

POLICY

Prevention of Money Laundering and Terrorist Financing

Code: PO.ADC.06

Version: 03

Type: Public

This PO.ADC.06 document is integrated to the body of the current internal regulation of the entities Distribuidora de Electricidad de Oriente, Sociedad Anónima and Distribuidora de Electricidad de Occidente, Sociedad Anónima. All references made to ENERGUATE in the present document must be understood as references to the entities Distribuidora de Electricidad de Occidente, Sociedad Anónima and Distribuidora de Electricidad de Oriente, Sociedad Anónima, indistinctly.

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Effective Date:

09/01/2023

Historical Revisions

Version	Date	Reason
01	08/11/2020	Redrafting of document.
02	03/31/2023	Adaptation of content into the current policy template, updating of definitions according to corporate policy, as well as modification in some points of the policy with the purpose of clarifying and strengthening controls for its application.
03	09/01/2023	Update of communication channel and persons responsible of this policy.

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1. OBJECTIVE

Money laundering and terrorist financing constitute risks to which the company is exposed in the exercise of its commercial activities. ENERGUATE is firm in the combat and prevention of the crime in all its operations.

Money laundering refers to the process through which the profits obtained from a criminal activity are under covered to hide its illegal origins, and terrorist financing is the under covered support – financial or any other way, direct or indirect – to terrorist organizations or those persons that promote o are involved in these activities.

Money laundering and terrorist financing have similar characteristic mainly in relation to under covering – the illegal origin (money laundering), as well as the final destination of the funds (terrorist financing) – and they compromise the integrity and image of ENERGUATE.

2. SCOPE

It is applicable to ENERGUATE, who is required to implement and comply with the present policy and its current guidelines.

Likewise, it is required that suppliers and contractors of the Companies, to keep the same spirit and intention of the policies and guidelines, standardizing the provisions that correspond to them according to the nature of their contract.

3. REFERENCE DOCUMENTS

a. Internal

- CO.ADC.01 Code of Conduct and Ethics

b. External

- Law Against Money Laundering and Other Assets, Decree No. 67-2001 of the Congress of the Republic of Guatemala.
- Regulations of the Law Against Money Laundering and Other Assets, Governmental Agreement No.118-2002 of the president of the Republic of Guatemala.
- Law for Prevention and Suppression of Terrorist Financing, Decree No.58-2005 of the Congress of the Republic of Guatemala.
- Regulations of the Law for Prevention and Suppression of Terrorist Financing, Governmental Agreement No.86-2006 of the president of the Republic of Guatemala.

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- Criminal Code, Decree No.17-73 of the Congress of the Republic of Guatemala.
- Criminal Procedure Code, Decree No.51-92 of the Congress of the Republic of Guatemala.
- International instruments in the matter ratified by Guatemala, such as the Inter-American Convention Against Terrorism, the International Convention for the Suppression of the Financing of Terrorism, United Nations Convention Against Transnational Organized Crime and its Protocols, etc.

4. DEFINITIONS

- a. Agent: any third party acting on behalf, interest or representation of ENERGUATE or affiliated companies.
- b. Beneficiary: person, organization or institution that is part of a program, project or donation of goods and/or services.
- c. Customer: is the individual or legal person who makes one or more transactions with an obligated person, within the normal or apparent turn of the businesses of such obligated person.
- d. Employees: refers to directors, managers, officers or employees that are part of ENERGUATE or the third party services that act in its representation.
- e. Terrorist Financing: commits the crime of terrorist financing who by any means, direct or indirectly, by itself or by an intermediary, deliberately provides, supplies, collects, transfers, delivers, acquires, possesses, administers, negotiates or manages money or any other type of goods, with the intention to use them, or knowing that will be used in part or totally, for terrorism. Likewise, this crime is committed by anyone who performs any of the acts defined as terrorist financing in any of the international agreements approved and ratified by Guatemala.
- f. Immediate Boss: a person to which the employee reports to and coordinates directly its activities of a superior hierarchic level in the organization.
- g. Money laundering and other assets: in general terms, is the process of hiding or disguising the origin, obtention, existence, movement, destination, use or acquisition of capitals or assets or properties, product of an illegal activity, to make them appear legal.

The phases that define the activity are:

- Money collection: physical reception of the money in cash, originated from illegal activities.

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- Placement: introduction of money in cash into the financial and non-financial institutions originated from criminal activities.
- Mix with funds from legal origin: performance of successive financial operations with illegal money mixing it with legal money, in order to eliminate or difficult its tracking.
- Investment: conversion of illegal money into assets of different nature: assets and properties, titles, values and other financial assets or in façade businesses, through the transfer of the blocked funds to legal organizations and/or companies without apparent ties with organized crime.

The degree of complexity in a money laundering scheme is virtually infinite and is just limited by imagination, creativity and criminal skills.

- h. ML/TF: Money Laundering / Terrorist Financing.
- i. Personnel with High Exposure to Compliance Risks (PERC): are those positions in which an Employee meets any of the following criteria:
- Has authority to assume commitments on behalf of the company.
 - Authorizes contracting, supervises or manages the activities with Business Partners.
 - Exercises the representation of the company externally.
 - Has decision power in the management of resources and/or services.
 - Has decision power in the management of money.
 - Has interaction with Public Officers.
 - Manages or access sensible and/or confidential information of the company.
 - Travels to foreign countries to attend businesses in representation of the company
- j. Supplier: legal entity or natural person with experience and qualified, who provides goods and/or services to the company.
- k. Terrorism: commits crime of terrorism who, with the purpose of altering the constitutional order, State public order or coerce a Public Right legal person, national or international, executes a violence act, attempts against human life or integrity, property or infrastructure, o whom with the same purpose executes acts leaded to provoke a fire or cause railroad, maritime, fluvial or air disasters.

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5. GENERALITIES

- Below, are some examples of crimes that generate illegal resources, without limitations: drug trafficking, illegal trafficking of weapons, human trafficking, bribery, collusion, tax fraud, embezzlement, extortion, theft, among others.

In Guatemala the crimes referred above are precedent of the crime of Money Laundering.

- To exemplify, some effects of money laundering are mentioned, without limitation: moral and social deterioration, corruption, increase of violence, concentration of illegal wealth, inflationary effects, unfair competition, damages the image of the country.
- Some examples of Types of Terrorism, to mention some: narcoterrorism, political, economical or religious terrorism, cyber terrorism, state terrorism, biological terrorism, document terrorism.

6. RESPONSIBILITIES

a. Employees

- Know and comply with the provisions of this policy.
- Request guidance to Legal Services Management and Compliance when needed.
- Report concerns and queries about this policy.
- Participate in events or activities promoted locally in compliance with the applicable laws.
- Report any irregularity, or suspicion of irregularity, unusual or suspicious operation identified.

b. Managers, Sub Managers and People Responsible of the Process

- Raise awareness among employees about the content and compliance with this policy.
- Coordinate with Legal Services Management and Compliance and request their guidance to establish processes and practices that ensure compliance with the requirements / demands of this policy.

c. Legal Services Management

- Respond inquiries for the treatment of information requests.

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- Inform about the legal requirement for the compliance with the corresponding legal frame of each of the jurisdictions where we operate.

d. Compliance

Is the administrator of the present policy and responsible of:

- Update its content when required.
- Inform about irregular or suspicious situations identified in the exercise of the operations.
- Communicate and disclose updates, changes, exceptions and any other matter related to it.
- Channel and clarify any doubt or comment about the policy.
- Give specific guidance about each situation or case that arises in the application of the policy.

7. DECLARATION OF POLICY

Even though the regulations applied are not the same than the ones from the Financial Sector, we have to be able to demonstrate before the authorities that ENERGUATE has internal control systems adequate to respond before any Money Laundering practice. The sanctions of the local laws towards breaches may be significant and include fines, confiscation of assets used in money laundering and criminal processes against the people involved in such practice.

7.1. Knowledge of third parties – Due Diligence

The main objective of the process of Knowledge of Third Parties / Due Diligence is to be able to know in a reliable way those third parties with which ENERGUATE relates, either usual or occasionally, through the obtention and verification of information and data, as well as the analysis of its risk profile.

The due diligence processes established by ENERGUATE are the following:

7.1.1. Due Diligence of Employees

Is responsibility of the Human Resources and Communication Management to perform it for all Employees of the Company in the selection processes and periodically while they keep an active work relationship.

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In the process of selection is performed for the candidates collecting general information about themselves and about the selected candidate making a financial qualification and reputation qualification that includes its direct relatives.

During the work relationship, this process is made periodically and when an employee changes position inside the organization.

For more details about the Due Diligence for Employees, review the specific procedure *PE.RHS.02 Recruitment, Selection and Internal Promotion*.

7.1.2. Due Diligence for Customers

Is responsibility of the Commercial Management of ENERGUATE to perform it over Large Customers of GUATEMEL, before the subscription of the commercial agreement or contract and periodically while they keep an active commercial relationship with the Company.

For more details about the process of Due Diligence for Customers, review the specific regulation *NE.ADC.02 Due Diligence Large Users*.

7.1.3. Due Diligence for Suppliers

Is responsibility of the Purchase Process of ENERGUATE to perform it over all Suppliers at the moment of its enrollment in the Supplier Maste and periodically while they keep a commercial or contractual relationship with the Company.

For more details about the process of Due Diligence to Suppliers, review the specific regulation *NE.ADC.01 Due Diligence for the Supply Chain*.

7.1.4. Due Diligence for Entities Receiving Donations or CSR Programs

Is responsibility of Negotiation and Resolution of Conflict Process to perform it over all the Beneficiaries of the donation and social responsibility programs of the Company, in coordination with Human Resources and Communication Management.

For more details, review the specific procedure *PE.CRE.01 Management of Donations, Social and Community Investment and CSR Initiatives*.

7.2. Identification of unusual and suspicious operations

All employees must be aware to identify unusual or suspicious operations, especially those that are related directly with third parties or have Critical Positions in the Company, based on the Regulation of the Law Against Money Laundering or Other Assets, article 2 are defined as:

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- Unusual Operations: Those transactions whose amount, frequency, sum or characteristics to not keep relation with the profile of the customer.
- Suspicious Operations: Is the unusual transaction duly examined and documented by the obliged person that, for not having an evident economical or legal base, could constitute a criminal offense.

When an operation that may have the previous characteristics is identified, the Employee must report it immediately according to what is described in the following number.

7.3. Complaints and Reports

When an Employee detects facts or circumstances related to Money Laundering and/or Terrorist Financing it must report it immediately to any of the following channels:

- Immediate Boss
- Financial and Corporate Services Management
- Legal Services Management
- Compliance
- Ethics Line. E-mail: energuate.ethicspoint.com

Independently of who receives the report, it must be reported to the General Management and Compliance simultaneously.

7.4. Compliance with laws and regulations

ENERGUATE respects and complies in letter and spirit with all the current laws and regulations in the jurisdictions where it operates.

The Legal Services Management of ENERGUATE will inform about the additional obligations to be implemented for the compliance with the regulations of Money Laundering and Terrorist Financing in each of the jurisdictions where we operate.

7.5. Response to information requests

ENERGUATE is committed to provide complete, accurate and true information when responding to information requests that correspond and are transferred by the legal means, related to our business when it is required by the corresponding authorities or regulatory and taxation bodies.

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Information requests must be reviewed along with Legal Services. The Employee must have a full understanding of the information requirement and call immediately the participation of the corresponding professionals of ENERGUATE needed to comply with the law, guarantee the due protection of the rights of ENERGUATE and the rights of its employees, and deliver accurate and coherent responses to such requests.

7.6. Consequences of breach

Deviations and breach to the present policy may carry the imposition of disciplinary measures, that if applied, will be used as education and forming element of our organizational culture.

In addition, breaches are subject to the responsibilities and penalizations that the Law against Money Laundering or other assets, the Law for Prevention and Suppression of Terrorist Financing and its regulations establish either for individual as for legal persons.

Disciplinary measures must be fair, reasonable and proportional to the fault committed, respecting the corresponding legal frame.

7.7. Exceptions

Any exception to this policy must be duly supported and approved by the General Manager of ENERGUATE and Compliance.

8. CONTROL POINTS

Compliance with this Policy is mandatory. Every person affiliated with ENERGUATE must understand its role and responsibility in relation to this Policy.

ENERGUATE and any other entity direct or indirectly controlled, reserves the right to break relations with any natural or legal person that at judgement of the people responsible of compliance with this policy consider needed to safeguard the financial health or image of the Company.

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