throughout its useful life equal to the reasonable return established for each regulatory period (6 years).

In February 2019 the Climate Change and Energy Transition Bill was passed. The ambitious proposals set targets for 2030 to reduce greenhouse gas emissions by 21%, to levels lower than those existing in 1990. It is uncertain whether the proposals will in fact become future governmental policy, but the expectation is that the new Government will support an increase in renewable energies.

On 23 November 2019 Royal Decree-Act 17/2019 was published, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. It establishes for renewables, co-generation and waste generation facilities a reasonable return of 7.09%, applicable during the second regulatory period (2020-2025). Nonetheless, renewables, co-generation and waste generation facilities that had remuneration upon the entry into effect of Royal Decree-Act 9/2013 are permitted, under certain circumstances, to maintain the reasonable return set for the first regulatory period, of 7.398%, during the second and third regulatory period (2020-2031). The photovoltaic facilities of the subgroup Helios maintain this last reasonable rate of return during this period.

On 28 February 2020, Order TED/171/2020 was published, updating the remuneration parameters of electrical energy production facilities using renewable energy sources, applicable from 1 January 2020 onwards.

Lastly, Royal Decree 12/2021, approved in June 2021, temporarily suspended the 7% IVPPE (Electrical Energy Production Tax) in the second half of 2021, with this suspension likewise being extended to the first quarter of 2022.

• **Geographical information**

We detail below for the most significant countries the ordinary income derived from external clients, and non-current assets that are not financial instruments, corresponding to 31 December 2021 and 2020:

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Operating income

Country	Thousands of euros	
	2021	2020
Spain	84,270	89,457
Brazil	66,759	123,070
Chile	46,617	45,929
Peru	-	-
	197,646	258,456

Non-current assets

Country	2021			
	Thousands of euros			
	Intangible assets	Property, plant and equipment	Right of use assets	Assets through deferred taxes
Spain	15	571,958	18,464	72,111
Brazil	9,932	123,335	3,199	5,909
Chile	578,780	338,964	801	839
Peru	3,079	-	-	-
	591,806	1,034,257	22,464	78,859

Country	2020			
	Thousands of euros			
	Intangible assets	Property, plant and equipment	Right of use assets	Assets through deferred taxes
Spain	27	610,119	19,452	79,535
Brazil	10,175	125,875	3,258	1,356
Chile	544,476	318,516	566	5,868
Other	-	-	-	-
	544,678	1,054,510	23,276	86,759

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26. Subsequent events

As indicated in Note 19, on 24 February 2022 insurance compensation was collected for the Sao Joao do Piaui photovoltaic plants following the fire suffered by the energy output transformers in the 2020 financial year.

After many years of tension between Russia and Ukraine, on 24 February 2022 the Russian government launched a military invasion of Ukraine.

In response to this military action, a series of major countries announced economic sanctions on Russia and a growing number of public and private enterprises have declared voluntary action to limit business activities with Russia. These actions include plans to sell assets or suspend operations in Russia, reduce exports to and imports from the country, and stop the provision of services to the state and Russian companies. The central Russian bank has temporarily suspended the trading of shares and derivatives, and local authorities have also temporarily prohibited foreign investors from selling Russian assets, as well as imposing significant limitations on any payments to foreign entities, for example the settling of financial liabilities.

The Ukraine conflict and its effects come about at a time of significant global economic uncertainty and volatility, and it is likely that the impacts will interact with and even compound the effects of the current market conditions, with potential impacts on energy prices, interruptions in trade relations, and breakages in supply chains.

In 2022 the Company will assess the impact of these events on equity and the financial position, as well as on results from operating activities and cash flows.

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies				
By full integration				
Dependent on:				
CELEO CONCESIONES E INVERSIONES, S.L.				
Celeo Energía, S.L.	SPAIN	***	Holding	100.00%
Celeo Redes, S.L.U.	SPAIN	KPMG	Holding	100.00%
Celeo Termosolar, S.L.U.	SPAIN	***	Holding	100.00%
Helios Inversión y Promoción Solar, S.L.U.	SPAIN	***	Holding	100.00%
Celeo Apolo FV, S.L.U.	SPAIN			100.00%
CELEO ENERGIA, S.L.U.				
Celeo Energía Brasil, LTDA	BRAZIL	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Alwa II, S.p.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
CELEO REDES, S.L.U.				
Celeo Redes Chile, Ltda.	CHILE	KPMG	Holding	100.00%
Celeo Redes Chile Expansión, SpA	CHILE	***	Holding	100.00%
Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Perú, SAC.	PERU	***	Holding	100.00%
Puerto Maldonado Transmisora de Energía, SAC.	PERU	EY	Promotion, construction and operation of electrical energy installations	100.00%
CELEO REDES CHILE Ltda				
Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Holding	100.00%
Nirivilo Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Reactiva Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Ruil Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Celeo Obras de Ampliación, S.p.A.	CHILE	***	Design, engineering, supply, assembly and construction of expansion works	100.00%
CELEO REDES OPERACIÓN CHILE, S.A.				
Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Charrua Transmisora De Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
CELEO TERMOSOLAR, S.L.				
Solar Renewables Spain S.A.R.L.	LUXEMBOURG	***	Holding	100.00%
Dioxipe Solar, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	97.57%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%
HELIOS INVERSION Y PROMOCIÓN SOLAR, S.L.U.				
Celeo Fotovoltaico, S.L.U.	SPAIN	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
CELEO REDES BRASIL, S.A.				
Encruzo Novo Transmissora De Energia, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Integração Maranhense Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51.00%
Linha De Transmissao Corumba, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Caiua Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51.00%
Cantareira Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51.00%
Coqueiros Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pedras Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Brilhante Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pondera Participações LTDA.	BRAZIL	***	Development, construction and operation of hydroelectric power plants	100.00%
PCH Faveiro Serviços de Projetos de Geração de Energia SPE LTDA.	BRAZIL	***	Development, construction and operation of hydroelectric power plants	100.00%
PCH Patos Serviços de Projetos de Geração de Energia LTDA.	BRAZIL	***	Development, construction and operation of hydroelectric power plants	100.00%
Celeo Redes Transmissao de Energia, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Holding	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
CELEO REDES TRANSMISSAO DE ENERGIA, S.A.				
Vila Do Conde Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
LT Triangulo, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
CELEO REDES TRANSMISSAO E RENOVAVEIS, S.A.				
Celeo Sao Joao Do Piaui FV I, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV II, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV III, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV IV, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV V, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV VI, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Serra De Ibiapaba Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies Under the equity method (Note 11)				
Dependent on:				
CELEO REDES CHILE, S.A.				
CRC Transmisión, S.p.A.	CHILE	KPMG	Holding	50.00%
CRC TRANSMISIÓN, S.p.A.				
Diego de Almagro Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Casablanca Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Mataquito Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
CELEO REDES CHILE EXPANSIÓN, SpA				
Alfa Transmisora de Energía, S.A.	CHILE	EY	Holding	20.00%
Transmisora de Quillota Limitada	CHILE	EY	Promotion, construction and operation of electrical energy installations	20.00%
ALFA TRANSMISIÓN, S.A.				
Alfa Transmisión, S.A.	CHILE	EY	Promotion, construction and operation of electrical energy installations	20.00%
Dependent on:				
CELEO REDES BRASIL, S.A.				
Celeo Redes Expansoes, S.A..	BRAZIL	KPMG	Holding	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	33.33%
CELEO REDES EXPANSOES, S.A.				
Parintins Amazonas Transmissora de Energia S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Cachoeira Paulista Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	33.33%

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Annex I: Detail of the Dependent Companies

2020 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies				
By full integration				
Dependent on:				
CELEO CONCESIONES E INVERSIONES, S.L.				
Celeo Energía, S.L.	SPAIN	***	Holding	100.00%
Celeo Redes, S.L.U.	SPAIN	KPMG	Holding	100.00%
Celeo Termosolar, S.L.U.	SPAIN	***	Holding	100.00%
Helios Inversión y Promoción Solar, S.L.U.	SPAIN	***	Holding	100.00%
CELEO ENERGIA, S.L.U.				
Celeo Energía Brasil, LTDA	BRAZIL	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Celeo Energía Chile, SPA	CHILE	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Celeo Luz de Mexicali I, S.A. de C.V.	MEXICO	***	Promotion, production of energy	100.00%
Celeo Luz de Mexicali II, S.A. de C.V.	MEXICO	***	Promotion, production of energy	100.00%
CELEO REDES, S.L.U.				
Celeo Redes Chile, Ltda.	CHILE	KPMG	Holding	100.00%
Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Holding	100.00%
CELEO REDES CHILE Ltda				
Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Holding	100.00%
CELEO REDES OPERACIÓN CHILE, S.A.				
Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Charrua Transmisora De Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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Annex I: Detail of the Dependent Companies

2020 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
CELEO REDES BRASIL, S.A.				
Encruzo Novo Transmissora De Energia, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Integração Maranhense Transmissora De Energia, S.A	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Linha De Transmissao Corumba, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Caiua Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Cantareira Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Coqueiros Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pedras Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Serra De Ibiapaba Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Celeo Redes Expansoes, S.A.	BRAZIL	***	Holding	100.00%
Celeo Redes Transmissao de Energia, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Holding	100.00%
CELEO REDES TRANSMISSAO DE ENERGIA, S.A.				
Vila Do Conde Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
LT Triangulo, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
CELEO REDES TRANSMISSAO E RENOVAVEIS, S.A.				
Celeo Sao Joao Do Piaui FV I, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV II, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV III, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV IV, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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Annex I: Detail of the Dependent Companies

2020 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Celeo Sao Joao Do Piaui FV V, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV VI, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
CELEO TERMOSOLAR, S.L.				
Solar Renewables Spain S.A.R.L.	LUXEMBURG	***	Holding	100.00%
Dioxipe Solar, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	97.57%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%
HELIOS INVERSION Y PROMOCIÓN SOLAR, S.L.U.				
Celeo Fotovoltaico, S.L.U.	SPAIN	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Consolidated investee companies Under the equity method (Note 11)				
Dependent on:				
CELEO REDES CHILE, S.A. CRC Transmisión, S.p.A.	CHILE	KPMG	Holding	50.00%
CRC TRANSMISIÓN, S.p.A.				
Diego de Almagro Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Casablanca Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Mataquito Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Dependent on:				
CELEO REDES BRASIL, S.A.				
Paratins Amazonas Transm. de Energía, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Brilhante Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Brilhante II Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	66.67%
Cachoeira Paulista Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%

(***) Companies not legally obliged to have their annual accounts audited.

CELEO CONCESIONES E INVERSIONES, S.L. AND DEPENDENT COMPANIES

Summarised Financial Information of companies consolidated under the equity method

31 December 2021.

(Expressed in thousands of euros)

Information on the statement of financial position

	Subgroup Alfa Transmisora	Transmisora Eléc. de Quillota Lda.	CRC Subgroup Transmission	Jauru Transmiss. de Energía, S.A.	Subgroup C.R. Expansões
Non-current assets	1,154,849	32,342	203,351	67,146	206,485
Non-current liabilities	1,090,020	3,567	150,768	24,017	156,432
Non-current financial liabilities (*)	909,068	-	149,882	11,166	82,663
Total net non-current assets	64,829	28,775	52,583	43,129	50,053
Current assets	86,190	996	54,454	7,013	63,728
Cash and cash equivalents	72,290	550	39,857	4,133	57,952
Current liabilities	66,189	2,446	43,636	5,549	13,150
Current financial liabilities (*)	15,383	-	1,987	1,005	4,346
Total net current assets	20,001	(1,450)	10,818	1,464	50,578
Net assets	84,830	27,325	63,401	44,593	100,631
Ownership percentage	0.20	0.20	0.50	0.33	0.50
Stake in net assets	16,966	5,465	31,701	14,864	50,316
Book value of the stake (**)	16,966	5,465	152,494	12,051	67,660
Information on the income statement					
Operating income	369	-	5,165	12,607	94,316
Depreciation and amortisation	(69)	-	(1,725)	(2,584)	(3,479)
Interest income	-	-	-	234	1,028
Borrowing costs	(12,610)	-	(7,078)	(3,492)	(7,369)
Charge (income) from gains tax	3,673	-	403	(903)	(1,347)
Result for the financial year from ongoing activities	(1,818)	-	(1,091)	1,752	5,076
Result for the financial year	(1,818)	-	(1,091)	1,752	5,076
Dividends received	-	-	-	285	-

(*) Excluding trade payables and other accounts payable, provisions and liabilities through deferred tax.

(**) The difference with the stake in net assets/reconciliation corresponds to the homogenisation of criteria with the international standards and policies of the group

CELEO CONCESIONES E INVERSIONES, S.L. AND DEPENDENT COMPANIES

Summarised Financial Information of companies consolidated under the equity method

31 December 2020.

(Expressed in thousands of euros)

Information on the statement of financial position

	Brilhante Transmissora de Energia, S.A.	Jauru Transmissora de Energia, S.A.	Brilhante II Transmissora de Energia, S.A.	Cachoeira Paulista Transmissora de Energia, S.A.	Parintins Amazonas Transmissora de Energia, S.A.	CRC Subgroup Transmisión SPA
Non-current assets	43,453	68,641	3,165	22,287	20,903	134,317
Non-current liabilities	30,146	27,356	238	9,447	-	87,195
Non-current financial liabilities (*)	26,908	23,208	-	8,786	-	86,884
Total net non-current assets	13,307	41,285	2,927	12,840	20,903	47,122
Current assets	6,926	6,099	737	8,559	492	43,977
Cash and cash equivalents	5,443	2,019	643	6,195	246	33,791
Current liabilities	4,010	4,196	45	4,766	7,181	31,475
Current financial liabilities (*)	2,746	2,960	-	3,514	-	3,200
Total net current assets	2,916	1,903	692	3,793	(6,689)	12,502
Net assets	16,223	43,188	5,545	16,633	14,214	59,624
Percentage stake	0.50	0.66	0.50	0.50	0.50	0.50
Stake in net assets	8,112	28,792	2,773	8,317	7,107	29,812
Book value of the stake (**)	17,578	16,138	5,697	29,423	27,078	142,388
Information on the income statement						
Ordinary revenue	8,261	12,969	702	10,122	14,022	8,137
Depreciation and amortisation	(1,938)	(2,796)	(129)	(968)	-	(1,806)
Interest income	119	95	17	221	2	1
Borrowing costs	(1,223)	(3,124)	(1)	(1,898)	(48)	(3,690)
Charge (income) from gains tax	(295)	(953)	(27)	(387)	16	101
Result for the financial year from ongoing activities	2,396	2,256	476	5,632	(31)	(273)
Result for the financial year	2,396	2,256	476	5,632	(31)	(273)
Dividends received	16,610	1,548	510	1,090	-	-

(*) Excluding trade payables and other accounts payable, provisions and liabilities through deferred tax.

(**) The difference with the stake in net assets/reconciliation corresponds to the homogenisation of criteria with the international standards and policies of the group



Directors' Report 2021 - Celeo Group

Corresponding to the financial year ended at 31 December 2021

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1. Introduction

The Celeo Group achieved a consolidated net profit attributed to the Parent Company in the 2021 financial year of 30 million euros (30 million euros in 2020). This result reflects the favourable evolution of the Group's businesses, successfully offsetting the negative impact of the depreciation of the average exchange rates of the Brazilian real and US dollar compared with the previous financial year.

Sales amounted to 198 million euros, compared with 258 million euros in 2020, the reduction mainly being the result of the recognition during the previous financial year of income from the construction of the infrastructure of the Brazilian Serra de Ibiapaba Transmissora de Energia concession project, which began operation during this financial year. This recognition corresponds to the accounting criteria for the Brazilian concessions, with no impact on EBITDA nor on the results for the financial year.

Meanwhile, EBITDA stood at 111 million euros, compared with 108 million euros in the 2020 financial year.

Furthermore, during the 2021 financial year a series of significant operations took place, which must be taken into account in order to offer a complete overview of the Group:

- In April 2021 Celeo Redes was awarded the "138 kV Puerto Maldonado – Iberia Transmission Line" and "Valle del Chira 220/60/22.9 kV Substation" projects in Lima. The start of commercial operations of the two projects is scheduled within 43 and 28 months respectively from the date of the award, and will represent a total approximate investment of 60 million dollars. The awarding of these projects represents Celeo's initial entry into a new country, placing it in an excellent position to strengthen its expansion in another of its main strategic markets.
- In May 2021 Celeo Redes Brasil completed the purchase from the Cobra Group of the 50% stake in the concessions Brilhante Transmissora de Energia and Brilhante Transmissora de Energia II, for a total acquisition price of 102 million BRL. Through this operation Celeo acquires the entirety of these concessions, which have been in operation since 2010 and 2014, respectively.
- In June 2021, Aries Solar Termoeléctrica (ASTE) finalised a hybrid financing agreement, combining a bank tranche and an institutional tranche, for an amount of 331 million euros. The previous credit agreement dated 15 April 2011 was also simultaneously cancelled. The operation meant a considerable improvement in the financing terms, including a substantial reduction in the cost of the debt and the elimination of certain cash sweeps and guarantees granted to the financing institutions. Furthermore, this refinancing allowed a distribution to be made to the project shareholders. The operation thus generated a considerable increase in shareholder value. S&P also conducted a Green Evaluation of the financing, awarding it a rating of E1, thereby underpinning the Celeo Group's dedication and commitment to ESG criteria.
- In September 2021, once the relevant permits had been obtained, Celeo Redes Brasil and APG Energy & Infra Investments 2012 completed the agreement for a 50% co-investment in Celeo Redes Expansões, S.A. The company owns 100% of Parintins Amazonas Transmissora de Energia (PATE), 66.6% of Jauru Transmissora de Energia (JTE) and 100% of Cachoeira Paulista Transmissora de Energia (CPTE).
- Acquisition of the company Colbún Transmisión in September 2021 by the special purpose entity Alfa Desarrollo SpA, and subsequently the company Transmisora Eléctrica de Quillota (TRANSQUILLOTA) in December 2021. The corporate structure of the acquisition comprises 20% held by Celeo Redes SLU and 80% by APG Energy and Infra Investments SL. Following the addition of these assets, Celeo now holds a very significant stake in the overall transmission market in Chile, with more than 1,935 km of transmission lines and 35 substations. The price paid for these purchases amounts to 1.172 billion dollars and 31 million dollars, respectively. Prior to closure of the purchase, on 9 September Alfa Desarrollo completed the successful market issuance of bonds with the 144A/Reg-S Senior Secured format, for a volume of 1.098 billion dollars.

2. Business model and environment

2.1. Business model

The Celeo Group implements a business model comprising infrastructure project management, through investment in electrical energy generation and transmission system assets. It currently has projects in place in Brazil, Chile, Spain and Peru.

2.1.1 Transmission market in Brazil

Celeo Concesiones participates in this market in projects regulated by ANEEL (Agência Nacional de Energia Elétrica), the body which regulates the Brazilian electrical system. For newly constructed projects, ANEEL defines the maximum permitted annual income ("Receita Anual Permitida", or "RAP") for each transmission line tendered. The bidder offering the lowest RAP is awarded the concession, subject to the following:

- The concession period is 30 years from the date of the award, with the possibility of renewing the concession upon expiry for a further 30 years with an adjusted RAP. During this period, the concession operator must guarantee availability of the assets and maintain a high-quality O&M and insurance programme.
- The concession operator is responsible for development and construction of the infrastructure by the Commercial Operation Date agreed in the tender conditions. In general, this period is from 2 to 4 years.
- The RAP is adjusted yearly on the basis of the inflation observed, with additional adjustments established in the tender conditions of each project, so as to guarantee profitability for the concession operator.

2.1.2 Generation market in Brazil

On the renewable generation market, Celeo sells the energy produced by its plants in proportions of approximately 80% on the regulated market ('ACR') and 20% on the open market ('ACL').

- On the regulated market, the energy is sold by means of long-term PTAs (20 years) with distributors as the counterparty, at a fixed price discounted for inflation. These contracts were finalised in the generation auctions organised by ANEEL.
- As for all other generation, it is settled at the spot market price on the open market, or otherwise, depending on market conditions, under PPAs with a duration of up to 1 year on the open market. Specifically, the 2022 agreement was finalised with a reseller for all the energy produced.

The energy produced by the Celeo plant is classified as "Incentivised Energy", with a 50% discount on the TUST (Grid Usage Charge).

2.1.3 Transmission market in Chile

The CNE (National Energy Commission) is the Chilean regulatory body, and defines in its transmission tenders the maximum VATT (annual transmission value per section) for each project. This value covers both the yearly reimbursement of the investment value, and the annual operation and maintenance costs. The bidder with the lowest VATT is awarded the project, subject to the following:

- The winner will be the owner of the project for an unlimited duration. During this period, the concession operator must maintain a high-quality O&M and insurance programme.
- The concession-holder is responsible for development, construction and operational start-up by the agreed Commercial Operation Date. This period is in general between 3 and 5 years.
- The VATT is adjusted yearly in accordance with inflation, switching to the general regime in the 21st year of operations, with income likely being subject to an adjustment every 4 years for the value of the replacement of system assets as new and the regulated profitability approved for this period.

2.1.4 Regulation of renewable energies in Spain

In June 2014 a reform was passed, adjusting the return on the investment, limiting the profitability of renewables projects during the useful life, in order to achieve a reduction or elimination of the tariff deficit which existed within the electricity system.

The change in remuneration mechanism involved a shift from the premium system to specific remuneration linked both to the investment (remuneration on investment or R_{inv}) and to operation (remuneration for operation, or R_o).

As a result, each type of facility was classified (IT) in accordance with its technology, location and year of construction, with a series of specific characteristics being assigned to each project according to which both the R_{inv} and R_o were granted to each facility based on the principle of ensuring that they will achieve a reasonable return, which at that point was set at 7.398% before tax. The R_{inv} and R_o supposedly covered both the cost of the investment and the cost of operation not covered by income generated through the sale to the pool.

For each regulatory semi-period (3 years), the specific remuneration is calculated for each type of installation (IT). As a result, depending on the technology, the installed power and the year of commissioning, the project has specific values and a theoretical return adjusted throughout its useful life equal to the reasonable return established for each regulatory period (6 years).

In February 2019 the Climate Change and Energy Transition Bill was passed. The ambitious proposals set targets for 2030 to reduce greenhouse gas emissions by 21%, to levels lower than those existing in 1990. It is uncertain whether the proposals will in fact become future governmental policy, but the expectation is that the new Government will support an increase in renewable energies.

On 23 November 2019 Royal Decree-Act 17/2019 was published, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. It establishes for renewables, co-generation and waste generation facilities a reasonable return of 7.09%, applicable during the second regulatory period (2020-2025). Nonetheless, renewables, co-generation and waste generation facilities that had remuneration upon the entry into effect of Royal Decree-Act 9/2013 are permitted, under certain circumstances, to maintain the reasonable return set for the first regulatory period, of 7.398%, during the second and third regulatory period (2020-2031). The photovoltaic facilities of the subgroup Helios maintain this last reasonable rate of return during this period.

On 28 February 2020, Order TED/171/2020 was published, updating the remuneration parameters of electrical energy production facilities using renewable energy sources, applicable from 1 January 2020 onwards.

Lastly, Royal Decree 12/2021, approved in June 2021, temporarily suspended the 7% IVPPE (Electrical Energy Production Tax) in the second half of 2021, with this suspension likewise being extended to the first quarter of 2022.

2.1.5 Transmission market in Peru

Celeo Concesiones is involved in this market as a transmission project concession-holder for the Ministry of Energy and Mines, with Osinergmin (the Energy and Mining Investment Supervisory Body) being the agency responsible for the regulations affecting such assets.

- The bidder offering the lowest Mean Annual Cost (MAC) in USD will be awarded the contract. This MAC includes one component remunerating investment, and another covering the annual operation and maintenance costs. The MAC is adjusted yearly to take US inflation into account.
- The concession period runs for up to 30 years from the Commercial Operational Start-up of the infrastructure. During this period the concession-holder must guarantee availability of the infrastructure by performing proper operation and maintenance of the assets.

2.2. Economic context

2.2.1. Brazil

Brazil has experienced an economic recovery this year. Following the slowdown in growth caused by the Covid-19 pandemic, all sectors saw their pace of growth increase during 2021, compared with the previous year. The estimation is that Brazil's GDP growth will amount to 0.7% in 2022, while over the period 2023-2026, the economy is expected to grow at an average annual rate of 2%.

The Selic rate (the mean weighted interest rate of one-day interbank operations, guaranteed by federal government bonds) is expected to rise from 9.25% in late 2021 to 11.75% in early 2022, in an attempt to restrain the high inflation rates seen during 2021.

The Brazilian real (BRL) suffered a further depreciation during the final quarter of 2021, driven by such various factors as the bending of fiscal rules to increase social expenditure. The BRL is held to be undervalued, and the stabilisation of interest rates, economic recovery and improved terms of exchange will support an appreciation of the currency over the period 2022-2026, significantly increasing its value against the USD. However, this support might not strengthen the BRL while the volatility connected with the presidential election continues, which could potentially weaken it until the second half of 2022.

Demand for oil, gas and coal is predicted to recover in Brazil. In particular, local gas demand is expected to rise at an average annual rate of 2.1% over the forecast period 2022-2031. Brazil is one of the world's largest producers of hydroelectric energy, although dependence on this source of energy was affected by a severe drought during 2021. As an alternative, state authorities have granted permission for thermal power plants to operate for 6 months without power purchase agreements, while gas and electricity imports have increased. Although the country is expected to continue facing an energy shortage, these policies could help reduce its dependence on hydroelectric energy.

In February 2021 the state authorities launched the Energy Expansion Plan for the period 2021-2029, with the aim of increasing energy consumption through investments in energy infrastructure, which will amount to 2.7 billion BRL. More than 84% of expenditure is expected to be assigned to the oil and gas sector, 13.5% to generation, transmission and distribution, and the remaining 2.5% to increasing the supply of biofuels. The goal of the Energy Expansion Plans to increase national installed capacity from 186 GW in 2021 to almost 236 GW by 2030, thereby increasing the proportion of solar, wind and natural gas energy capacity, while reducing the relative proportion of hydroelectric and biomass energy.

Standard & Poor's (S&P) has assigned a rating of BB- in long-term foreign currency for Brazil since January 2018.

2.2.2. Chile

The Chilean presidential election will be followed by the drafting of a new constitution, and the corresponding referendum in 2022. This process will generate a high degree of political uncertainty in the short and medium term. The left-wing nature of the new constitution could affect its acceptance among the general public, which may lead the current constitution to remain in place.

Following the economic recession caused by Covid-19, GDP growth for 2021 is estimated at 11.9%, making this one of the Latin American countries with the sharpest recovery curves. Expectations suggest that growth will stabilise next year around 3%, driven by full economic reopening, a rise in exports and greater household consumption. These estimates could nonetheless change, because of the political uncertainty. Real GDP growth is estimated at an average of 2% for the period 2023-2026.

After holding the interest rate at a minimum of 0.5% for 16 months, the Central Bank of Chile decided to increase the rate by 225 basis points over the period between July and October 2021. This rise was, in terms of monetary policy, one of the weapons deployed in the ceaseless struggle to hold back rising inflation, to strengthen the peso and avoid economic overheating. Hence the fact that interest rate expectations suggest continuous

risers up to a level of around 5.5% in the first half of 2022. For the period 2023-2026, the Central Bank of Chile is expected to moderate monetary policies to support economic growth.

In contrast with the sharp rise seen in inflation in the second half of 2021, gradual normalisation is expected for 2022, dropping back to 5.6%, still higher than the 2-4% target range established by the Central Bank. Inflation is expected to reach the target rate by late 2022, at 3.6%. It is furthermore also expected that inflation will over the period 2023-2026 remain within the target range, at an average rate of 2.8%. The monetary policies adopted and the determination of the Central Bank of Chile to hold inflation stable in the 2-4% range will mean that even if commodity prices fluctuate, inflation would remain under control.

Up until the first quarter of 2022, the Chilean peso is expected to remain somewhat volatile, because of the uncertainty generated by the constitutional reform process. It will nonetheless once again appreciate from the second half of 2022 onwards and in the medium term, because of sustained growth and a stable political environment once the process concerning the new constitution has ended. In addition, interest rate rises and growing demand for copper on the part of green investments will lend the peso a degree of support.

As for electricity consumption, following a 5% drop in 2020 because of the pandemic situation, there was a partial recovery during 2021, rising by 2.9%. The energy sources that will register the greatest growth will be oil, with 0.7% per year, and natural gas, with 1% per year. Meanwhile, demand for coal is expected gradually to decline because of policies to reduce energy dependence on this source.

S&P has assigned Chile a long-term foreign currency credit rating of A (A+ in the previous financial year).

2.2.3. Spain

The Spanish economy suffered the greatest year-on-year downturn in the EU after the pandemic, with real GDP falling by 10.8%. Nonetheless, by late 2021 the economy had achieved growth of 5%. Industrial activity and household consumption were affected by the increase in energy prices throughout Europe. The economy has therefore not yet recovered the levels seen prior to the outbreak of the pandemic, and is not expected to do so until mid-2023. Real GDP estimates for 2022 and 2023 suggest figures of 5.1% and 3%, respectively. However, the forecasts for 2022 could be threatened by potential health measures that the government could adopt in response to the new Omicron variant of the virus.

Strong general demand for products after the lockdowns, combined with higher energy costs and supply chain interruptions, led inflation to reach record levels of 6.5% at the close of 2021. Once supply chains are restored and can accommodate the increase in demand, price rises are expected to moderate. Compared with the increase in 2021, inflation will rise by 2.4% in 2022, and an average of 1.7% over the period 2023-2026.

The value of the euro has depreciated, having reached 1.23 EUR/USD in late 2020, closing December 2021 at 1.14 EUR/USD. The slower than expected economic recovery and high inflation in the Eurozone would lead the euro to depreciate against the US dollar over the coming years, 2022 and 2023. The expectation for the period 2024-2026 is that the euro will appreciate as a consequence of the change in trend in monetary policies implemented by the European Central Bank, with future interest rate increases expected.

Electricity prices fluctuated considerably over the course of 2021 in Western Europe, reaching record levels of €300/MWh in Spain in late 2021. This effect on prices was to a great extent caused by the gas price, because of an increase in demand for energy and the disruption of the natural gas supply chain following the blockage resulting from the pandemic. The substantial increase in gas prices was thus passed on to electricity prices because of the connection between these fundamental products on the European energy market. The various European governments are implementing emergency measures in an attempt to mitigate high energy prices, although these measures will simply help to offset the short-term effects. The Spanish government presented alternatives to reduce energy bills by 22% between October and the end of the year, by reducing electricity taxes and restricting the rise in the natural gas price to a maximum of 4.4%.

S&P maintains a rating of A for Spain.

2.2.4. Peru

Pedro Castillo, elected Peruvian President in 2021, faces challenges during his administration because of various factors, including: a hostile Congress, the inexperience of the President and his team, and lack of compatibility among the members of his political party. These factors have resulted in resignations by certain leading figures in the Government over the early months of the presidential term. Improved political stability is nonetheless expected over the period 2022-2026, as those in power gradually gain experience. Castillo's administration seeks to implement policies to boost public expenditure so as to expand social services, enhance regulatory power and increase investment in infrastructure.

During 2021, the economy recovered after Covid-19, with real GDP growth of 3.3% expected for 2022, supported by exports, investments and strong external demand. GDP growth forecasts for the period 2023-2026 lie in the range of 2.5%-3%.

Meanwhile, following the depreciation seen in 2021, the value of the Peruvian sol is expected to stabilise, once the uncertainty generated by the electoral process has declined.

In August 2021 the Central Bank of Peru (BCP) increased interest rates by 50 basis points because of rising inflation and future expectations. The CPI thus stood at a level of 5.9% at the close of 2021, with prices being affected as a consequence of the temporary disruption of the supply chain following the economic reopening after the lockdown caused by Covid-19, higher import prices, and the depreciation of the currency.

After Covid-19, energy consumption declined by 15.8% in 2020, with a recovery expected to be seen over the period 2021-2030. Meanwhile, energy dependence on oil is being reduced in favour of natural gas, while hydroelectric energy will be the country's main renewable energy source, achieving a share of 11.3% by 2030. Although Pedro Castillo has not announced any new energy policy, the first minister for energy has asserted that the Government will take greater control over natural gas and hydroelectric projects.

S&P has assigned Peru a long-term foreign currency credit rating of BB+.

3. Analysis of key figures for the year

3.1. Consolidated figures

Celeo Group

At 31 December each year, in thousands of Euros

Data on results	2021	2020	Variation
Operating profit	54,977	49,564	+11%
EBITDA	111,168	108,134	+3%
Pre-tax profit	59,915	62,424	-4%
Net profit	29,859	29,892	0%
Equity			
Equity	1,206,755	1,081,563	+12%
Turnover			
Sales	197,646	258,456	-24%

The key figures for the financial year were affected by the significant operations described in subsection 1 of this report.

3.2. Sales through activities

Celeo Group

At 31 December each year, in thousands of Euros

Geographical areas	2021	2020	Variation
Chile	46,617	45,929	+1%
Brazil	66,759	123,070	-46%
Spain	84,270	89,457	-6%
	197,646	258,456	-24%
Activities			
Transmission	95,891	156,582	-39%
Business	101,755	101,874	-0.1%
	197,646	258,456	-24%

The reduced sales in Transmission and Brazil were described in subsection 1 of this report.

4. Capital management policy

As a fundamental part of its strategy, the Celeo Group maintains a policy of financial prudence. The capital structure is defined by the commitment to solvency, and the goal of maximising shareholder return.

5. Financial risk management policy

The Celeo Group is exposed to certain financial risks that it manages by grouping systems for the identification, measurement, limitation of concentration and supervision. Operations connected with financial risk management are approved at the highest decision-making level, in accordance with the established standards, policies and procedures.

First risk to be mitigated is Market Risk, essentially through Exchange Rate Risk, which results from the operations conducted by the Group on international markets over the course of its business. Some contracts are denominated in currencies other than the functional accounting currency in each country. There could therefore be a risk of fluctuations in the

exchange rates of these currencies affecting Group results. To manage and minimise this risk, the Celeo Group uses hedging strategies, since the objective is to generate profits only through the ordinary activities that it performs, and not by speculating on exchange rate fluctuations. The instruments used to achieve such hedging are essentially debts referenced to the currency in which contract payments are collected.

Variations in interest rates modify the fair value of those assets and liabilities accruing a fixed interest rate, and future flows from assets and liabilities referenced to a variable interest rate. The Celeo Group actively manages its exposure to interest rate risk, to mitigate its exposure to the variation in interest rates derived from debt taken on at variable interest rates, using hedging instruments where appropriate to minimise the financial interest risk, or by referencing borrowing to the same adjustment indices as applied to the income from the project financed.

Meanwhile, Liquidity Risk is mitigated by means of a policy of holding cash and highly liquid, non-speculative, short-term instruments, such as very short-term deposits at first-rate financial institutions, so as to be able to meet its commitments.

The main Credit Risk is attributable to accounts receivable through trade operations, to the extent that a counterparty or client might not meet its contractual obligations. To mitigate this risk, operations are performed with clients that have an appropriate credit record, while furthermore, given the activity and sectors in which it operates, the Celeo Group has clients with a high credit rating.

Meanwhile, in terms of transmission lines, specifically those providing their services in Brazil under the concession regime, the national system operator (Operador Nacional do Sistema Eléctrico, or ONS), is responsible for coordinating system collections and payments, and informs the Concession Operator each month of the companies that are required to pay it: generators, major consumers and distributors connected to the system. Before these companies connect to the system, they lodge surety which will be enforced in the event of non-payment, and are immediately disconnected from the system, at which point the payment obligation is distributed among all other system users. The concession-holder is thus guaranteed collection via the national electricity system, with no payment default by users having occurred.

With regard to the transmission lines in Chile, the assets currently in operation belong to both the National and the Zonal Transmission System, with the CEN (National Electricity Coordinator) responsible for coordinating the flow of payments to the transmission companies. Up until December 2018 the applicable regime was that the generating companies were those responsible for making payment to the transmission companies. From 2019 onwards, distribution companies are added to those responsible for making the payments, and so from as date onwards there is a more robust portfolio of payers. The collection guarantee under the national transmission system is based on a CEN Procedure which establishes that in the event of possible non-payment by a coordinated party (the company subject to coordination by the CEN), the party in breach is disconnected from the system, with the payment obligation being divided among the other coordinated companies.

In Chile we are also involved in dedicated transmission lines where commitments are in place with counterparties of proven solvency, that in the main hold an Investment Grade rating. In such cases the remuneration we receive is governed by each of the long-term contracts we have signed with the companies using our infrastructure, either for the output of the energy generated, or otherwise to guarantee their supply of electricity.

As for our substations and transmission lines in Peru, the expectation is that they will begin operations from late 2023 onwards. These concessions correspond to the SCT (Supplementary Transmission System) which handles demand from certain tariff zones

governed by the OSINERGMIN (Energy and Mining Investment Supervision Body) The billing process is coordinated by the COES (National Interconnected System Economic Operations Committee), which determines the tariffs that each generator or reseller in the zone must pay us.

6. Environment

Celeo places on record its commitment to respect and protect the environment in its Code of Conduct, developed by means of its Environmental Policy, focused on raising awareness and facilitating sustainable business development.

The Environmental Policy is based on the application of the following six principles: prevention of pollution, efficiency in the use of resources and waste, protection of biodiversity and habitat, resilience to disasters and adaptation to climate change, fulfilment of requirements and continuous improvement.

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

Celeo constantly works to achieve continuous improvement in all environmental management processes and at every level of the organisation.

Celeo subscribes to the principle of precaution, through the EMS, identifying the most significant environmental impacts from its activities, and establishing the required mechanisms to identify, evaluate and control them.

The Celeo Group collaborates with various associations promoting research and development in the sector. Celeo furthermore undertakes a number of initiatives, such as thermographic inspection of photovoltaic plants by means of unmanned aerial vehicles (UAV) and the ANEEL R&D programme, helping to improve the security of the electricity system and service quality, resulting in reduced environmental impacts.

The Non-Financial Reporting section of this Report describes in depth the objectives, strategies and initiatives undertaken in 2021 in accordance with the Group's Environmental Management.

7. Human Resources

Workforce

Celeo Group

At 31 December each year	2021	2020	Variation
Brazil	362	327	+11%
Chile	107	82	+30%
Spain	38	36	+6%
	507	445	+14%

People have been the drivers of Celeo's growth and success since it was first founded. At Celeo we promote ethical and lasting relations with employees, offering stable and secure employment with a strong commitment to gender equality, diversity and inclusion, professional development and the hiring of local manpower under the safest possible conditions. In this regard, occupational risk prevention is a common denominator across all activities performed by the Group. A commitment to risk prevention forms part of our culture. This is a commitment which goes beyond legal regulations and client demands, setting stringent and very clear goals: zero accidents and zero tolerance for breaches of the preventive measures established by the company.

At the close of the 2021 financial year, the Group's workforce had increased by 62 people (14%) compared with the close of the previous financial year, giving a total of 507 employees.

8. Significant events after the close of the financial year

On 24 February 2022 insurance compensation was collected for the Sao Joao do Piaui photovoltaic plants following the fire suffered by the energy output transformers in the 2020 financial year.

After many years of tension between Russia and Ukraine, on 24 February 2022 the Russian government launched a military invasion of Ukraine.

In response to this military action, a series of major countries announced economic sanctions on Russia and a growing number of public and private enterprises have declared voluntary action to limit business activities with Russia. These actions include plans to sell assets or suspend operations in Russia, reduce exports to and imports from the country, and stop the provision of services to the state and Russian companies. The central Russian bank has temporarily suspended the trading of shares and derivatives, and local authorities have also temporarily prohibited foreign investors from selling Russian assets, as well as imposing significant limitations on any payments to foreign entities, for example the settling of financial liabilities.

The Ukraine conflict and its effects come about at a time of significant global economic uncertainty and volatility, and it is likely that the impacts will interact with and even compound the effects of the current market conditions, with potential impacts on energy prices, interruptions in trade relations, and breakages in supply chains.

In 2022 the Company will assess the impact of these events on equity and the financial position, as well as on results from operating activities and cash flows.

9. Prospects for the 2022 financial year

The Celio Group maintains its commitment to growth on both the domestic and international markets, based both on the current portfolio of projects and the active pursuit of participation in tenders, developments or asset acquisitions linked to the energy sector in countries offering opportunities for expansion and growth.

For 2022, Brazil reveals opportunities in the renewable generation sector, with the possibility of arranging a long-term PPA for the company's own developments of photovoltaic plants on the open market (ACL) and the regulated market (ACR). In this regard, two auctions are expected by the ANEEL (National Electrical Energy Agency of Brazil) of type LEN A-4 and A-6. As for the transmission sector, ANEEL plans to conduct two auctions this year (June and December). The June auction, entitled "Leilão 1/2022", plans to tender 13 lots amounting to 4,545 km of new lines and 5,410 MVA of transformation capacity, with an investment of 9.5 billion BRL. Opportunities for growth through acquisitions will likewise be explored.

As for Chile, the CEN (National Electricity Coordinator) has plans for a new tender of new construction works under Exempt Decree 229, and extension works under Exempt Decree 185, with national and zonal projects including transmission lines and various substations with a total investment value of around 302.67 million USD. Opportunities for organic growth through the acquisition of projects in operation will also be analysed.

Peru will continue the expansion of its transmission system with two new tenders scheduled for 2022. Proinversión, an agency dependent on the Ministry of Energy and Mines with responsibility for investment project tenders, will be tendering the project for the interconnection with Ecuador, with an estimated investment of 177 million USD, along with a project comprising transmission lines and substations in the north-west of the country, with an estimated investment of 37 million dollars. As Peru is considered to be a strategic market, opportunities for growth will be analysed by means of acquisitions of assets in operation.

Given this scenario, the Group continues with the continuous improvement of equipment, adjusting in accordance with the volume of activity of the different businesses it undertakes.

Given all the above, the Group looks ahead to the 2022 financial year with optimistic prospects for growth in terms of both turnover and value generation figures.

10. Capital stock and acquisition of treasury stock

At 31 December 2021 the capital stock of Celeo Concesiones e Inversiones, S.L., comprised 166,670,560 corporate stock units of a par value of 1 Euro each, fully subscribed and paid up.

Celeo Concesiones e Inversiones, S.L. stock is not listed on any secondary market.

Celeo Concesiones e Inversiones, S.L. performed no operations to acquire treasury stock during the 2021 financial year.

11. Transactions with related parties

With regard to information concerning transactions with related parties, we refer to the disclosures made in the explanatory notes on the consolidated financial statements at 31 December 2021, as established in Article 15 of Royal Decree 1362/2007.

12. Statement of Non-Financial Information

The Statement of Non-Financial Information is presented in Annex I.

The background of the cover page is a complex network diagram. It features a dense web of black lines connecting numerous small black dots, representing nodes. The lines vary in thickness, with some being significantly thicker than others, creating a sense of depth and complexity. The overall color scheme is monochromatic, using shades of gray and black on a light background.

EINF Celeo

2021

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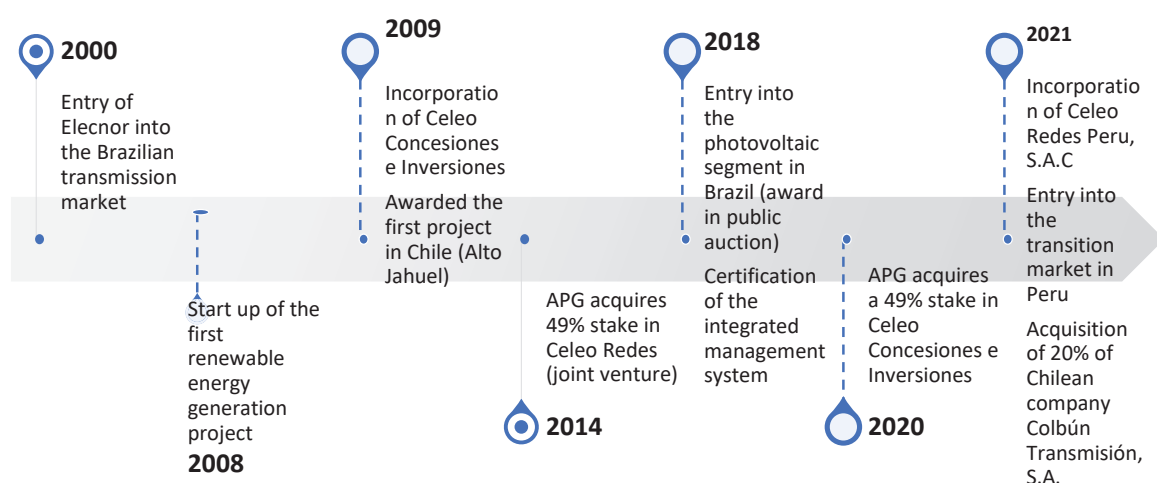
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About Celeo

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.



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 Almussafes (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 Brasil, 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 revolves 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 which it is able to monitor the production of the company's plants.

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 of particular note.

Another supplementary activity is the rental for the use of the fibre-optic communications networks (OPGW) of the surplus wires of the transmission lines. In this regard, of particular 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.

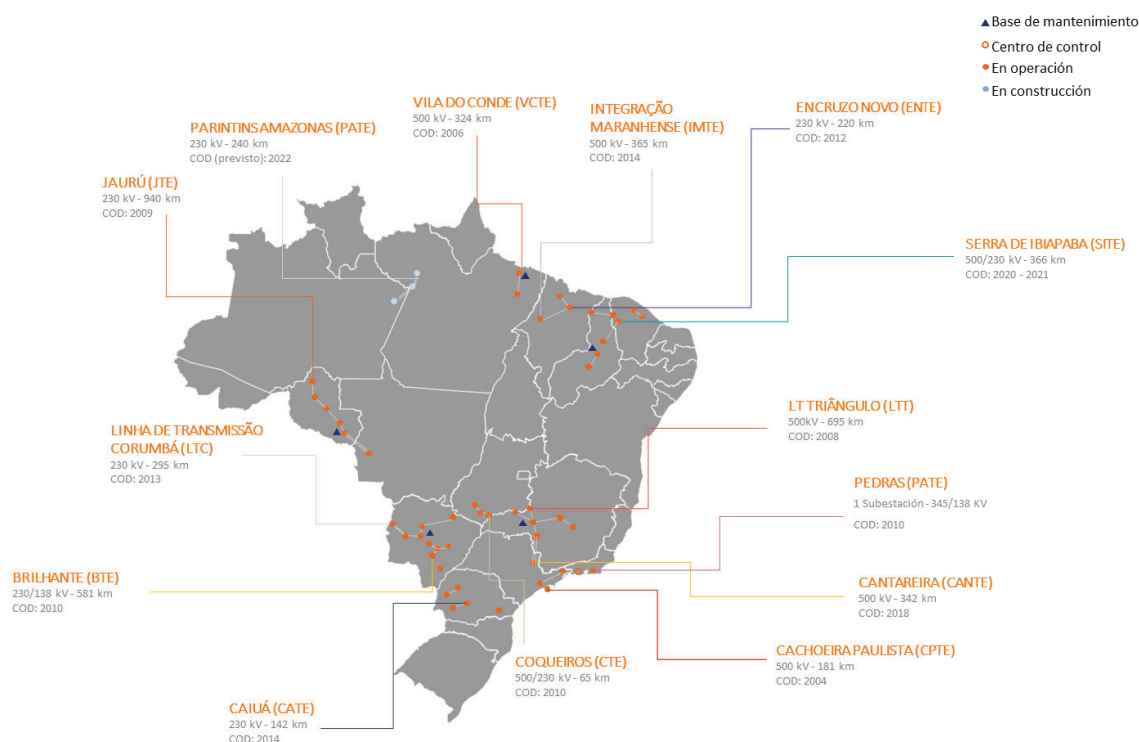
Furthermore, the entry into the transition market in Peru places Celeo in an optimum position in order to reinforce this expansion within its main strategic markets. Also, with the purchase of the transmission lines business from Colbún Transmisión, S.A., Celeo has become one of the biggest operators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

Transmission				
2021	Brazil	Chile	Peru	Total
KMs Operation	4,500	1,405		5,905
MVAs Operation	9,974	1,746		11,720
KMs Construction	413	576	160	1,149
MVAs Construction	3,100	1,080	80	4,260

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

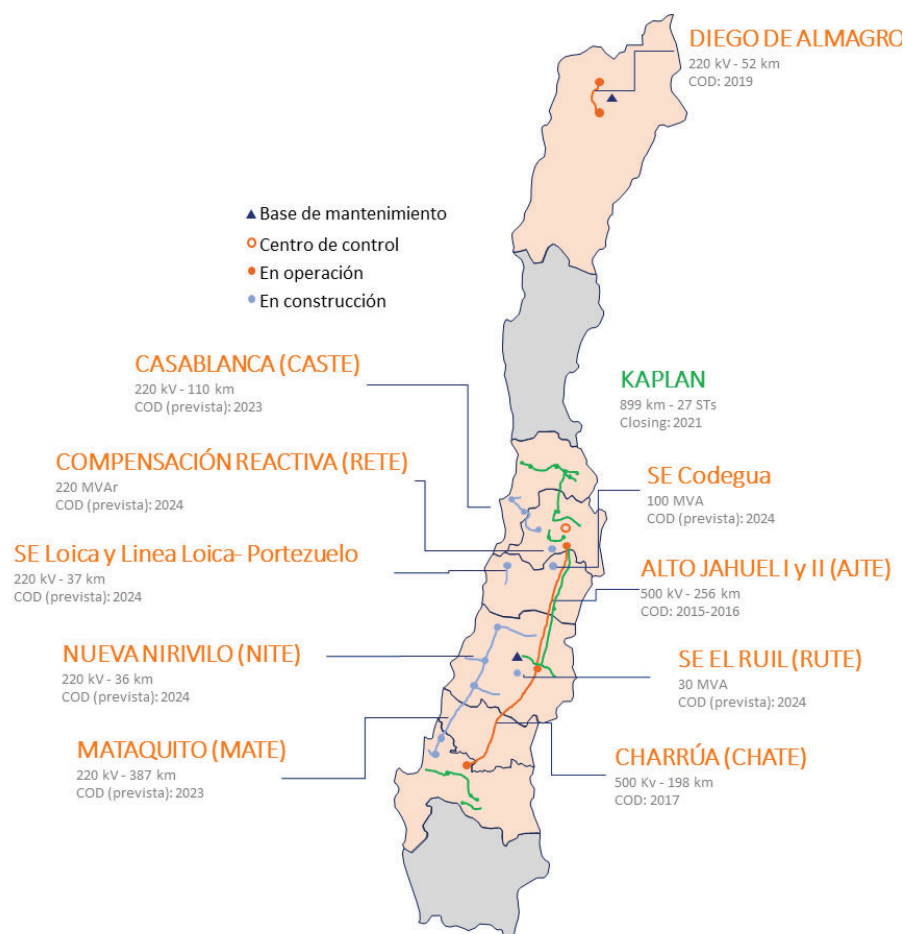
2021 saw the commissioning of the Serra de Ibiapaba Transmisora de Energía concession. The project, with 414 km of transmission lines and 4,850 MVA of transformation capacity, was completed a year earlier than the contracted date with ANEEL. These infrastructures mainly serve to evacuate the power from 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 Transmisora de Energía, 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.

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:

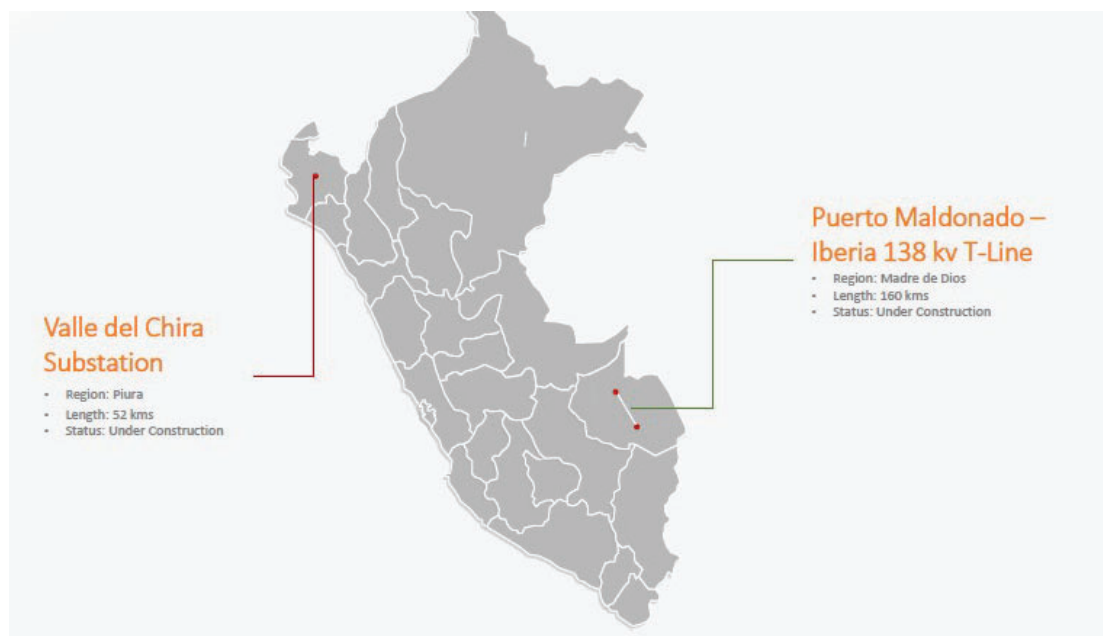
- Acquisition of 100% of the company Colbún Transmisión and the company Transmisora Eléctrica de Quillota Limitada. This company comprises a 20% stake by Celeo Redes SLU and 80% by APG Energy and Infra Investments, S.L.
- New award. Celeo was the winning bidder for the Individual Site no.1 as part of 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.

Peru

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.

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.

Generation			
2021	Spain	Brazil	Total
MWp Photovoltaic	17.5	223.5	241
MW Solar thermal	149.7		149.7



Solar thermal plants operational

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

Photovoltaic plants operational

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

Sector context

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 taking into account 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 towards the end of 2021. 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 VAT (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 Brasil 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 Brasil 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, is 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 are able to 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.

Peru

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.

With regard to 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.
- **Chilean Transmitters Association**, 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.

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

Sustainability Committee

Both Celeo Chile and Celeo Brasil 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.

Sustainability Committee	Number of meetings
Celeo Chile	10 (2 Sustainability Committee and 8 Sustainability Group)
Celeo Brasil	11

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 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 with regard to the Celeo Spain IMS system and find possible synergies.

Sustainability strategy

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 Brasil 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:

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%/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%/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, in spite of not resulting in sick leave being taken by any employee, it had the potential for a high loss and was classified as serious.*

Some prominent actions:

- A corporate resilience plan is currently under development which takes into account 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.

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	5.5 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	8.8 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	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	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	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 Brasil 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	5.5 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	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. 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all	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.
8	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on labour-intensive sectors. 8.3 Promote development through decent job creation, training and growth of micro-, small- and medium-sized enterprises, entrepreneurship and innovation.	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

	<p>8.5 By 2030, reduce unemployment by 40% guaranteeing decent work with a special emphasis on equal pay for work of equal value.</p> <p>8.6 In 2020, reduce the proportion of youth not in employment, education or training by 3% and by 10% before 2030.</p> <p>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.</p>			secondary education.
		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.
		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.
		100% of assets under health and safety certification in 2021.	100%	Completed.
		Implement social projects with volunteer resources, train young people where there are contracted projects in 2020.	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	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 Brasil assets, based on the risk of rising

	<p>13.2 Integrate climate change measures into national policies, strategies, and planning.</p> <p>13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.</p>			<p>temperatures, fires and social risks.</p> <p>Proposed study of social risks.</p> <p>The corresponding mitigating actions will be implemented in 2022.</p>
		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).
15	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	16.5 Substantially reduce corruption and bribery in all their forms.	Consolidate maturity level 4 of compliance for 2021.	100%	Completed
		ISO 37001 certification for 2022.	35%	Progress with the

	16.b Promote and enforce non-discriminatory laws and policies for sustainable development.			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.
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Participation in initiatives

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

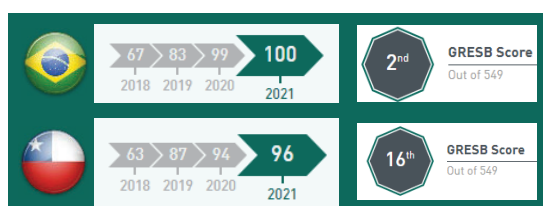
- GRESB

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.

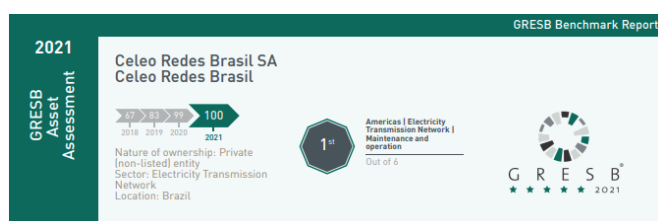
This year, GRESB has added the Resilience module for the first time. Chile and Brazil have continued progressing towards the systematisation, updating and integration of new requirements in its management systems.

Results 2020





Celeo Brasil 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 Brasil 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 Brasil 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.

- **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 Brasil 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 Brasil 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 Programme

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 Brasil 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 Brasil 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).

Main Celeo 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.

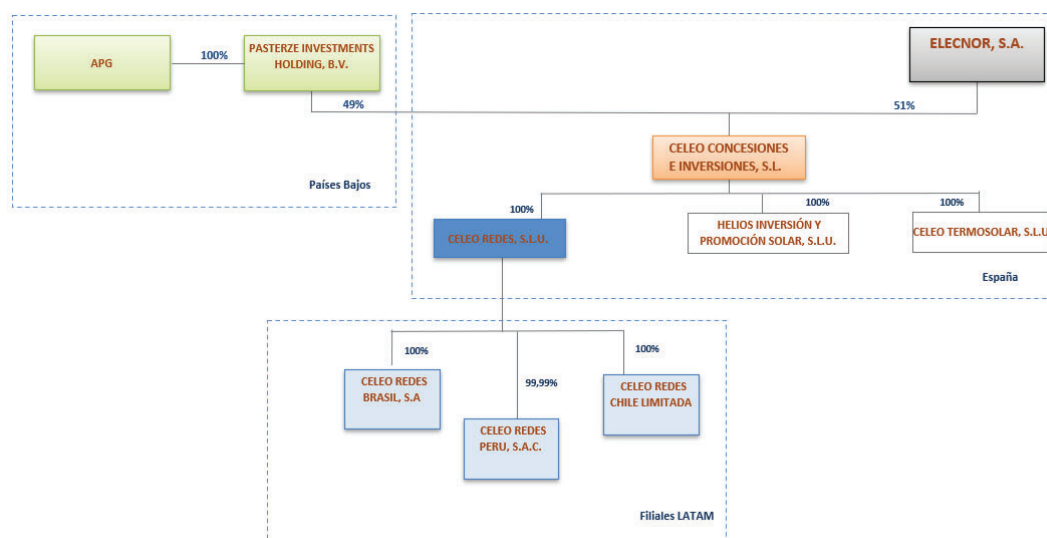
Celeo maintains an open and frequent dialogue with its stakeholders through different communication channels such as customer and employee satisfaction surveys, consultations with employees, citizen participation processes, visits, meetings, community diagnostics, corporate website, etc.

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.celeogroup.com unifying all the relevant information of the three countries, projecting a single corporate image to stakeholders.

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 biggest pension fund management companies in the world, which at the end of November 2021 had 4.7 million unit holders and a total of €627 billion of assets under management. Its objective is to guarantee a decent and accessible pension for current and future generations. To do so, it manages its assets in the most responsible manner possible, with the aim of achieving an attractive and sustainable return on investments for its customers.

It has a presence throughout the world, with APG offices in Amsterdam, Heerlen, Brussels, New York and Hong Kong as well as satellite offices in Beijing and Shanghai. Thanks to its global presence, the pension funds and their unit holders are able to take advantage of the vast local experience in investments. And they can also take advantage of its large investors, specialised

investment options and mandates with external asset managers. Furthermore, its size allows it to trade under attractive conditions. APG passes on these benefits to its funds and unit holders, thus contributing to the stability of the long-term returns and low costs.

APG is present throughout the world, with offices in Amsterdam, Heerlen, Brussels, New York and Hong Kong as well as satellite offices in Beijing and Shanghai. Thanks to its global presence, the pension funds and their unit holders are able to take advantage of the last local experience in investments. Furthermore, its size allows it to trade under attractive conditions to pass on these benefits to its funds and unit holders, thus contributing to the stability of the long-term returns and low costs.

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.

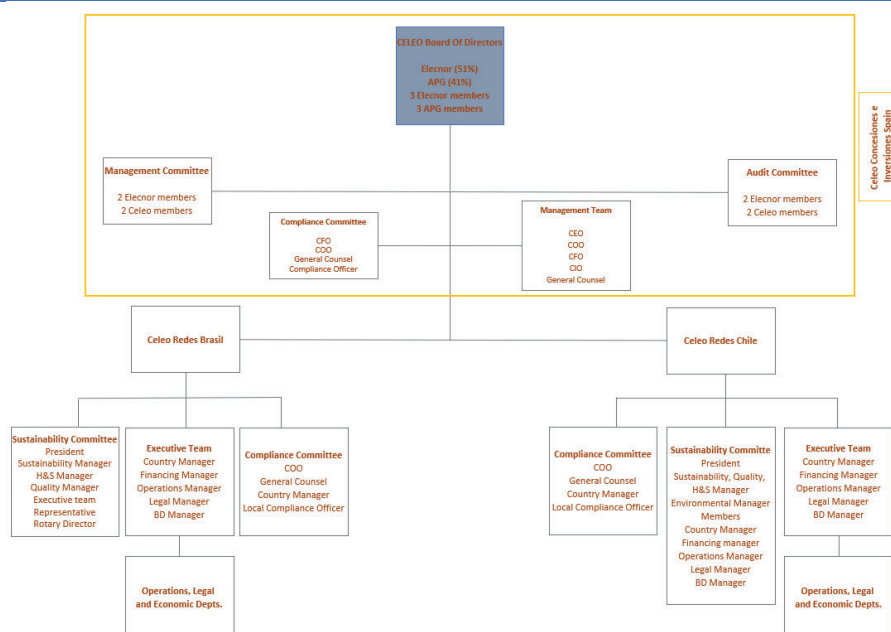
There are other special purpose vehicles for the development of the projects in Spain, and to make up the financial and development structure which supports the main business.

LATAM subsidiaries

Celeo Redes S.L.U. has three subsidiaries; **Celeo Redes Chile Limitada**, **Celeo Redes Brasil 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



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

Board of Directors

Celeo Board of Directors	Position	Years of service	Executive / Independent / Proprietary	Representation
Miguel Morenés Giles	President	17/12/2019	Proprietary	Elecnor
René Defize Quiroga*	Vice-president	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

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 in order to discharge their duties.

With regard to 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 (*Global 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 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: (i) the main risks or events that may significantly affect the economic results of the Group and its tax matters, (ii) the main accounting policies, judgements and estimates applied, (iii) understanding the accounting treatment given to the most significant operations, (iv) examining the financial information to be approved and issued by the Board of Directors and the Annual General Meeting, and (v) supervising the audit processes.

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*

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 the company and its business, in accordance with the strategic policies approved by the Board of Directors. It also provides guidance to the Management Team.

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*

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.

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 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.

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

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, in light of 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.

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

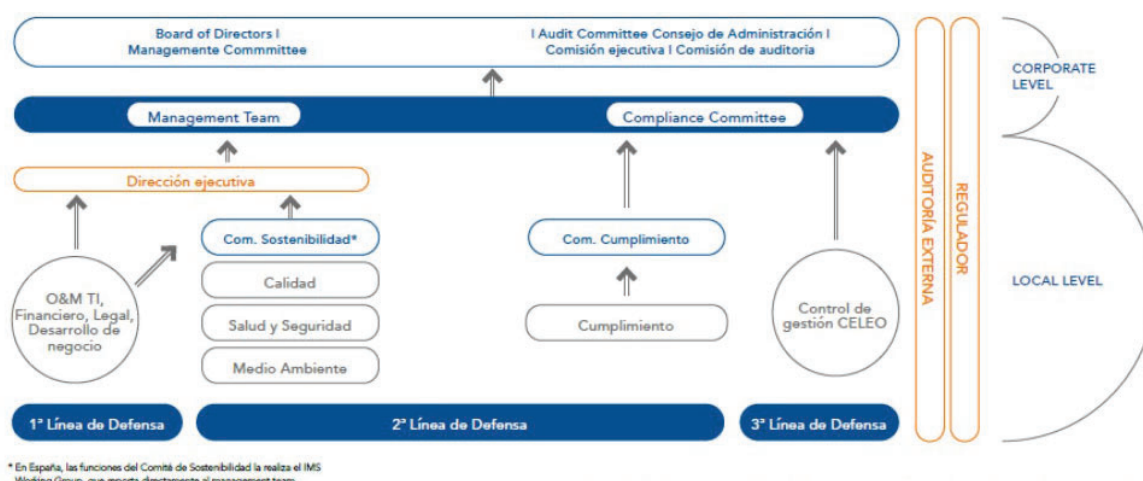
To become a leading company in the energy infrastructures market, committed to excellence, with a sound environmental, social and good governance culture that involves all our stakeholders in the creation of value for the company.

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 model

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.





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.



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.



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 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:

In **Spain**, the risk process and procedure was 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.

Furthermore, the following actions were carried out in **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.

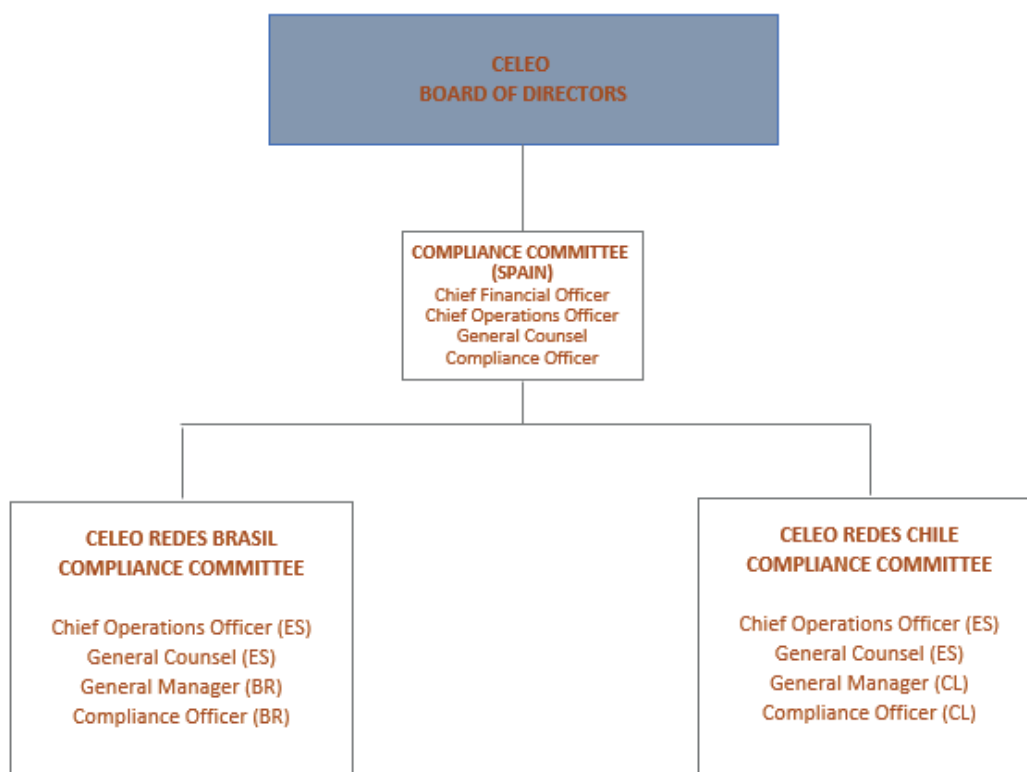
Celeo's principles with regard to Compliance, as reflected in its Compliance Policy, are: culture of ethics and zero tolerance; combating fraud, corruption, active and passive bribery; integrity in its activities; responsibility and continuous improvement.

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 with regard to 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
- 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.
- Brazil: via a section that guarantees anonymity on the corporate website canaldetransparencia.celeoredes.com.br/ or via the email canaldetransparencia@celeogroup.com.

Number of Communications Transparency Channel	2021
Brazil	99
Chile	40
Spain	52
Totals	191

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 with regard to 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, taking into account 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.

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 with regard to 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 Brasil.

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. Taking into account 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 Brasil 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 in order 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 with regard to the revocation of the fulfilment of the compliance procedures, especially with regard to acquisitions, payments and the use of communication channels.
- The climate survey with regard to culture/compliance scored 97%.

Compliance training

With regard to 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.

Specific training in Compliance					
Country	Standard Training (topic)	Format	Attendees	Area responsible	Hours
Spain	Introduction to the Compliance System	Online	100% Professionals*	Compliance	1.5 hours
Spain	New elements in the Compliance Programme	Online	100% Professionals*	Compliance	0.5 hours
Chile	Functioning of the Transparency Channel and crimes	Online	100% Professionals	Legal	2 hours
Brazil	Anticorruption and Antibribery Policy and Rules of Conduct – PACTO (Technical – Operational Improvement and Training Programme)	Online	Base de Manutenção de Teresina/PI (SITE and UFVSJP)	Compliance	1 hour
Brazil	Compliance Structure and Responsibilities at Celeo Redes Brasil – JOIA (Organisational Immersion and Learning Seminar)	Online	67% Professionals	Compliance	0.5 hours
Brazil	Annual PIC training	Online	83% Professionals	Compliance	1 hour

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

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 Continua” (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.

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: (i) first inform the head of the corresponding department; and (ii) 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.

Specific training in Anticorruption and Antibribery

Communication of the anticorruption policies and procedures		
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%

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.

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.

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 in order to carry out its activities, equal opportunities, child labour and forced labour.

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 a fair treatment between professionals and the company.



As previously detailed in the chapter on Sustainability Management, Celeo Brasil 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.

EL PACTO MUNDIAL 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.

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

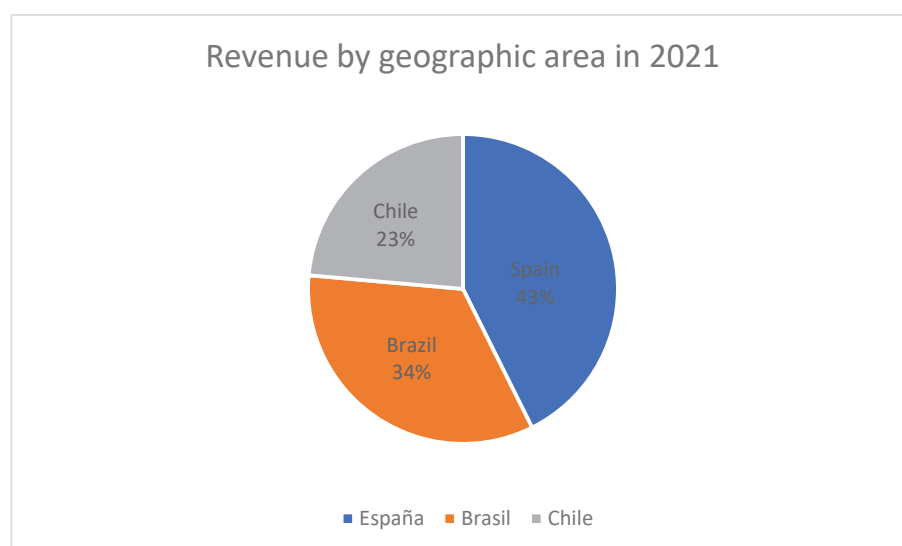
Thousands of euros

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

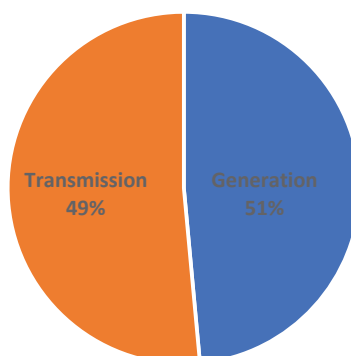
Activities	2021	2020	Change
Transmission	95,892	156,582	-39%
Generation	101,754	101,874	-0%
	197,646	258,456	-24%

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 business area in 2021



Country	2021	2020
Spain		
Pre-tax profits	6,271	5,394
Tax on profits paid	(66)	(392)
Public subsidies received	0	0
Brazil		
Pre-tax profits	57,712	57,496
Tax on profits paid	(6,263)	(7,832)
Public subsidies received	0	0
Chile		
Pre-tax profits	(3,986)	(463)
Tax on profits paid	0	0
Public subsidies received	0	0
Peru		
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 absolutely 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
Economic value generated (EVG) (€)	292,284	351,932
Revenue	291,464	351,932
Economic value distributed (EVD) (€)	118,081	248,834
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 reals. 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 in order 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.

With regard to 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 hydropower 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.

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.

Celeo carries out the exploitation activities of its assets through its own personnel in Brazil and Chile¹, 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 Spain, the operation and maintenance of the assets is subcontracted out to Elecnor, with Celeo performing all other exploitation activities.

Celeo has a Maintenance Plan (MP) in place for its installations based on the recommendations of the main manufacturers and on the best practices of the sector, taking into account key factors such as seasonality, geographic location and the characteristics of the facilities. The main focal point of the MP is the development of preventive maintenance activities, the objective of which is to reduce the impact of any anomaly that may occur affecting the availability and reliability of the electricity supply.

In 2021, the operational continuity was not affected as a result 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.

¹The exploitation of CAUIA and SJP are delegated to COPEL and Elecnor do Brasil, respectively.

HFOR (Total hours of forced disconnection)				
	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	1.2	10.4	5.8	1.2

Availability	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%

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 through the use of 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.

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 in order 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.

With regard to operational performance, the objective of Celeo Brasil 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 Mantenimiento 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 Brasil 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 (failure ratio). This measures the unavailability of units or circuits of a transmission line. With regard to 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.

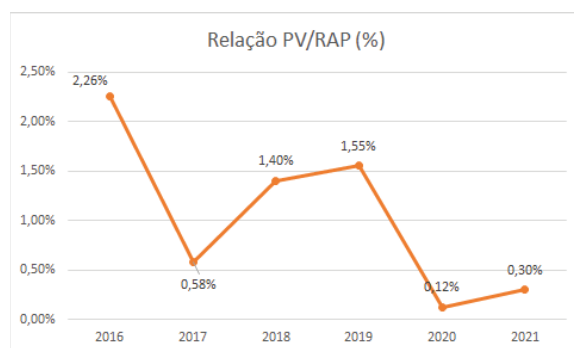
Failure ratio - TL	2020	2021
TL	6.32	4.07
TL-500 KV	1.75	1.45
TL-230 KV	4.31	2.62

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



Technical losses through transmission

	2020	2021
Technical losses through transmission	2.75%	3.19%

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.

In spite of these events the performance at Aste has been satisfactory.

The main indicators for the operation of the installations were:

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 unavailability factor by technology

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

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, in spite of 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 Brasil, 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 Brasil, 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 redound 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 Brasil, 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
Total		

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.

With regard 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.).

With regard to 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%
Brazil	6,527	1,286	8,510,761.30	99%

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 takes into account 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 Brasil 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 (information 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 Brasil 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.

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 Brasil 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 Brasil 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 Excelencia 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 Brasil 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 Brasil 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 Brasil.

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 Brasil, 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 Brasil 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 Brasil 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.

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 10⁶

Severity Index= (number of days lost/hours worked) x 10³

Indices by gender

2021				
Celeo indices	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
Total	0.00	0.00	0.00	0.00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10⁶

Severity Index= (number of days lost/hours worked) x 10³

Indices for own personnel

	2020				
Celeo indices	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
Total	2.00	17.00	1,024,650	1.95	0.00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10⁶

Severity Index= (number of days lost/hours worked) x 10³

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

	2021				
Celeo indices	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
Total	0.00	0.00	1,108,747	0.00	0.00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10⁶)

Severity Index= (number of days lost/hours worked) x 10³

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

Indices for the EPC & O&M contractor

Indices for EPC 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

Indices for O&M contractor	2020				
	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 10⁶)

Severity Index= (number of days lost/hours worked) x 10³

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

Indices for EPC 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

Indices for O&M contractor	2021				
	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0.00	0.00	188,480	0.00	0.00

Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10⁶)

Severity Index = (number of days lost/hours worked) x 10³

() 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	Topic
Spain	471	<ul style="list-style-type: none"> - Basic course in OHS - OHS for Offices - Basic level on Prevention for Metal Activities in Construction" - 60 hours
Brazil	330	<ul style="list-style-type: none"> -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	<ul style="list-style-type: none"> - Hoisting course- First Aid - Emergency response (Emergency brigade) - COVID-19 Preventive Measures (Safe Return to the Offices) - NFPA 70E - Using fire extinguishers - 4x4 courses
Total	5,043	

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:

Health checks

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

- Celeo Brasil 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.

	2020	2021
Country	Number of people infected	
Spain	3	11
Brazil	47	52
Chile	0	0
Total	50	63

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

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.

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 it is capable of responding to the needs and challenges of the company.

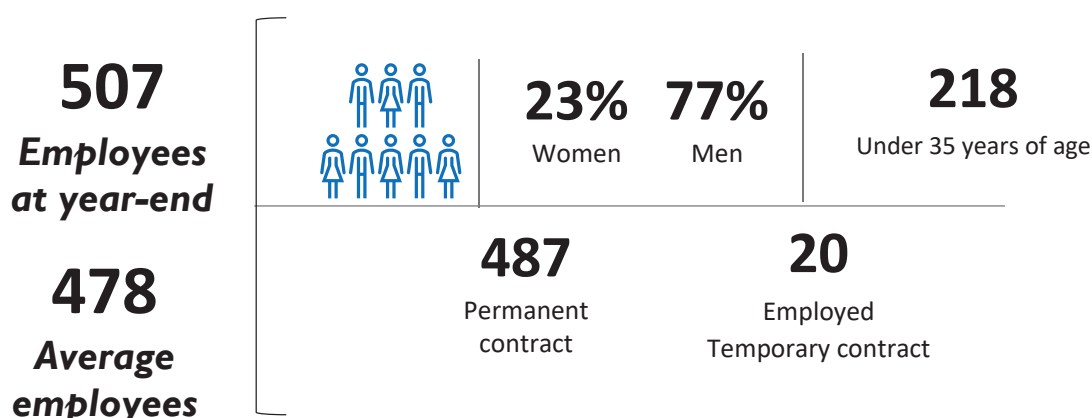
Of particular note is the effort to implement and roll out the Celeo development model, to attract, retain and implicate the best talent in the most suitable positions and provide opportunities so that they may develop professionally, both in terms of growth within the position itself as well as both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

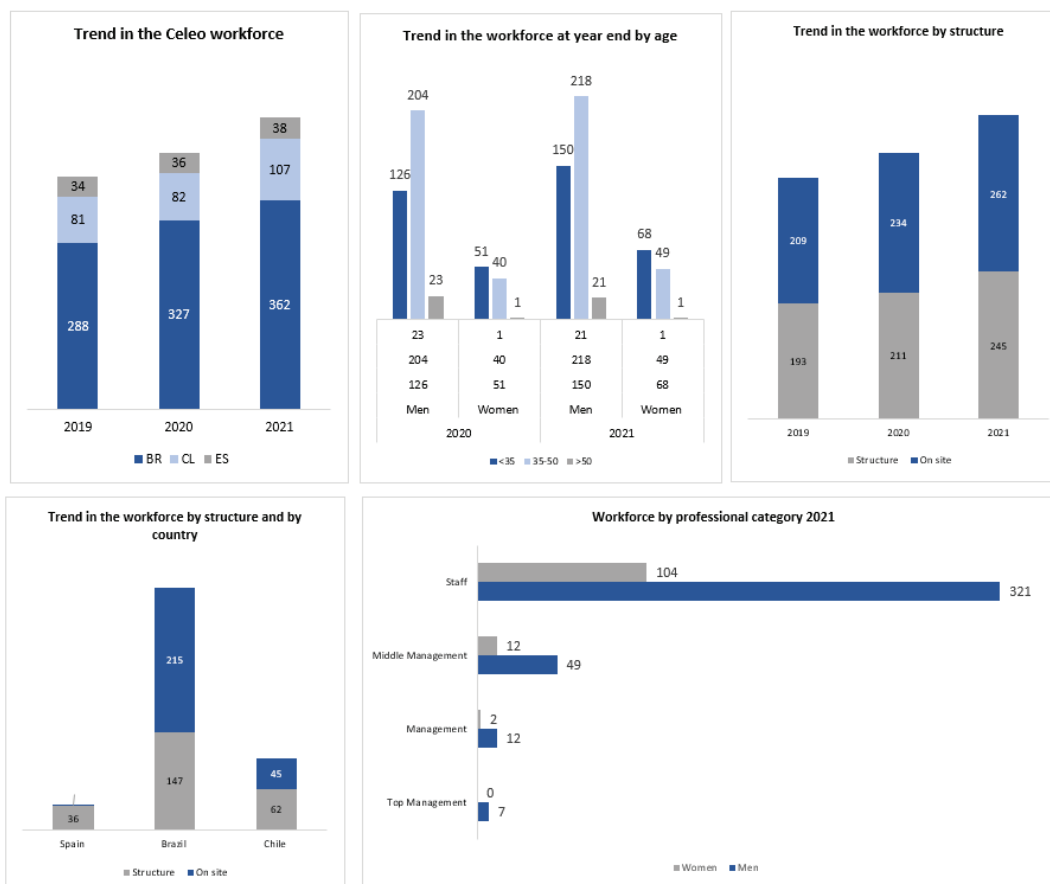
Welcome to Celeo

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 for the 2021 financial year was 479.



Workforce at year-end



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

Turnover rate and employment termination

	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
Departures by age	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
Rate (%)	14%	7%	12%	7%	10%	8%	12%	7%
Over 50 years of age	0%	0%	6%	0.0%	0.0%	0.0%	9%	0.0%
35 to 50	0%	0%	9%	8%	5%	20.0%	8%	48%
Under 35 years of age	38%	14%	17%	6%	16.0%	0.0%	18%	6%

	2021							
	Spain		Brazil		Chile		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Departures by age	3	2	38	10	8	1	49	13
Over 50 years of age	0	0	5	0	0	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
Rate (%)	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%	10.7%	6.9%	10.2%	0.0%	10.6%	4.1%
Under 35 years of age	25%	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

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.

Category	Number of dismissals
Top Management	0
Management	0
Middle Management	1
Staff	11
Total	12

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

Gender	Number of dismissals
Men	9
Women	3
Total	12

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

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.

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
Total	21	15	263	64	69	13	368	77

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
Total	22	16	284	78	83	24	389	118

(*) 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
Total	22	16	284	78	83	24	389	118

Average number of employees by contract type and gender

	Spain		Brazil		Chile		Total permanent contracts	Total temporary contracts
	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract		
Men	22.23	0.33	273.99	2.37	76.10	0.00	372.32	2.7
Women	16.15	0.00	61.82	7.47	17.93	0.00	95.9	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

	Spain		Brazil		Chile		Total permanent contracts	Total temporary contracts
	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract		
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	4.34	0.00	14.44	0.00
Middle Management	0.00	0.00	37.84	0.00	24.33	0.00	62.17	0.00
Staff	29.45	0.33	290.80	9.84	64.47	0.00	384.72	10.17
Total	38.00	0.33	335.81	9.84	94.03	0.00	468.15	10.17

Average number of employees by contract type and age

	Spain		Brazil		Chile		Total permanent contracts	Total temporary contracts
	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract		
<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

	Spain		Brazil		Chile		Total Full-time	Total 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	237
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

	Spain		Brazil		Chile		Total Full-time	Total 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	9.50	64.47	0.00	384.5	10.39
Total	38.72	0.00	335.26	9.50	94.03	0.00	468.01	10.39

Average number of employees by employment type and age

	Spain		Brazil		Chile		Total Full-time	Total 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	9.50	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.

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.

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.

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.

Average remuneration and trend by gender, age and professional category.

	2021 (eur)	
	Women	Men
Celeo Group	25,204	23,109

	2021 (eur)					
	35		35-50		50	
	Women	Men	Women	Men	Women*	Men
Celeo Group	19,208	17,982	22,544	22,765	-	53,042

	2021 (eur)					
	Management		Middle Management		Staff	
	Women*	Men	Women	Men	Women	Men
Celeo Group	-	96,318	34,236	33,504	23,402	17,848

	2021 (eur)**
	Top Management
Celeo Group	219,072

***The indicated salaries are not reported for confidentiality reasons**

**** Note: There are no women in the Top Management category.**

Salary gap by professional category

	Salary gap
Staff	-31%
Middle Management	-2%
Management*	NA
Top Management**	NA

***Note: The total average remuneration for the Management categories is not recorded due to confidentiality reasons.**

****Note: There are no women in the Top Management category.**

$$*** \text{ Salary gap} = \frac{(\text{mean male salary} - \text{mean female salary})}{\text{mean male salary}} \times 100$$

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.

Number of employees by gender

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

New starters by gender and age

	2021			
	Spain	Brazil*	Chile	Total
Men	4	50	21	75
Women	3	16	12	31
Total	7	66	33	106

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

	2021			
	Spain	Brazil*	Chile	Total
<35	5	37	18	60
35-50	2	28	15	45
>50	0	1	0	1
Total	7	66	33	106

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

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 Brasil 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.

People with disabilities

At the close of the financial year, Celeo did not having any employees with a disability in the workforce, although Celeo Brasil 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.

Country	% of employees covered by a collective bargaining agreement	
	2020	2021
Spain	100%	100%
Brazil	100%	100%
Chile	N/A	N/A

Celeo Brasil is a signatory of an annual Collective Bargaining Agreement with the Workers Union (Sindicato Dos Trabajadores) 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.

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 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, is 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 Brasil 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.

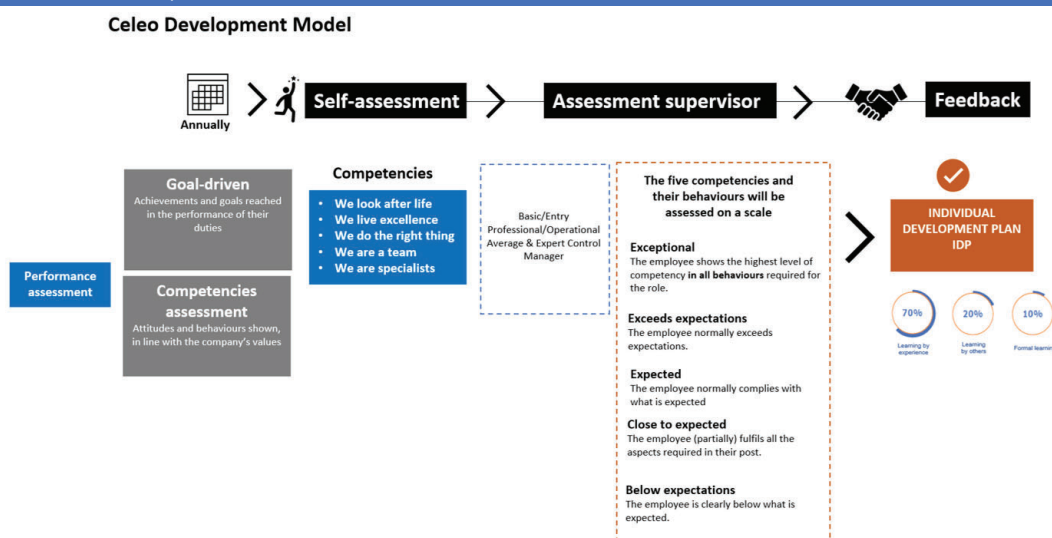
At corporate level, a climate and commitment survey is being designed that will make it possible to obtain a comparison between countries and with the sector. It is forecast to be launched in 2022 and the results will be used to establish action plans at both corporate and local level.

Celeo Brasil 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 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 Brasil) 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.

People evaluated	2020	2021
Chile	0	79
Brazil	277	316

In Celeo Brasil, 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.

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 Brasil was promoted to General Manager of Celeo Chile.

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.

Training ratios

Training	2020		2021	
	Training hours	Investment in training (euros)	Training hours	Investment in training (euros)
Spain	1,900	30,178	3,311	41,550
Brazil	39,902	38,327	55,499	93,455
Chile	7,670	77,573	10,997	75,187
Total	49,472	614,070	69,761	266,911

Training by professional category

	Spain		Brazil		Chile		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Top Management	64	0	103	0	288	0	455	0
Management	122	108	381	120	953	0	1,456	228
Middle Management	0	0	4,808	1,628	1,049	617	5,857	2,245
Staff	1,659	1,358	42,788	5,672	5,225	2,836	49,655	9,866
Total	1,845	1,466	48,080	7,420	7,515	3,453	57,422	12,338

	Spain		Brazil		Chile		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Average number of training hours	81.78	90.77	173.98	107.09	98.75	192.58	153.12	119.36

Note. Training hours/average workforce

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 Brasil, 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 Brasil 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 Brasil 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.

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 adaption 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 impacts 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 Brasil 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.

Celeo performed annual investments to prevent and minimise its environmental impacts. In 2021, it invested a total of 3,496,261 euros.

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
Total		1,074,919	466,300	1,079,184	1,184,382	1,232,695

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

Celeo is covered by an environmental liability policy (taken out by Elecnor) which is valid until 30 September 2022, setting the general limit at 20 million euros. In accordance with its conditions, this policy guarantees compensation demanded of the policyholder resulting from environmental damage.

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.

Energy consumption	2020	2021
Electricity (MWh)	22,688	23,882
Natural gas (MWh)*	17,832	18,551
Fuels (l)	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 Brasil (used as vehicle fuel)

Below follows a breakdown of the electricity consumption by country:

Electricity consumption by country (MWh)	2020	2021
Spain	21,217	21,009
Brazil*	1,386	2,770
Chile	85	103
Total	22,688	23,882

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

The increased energy consumption for Celeo Brasil 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
Total	295,795	284,319

Celeo Brasil 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.

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 Brasil 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 m³/ 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 m³ compared to the 453 m³ in 2020. The water is provided by a third-party contracted by Celeo in accordance with the established terms and conditions.

Celeo Brasil 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.

Water consumption by source

Water consumption by source (m ³)	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
Total	1,725,758	1,579,259

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

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 Brasil, 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 Brasil 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 m³ of its total water consumption, in the areas of BDM Atacama, SE Illapa and SE Cumbres are considered as water stressed areas.

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.

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 Brasil 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.

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
Hazardous	193,294	482,624
Spain*	104,922	442,555
Chile	63	315
Brazil**	44,663	39,754
Non-hazardous	392,351	502,176
Spain	371,459	490,519
Chile	1,666	1,734
Brazil**	29,510	9,923
Total	585,645	984,800

*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
Destination*	493,458	968,023
Hazardous waste	117,630	471,319
Non-hazardous waste	375,828	496,704
Stored**	104,918	16,777
Hazardous waste	88,337	11,304
Non-hazardous waste	16,581	5,473
Total	598,376	984,800

**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.*

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

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 Brasil 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%.

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.

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 Brasil 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 Brasil 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.

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 Brasil on the other hand, received the Gold Seal in GHG protocol for the third year running.

Scopes (tn CO2eq)	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
Total	10,075	8,901	32,018	15,725	276	323	42,369	24,949
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.

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 Brasil 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.

Intensity ratio of the transmission activity (Brazil and Chile)

Intensity ratio of the transmission activity	2020*	2021
GHG intensity ratio (tCO₂eq/Km)		
Carbon footprint for Brazil and Chile	32,294	16,048
Size of the operation (Km of operational line)	4,640	5,251
Intensity (tCO₂eq/Km)	6.96	3.06

**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

Intensity ratio of the generation activity	2020	2021
GHG intensity ratio (tCO₂eq/MWh)		
Spain's carbon footprint	10,075	8,901
MWh generated	297,175	293,773
Intensity (tCO₂eq/MWh generated)	0.034	0.030

Other air pollutant emissions

Other air emissions (kg)	2020	2021
SOx	137	121
NOx	2,422	2,230
PM10	321	242
SF ₆	144	73
Others*	2,805	2,671
Total	5,829	5,337

**Others: emissions mainly include emissions of TSP, CO, VOC, NH₃, RCHO and THC.*

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

With the aim of reducing its SOx, NOx and particulate (PM10) 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 Brasil 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.

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 Brasil 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.

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 Brasil 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	2021	
	Conservation unit	Priority conservation areas
Serra de Ibiapaba Transmissora de energia (SITE)		
Serra de Ibiapaba Transmissora de Energia (SITE)	APA Serra Ibiapara Sustainable use Intersection with TL - 164.97 Km	Sierra Grande / Delta - Ca006 - Caatinga (Conservation priority Extremely high)
	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 – Closed (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> 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>Minquartia guianensis</i> Aubl	PATE	Brazil
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.

Project	Location	Reforested surface in 2021 (ha)	Accumulated reforested surface (ha)	Total surface to be reforested	Verification
AJTE	Chile	0.00	431.34	431.34	No
CHATE 3	Chile	0.00	485.57	488.51	No
CAIUA	Brazil	8.5	18.5	18.5	No
SITE	Brazil	0.5	0.5	0.5	No
ASTE	Spain	11.00	220.00	220.00	Yes

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 Brasil is 9 ha and Celeo Chile did not carry out any reforestation activities during the financial year.

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

CHILE	BRAZIL
 38 participants	 751 participants
 110 hours/participant	 361 hours/participant
Handling hazardous substances and waste 7 participants 1 training hour	Environmental policy course 231 participants 1 training hour
Use of tools for reporting the consumption of resources and waste 10 participants 1 training hour	Course on specific procedures to determine environmental aspects and impacts 190 participants 1 training hour
Single window, Law REP 20,920, Substances, Emissions and Waste 20 participants 8 training hours	Course on specific procedure for managing waste 189 participants 1 training hour
Climate change and low carbon development 1 participant 100 training hours	Specific procedure for handling petroleum 118 participants 1 training hour
	Specific procedure for transporting fuel 112 participants 1 training hour
	General procedure for determining environmental aspects and impacts 28 participants 1 training hour
	Environmental Management Technician Course 1 participant 356 hours

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.

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.

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.

Celeo promotes trusting relationships through a closer, transparent and ongoing dialogue with the local communities.

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 Brasil implements voluntarily. Through this project, Celeo Brasil 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 hydropower 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 Brasil, 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 Brasil 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 Espaço 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 Brasil 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.

Below follows the details of the project:

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

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.

KPIs	Objective	Impact
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)

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.

Projects with a tax incentive for Celeo Brasil

Social projects with a tax incentive				
2020/2021 – R\$ 646,690.28				
Project	Type of incentive	Executing entity	Town State	Investment
Chapeuzinho Vermelho e os ODS	Culture	ADX Produção de Eventos Culturais Limitada	4	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, Komedí e Incentivar fomento de projetos Ltda, Associação Ballet Feliz and INEEC provide support to associations. Furthermore, the collaboration with Lar São José is considered is a contribution to a non-profit foundation.

The brief description of the projects within the framework of the tax incentive law are detailed below

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, cantinho da 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.

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.

Xeque Mate Educacional. A series of chess workshops for children and adolescents, public schools as well as adults with educational conferences.

Trabalhe Melhor. Comprises the renovation of the administrative area: work rooms, meeting rooms, bathrooms so that employees have a better quality of life in the workplace.

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 Brasil, 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 Brasil 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.

About the report

Scope

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).

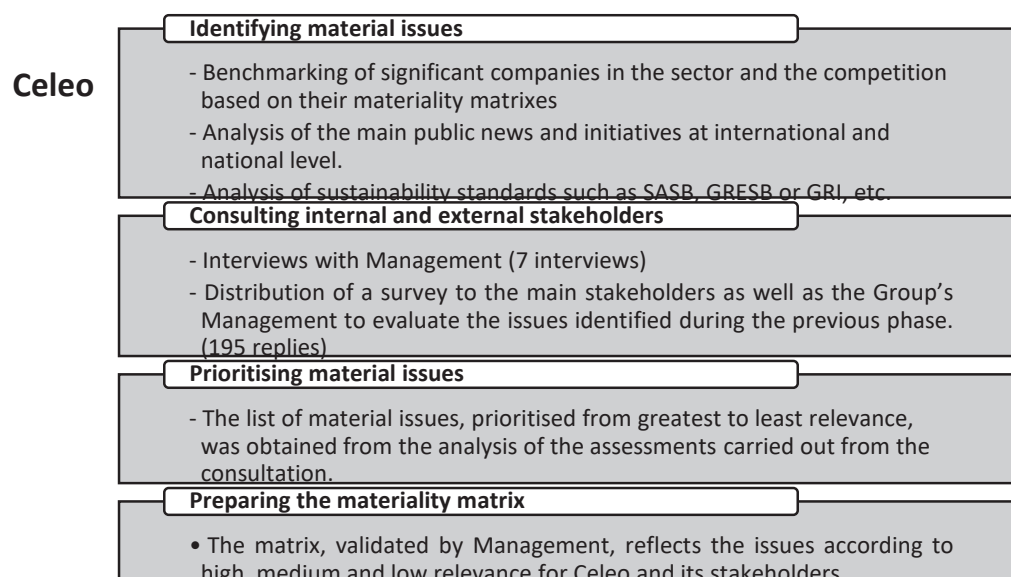
This framework provides an overall and interrelated view of the activities and main economic, social, environmental and governance impacts of Celeo, as well as aspects considered significant for the main stakeholders of the company for the 2021 financial year. As can be seen in Annex I “Contents of the Law 11/2018 of 28 December concerning non-financial information and diversity”, the preparation process followed uses as reference the Global Reporting Initiative (GRI) international standards in its version GRI Standards, taking into account 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 environmental 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.

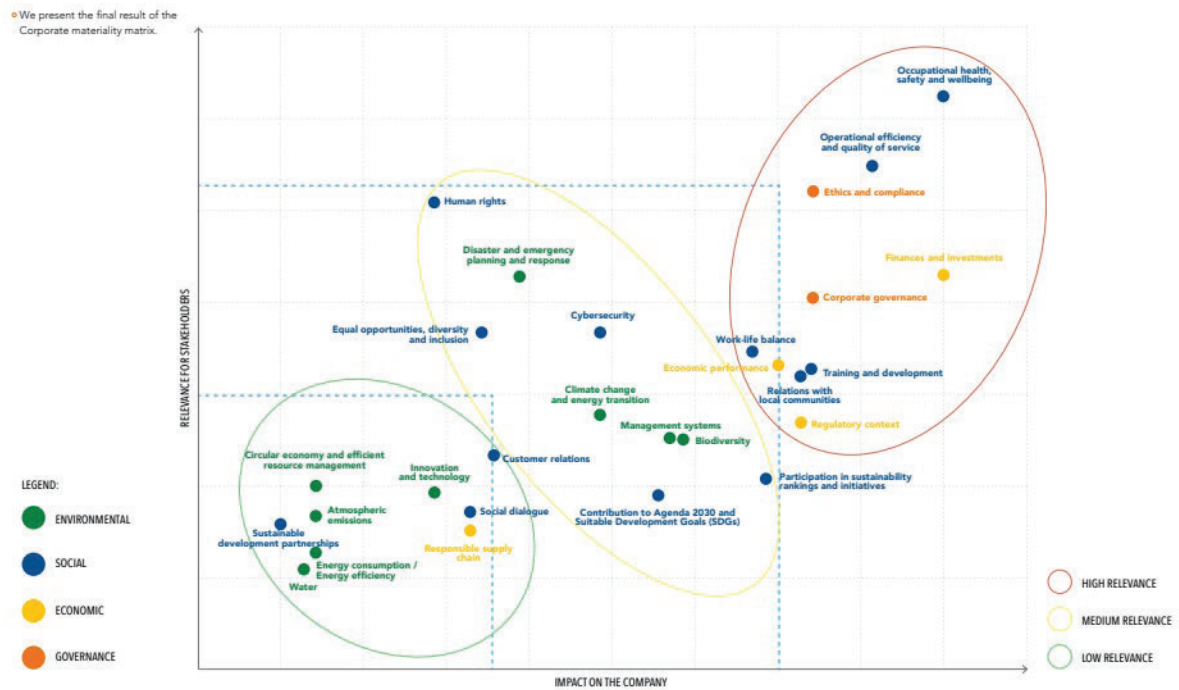
Materiality analysis

Celeo performed a materiality analysis during the previous financial year with the aim of defining the Group’s significant issues with regard to 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



Celeo's materiality matrix



Material issues for Celeo

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

LEGEND:

- ECONOMIC
- SOCIAL
- ENVIRONMENT
- GOVERNANCE

Annex I. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
General information			
A brief description of the business model including its business environment, organisation and structure	Material	5-10	GRI 102-2 GRI 102-7
Markets in which it operates	Material	5-10	GRI 102-3 GRI 102-4 GRI 102-6
Objectives and strategies of the organisation	Material	6, 18	GRI 102-14
Main factors and trends that may affect its future evolution	Material	10-14	GRI 102-14
Reporting framework used	Material	104	GRI 102-54
Principle of materiality	Material	104-105	GRI 102-46 GRI 102-47
Environmental issues			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	84- 96	GRI 102-15 GRI 103-2
Detailed general information			
Detailed information on the current and forecast effects of the company's activities on the environment and, where applicable, health and safety.	Material	84-85	GRI 102-15 GRI 103-2
Environmental assessment or certification procedures	Material	84	GRI 103-2
Resources dedicated to the prevention of environmental risks	Material	84-85	GRI 103-2
Application of the precautionary principle	Material	84-85	GRI 102-11

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
Amount of provisions and guarantees for environmental risks	Material	85	GRI 103-2
Pollution			
Measures to prevent, reduce or repair emissions that severely affect the environment; taking into account any form of specific atmospheric pollution from an activity, including noise and light pollution.	Material	91-92	GRI 103-2
Circular economy and waste management and prevention			
Measures on the prevention, recycling, reuse and other forms of recovery and the disposal of waste	Material	88-89	GRI 306-1 (2020) GRI 306-2 (2020) GRI 306-4 (2020) GRI 306-5 (2020)
Actions to combat food waste	Non-material	Non-material	
Sustainable use of resources			
Water consumption and water supply in accordance with local limitations	Material	86-87	GRI 303-5 (2018)
Consumption of raw materials and measures adopted to improve the efficiency of their use	Non-material	Non-material	
Direct and indirect energy consumption	Material	85-86	GRI 302-1
Measures taken to improve energy efficiency	Material	86	GRI 103-2
Use of renewable energies	Material	86	GRI 302-1
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of goods and services that produces them	Material	90-91	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures adopted to adapt to the consequences of climate change	Material	89-90	GRI 103-2 GRI 201-2
Medium- and long-term goals established to reduce greenhouse gas emissions and the resources employed.	Material	89-90	GRI 305-5
Biodiversity protection			

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
Measures employed to preserve or restore biodiversity	Material	95	GRI 304-3
Impacts caused by activities or operations in protected areas	Material	92-94	GRI 304-2
Social and personnel related issues			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	70-83	GRI 103-2
Employment			
Total number and distribution of employees by country, gender, age and professional category	Material	71	GRI 102-8 GRI 405-1
Total number and distribution of contract types and annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	Material	73-75	GRI 102-8
Number of dismissals by gender, age and professional category	Material	72-73	GRI 103-2 GRI 401-1
Average remuneration and trend disaggregated by gender, age and professional category or equal value	Material	76	GRI 103-2 GRI 405-2
Salary gap, the remuneration of equal jobs or the average of the company	Material	76	GRI 103-2 GRI 405-2
Average remuneration of directors and senior management, including variable remuneration, allowances, compensation, payment to long term savings schemes and any other receipts disaggregated by gender	Material	76	GRI 103-2 GRI 405-2
Implementation of disconnecting from work policies	Material	75	GRI 103-2
Number of employees with disabilities	Material	78	GRI 405-1
Organisation of the work			

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
Organisation of working time	Material	75	GRI 103-2
Number of hours of absenteeism	Material	73	GRI 103-2
Measures aimed at facilitating the enjoyment of work-life balance and promoting the co-responsibility of such by both parents.	Material	75	GRI 103-2
Health and safety			
Occupational health and safety conditions	Material	61-69	GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-4 (2018) GRI 403-5 (2018) GRI 403-6 (2018) GRI 403-7 (2018) GRI 403-8 (2018)
Workplace accidents, particularly their frequency and severity, as well as professional diseases, disaggregated by gender	Material	64-66	GRI 403-9 (2018) GRI 403-10 (2018)
Corporate relationships			
Organisation of corporate dialogue including procedures to inform and consult with personal and negotiate with them	Material	79	GRI 103-2
Percentage of employees covered by a collective bargaining agreement by country	Material	79	GRI 102-41
Overview of the collective bargaining agreements, particularly with regard to occupational health and safety	Material	79	GRI 403-4 (2018)
Training			
Training policies implemented	Material	82-83	GRI 103-2 GRI 404-2
Total number of hours of training by professional category	Material	82	GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	78	GRI 103-2
Equality			

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
Measures adopted to promote equal treatment and opportunities between women and men	Material	76-77	GRI 103-2
Equality plans, measures adopted to promote the employment, protocols against sexual harassment and the grounds of gender	Material	77	GRI 103-2
Policy against all forms of discrimination and, where appropriate, the management of diversity	Material	76-77	GRI 103-2
Respect for Human Rights			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	43-44	GRI 102-15 GRI 103-2
Application of due diligence procedures			
Application of due diligence procedures concerning human rights and preventing the risks of infringing human rights and, where applicable, measures to mitigate, manage and remedy possible abuses committed.	Material	43-44	GRI 102-16 GRI 102-17
Reported cases of human rights infringements	Material	43-44	GRI 103-2 GRI 406-1
Measures implemented for the promoting and complying with the provisions of the fundamental agreements of ILO related to respecting the freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour and the abolition of child labour.	Material	43-44	GRI 103-2
Fight against corruption and bribery			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	42-43	GRI 103-2
Measures adopted to prevent corruption and bribery	Material	42-43	GRI 103-2 GRI 102-16 GRI 205-3

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
Measures to fight against money laundering	Material	39, 42-43	GRI 103-2 GRI 102-16 GRI 205-3
Contributions to foundations and non-profit organisations	Material	101-102	GRI 102-13
Information about the company			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	97-103	GRI 102-15 GRI 103-2
The company's commitment to sustainable development			
The impact of the company's activity on employment and local development	Material	97-103	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the company's activity on local and regional populations	Material	97-103	GRI 102-43
The relationships held with the actors of the local communities and forms of dialogue	Material	28	GRI 102-43
Association or sponsorship actions	Material	14-16	GRI 103-2 GRI 201-1
Outsourcing and suppliers			
Inclusion in the procurement policy of social, gender equality and environmental issues	Material	57-59	GRI 103-2
Consideration of social and environmental responsibility in relationships with suppliers and subcontractors	Material	57-59	GRI 102-9 GRI 308-1 GRI 414-1
Supervision and audit systems and results	Material	57-59	GRI 102-9
Consumers			
Measures for the health and safety of consumers	Material	52	GRI 103-2
Systems for claims, complaints received and their resolution	Material	56	GRI 103-2
Tax information			
Profits obtained by country	Material	47	GRI 207-1 GRI 207-2 GRI 207-3

Information required by Law 11/2018	Materiality	Page or section of the report that responds to the requirement of Law 11/2018	Reporting criteria: GRI (Version 2016 unless otherwise indicated)
Tax on profits paid	Material	47	GRI 207-1 GRI 207-2 GRI 207-3
Public subsidies received	Material	47	GRI 201-4

Annex II. 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			
Organisational profile			
102-1	Name of the organisation	29	
102-2	Activities, brands, products and services	5-10	
102-3	Location of headquarters	Av. General Perón, 38, planta 14. Edificio Master's I 28020 - Madrid Spain	
102-4	Location of operations	5-10	
102-5	Ownership and legal form	29	
102-6	Markets served	5-10	
102-7	Scale of the organisation	5-10, 45-47, 70-71	
102-8	Information on employees and other workers	70-75	
102-9	Supply chain	57-59	
102-10	Significant changes to the organisation and its supply chain	There have been no significant changes	
102-11	Precautionary Principle or approach	84	
102-12	External initiatives	25-27	
102-13	Membership associations	14-16	

GRI standard	Contents	Page in the Report detailing the response/Direct response to cover those GRI	Omissions
Strategy			
102-14	Statement from senior decision-maker	The letter from the Chairman is published in the Sustainability Report for 2021 available on the corporate website	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	33-34	
Governance			
102-18	Governance structure	30-31	
Stakeholder engagement			
102-40	List of stakeholder groups	28	
102-41	Collective bargaining agreements	79	
102-42	Identifying and selecting stakeholders	28	
102-43	Approach to stakeholder engagement	104	
102-44	Key topics and concerns raised	105	
Reporting practice			
102-45	Entities included in the consolidated financial statements	104	
102-46	Defining report content and topic boundaries	105	
102-47	List of material topics	105	
102-48	Restatements of information	Not applicable	
102-49	Changes in reporting	Not applicable	
102-50	Reporting period	2021	
102-51	Date of most recent report	2020	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	celeio@celeogroup.com	

GRI standard	Contents	Page in the Report detailing the response/Direct response to cover those GRI	Omissions
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the Essential option of the GRI Standards	
102-55	GRI contents	112	
102-56	External assurance		

Material issues

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
Economic performance				
GRI 103: Management approach 2016				Economic performance
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	33, 43		
103-3	Evaluation of the management approach	34-36, 45		
GRI 201: Economic performance 2016				
201-1	Direct economic value generated and distributed	48		
201-4	Financial assistance received from the government	47,101		
Indirect economic impacts				
GRI 103: Management approach 2016				Community relationships
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	5, 48,97-103		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
103-3	Evaluation of the management approach	5,48,97-103		
GRI 203: Indirect economic impacts 2016				
203-1	Infrastructure investments and services supported	5-10		
203-2	Significant indirect economic impacts	97-103		
Procurement practices				
GRI 103: Management approach 2016				Economic performance
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	57-58		
103-3	Evaluation of the management approach	57-58		
GRI 204: Procurement practices 2016				
204-1	Proportion of spending on local suppliers	58		
Anticorruption				
GRI 103: Management approach 2016				Ethics and compliance
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	36-44		
103-3	Evaluation of the management approach	36-44		
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	42	The quantitative data at group level is not available	

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
205-2	Communication and training about anti-corruption policies and procedures	41,-43		
205-3	Confirmed incidents of corruption and actions taken	43		
Energy				
GRI 103: Management approach 2016				Energy consumption/Energy efficiency/Climate change and the energy transition
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	85-86		
103-3	Evaluation of the management approach	85-86		
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	85-86		
302-4	Reduction of energy consumption	85-86		
Water and effluents				
GRI 303: Management approach 2018				Water/Biodiversity
303-1	Interactions with water as a shared resource	86-87		
GRI 303: Water and effluents 2018				
303-3	Water withdrawal	87		
303-5	Water consumption	87		
Biodiversity				
GRI 103: Management approach 2016				Biodiversity
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	92-95		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
103-3	Evaluation of the management approach	92-95		
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	92-93		
304-2	Significant impacts of activities, products, and services on biodiversity	92		
304-3	Habitats protected or restored	95		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	94		
Emissions				
GRI 103: Management approach 2016				Climate change and the energy transition
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	89-92		
103-3	Evaluation of the management approach	89-92		
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	90		
305-2	Energy indirect (Scope 2) GHG emissions	90		
305-3	Other indirect (Scope 3) GHG emissions	90		
305-4	GHG emissions intensity	91		
305-5	Reduction of GHG emissions	89-90		
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	91		
Waste				

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
GRI 103: Management approach 2020				Circular economy and efficient waste management
306-1	Waste generation and significant waste-related impacts	88		
306-2	Management of significant waste-related impacts	88-89		
GRI 306: Waste 2020				
306-3	Waste generated	88		
306-4	Waste diverted from disposal	88-89		
306-5	Waste directed to disposal	88-89		
Environmental compliance				
GRI 103: Management approach 2016				Ethics and compliance
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	84		
103-3	Evaluation of the management approach	84		
GRI 307: Environmental compliance 2016				
307-1	Non-compliance with environmental laws and regulation	Note 1		
Supplier environmental assessment				
GRI 103: Management approach 2016				Responsible supply chain
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	57-59		
103-3	Evaluation of the management approach	57-59		
GRI 308: Supplier environmental assessment 2016				
308-1	New suppliers that were screened using environmental criteria	58-59		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
Employment				
GRI 103: Management approach 2016				Lifework balance
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	70-77		
103-3	Evaluation of the management approach	70-77		
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	71, 78		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	75-76 The benefits apply to full-time employees		
Occupational health				
GRI 403: Management approach 2018				
403-1	Occupational health and safety management system	61-63		Occupational health
403-2	Hazard identification, risk assessment and incident investigation	61-63		
403-3	Occupational health services	68-69		
403-4	Worker participation, consultation, and communication on occupational health and safety	62-63		
403-5	Worker training on occupational health and safety	66-67		
403-6	Promotion of worker health	67-68		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62, 64-65		
GRI 403: Occupational health and safety 2018				
403-8	Workers covered by an occupational health and safety management system	61-62		
403-9	Work-related injuries	63-66		
403-10	Work-related ill-health	66		
Training and education				
GRI 103: Management approach 2016				Training and development
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	82-83		
103-3	Evaluation of the management approach	82-83		
GRI 404: Training and education 2016				
404-1	Average hours of training per year per employee	83		
404-2	Programmes for upgrading employee skills and transition assistance programmes	83		
Diversity and equal opportunity				
GRI 103: Management approach 2016				Equal opportunity, diversity and inclusion
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	77-78		
103-3	Evaluation of the management approach	77-79		
GRI 405: Diversity and equal opportunity2016				

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
405-1	Diversity of governance bodies and employees	31, 71		
Non-discrimination				
GRI 103: Management approach 2016				Equal opportunity, diversity and inclusion
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	76-79		
103-3	Evaluation of the management approach	76-79		
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	Note 2		
The rights of indigenous peoples				
GRI 103: Management approach 2016				Human rights
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	43-44, 98-99		
103-3	Evaluation of the management approach	43-44, 98-99		
GRI 411: The rights of indigenous peoples				
411-1	Incidents of violations involving rights of indigenous peoples	Note 2		
Human rights assessment				
GRI 103: Management approach 2016				Human rights
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	43-44		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
103-3	Evaluation of the management approach	43-44		
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		
Local communities				
GRI 103: Management approach 2016				Relationship with communities
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	97-103		
103-3	Evaluation of the management approach	97-103		
GRI 413: Local communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programmes	97-103		
413-2	Operations with significant actual and potential negative impacts on local communities	97-103		
Supplier social assessment 2016				
GRI 103: Management approach 2016				Responsible supply chain
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	57-59		
103-3	Evaluation of the management approach	57-59		

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	57-59		
Public policy				
103-1	Explanation of the material topic and its boundary	104-105		Ethics and compliance
103-2	The management approach and its components	35-43		
103-3	Evaluation of the management approach	35-43		
415-1	Political contributions	Note 3		
Customer health and safety				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	104-105		Ethics and compliance
103-2	The management approach and its components	35-43		
103-3	Evaluation of the management approach	35-43		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note 2		
Customer privacy				
GRI 103: Management approach 2016				
103-1	Explanation of the material topic and its boundary	104-105		Ethics and compliance
103-2	The management approach and its components	59-60		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
103-3	Evaluation of the management approach	59-60		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Note 2		
Socioeconomic compliance				
GRI 103: Management approach 2016				Ethics and compliance
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	37-40		
103-3	Evaluation of the management approach	37-40		
GRI 419: Socioeconomic compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	Note 2		
Participation in sustainability rankings and initiatives				
GRI 103: Management approach 2016				Participation in sustainability rankings and initiatives
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	25-27		
103-3	Evaluation of the management approach	25-27		
Cybersecurity				
GRI 103: Management approach 2016				Cybersecurity
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	59-60		

GRI standard	Contents	Page of the Report detailing the response	Omissions	Relationship with the materiality analysis
103-3	Evaluation of the management approach	59-60		
Innovation and Technology				
GRI 103: Management approach 2016				Innovation and Technology
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	56-57		
103-3	Evaluation of the management approach	56-57		
Circular economy and efficient resource management				
GRI 103: Management approach 2016				Circular economy and efficient resource management
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	88-89		
103-3	Evaluation of the management approach	88-89		
Alliances for sustainable development				
GRI 103: Management approach 2016				Alliances for sustainable development
103-1	Explanation of the material topic and its boundary	104-105		
103-2	The management approach and its components	10-27		
103-3	Evaluation of the management approach	20-27		

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 Assurance Report on the Consolidated Non-Financial Information Statement of Celeo Concesiones e Inversiones S.L. and subsidiaries for 2021

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

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

We have been engaged by Celeo Concesiones e Inversiones S.L. management to perform a limited assurance review of the accompanying Non-Financial Information Statement of Celeo Concesiones e Inversiones S.L. (hereinafter, the Parent) and subsidiaries (hereinafter, the Group) for the year ended 31 December 2021, prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option (hereinafter, the Report).

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review to evaluate whether the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group for the year ended 31 December 2021, included in the Report which forms part of the Group's consolidated Directors' Report for 2021, has been prepared in accordance with prevailing mercantile legislation.

The Report includes additional information to that required by GRI standards in its core option and prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Annex II.GRI Contents" and the "Annex I. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" tables of the accompanying Report.

Responsibility of the Parent's Directors and Management

Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards, in its core option, in accordance with each subject area in the "Annex II.GRI Contents" table of the Report.

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Annex I. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" table of the aforementioned Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the Report was obtained.



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

Our Independence and Quality Control

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.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

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.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Group and described in the "Materiality Analysis" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2021.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2021 and whether it has been adequately compiled based on data provided by the information sources.



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- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a.) The Consolidated Non-Financial Information Statement of Celeo Concesiones e Inversiones S.L. and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the GRI Standards, in its core option, as described in point 102-54 of the GRI Content Index of the Report.
- b.) The NFIS of Celeo Concesiones e Inversiones S.L. and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Annex I. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" table of the Report.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for Celeo Concesiones e Inversiones S.L. in relation to its Consolidated Non-Financial Information Statement and for no other purpose or in any other context.

In relation to the Consolidated NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

5 May 2022