

Environmental, Social and Governance

ANNUAL SUSTAINABILITY
REPORT

2023

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Sustainability
Report

Letter from

the Chief Executive Officer



I am pleased to offer our 2023 Sustainability Report on the Environment, Social and Governance, focusing on the sustainability performance of ENERGUATE.

Change is constant, being more notable in recent years, so we must be flexible and develop adaptability that allows us to identify each change as an opportunity to grow and innovate. We generate value in a sustainable manner through teamwork, promoting the participatory development of communities, identifying global trends in the sector and in environmental, social and compliance management, and taking into account the expectations of our collaborators, communities and investors, because the creation of value is associated with the sustainability of our business.

In 2023, we continued to strengthen the integration of our environmental, social and corporate governance (ESG) practices, using the SASB (Sustainability Accounting Standards Board) sustainability framework as a reference standard, we continue executing long-term goals using Science-Based Targets (SBTi) for the reduction of greenhouse gases, analyzing the potential impacts of our business as a result of climate change.

We implemented several social and community development programs that represented an investment of more than US\$1.3 million, benefiting more than 885 thousand people in Guatemala.

Despite the safety challenges, we continued to improve our occupational health and safety performance remaining for 4 consecutive years better than the industry standard (U.S. Department of Labor) in Lost Time Incident and total recordable incident. We continue to focus to avoid fatal incidents and our plan achieved Zero Fatality goal during 2023.

In 2023, we received the world-class Certification ISO 45001:2018, for the Occupational Health and Safety System. This certification granted by AENOR proofs our commitment to strength and develop the preventive culture of safety and health at work, for employees and contractors, providing safe and healthy places, and thus preventing injuries and accidents.

We reached 2.4 million customers providing development opportunities and a better quality of life through our rural electrification projects in Guatemala.

In 2024 we will continue working under the premise of maintaining our commitment to excel in prioritizing our health and safety performance. We will continue to be a company that really understands that a social and environmental license is vital to operate.

Paulo Parra

CHIEF EXECUTIVE OFFICER
ENERGUATE

Our Operations

We provide the energy that Guatemala needs to light more than 2.4 million homes, businesses, companies and institutions in 298 municipalities in 21 of the 22 departments of the country. Our electrical transmission operating company RECSA initiated operations of one new electrical substation in 2023, as part of our commitment to improve the quality of the service ENERGUATE provides to our customers in the influence areas of each substation. This project represent a great contribution that benefits the inhabitants with a robust transportation network that facilitates distribution of electricity with stable voltage and quality service.

At ENERGUATE we provide innovative and sustainable energy solutions for the development of every house, company, city and the country.

We generate value through operational excellence, renewal of our business portfolio and creation of new energy solutions in harmony with our environment.

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2.4

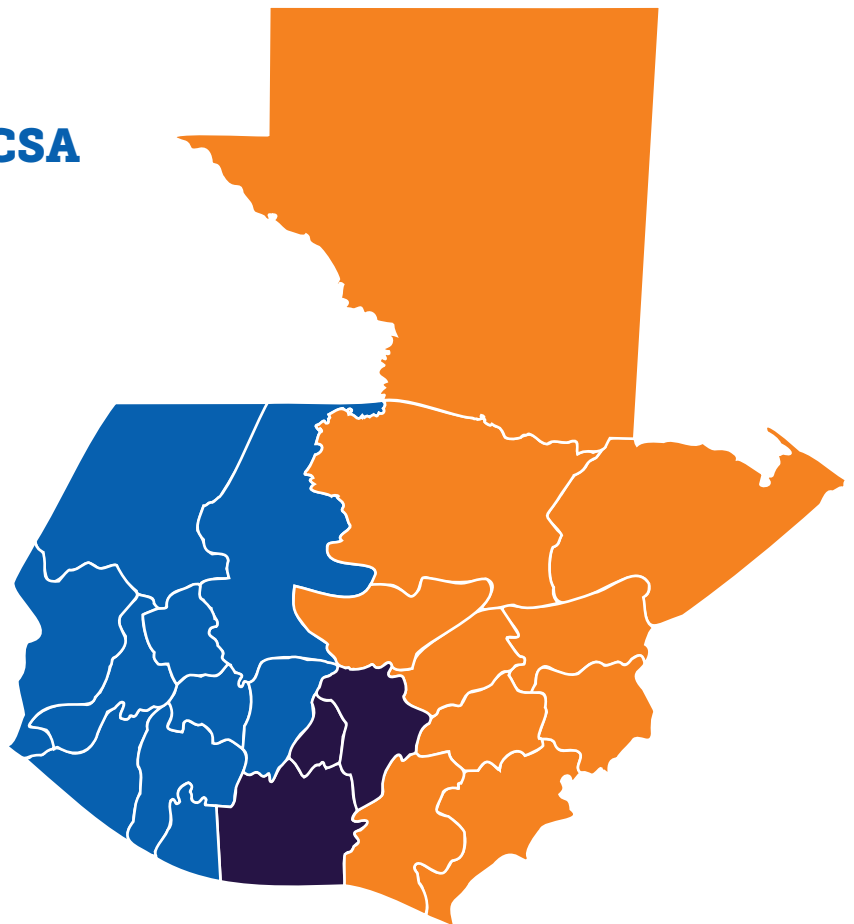
**MILLIONS
COSTUMERS**

298

MUNICIPALITIES

21 of 22

DEPARTMENTS



■ Note: Another electricity distribution company.

ENERGUATE's ESG Management Strategy

To ensure the sustainability of our business, we must achieve a long-term economic, social, environmental and corporate governance balance, which implies adequately managing business risks and market opportunities.

Mindful of this, we have incorporated into our daily work, decision-making and execution of initiatives, the proactive management of ESG risks and opportunities

transforming our processes as to promote new energy solutions complementing the Environmental, Social and Governance (ESG) material aspects of our business.

We have structured the material ESG issues of our business on the SASB (Sustainability Accounting Standards Board) international standard, which help us to identify, manage, measure and report the ESG performance of our company.

Environment Capital

Includes all our actions focused on keeping our energy environmentally responsible.

Social Capital

Includes all our actions focused on keeping our energy socially responsible.

Leadership and Governance

Involves all the established policies, guidelines and decisions that we make daily to continue being an energy leader.



Human Capital

consider all our efforts to ensure the safety, well-being and development of our people, because together we are the talent that generates change.

Business Model and Innovation

covers all those initiatives aimed at operational excellence.



ENERGY MAKES IT POSSIBLE FOR GUATEMALA TO DEVELOP, WE PUT ALL OUR EFFORT INTO SERVING GUATEMALAN HOMES” .

1. Governance

We are committed to the growth and development of all our stakeholders and to achieve this in the right way we follow the highest ethical standards. We act with transparency, professionalism and efficiency to create sustainable value, which allows us to build our business through a symbiotic relationship with the environment, maintaining and improving our good reputation in the long term.

In an increasingly competitive business environment, proper risk management is essential to ensure the sustainability of the business. At ENERGUATE we adopt good Corporate Governance practices, establishing and complying with a set of guidelines and standards that regulate our actions and contribute to the generation of value.

Our prevention mechanisms mitigate risks to which the company may be exposed to prevent irregular practices, fraud and corruption, achieve business sustainability, safeguard Company's interest and preserve the integrity of our employees.

OUR CORPORATE GOVERNANCE SYSTEM GUIDES ALL ACTIVITIES AT ALL LEVELS OF THE COMPANY TO GUARANTEE THE COMPLIANCE OF LEGAL, REGULATORY, CONTRACTUAL AND VOLUNTARY OBLIGATIONS."



Sustainable Development Goals No. 8 and 16



Business Ethics

Policies and Procedures

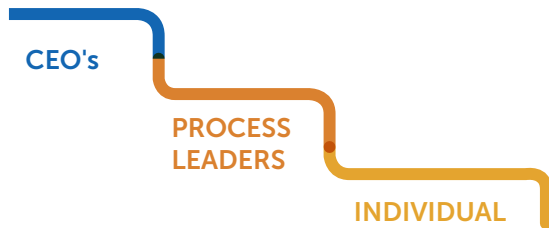
ENERGUATE has policies and procedures that were defined taking into consideration its activities and the identification of its relevant risks. These policies are the baseline framework to establish company's control environment to mitigate risks.

All policies are in line with the company culture. Our Code of Conduct is a fundamental policy that establishes the reference framework of our organizational conduct, containing the principles and guidelines that we must follow to assess and address different situations that may arise during our daily responsibilities.

Compliance with Policies and Procedures is mandatory to all employees. Third parties engaging with ENERGUATE as contractual business partners commit to comply with regulations of company's applicable Policies and Procedures and Supplier's Code of Conduct notwithstanding their legal obligation to act in accordance with the applicable law. All Policies and Procedures are properly disseminated and available to all employees in the company intranet. Also, main Policies and Procedures are available to stakeholders in the company website.

Policy Certification

To attest dissemination, implementation, and commitment of compliance of the company corporate governance we conduct an Annually Policy Certification Process. This process has 3 levels of certification:



Code of Conduct Certification by employees:

100%



Code of Conduct Certification by suppliers:

95%



Compliance in the certification process of main policies:

100%

Report Channels

Company fosters an open-door policy, encouraging employees to express their worries and concerns and their responsibility to inform or report the knowledge or suspect of irregularities or breaches to the code of conduct, internal regulations, or the applicable law.

Channels available to report:

- Direct Supervisor
- Upper Management (including HR, Legal and Compliance).
- Ethics Line

How to access?



Ethics Line Portal

<https://energuate.ethicspoint.com/>



Email

cumplimiento@energuate.com



Personal Interview

Our Ethics Line is the communication channel available 24/7 to all employees and the public in general. This process is provided with transparency, impartiality and confidentiality, because we have a strict non-retaliation policy to ensure impartiality, transparency and confidentiality.



Ethics complaints were registered, reviewed and investigated:

100%



Cases unsubstantiated:

82%

Cases sustained:

18%

Third Party Risk Management

Through our Due Diligence Process, we assess the risk profile of third parties with whom the Company interact, either occasionally or on a regular basis in order to prevent and mitigate risk and identify opportunities. We periodically review and update our Human Resources, Supply Chain, Commercial and Donation Beneficiaries Due Diligence Guidelines and launch controls to guaranty the implementation of their key aspects.

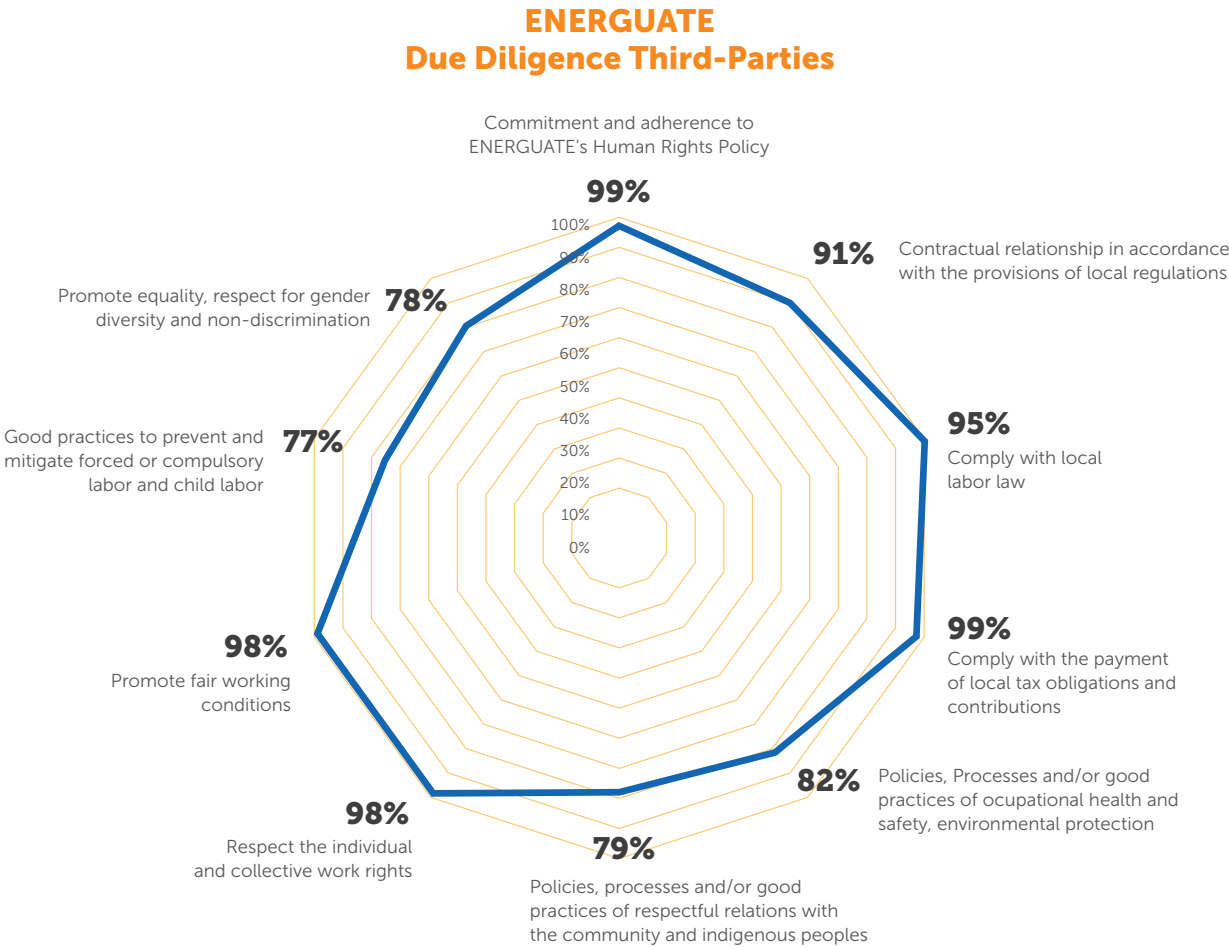
Human Rights

Our Human Rights Policy promotes respect and compliance with the United Nations Guiding Principles on Business and Human Rights, putting the United Nations framework to “protect, respect and remedy” into practice.

The guiding principles on Human Rights, outlined by the United Nations (UN), state that companies must act with responsibility and due diligence to avoid infringements of third-party rights, so ENERGUATE abides by these good

practices. We promote awareness of this issue since it demonstrates that incorporating and respecting human rights is part of doing business with integrity and places the company as a model of ethical behavior.

As part of the Due Diligence process, we evaluate that our suppliers have a Human Rights Policy and request their adherence to ours, in order to reaffirm our commitment to the promotion and respect of Human Rights.



Note: Suppliers Human Rights KPI. Data extracted from Compliance Desktop Third Party Due Diligence tool. Jan-Dec 2023.

Cybersecurity

Increased connectivity brings many benefits, but with these have also come new cyber threats. The pandemic accelerated the digitization of companies, driving the use of video conferences and digital tools, which translates

into a significant increase of internet traffic and the amount of data stored. At ENERGUATE we are aware of the risk to which we are exposed as an organization and as individuals. We have been implementing a series of

technological initiatives and procedures that help us to be a more resilient organization to cyberattacks.

Considering that people are a key factor for cybersecurity, we have strengthened our awareness program using KnowBe4 platform, where we share a series of short training sessions with didactic material, focused on reinforcing relevant knowledge in a practical way, refreshing the importance of keeping updated the software, operating system and antivirus of our devices, using secure passwords, not opening email attachments or links from unknown senders or websites, avoiding the use of unsecured Wi-Fi networks in public places, and contact our your local IT team for support.

We also implemented some security solutions: Proofpoint, Password Manager Pro, CISCO ISE, Nessus, among others. We also reinforce our security policies to prevent violations that increase the security breaches.

Training and Awareness

All members of ENERGUATE must know and comply with the company's code of conduct, as well as internal and external regulations that apply to our daily work. To ensure that our employees have the knowledge and proper training to do so, we implemented:

- A mandatory Onboarding Process for new employees. Onboarding includes Organization & Structure, Culture, Operations, KPI's, Internal regulations and Ethics Line training, Policy certification and Conflict of Interest declaration.
- Annual Communication & Awareness Program. In addition to training, we constantly disseminate relevant communications and reference materials that allow us to reinforce our knowledge of various corporate policies, procedures, and initiatives to reinforce our compliance culture.



100%

Ethics complaints were registered, reviewed and investigated.



98%

Compliance with Conflict of Interest Affidavit Process.



95%

Suppliers and contractors have attested our Suppliers Code of Conduct.

Conflict of Interest

At ENERGUATE we have a Conflict of Interest Policy that establishes the regulations regarding the prevention of Conflict of interest which the company's Employees may have, with the ultimate aim of ensuring transparency, and protect the integrity and reputation of our employees and the company. As part of the policy control activities, during the month of December, the process of updating the "Conflict of Interest Form" was carried out, a tool that allows us to identify and timely inform the organization of situations that could represent a Potential, Apparent or Real Conflict of Interests to manage and prevent the risks that these

Compliance with Conflict-of-Interest Affidavit Process:

98%



Current cases related to Real Conflict of Interest:

2%

2.

Safety Performance



At ENERGUATE we are consolidating a safety culture based on prevention, with constant assessments of our risks to protect the integrity of our coworkers, contractors and our neighboring communities. Outmost importance is being placed on reducing the severity of our incidents and Near Miss reporting as a tool to prevent incident reoccurrence.

Our Safety Policy establishes the principles to ensure the advancement of a culture of safety by managing inherent risks supported by our Code of Conduct, Management System and Safety corporate guidelines. ENERGUATE addresses relevant operational hazards and specific training requirements to mitigate job specific risks.

Ensuring the safety of our employees and of the people with whom we interact requires our entire workforce to be responsible and owns its actions. Therefore, all employees must be trained and prepared to identify risks and apply actions that allow us to stay safe.

Consistent with our path to consolidate our Safety Culture, based on prevention and assessment of risks, in 2023 we continued to reinforce our Safety programs such as: Critical Task, Safety is Everyone's Job, Safety Leaders and Near Miss programs.



Sustainable Development Goals No. 3 and 8



Employee Health & Safety IF-EU-320



Safety Critical Task Program, highlights the importance to clearly understand the risks associated with critical activities as key to keep employees and contractors safe.



Safety is Everyone's Job Program, sent a message that everyone has the responsibility to comply and ensure policies, guidelines and procedures.



Safety Leaders Program, promotes the active participation of all employees and contractors by developing safety leadership skills.

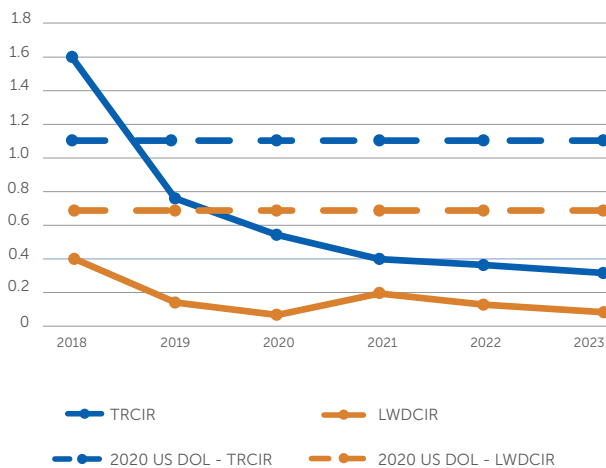


Near-miss Program, focused on the importance that all near misses are reported, evaluated, investigated promptly and that corrective actions are implemented.

Safety Performance KPIs

As a result of our safety programs, our safety performance for employees and contractors Lost Workday Case Incident Rate (LWDCIR) was 0.08, compared to a target of 0.22. The Total Recordable Incidents Rate (TRCIR) was 0.33, compared to a target of 0.67. Historically, we achieved a 64% improvement in our LWDCIR and a 51% improvement in our TRCIR between 2018 and 2023, remaining, for 4 consecutive years, better than the U.S. Department of Labor industry standard, for these two indicators in the distribution businesses.

**Distribution Safety Performance
Employee and Contractors Incidents**



Note: In 2023, our safety performance remained for 4 consecutive years, better than the U.S. Department of Labor industry standard, in the distribution businesses.

Despite these results, we still have important challenges in our safety prevention efforts, as we want to maintain our achievement of zero fatal incidents in 2023. Therefore, in 2024 we will be implementing safety behavior standards that provide continuity to the "Zero Fatal Incidents plan" developed in 2023.

At ENERGUATE we continued consolidating our safety culture and remain committed to upmost transparency in reporting.

ENERGUATE Promotes Development with Education and Employment

In a strategic alliance with the National Institute of Technology and Training (INTECAP) of Guatemala, we developed the training program "Electrician in Low Voltage Lines" aimed at young people nationwide aged 18 and over who wish to train as electric technicians in low voltage distribution networks. The program was completed on December 2023 with the graduation of 101 technicians. After concluding the program, the technicians have the opportunity to integrate into the nationwide network of job opportunities within ENERGUATE and other companies. This program allows young people to gain new skills to access job opportunities in decent conditions, competitive salaries which translates into well-being for their families and communities.

**AT ENERGUATE WE
ARE CONSOLIDATING A
SAFETY CULTURE BASED
ON PREVENTION, WITH
CONSTANT ASSESSMENTS
OF OUR RISKS".**

3.

Environmental Stewardship

At ENERGUATE we promote the efficient and sustainable use of natural resources to decrease emissions, water, waste and energy consumption reducing our environmental footprint.

Our Environmental Policy is translated into specific sustainable goals and actions by our ESG Management System to enable effective compliance with applicable environmental laws, regulations and international standards.

We fulfill our sustainability objectives by investing in new technologies, enhancing existing operations and building strategic alliances with environmental organizations to maximize common interest with environmentally-sound practices.



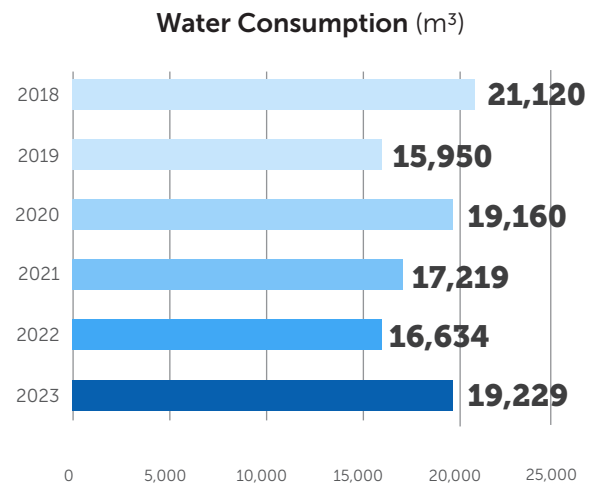
Sustainable Development Goals No. 12 and 13



GHG Emission/Air Quality IF-EU-110
Water & Wastewater Management IF-EU-140
Waste & Hazardous Materials Management IF-EU-150

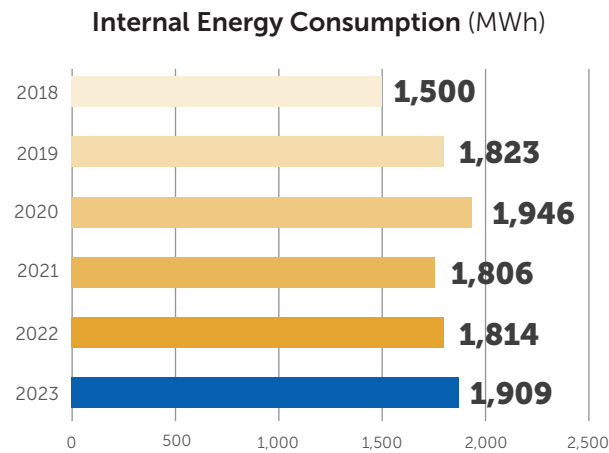
Environmental Performance KPIs

We have steadily reduced our water consumption by implementing water conservation initiatives. We have achieved a historical water reduction as shown in figure below.



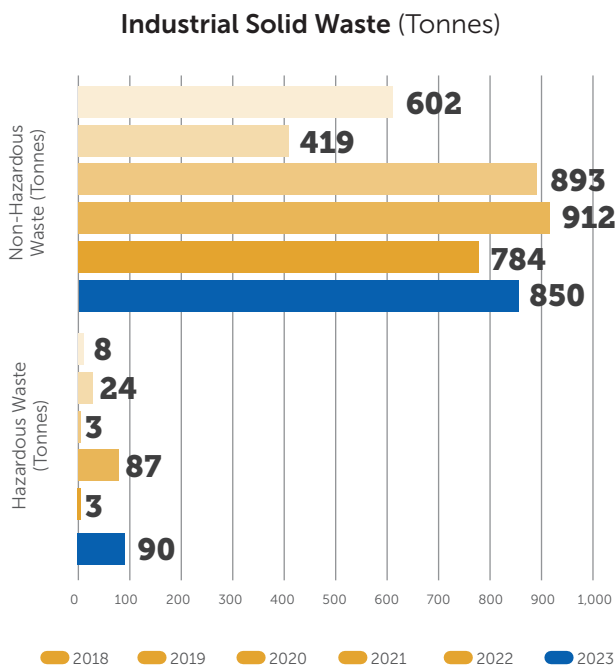
Note: In 2023 we manage to be below the proposed water consumption goal of 20,000 m³.

As described in the following graph we made progress optimizing our internal energy consumption by implementing energy conservation initiatives.



Note: In 2023 we will be below the proposed electrical energy consumption goal of 2,800 MWh.

We improved our waste and hazardous materials management practices, in compliance with in-country regulations and our commitment for waste reduction.



Note: Increase of hazardous waste in 2023 due to safe destruction of transformers containing PCBs.

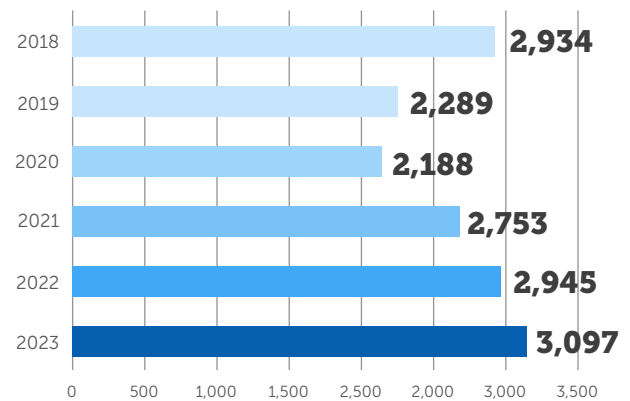
Our program for the elimination of PCBs from the distribution network, constantly carrying out field tests on transformers and enforcing our No PCB policy have

yielded in a minimum amount of PCB identified and disposed in accordance with MARN and United Nations.

Decarbonization Strategy

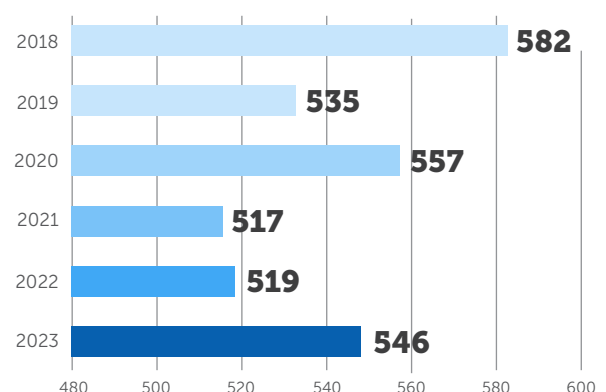
Our active strategy to reduce short and long-term air emissions is based on reducing losses in the network and optimize fuel consumption of company vehicles by implementing energy conservation initiatives. This approach is supported by the accurate measurement of CO₂ emissions, to set targets, to improve over time, working with customers and suppliers who support our efforts to reduce our operations' carbon footprint.

Scope 1 CO₂ Emissions (Tonnes CO₂e)



Note: Increased in CO₂ emissions in 2021 and 2023 due to additional displacement of company vehicles to support rural electrification program and respond to emergencies in the distribution grid due to extreme weather events.

Scope 2 CO₂ Emissions from Purchased Electricity for Own Use (Tonnes CO₂e)



Note: We achieved a 6% reduction on average on CO₂ emissions related to the internal consumption of electricity from the grid between 2018 and 2023.

At ENERGUATE we continuously assess our medium and long-term environmental sustainability objectives to establish actions that allow us to further reduce CO₂ emissions, water and energy consumption and industrial waste.



**WE FULFILL OUR
SUSTAINABILITY
OBJECTIVES BY INVESTING
IN NEW TECHNOLOGIES,
ENHANCING EXISTING
OPERATIONS AND BUILDING
STRATEGIC ALLIANCES”.**



4. Social Responsibility and Community Engagement

Stakeholder and Community Engagement

ENERGUATE promotes sustainable social projects that contribute to the growth of neighboring communities, based on a relationship of respect and ongoing dialogue. We work closely with local authorities and municipalities to foster a participatory environment that provides opportunities for these communities to manage their own development and cultivates long-term success and relationships.

We design community engagement initiatives based on local knowledge to construct programs that are sensitive to local cultures, responsive to the needs of our stakeholders and aligned with our socially responsible investment policy, standards, and strategic priorities.

In 2023, through the implementation of social commitments and engagement events, we achieved more than US\$1.3 million in voluntary social and community investment, benefiting more than 885 thousand community members. The community engagement events allow us to comprehend the communities' needs and priorities, as well as the potential solutions.



Sustainable Development Goals No. 3, 4, 6, 7, 8 and 11



United Nations Sustainable Development Goals

Our social and community development strategy takes into consideration our contribution to achieve the prioritized Sustainable Development Goals (SDGs), identifying and connecting priority SDGs with specific metrics to measure our progress and demonstrates more directly how our environmental, social and community responsibility programs contribute to our country.

Our Social and Community Investment Policy established objectives and strategies for social and community investment, articulated through collaborative initiatives, contributions, volunteering, and strategic partnerships programs, integrated into one or more of the following investment priorities in 2023:



Education and Culture

We support educational programs and initiatives that develop skills and knowledge, in accordance with the national educational public policy and particularly support rural and low-income schools to improve quality and continuity of education and raise awareness among customers, students and communities regarding electrical distribution safety, through our flagship projects “Laboratories with Energy”, “Libraries with Energy” and Lucy Movil, benefiting over 313,531 children and youth.

Infrastructure

We collaborate with the development of electric infrastructure as an essential service, in coordination with local municipal authorities, providing efficient lighting installing by installing 1,000 and 600 LED lamps in the public road of Nahualá, Sololá, improving safety and quality-of-life and the preservation and promotion of cultural heritage, benefiting over 15 thousand community members.



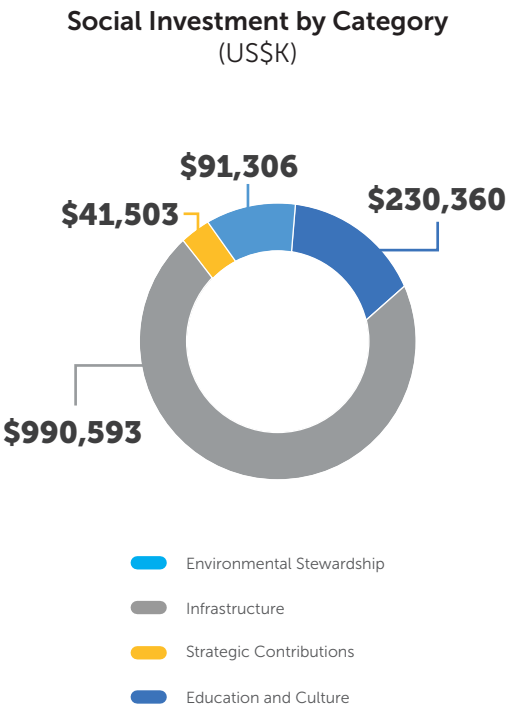
Strategic Contributions and Partnerships

We implement social programs based on real needs and merit with the active participation of our communities, generating strategic alliances with formal and reputable organizations benefiting more than 138,768 thousand community members.



Environmental Stewardship

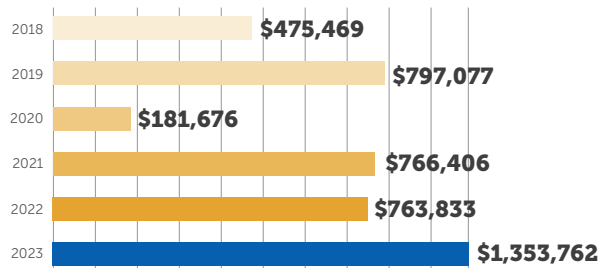
We develop educational campaigns on energy efficiency and promote environmental education projects where communities learn and acquire tools for environment protection and identify sources of financing for their environmental projects. We also invest in removal and final disposal of non-friable asbestos from sheet roofs containing asbestos and conditioning of hazardous waste storage areas.



Rural Electrification Program

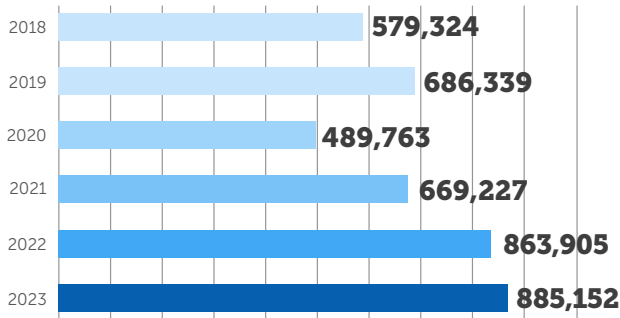
Investing in rural electrification projects in communities outside the regulatory scope is an important contribution to the development and well-being of communities and countries. Maintaining our commitment to bring electricity to more communities, in 2023 we completed the installation of electrical service in 18 communities in different regions of Guatemala, connecting 2,174 families to the national electrification network. We are proud of all our new connections.

Social and Community Investment (US\$)



Note: Reduced social investment in 2020 due to COVID-19 restrictions.

Number of Individuals Benefited (#)



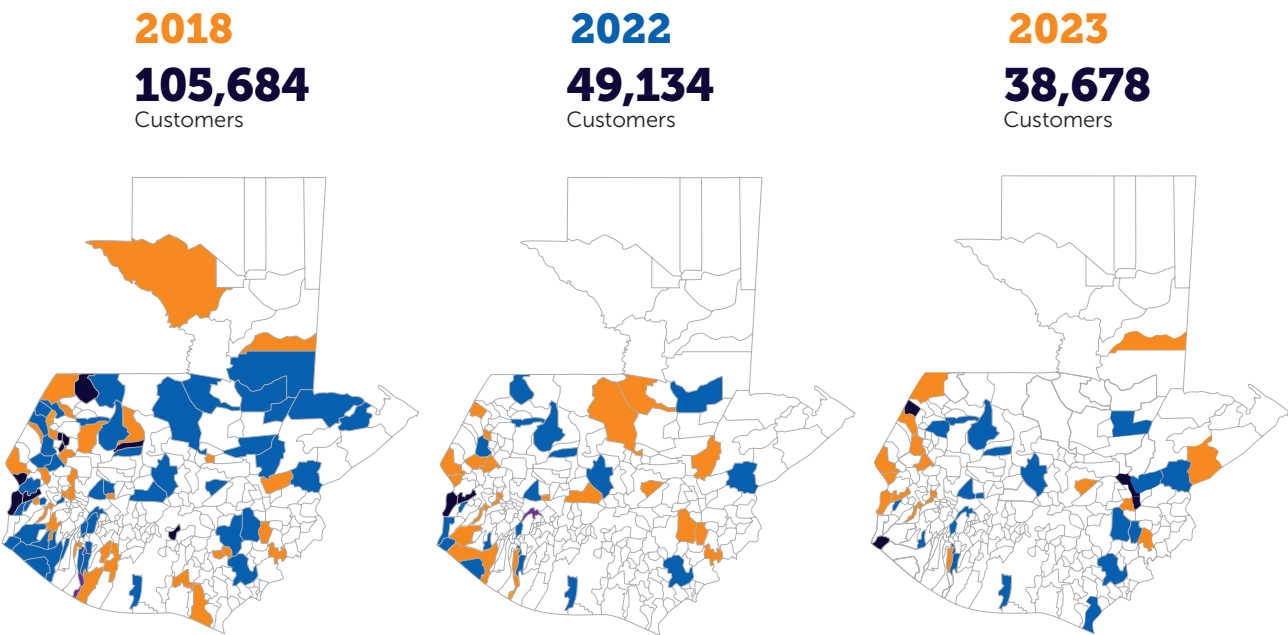
“WITH THE NEW INFRASTRUCTURE CARRIED OUT BY ENERGUATE, ALL THESE COMMUNITIES NOW HAVE THE OPPORTUNITY TO ACHIEVE SIGNIFICANT DEVELOPMENT DUE TO THE NEW BUSINESS OPPORTUNITIES THAT ELECTRICITY WILL PROVIDE THEM.”

Social and Community management

ENERGUATE promotes open dialogue through the support and participation of government institutions, community organizations (COCODE) and leaders with

our stakeholders. We generate a high-level dialogue to resolve actual and potential social conflicts promoted by antagonistic groups some of which operate outside the law. Through this process ENERGUATE has been able to regain access to areas, taken over by third parties illegally, to provide safe, reliable and economical service.

Customers in conflictive communities



% of customers in conflictive communities			
	0%	to	5%
	> 5%	to	10%
	> 10%	to	50%
	> 15%	to	100%



OUR SOCIAL AND COMMUNITY DEVELOPMENT STRATEGY TAKES INTO CONSIDERATION OUR CONTRIBUTION TO ACHIEVE THE PRIORITIZED SUSTAINABLE DEVELOPMENT GOALS (SDGS)”.



5. Labor practices



ENERGUATE's employees and contractors make delivering long-term value to our customers possible. Our employee profile at ENERGUATE looks for top-level professionals with a high ethical commitment. They are responsible and empowered, to generate value, drive change, promote environment and social best practices, and achieve world class quality of service.

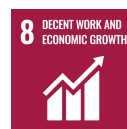
Our actions and work decisions must be based on the corporate culture, so our daily behavior must be a tangible demonstration of this.

Our Organizational Culture is the essence that strengthens and empowers us. Our Behavior allows us to put into practice Principles to fulfill and achieve the Company's Purpose "to provide innovative and sustainable energy solutions to develop each home, company, city and country.

At ENERGUATE we are committed to continue working to provide employees with the necessary tools to guarantee their well-being and promote their professional growth. We know that we count on everyone's commitment to always do their best and continue to be the energy that makes that Guatemala never stops.



Sustainable Development Goals No. 5, 8 and 10



Labor Practices

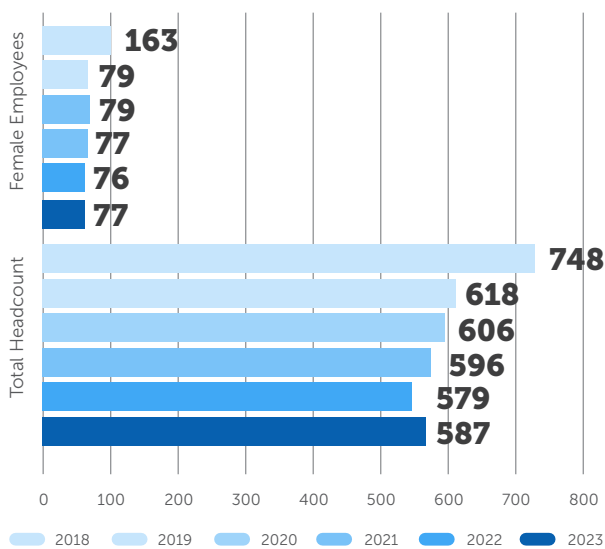
Human Resources Policies and Procedures

Our Employment Policy promotes equal opportunities and working conditions, so that employees carry out their work and develop their capacities within an environment of respect, equity and inclusion, with high health and safety standards.

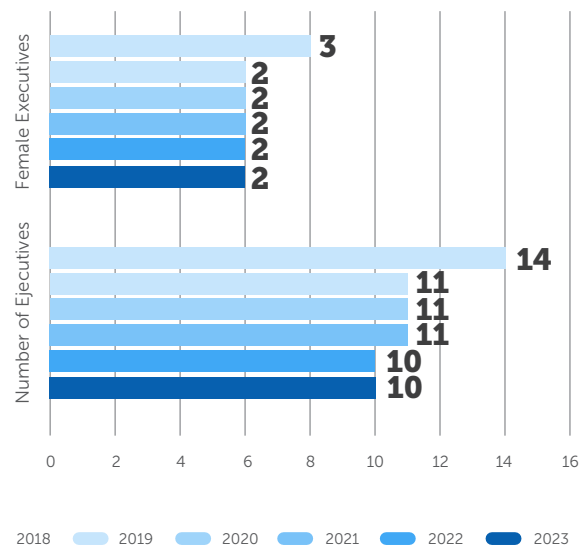
- **Recruitment and Personnel Selection Policy** promotes a transparent and efficient management of the recruitment and selection process, where merit, suitability and non-discrimination are the central elements in its execution to guarantee the ability to incorporate, motivate and retain the best talent, while we maintain the ethical and legal principles of the Code of Conduct.

- **Our Compensation and Benefits Policy** established a set of guidelines and principles that maintain internal coherence and external competitiveness, complying with the principle of salary equity.
- **Our Diversity and Inclusion Policy** established an inclusive work environment, in which the contributions of each individual are recognized, all people are valued and respected.
- **Our Harassment-Free Environment Policy** defines ENERGUATE zero tolerance of harassment in the workplace under any circumstances.
- **Work-Life Balance Policy** declares that ENERGUATE understands that one of the elements to be a productive and successful employee consists of finding the appropriate balance between priorities at work and personal life by promoting programs, activities or decisions that have a positive impact on reaching this balance.
- **Our Training Policy** promote the professional development of ENERGUATE employees.

Workforce (#)

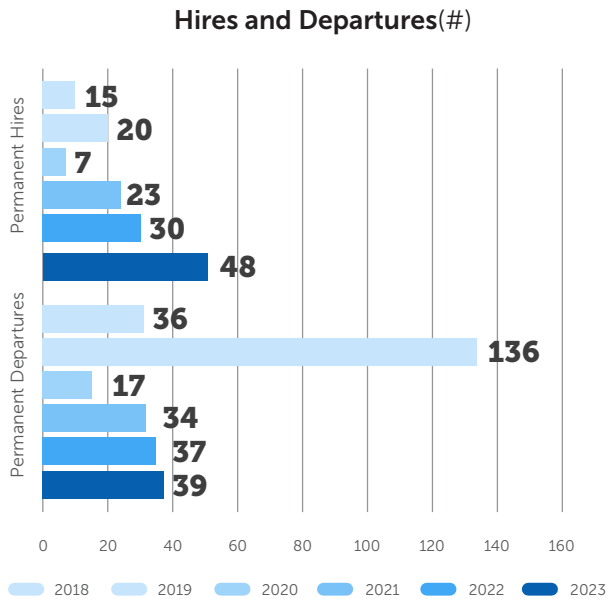


Executives (#)

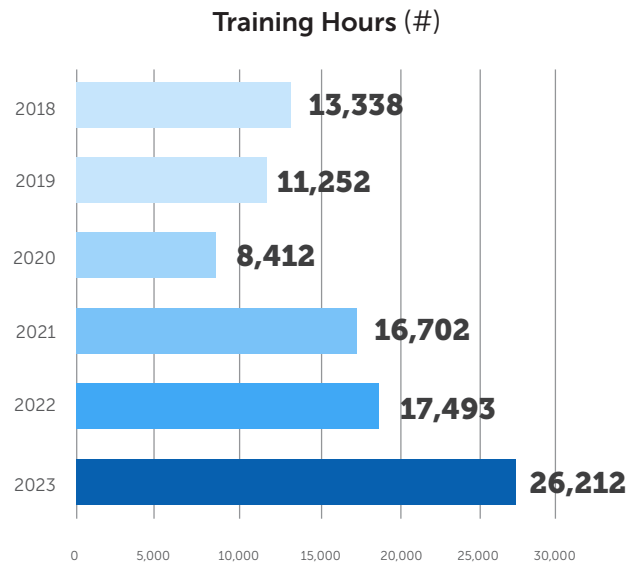


Note: The workforce presents an increase in line with the growth of the operation.

“OUR ORGANIZATIONAL CULTURE IS THE ESSENCE THAT STRENGTHENS AND EMPOWERS US. OUR BEHAVIOR ALLOWS US TO PUT INTO PRACTICE PRINCIPLES TO FULFILL AND ACHIEVE THE COMPANY’S PURPOSE”.



Note: In 2023, there will be a greater number of hires than people who left the company, this due to the growth in operations



Promoting a World of Equal Opportunities

Our woman empowerment program “Playing Big” provides Women employees the opportunity to participate in workshops that promote greater female participation in the company and communities. We also have a Mentoring program and the consolidation of a women’s support network. Among the Program Objectives we can mention the following:

- Develop the employee potential, impacting retention and their development within the organization.
- Raise awareness that it is necessary to have women who dare to Play Big and participate in the decisions of the organization.
- Create women leaders who transform their environment and their community.
- Promote diversity and inclusion as a contribution to generate innovation, the more diversity the more ideas.
- Add to the 2030 sustainable development goal: Gender equality.

ENERGUATE was certified by AENOR

2023 has once again been an excellent year for ENERGUATE in terms of safety. All have proven to live up to the commitments made and this is confirmed with the ISO 45001:2018 Certification granted by AENOR. For this reason, it is an honor to work at the Distributors, receiving this world-class Certification for the ENERGUATE Occupational Health and Safety System.

The external and internal implementation and verification process lasted 9 months with the objective of strengthening and continuing the development of the preventive culture of safety and health at work, for employees and contractors, providing safe and healthy places, and thus preventing injuries and deterioration of health, considering that for ENERGUATE its main asset is its collaborators.



6. Operational Excellence

ENERGUATE provides innovative and sustainable energy for the development of every house, company, city in the country. We generate value through operational excellence by a cost conscious, effective and efficient distribution in harmony with our environment.

The long-term success of our business depends on our operational commitment to sustain efficient, safe, reliable, and responsible energy transmission and distribution, enhancing the economic development of Guatemala.

We are committed to provide develop technical capacity in the country to maintain a high-quality level of service. Our Operational policy ensure our compliance with the highest industry standards, ensuring the well-being and integrity of our employees and contractors.

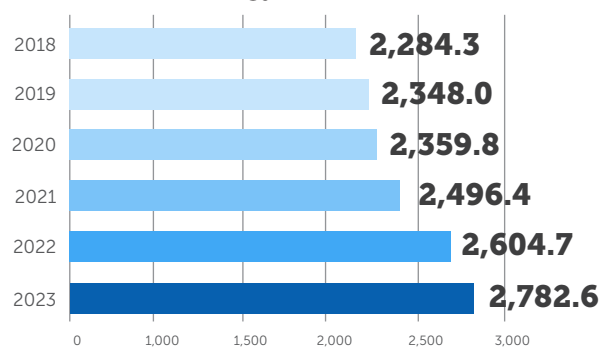
We achieve operational excellence through the execution of customized asset management strategies at each lifecycle stage, controlling rising costs, delivering competitive rates, involving customers and their interests in our activities and decision-making process to the extent practicable.

A continuous investment in site specific new technologies allow us to reduce service interruptions due to third party intervention, natural causes or system failures. These are some examples in 2023:



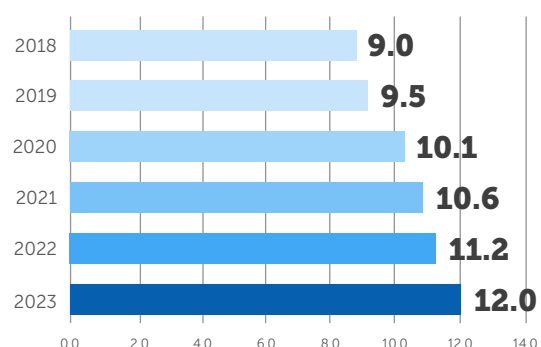
Network Growth Indicators

Energy Sales (GWh)



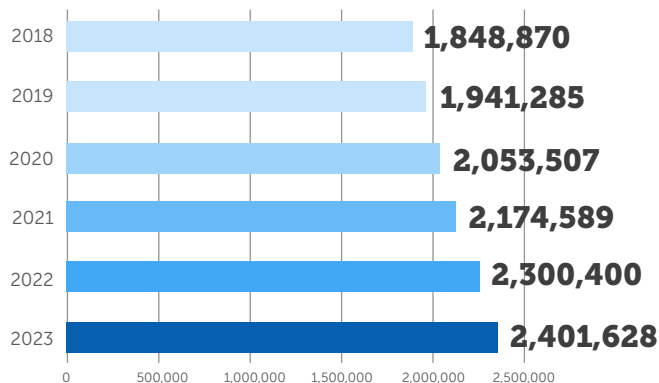
Note: These figures refer to the number of active clients.

Population with Electrical Service Provided by ENERGUATE (Millions)



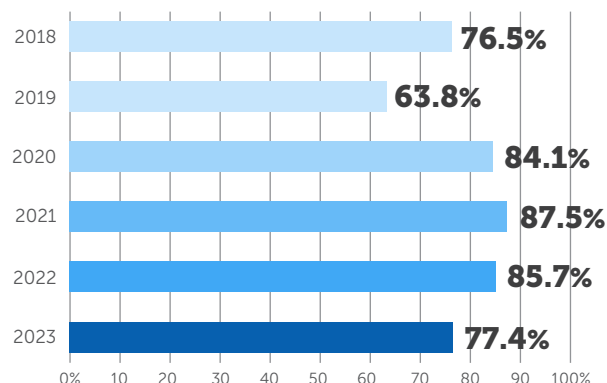
Note: Number of individual clients is the number of residential customers (households) receiving power distribution services in a given year. This figure is derived by taking the number of residential Connections multiplied by 5.

Number of Individual Customers
(Thousands)



Note: These figures refer to the number of active clients.

Customer Quality Survey (CNEE)

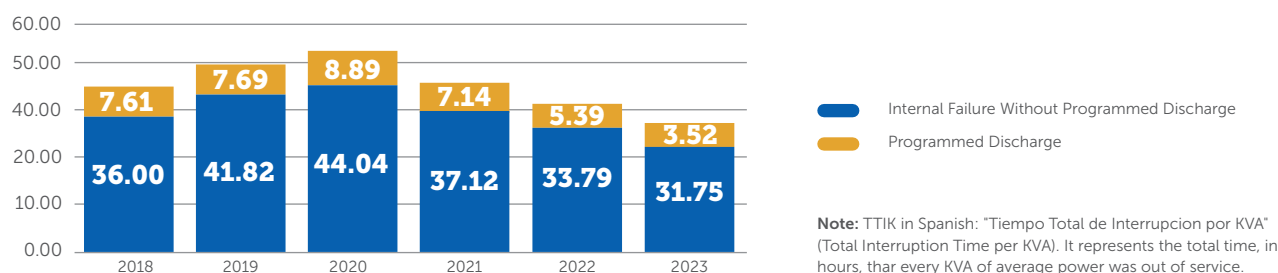


Note: DEORSA and DEOCSA ranked in eighth and ninth place among other distribution companies in the 2023 CNEE customer quality survey.

Quality Service Indicators

The TTIK internal indicator for the year 2023 had a reduction compared to the year 2022 of -3.91 hours.

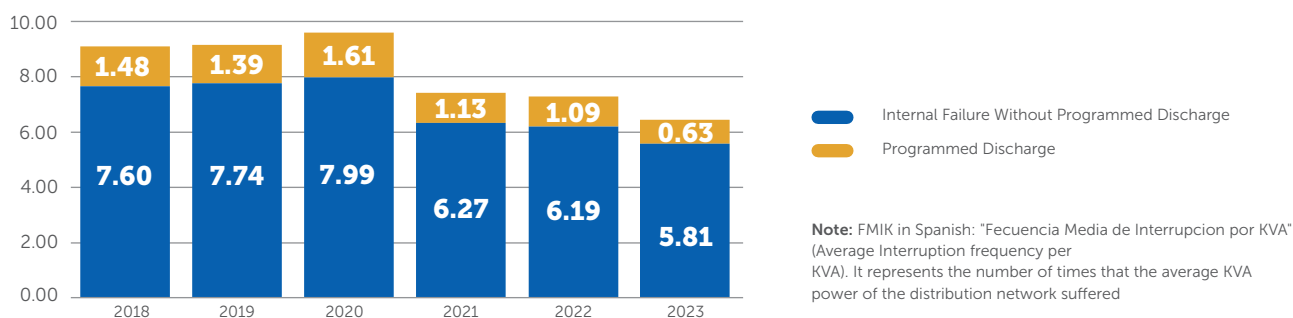
TTIK Internal (Hrs)



Note: TTIK in Spanish: "Tiempo Total de Interrupcion por KVA" (Total Interruption Time per KVA). It represents the total time, in hours, that every KVA of average power was out of service.

The FMIK internal indicator for the year 2023 had a reduction compared to the year 2022 of -0.84 times.

FMIK Internal (Times)



Note: FMIK in Spanish: "Frecuencia Media de Interrupcion por KVA" (Average Interruption frequency per KVA). It represents the number of times that the average KVA power of the distribution network suffered

Improving Distribution Capacity

Due to the growing demand in the service areas, we invest to increase the capacity of existing electric infrastructure such as substations, regulation and capacitor banks and other equipment as follow:

Substation put into operation in 2023

- RECSA: SE San Antonio 69/13.8 kV, 10-14 MVA.
- 11,657 users benefited from quality improvement.

Improvements obtained with the substations

1. Voltage stability is improved, delivering voltages within the norm so that end users' equipment can operate without problems.
2. Opportunity for more connections and more users due to the increase in capacity for the growth of the load center
3. Fragmentation of MV circuits to be able to segment them in the event of failures and thus reduce the impact of supply interruption.
4. The possibility of powering the circuits from another source is obtained, in the event of a circuit failure, affecting the smallest number of users.

Improvements in technology implemented in Distribution

- Installation of protection equipment and/or maneuver with remote control to give flexibility to the operation of the system.
- Repowering of two SSEE MT/MT of Sacapulas and Guacamayas in DEOCSA.

PER Works

- In 2023 we provide energy to 18 communities, connecting 2,174 families
- 5 benefited departments (Alta Verapaz, Baja Verapaz, Jutiapa, Suchitepéquez and Quiché).

“**THE LONG-TERM SUCCESS OF OUR BUSINESS
DEPENDS ON OUR OPERATIONAL COMMITMENT
TO SUSTAIN EFFICIENT, SAFE, RELIABLE, AND
RESPONSIBLE ENERGY DISTRIBUTION, ENHANCING
THE ECONOMIC DEVELOPMENT OF GUATEMALA.**”

Appendix Annual Sustainability Report

ENERGUATE GRI Table

#GRI	# OF PAGE IN THE REPORT	DESCRIPTION
GRI 102-1	https://www.energuate.com/	Name of the organization
GRI 102-2	https://www.energuate.com/	Activities, brands, products and services
GRI 102-3	https://oficinavirtual.energuate.com/contacto	Headquarters Location
GRI 102-4	https://oficinavirtual.energuate.com/contacto	Location of operations
GRI 102-5	https://www.energuate.com/obligaciones-del-distribuidor	Ownership and legal form
GRI 102-6	https://www.energuate.com/area_de_cobertura	Markets and services
GRI 102-7	-	Organization size
GRI 102-8	https://www.energuate.com/c-digo-de-conducta-de-proveedores-y-contratistas	Information about employees and other workers
GRI 102-9	https://www.energuate.com/c-digo-de-conducta-de-proveedores-y-contratistas	Supply chain
GRI 102-10	-	Significant changes in the organization and its supply chain
GRI 102-11	https://www.energuate.com/politica-integrada-de-gestion	Precautionary principle or approach
GRI 102-12	-	External Initiatives
GRI 102-13	-	Association membership
GRI 102-14	Page 3	Statement of CEO responsible for decision making (including sustainability in the company)
GRI 102-15	Page 5	Main impacts, risks and opportunities
GRI 102-16	https://www.energuate.com/c-digo-de-conducta-de-proveedores-y-contratistas	Values, principles, standards and norms of conduct
GRI 102-17	-	Mechanisms for advice and ethical concerns
GRI 102-18	-	Governance Structure

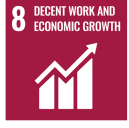
#GRI	# OF PAGE IN THE REPORT	DESCRIPTION
GRI 102-19	-	Delegation of authority
GRI 102-20	https://www.energuate.com/politica-integrada-de-gestion	Executive-level responsibility for economic, environmental and social issues
GRI 102-21	Page 5	Consult stakeholders on economic, environmental and social issues.
GRI 102-22	-	Composition of the highest governance body and its committees
GRI 102-23	-	President of the highest government body
GRI 102-24	-	Nomination and selection of the highest governing body
GRI 102-25	Page 9	Conflict of interests
GRI 102-26	-	Role of the highest governance body in the selection of objectives, values and strategy
GRI 102-27	-	Collective knowledge of the highest government bodies
GRI 102-28	-	Evaluation of the performance of the highest government body
GRI 102-29	Page 5	Identification and management of economic, environmental and social impacts
GRI 102-30	Page 5	Effectiveness of risk management processes
GRI 102-31	Page 5	Evaluation of economic, environmental and social issues
GRI 102-32	Page 3	Role of the highest governance body in the preparation of sustainability reports
GRI 102-33	-	Communication of critical concerns
GRI 102-34	-	Nature and total number of critical concerns
GRI 102-35	-	Remuneration policies
GRI 102-36	-	Process to determine remuneration
GRI 102-37	-	Involvement of interest groups in remuneration
GRI 102-38	-	Ratio de compensación total anual
GRI 102-39	-	Annual Total Compensation Percentage Increase Ratio
GRI 102-40	-	List of interest groups
GRI 102-41	-	Collective bargaining agreements
GRI 102-42	-	Identification and selection of interest groups
GRI 102-43	Page 15	Approach to stakeholder engagement
GRI 102-44	-	Key issues and concerns raised
GRI 102-45	-	Entities included in the consolidated financial statements
GRI 102-46	Page 5	Definition of the contents of the reports and the coverage of the topic
GRI 102-47	Page 2	List of material topics that have been prioritized in the report
GRI 102-48	-	Restatement of information
GRI 102-49	-	Reporting Changes
GRI 102-50	January 2023 - December 2023	Reporting period
GRI 102-51	January 2022 -December 2022	Date of last report
GRI 102-52	Annual	Reporting Cycle
GRI 102-53	https://www.energuate.com/	Contact point for questions about the report
GRI 102-54	-	Declaration of preparation of report in conformity with GRI standards

#GRI	# OF PAGE IN THE REPORT	DESCRIPTION
GRI 102-55	Page 25	GRI content index
GRI 102-56	Only financial statements	External Verification
GRI 103-1	-	Explanation of the material topic and its coverage
GRI 103-2	-	The management approach and its components
GRI 103-3	-	Evaluation of the management approach
GRI 201-1	-	Description of the economic value generated and distributed (VEGD)
GRI 201-2	-	Financial implications, opportunities derived from climate change and other risks
GRI 201-3	-	Obligations of the defined benefit plan and other retirement plans
GRI 201-4	-	Financial assistance received from the government
GRI 202-1	-	Ratio of the standard entry level salary by gender against the local minimum wage
GRI 202-2	-	Proportion of senior executives hired from the local community
GRI 203-1	-	Investments in infrastructures and services supported
GRI 203-2	-	Significant indirect economic impacts
GRI 204-1	-	Proportion of spending on local suppliers
GRI 205-1	Page 6	Description of operations assessed for risks related to corruption
GRI 205-2	Page 9	Communication, training on anti-corruption policies and procedures
GRI 205-3	-	Confirmed cases of corruption and measures taken
GRI 206-1	-	Legal actions related to unfair competition, monopolistic practices and against free competition
GRI 207-1	-	Tax approach
GRI 207-2	-	Fiscal governance, control and risk management
GRI 207-3	-	Participation of interest groups and management of tax concerns
GRI 207-4	-	Country-by-country presentation (Description of all tax jurisdictions: consolidated and audited financial statements or financial information filed with registries public are resident for tax purposes.
GRI 301-1	-	Materials used by weight or volume
GRI 301-2	-	Recycled inputs
GRI 301-3	-	Reused products and packaging materials
GRI 302-1	Page 13	Energy consumption within the organization
GRI 302-2	-	Energy consumption outside the organization
GRI 302-3	-	Energy intensity
GRI 302-4	Page 12	Reduction of energy consumption
GRI 302-5	-	Reduction of the energy requirements of products and services
GRI 303-1	-	Interaction with water as a shared resource
GRI 303-2	-	Management of impacts related to water spills
GRI 303-3	-	Water extraction
GRI 303-4	-	Water discharges
GRI 303-5	Page 12	Water consumption

#GRI	# OF PAGE IN THE REPORT	DESCRIPTION
GRI 304-1	-	Description of the operations center on property and its location within or next to protected areas
GRI 304-2	-	Significant impacts of the activities carried out
GRI 304-3	-	Habitats protected or restored
GRI 304-4	-	Species affected in the areas of operations
GRI 305-1	Page 13	Direct GHG emissions (scope 1)
GRI 305-2	Page 13	Indirect GHG emissions when generating energy (scope 2)
GRI 305-3	-	Other indirect GHG emissions (scope 3)
GRI 305-4	Page 13	GHG emissions intensity
GRI 305-5	Page 13	Reduction of GHG emissions
GRI 305-6	-	Emissions of substances that deplete the ozone layer
GRI 305-7	-	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions
GRI 306-1	-	Total volume of water discharged by destination and quality
GRI 306-2	Page 13	Waste by type and disposal method (hazardous and non-hazardous waste)
GRI 306-3	-	Total volume of spillage of hazardous substances
GRI 306-4	-	Transport of hazardous waste (transport volume)
GRI 306-5	Page 13	Waste destined for elimination in tons
GRI 307-1	-	Non-compliance with environmental legislation and regulations
GRI 308-1	-	New suppliers that have passed selection filters in accordance with environmental criteria
GRI 308-2	-	Negative environmental impacts in the supply chain and measures taken
GRI 401-1	Pages 20-21	New staff hire and staff turnover
GRI 401-2	-	Presentations for full-time employees that are not given to part-time or temporary employees
GRI 401-3	-	Parental leave
GRI 402-1	-	Minimum notice periods for operational changes
GRI 403-1	Page 21	Occupational health and safety management system
GRI 403-2	-	Hazard identification, risk assessment and accident investigation
GRI 403-3	-	Occupational health services
GRI 403-4	Page 10	Worker participation, consultation and communication on health and safety at work
GRI 403-5	Page 10	Training of workers on health and safety at work
GRI 403-6	Page 21	Promotion of workers' health
GRI 403-7	Page 10	Prevention and mitigation of impacts on the health and safety of workers directly linked through business relationships
GRI 403-8	-	Workers covered by an occupational health and safety system
GRI 403-9	Page 11	Work accident injuries
GRI 403-10	-	Occupational illnesses and diseases
GRI 404-1	-	Average hours of training per year per employee

ENERGUATE SASB Accounting KPIs

Dimension	General Issue Category	Accounting Metric	Response	United Nations (UN) Sustainable Development Goals (SDGs)
Environment	GHG Emissions	Scope 1 emissions		 
		Percentage covered under emissions-reporting regulations	ENERGUATE reports 100% of its scope 1 emissions, as it is regulated in all countries where it operates.	
		Discussion of emissions reduction strategies		
	Air Quality	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (1) NO _x (excluding N ₂ O) (2) SO _x	As a distribution company, ENERGUATE does not generate these type of air emissions	
		Particulate Matter (PM ₁₀)		
		Lead (Pb)		
		Mercury (Hg)		
	Water and Wastewater Management	Water withdrawn, water consumed and percentage from water-stressed areas		 
		Number of incidents of noncompliance associated with water quantity and/or quality permits, standards and regulations	No incidents reported related to noncompliance associated with water quality and/or quality permits, standards and regulations.	
		Description of water management risks and discussion of strategies and practices to mitigate those risks		

Dimension	General Issue Category	Accounting Metric	Response	United Nations (UN) Sustainable Development Goals (SDGs)
Environment	Waste and Hazardous Materials Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	As a distribution company, ENERGUATE does not generate this type of waste.	
		Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	As a distribution company, ENERGUATE does not generate this type of waste.	
Social Capital	Access and Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Please visit the following link: https://www.energuate.com/cuanto-cuesta-la-luz	
		Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	See the "Customers" (Clientes) section of ENERGUATE distribution company website at the following link: https://www.energuate.com/cuanto-cuesta-la-luz	
		Number of residential customer electric disconnections for nonpayment, percentage reconnected within 30 days	Disconnecting a customer's service for non-payment is the very last step in a lengthy process and is conducted as per local regulations after having exhausted all the possible options allowed by law.	
		Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	See "Know Your Bill" (Conoce Tu Factura) section of at ENERGUATE website in the following link: https://www.energuate.com/conoce-tu-factura	
Human Capital	Employee Health and Safety	Occupational safety statistics		 

Dimension	General Issue Category	Accounting Metric	Response	United Nations (UN) Sustainable Development Goals (SDGs)
Business Model and Innovation	Business Model Resilience	Customer electricity savings from efficiency measures, by market	See "Calculate Your Consumption" (Calcula Tu Consumo) section of at ENERGUATE website in the following link: https://www.energuate.com/calcula-tu-consumo	 
Leadership and Governance	Systemic Risk Management	Number of incidents of noncompliance with physical and/or cybersecurity standards or regulations.	No incidents of noncompliance with physical and/or cybersecurity standards or regulations reporte.	
		(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days.	Technical Standards of the Distribution Service (NTSD) establish the rights and obligations of the Distributors and the Users of the Electric Service, as well as the indices or benchmark indicators to meet the requirements of quality under which the energy services are provided in Guatemala, in addition to the verification of permissible tolerances, control methods, compensation, sanctions and/or fines regarding product quality, quality of the technical service, and quality of the commercial service.	

ENERGUATE SASB Sustainability Activity Metrics

Activity Metric	Unit of Measure	Response				United Nations (UN) Sustainable Development Goals (SDGs)
		2020	2021	2022	2023	
Number of customers served (Thousands)	Number	2,020	2,124	2,241	2,331	 
Total electricity delivered customers	Megawatt hours (MWh)	2,355,345	2,486,203	2,600,687	2,769,760	
Length of transmission and distribution lines	Kilometers (km)	Distribution: 90,379	Distribution: 91,860	Distribution: 93,014	Distribution: 94,341	
Total electricity generated, percentage by major energy source, percentage in regulated markets	NA	NA	NA	NA	NA	
Total wholesale electricity purchased	Megawatt hours (MWh)	3,051,746	3,202,915	3,313,500	3,548,950	

