



EGE HAINA

Sustainability-Linked Financing Framework

October 2021



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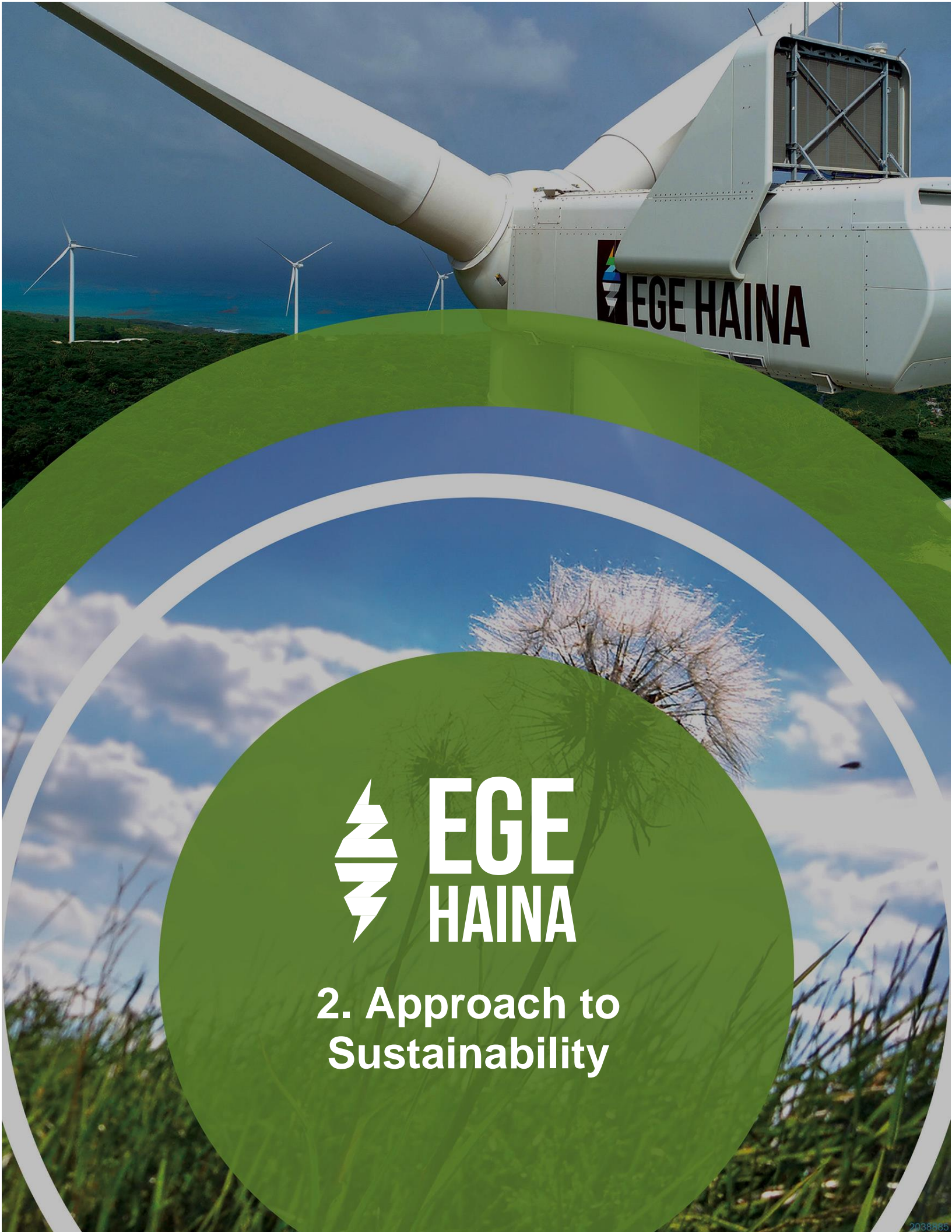
1. Introduction

1. Introduction

Empresa Generadora de Electricidad Haina, S.A., (“EGE Haina” or “the Company”) is the largest private generator of electricity in the Dominican Republic based on installed capacity and effective capacity. As of December 31, 2020 the Company operated 52 generation units at 11 plants with an aggregate installed capacity of 974.2 MW, of which 715.1 MW were owned and operated by EGE Haina, 25.6 MW were leased and commercialized by EGE Haina, and 233.5 MW were operated by EGE Haina but owned by third-parties. As of the date of this framework, EGE Haina is the country’s largest public-private company in terms of assets, investments, and state tax payments.

EGE Haina was established on August 17, 1999 and incorporated under the laws of the Dominican Republic on October 28, 1999. This was part of the Dominican energy subsector’s capitalization process resulting from the Public Company Reform Act No. 141-97 of June 24, 1997. Said Reform Act stipulated that companies previously controlled by the Dominican government should be restructured to allow private investments. As a result, EGE Haina was created as a mixed public-private company with 50 % of its shares controlled by private investors, 49.993 % controlled by the State, presently under the FONPER (Fondo Patrimonial de las Empresas Reformadas), and the remaining 0.007 % controlled by former employees of the Corporación Dominicana de Electricidad (“CDE”), one of the state-owned companies prior to the restructuring.

After the capitalization process was completed, EGE Haina updated its operational and managerial procedures in accordance with the public service practices. In addition, it implemented an investment program surpassing USD 1.0 billion that included repairing and refurbishing the generation assets provided by the State, as well as adding new generation units to the Dominican electric system.



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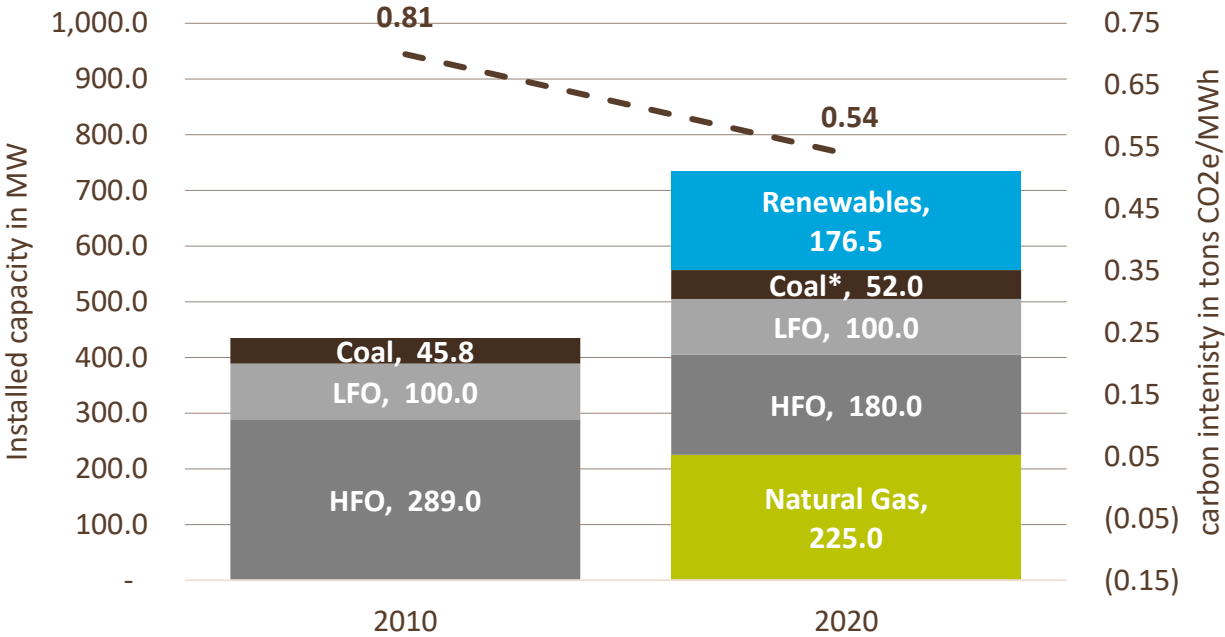


2. Approach to Sustainability

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EGE Haina’s commitment to sustainability is clearly evidenced by its deployment of various initiatives that seek to permanently reduce the Company’s environmental footprint. In fact, EGE Haina has significantly reduced CO_{2e} per each kWh produced, cutting them in half throughout the past twenty years, including a notable 14.3%¹ and 21.4% reduction during 2019 and 2020, respectively. In terms of the impact in reducing greenhouse emissions, EGE Haina’s current carbon intensity is estimated at 0.63 and 0.54 tons of CO_{2e}/MWh² at the end of 2019 and 2020, respectively, and is expected to decrease that carbon intensity in the medium term.

During the ten-year period between 2010 and 2020 EGE Haina’s estimated carbon intensity decreased substantially from 0.81 to 0.54 tons of CO_{2e}/MWh attributable to investments in new, more efficient thermal technology and in renewable projects, evidenced by the shift in the composition of the generation matrix:



The success in curbing down emissions is rooted in:

1. The development of five major renewable energy projects totaling a USD 403 million investment. Developed over the last 10 years, these projects (four wind farms and one solar)

¹ Calculated by using SENI’s emission factor for the period 0.6216 according to the UNFCCC. For more information, please refer to: “Standardized baseline/Grid Emission Factor for the Dominican Republic, United Nation Framework Convention on Climate Change (“UNFCCC”).”

² Calculated by multiplying combustibles consumption for each period multiplied by the emission factor published by the EPA for each combustible type and the result divided by energy generation in the same period. The same methodology is utilized for all carbon intensity estimates disclosed in the document.

*Increase in coal installed capacity is due to investment in the repowering and combined cycle technology of the Barahona powerplant which increased its installed capacity without increasing its coal consumption.

have further consolidated EGE Haina’s position as the undisputed leader in renewable energy in the Caribbean.

- ✓ Wind Energy: EGE Haina is a pioneer and leader in wind-powered energy in the Dominican Republic and the Caribbean with four major Wind farms: Los Cocos 1 (2011) & Los Cocos 2 (2013) and Larimar 1 (2016) & Larimar 2 (2018). The Company has 69 wind turbines generators (“WTG”) with a 175.0 MW capacity, generating approximately 00,000 MWh of clean energy per year, contributing to savings of over one million barrels of crude oil from being imported and 300,000 tons of CO_{2e} emissions.
- ✓ Solar Energy: Operating since 2015, the Quisqueya Solar Farm features 4,760 photovoltaic panels and 50 power inverters. It supplies energy to the Quisqueya 2 power plant for its auxiliary equipment. Boasting a 1.5 MW generation capacity, its building investment reached USD 3.25 million.

EGE Haina periodically measures and registers the emissions generated from fixed sources at all its plants. During 2020, its renewable energy projects contributed by offsetting 305,466 tons of CO₂ emissions, equivalent to 21.4 % of emissions generated from its thermal plants during the year. This is calculated using a grid emission factor of 0.6216 tons of CO_{2e} per MWh generated, according to the National Interconnected Electric System (known as SENI by its Spanish acronym), which is the standard accepted by the United Nations Framework Convention on Climate Change (UNFCCC) and published by the Office of Climate Change of the Ministry of Environmental and Natural Resources³.

Central	Installed Capacity MW	Generation MWh	Tons of CO _{2e} off-set	Tons of CO ₂ MWh
Los Cocos 1	25.2	48,872	30,379	0.6216
Los Cocos 2	52.0	137,600	85,532	0.6216
Larimar 1	49.5	178,119	110,719	0.6216
Larimar 2	48.3	124,897	77,636	0.6216
Quisqueya Solar	1.5	1,931	1,200	0.6216
Total	176.5	491,419	305,466	0.6216

The construction of the Girasol Solar Farm, comprised of 268,200 photovoltaic panels with a total installed capacity of 120.0 MW, is part of the renewable energy capacity addition for 2021. With a projected annual generation capacity of 250 GWh, it will prevent an estimated

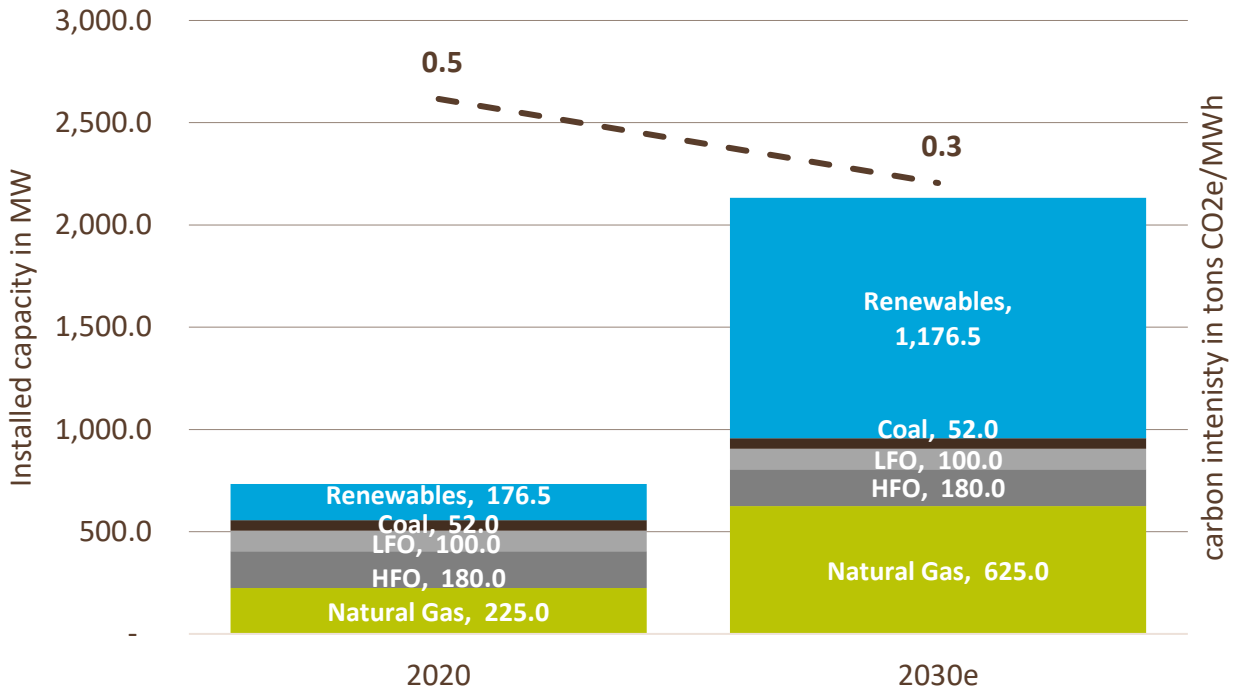
³ Grid emission factor for the Dominican Republic published by the UNFCCC as an Approved Standardized Baseline (ASB0047-2020) or its substitute: https://cdm.unfccc.int/methodologies/standard_base/2015/sb143.html

150,000 tons of CO_{2e} from being released into the atmosphere each year and will save 400 thousand barrels of oil from being imported.

During the same 10-year period, EGE Haina’s carbon intensity was substantially reduced by investments in generation from thermal sources, both in new assets as well as investments in efficiency of existing assets. During this period the carbon intensity from thermal sources was reduced from 0.81 tons of CO_{2e}/MWh in 2010 to 0.66 tons of CO_{2e} /MWh in 2020.

Total carbon intensity for 2021 is expected to decrease further from 0.54 to 0.44 tons of CO_{2e} /MWh due to Girasol initiating operations and the period being the first full year of operations of Quisqueya 2 utilizing natural gas.

Going forward, EGE Haina expects to continue decreasing its carbon intensity as it executes the growth strategy included in the 2020-2030 Strategic Plan. During this period the Company plans to develop 1,000 MW of renewable projects (of which Girasol comprises the first 120 MW) and 400 MW of natural gas-based projects. EGE Haina estimates that the achievement of the Plan would reduce its carbon intensity to an estimated 0.31 tons of CO_{2e} / MWh although no assurances are made as the achievement of the plan is dependent on multiple external factors.



As of today, EGE Haina has identified an additional 610 MW renewable energy project pipeline (360 MW solar and 250 MW wind) in different regions of the Dominican Republic of which 380 MW have been granted provisional concessions by the Comisión Nacional de Energía (“CNE”) and an additional 120 MW have been requested and are pending approval. EGE Haina’s current and future renewable

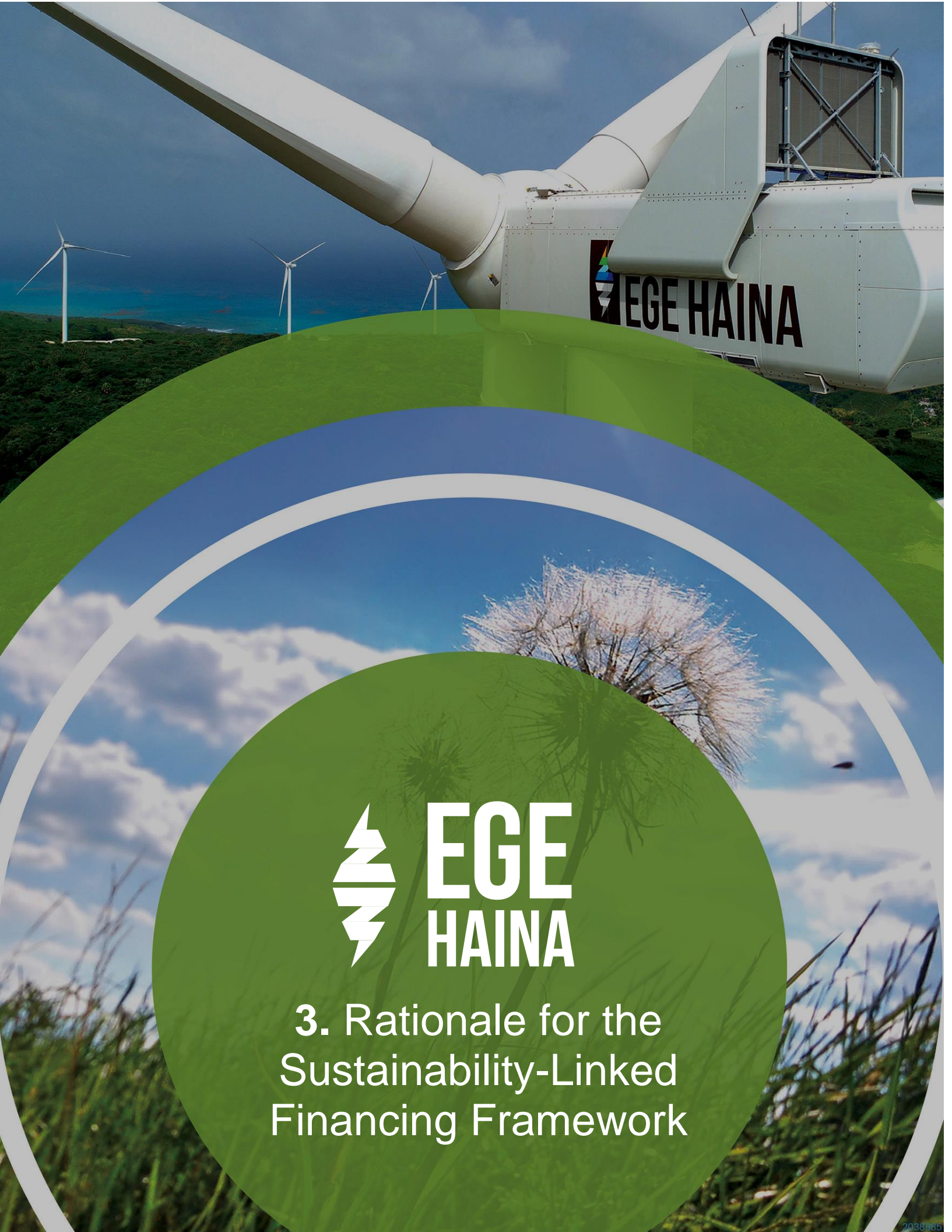
energy projects are key to reaching the Dominican Republic's broader goal of 25% renewable energy generation by 2025.

In line with EGE Haina's Strategic Plan, the company has also implemented a Corporate Sustainability Plan for the next ten years that is based on three pillars:

- Contribute to the energy balance of the Dominican Republic, producing electricity in an efficient and environmentally responsible manner.
- Ensure the well-being of our team, the development of their talents and adherence to the values of the organization as a core growth strategy for EGE Haina.
- Promote the sustainable development of the country, through various actions to generate value for stakeholders.

The Corporate Sustainability Plan to 2030 will be applied to all operations directly owned, owned by third parties and subsidiaries of EGE Haina, under the leadership of the areas directly related to the implementation and monitoring of the strategy throughout the value chain. Additionally, the Corporate Sustainability Plan required the creation of a Sustainability Committee, which is responsible for the implementation of the Corporate Sustainability Plan and other sustainability related measures.

EGE Haina, through its strategy, directly impacts the fulfillment of the goals in five of the 17 Sustainable Development Goals: Affordable and clean energy, Decent work and economic growth, Responsible Consumption and Production, Climate Action and Partnerships to achieve the objectives. The Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a set of common goals and targets.



3. Rationale for the Sustainability-Linked Financing Framework

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EGE Haina has continuously been a leader in sustainability within the industry, contributing significantly to the shift of the Dominican Republic's generation matrix towards less contaminating energy sources. Additionally, EGE Haina's has pioneered several sustainable initiatives:

1. First company in the Dominican Republic to develop utility scale renewable energy projects and contribute to the country's broader goal to generate 25% of its energy from renewable sources by 2025, and carbon neutrality by 2050.
2. First company in the Dominican Republic electricity sector to receive Certificates of Reduced Emissions (CERs).
3. First company in the Dominican Republic to structure Green Bonds, under local regulations in accordance with International Capital Markets Association ("ICMA") Green Bond Principles and certified by the Climate Bonds Initiative.

To reinforce EGE Haina's commitment to meet the growing energy demand that the Dominican Republic is expected to have over the next ten years based on population and economic growth, as well as to support the transition to renewable energy worldwide, EGE Haina intends to issue Sustainability-Linked Instruments, which may include, but are not limited to Sustainability-Linked Bonds ("SLBs") and Sustainability-Linked Loans.

As part of each issuance, EGE Haina will commit to increase the installed capacity of renewable energy (wind and solar), contributing mainly to the United Nation's Sustainable Development Goals ("SDG") 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).



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4. EGE Haina Sustainability-Linked Financing Framework

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This Framework has been established in accordance with the Sustainability-Linked Principles (SLBP) 2020 as administered by the International Capital Markets Association (“ICMA”)⁴ and the LMA, LSTA, and APLMA’s Sustainability-Linked Loan Principles 2021 (“SLLP”).

The following five components form the basis of EGE Haina’s SLB framework:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial characteristics
4. Reporting
5. Verification

4.1. Selection of KPIs

KPI	Total installed capacity from renewable energy sources (MW)
Baseline	176.5 MW (December 31, 2020)
Corporate Long Term Goal	Increase renewable installed capacity by 1,000.0 MW by 2030 compared to the 2020 baseline
SDG Alignment	<p>SDG 7: Affordable and Clean Energy.</p> <ul style="list-style-type: none"> • Target 7.2 by 2030: increase substantially the share of renewable energy in the global energy mix. • Target 7.3 by 2030: double the global rate of improvement in energy efficiency. <p>SDG 13: Climate Change.</p> <ul style="list-style-type: none"> • Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. • Target 13.2: Integrate climate change measures into national policies, strategies and planning. • Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
Calculation Methodology	Based on manufacturer design nameplate capacity installed by EGE Haina, its subsidiaries, affiliates or parents.

⁴ International Capital Market Association SLB 2020: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

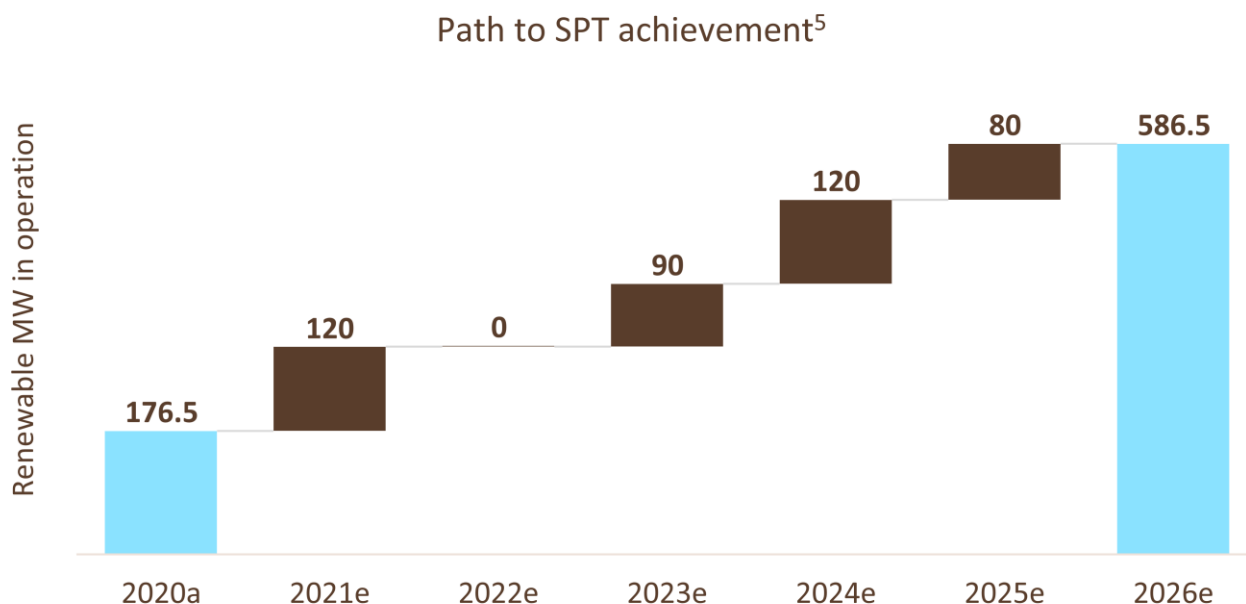
KPI Background: As mentioned previously, one of the main pillars of EGE Haina's Corporate Strategic Plan is the development of an additional 1,000 MW of renewable projects between 2021 and 2030, increasing our renewable installed capacity to 1,176.5 MW, equivalent to a 567% increase versus baseline year 2020. The Company is on path to achieve the goal, with Girasol Solar Farm contributing to the first 120 MW of the goal and having identified an additional 610 MW pipeline which are currently in different stages of the development process. Given our current pipeline, currently available technology, and attainable capacity factors, we estimate that if the goal is achieved by 2030, our annual generation from renewable sources should be around 2,458 GWh in comparison to the 491 GWh generated in 2020, which would contribute to offsetting an estimate of 1,583,955 tons of CO_{2e} per year (more than the total estimated emissions in 2020).

EGE Haina recognizes the economic efficiency and environmental benefits of renewable non-conventional energy sources (solar photovoltaic and wind). However, given the intermittence of these technologies, the current cost of storage technologies and local electricity market dynamics, utility scale storage is not currently economically feasible in the Dominican Republic on a grand scale. For this reason, we believe that the country's grid will require additional thermal capacity in the medium term to supply baseload electricity demand, with natural gas being the most cost efficient and less polluting source. Given appropriate market and commercial conditions, EGE Haina plans to develop 400 MW of natural gas as contemplated in the Strategic Plan.

Taking into consideration that the successful achievement of the growth initiatives included in the Plan is dependent upon external factors, EGE Haina cannot commit specifically to increasing the proportion of energy generated from renewable sources or to total emission reductions. Having said this, we estimate that the achievement of the plan would result in a ~42% reduction in carbon intensity in 2030 versus 2020, driven primarily by the increase in renewable installed capacity. It is worth noting that the 1,000 MW of new renewable installed capacity is a corporate level goal as projects may be developed by parents, subsidiaries or affiliates, both in Dominican Republic or abroad.

4.2. Calibration of Sustainability Performance Targets (SPT)

SPT	Achieve a renewable installed capacity of 526.5 MW by December 31, 2026, the equivalent of an approximately 200% increase as compared to the December 31, 2020 baseline.
Methodology for calculating SPTs	Based on manufacturer design nameplate capacity installed by EGE Haina.



To achieve the 526.5 MW goal EGE Haina would have to develop a minimum of 350 MW in the six-year period between year-end 2020 and 2026, which will require investments of approximately US\$300 million given estimated costs for the projects included in the pipeline.

4.2.1 SPT Rationale:

To achieve the STP goal EGE Haina would have to develop an annual average of 58.3 MW/year effectively tripling the annual average of 17.65 MW/year during the ten-year 2010-2020 period (EGE Haina's first renewable project reached commercial operation in 2011).

If achieved, EGE Haina estimates that carbon intensity will decline from 0.54 in 2020 to 0.36 tons of CO_{2e} / MWh in 2026, if 400 MW of natural gas is developed prior to 2026.

⁵Based on project pipeline and current estimate of development timing. Depending on the technical, legal, commercial, and financial feasibility of these projects, the plans for development of these projects may be modified from time to time to better suit EGE Haina's business and sustainability goals.

4.2.2 Key Factors that support the achievement of the targets:

- Future investment in renewable energy projects such as an anticipated increase 1,000 MW of solar and wind energy coming online within the next decade;
- 500 MW in new wind and solar concessions granted by the Comisión Nacional de Energía (“CNE”);
- Capital expenditure approvals to invest in energy efficiency, fossil fuel substitution and the incorporation of new technologies in processes that allow Greenhouse Gas emissions reduction;
- Strong commitment of the Board of Directors to the Sustainability Strategy; and
- Robust Risk Management framework aligned with ISO31000 and COSO ERM, which supports diminishing uncertainty in the achievement of objectives.

4.2.3 Potential barriers to target achievement:

- Extreme events, such as pandemics and natural disasters, that could disrupt business continuity;
- Equipment failure, unexpected plant shutdown, among other operational factors;
- Market constraints in availability and pricing of energy efficient equipment and renewable energy;
- Regulatory uncertainty, for example related to the procurement of renewable energy through power purchase agreements;
- Macroeconomics considerations that might lead us to focus investments in other projects or delay project’s timelines;
- Delay on the development of green technologies and innovations, or high prices that might restrict the access to them; and
- Change in laws and regulations, for example related to the elimination of incentives included in Law 57-07.

4.3. Financing Characteristics

EGE Haina will link the SPT as defined in this framework to the financial characteristics of its Sustainability-Linked Instrument issuances. For any Sustainability-Linked Instrument aligned with this Framework, if the SPT has not been achieved by the Target Observation Date, a premium will be payable by EGE Haina, such as, but not limited to a step-up in coupon margin. The amount, timing, and mechanism for payment of the premium will be specified in the indenture and other final terms of the instrument.

If, for any reason, the performance level against the SPT cannot be calculated or reported in satisfactory manner supported by a verification assurance certificate provided by an External Verifier, the premium payment will be applicable.

If, for any reason, EGE Haina does not publish the relevant verification assurance certificate within the time limit as prescribed by the terms and conditions of the indenture of the Sustainability-Linked Instrument, the premium payment will be applicable.

Unless specified in the instrument documentation, no assurance can be provided that the proceeds of the Sustainability-Linked Instruments will be allocated to finance green or social projects.

4.4. Reporting

EGE Haina will include a Sustainability-Linked Instrument section, as a part of its annual Sustainability Report which is available on its website⁶. The section which will include:

- a) Up-to-date information on the performance of the KPI, including the baseline where relevant, and a discussion of the progress towards the SPT(s); and
- b) Any other relevant information enabling investors to monitor the progress of the SPT.

When feasible and possible, the report may also include:

- a) Qualitative or quantitative explanations of the contribution of the main factors, behind the evolution of the performance/KPI on an annual basis;
- b) Illustration of the positive sustainability impacts of the performance improvement;
- c) Any recalculation of the KPI baseline and/or restatement of the SPT, if relevant; and
- d) Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPT, if available.

This report will be published during the June-September window after each calendar year-end, and will be provided annually, at least until the date/period relevant for assessing the achievement of the SPT has been reached.

⁶ <https://www.egehaina.com/DocumentosCorporativos#memorias-anales>

4.5. External Review

4.5.1. *Second Party Opinion (“SPO”)*

EGE Haina will obtain and make publicly available a Second Party Opinion (SPO) from a consultant with recognized environmental and social expertise on the sustainability benefit of this Framework as well as its alignment to the SLBP 2020. The SPO will be available on EGE Haina’s investor relations website⁷.

4.5.2. *Verification*

While EGE Haina has not obtained third-party verification for its renewable energy installed capacity previously, the Company will seek independent and external verification of the performance level for the stated KPI, including historic data since 2020 (baseline year), by a qualified External Verifier to a limited level of assurance. The annual verification of the performance of the KPI, including the verification of the baseline year, will be made publicly available in the form of a disclosure statement included in the notes of EGE Haina’s annual audited financial statements. For the SPT observation period/date, EGE Haina will obtain a verification assurance certificate from an independent qualified External Verifier assessing if the achievement of the SPT has been reached and in connection with any trigger event as specified in specific financing instrument documentation. This assurance certificate will be published in EGE Haina’s investor relations website before the next coupon payment after the date/period relevant for assessing the achievement of the SPT has been reached.

⁷ <https://www.egehaina.com/inversionistas>

The information and opinions contained in this EGE Haina Sustainability-Linked Financing Framework (the “Framework”) are provided as at the date of this Framework and are subject to change without notice. None of EGE Haina or any of its subsidiaries assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current EGE Haina policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by EGE Haina and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by EGE Haina as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “target” and “will” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any sustainability-linked instruments or bonds to fulfill environmental and sustainability criteria required by prospective investors. Each potential purchaser of such instruments or bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant documentation for such instruments or bonds. However, nothing in this Framework is intended to modify or add to any covenant or other contractual obligation undertaken by EGE Haina in any sustainability-linked instruments or bonds that may be issued in accordance with this Framework. This Framework does not create any legally enforceable obligations against EGE Haina; any such legally enforceable obligations relating to any SLBs are limited to those expressly set forth in the indenture and notes governing such SLBs. Therefore, unless expressly set forth in the indenture and the notes governing such SLBs, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such SLBs if EGE Haina fails to adhere to this Framework, whether by failing to complete eligible programs or projects or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on environmental impacts as anticipated by this Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the eligible programs or projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, the potential barriers described in section 4.2, changes in government policy (whether due to a change in the composition of the government or otherwise), changes in laws, rules or regulations, the lack of available eligible programs or projects being initiated, failure to complete or implement programs or projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible programs or projects. Each environmentally focused potential investor should be aware that eligible programs or projects may not deliver the environmental or sustainability benefits anticipated and EGE Haina may have negative impacts. This Framework does not constitute a recommendation regarding any securities of EGE Haina or any subsidiary of EGE Haina. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by EGE Haina or any subsidiary of EGE Haina. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any SLBs should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such SLBs. Prospective investors are required to make their own independent investment decisions.



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