

Integrated Report 2021

enerfín

25
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May 2022

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Integrated Report
2021

Dear friend,

I have the honour of presenting you the Annual Integrated Report of Enerfín Sociedad de Energía and its Group of Companies, describing the Company's vision, as well as its achievements and actions during a somewhat complex and difficult 2021, in which, thanks to the effort and dedication of a team thoroughly deserving of our recognition, we managed to surpass our goals.

In 2022, we celebrate the 25th anniversary of the founding of Enerfín and we would like to especially highlight sustainability as a key component of business excellence in our business model, making environmental commitment, ethical management and compliance, factors that intrinsically have a positive impact on our projects and for all stakeholders.

The decision to create our own energy trading company, which represents a step forward in the vertical integration of business and in enhancing its value chain, and in terms of innovation, the administrative consolidation of our green hydrogen project on the outer harbour of La Coruña, were significant events in 2021.

In addition, last year Enerfín ramped up the development of new projects in its geographical areas of activity, as detailed in the report, and it should be highlighted that more than 20% of its portfolio is now photovoltaic solar energy.

As for the economic parameters, which have recorded very significant increases, it is worth noting that they are partly attributable to the commissioning of the new projects throughout 2020, whose results started to bear fruit in 2021.



Guillermo Planas Roca, Chairman



The Enerfín Group closed 2021 with a turnover of 166.2 million euros, EBITDA of 115.8 million euros and a consolidated net profit of 23.2 million euros, which represents respectively a 17.5%, 21.1% and 50.6%, growth over the previous year.

Now that we start to leave the difficulties and limitations of the pandemic suffered this past two years behind, in 2022 we intend to drive forward with our desire to diversify into markets and activities that complement our current ones, with the conviction that they will soundly strengthen our position and open up new and legitimate expectations for us.

Finally, and on the occasion of this very special celebration for Enerfín, I would also like to express on behalf of the current Board of Directors, our respect, admiration and gratitude to its Founding members, with its first Chairman during two decades, Mr Gabriel de Oraa y Moyúa, as well as all the Board members who over this past quarter of a century put their talent, vision and effort at the service of a prosperous business project committed to continuing to secure, each day, its future.





Board of Directors

Chairman

Mr Guillermo Planas Roca

Directors

Mr Cristóbal González de Aguilar Alonso-Urquijo

Mr Juan Ignacio Landecho Sarabia

Mr Santiago León Domecq

Mr Rafael Martín de Bustamante Vega

Mr Miguel Morenés Giles

Mr Gabriel Oráa y Moyúa

Mr Rafael Prado Aranguren

Mr Ignacio Prado Rey-Baltar

Mr Jaime Real de Asúa Arteche

Board Secretary

Mr Joaquín Gómez de Olea y Mendaro

Deputy Board Secretary

Mr Miguel Cervera Earle



Hydrogen plant photomontage included in the "A Coruña Green Port H2 Mobility" project



Our company

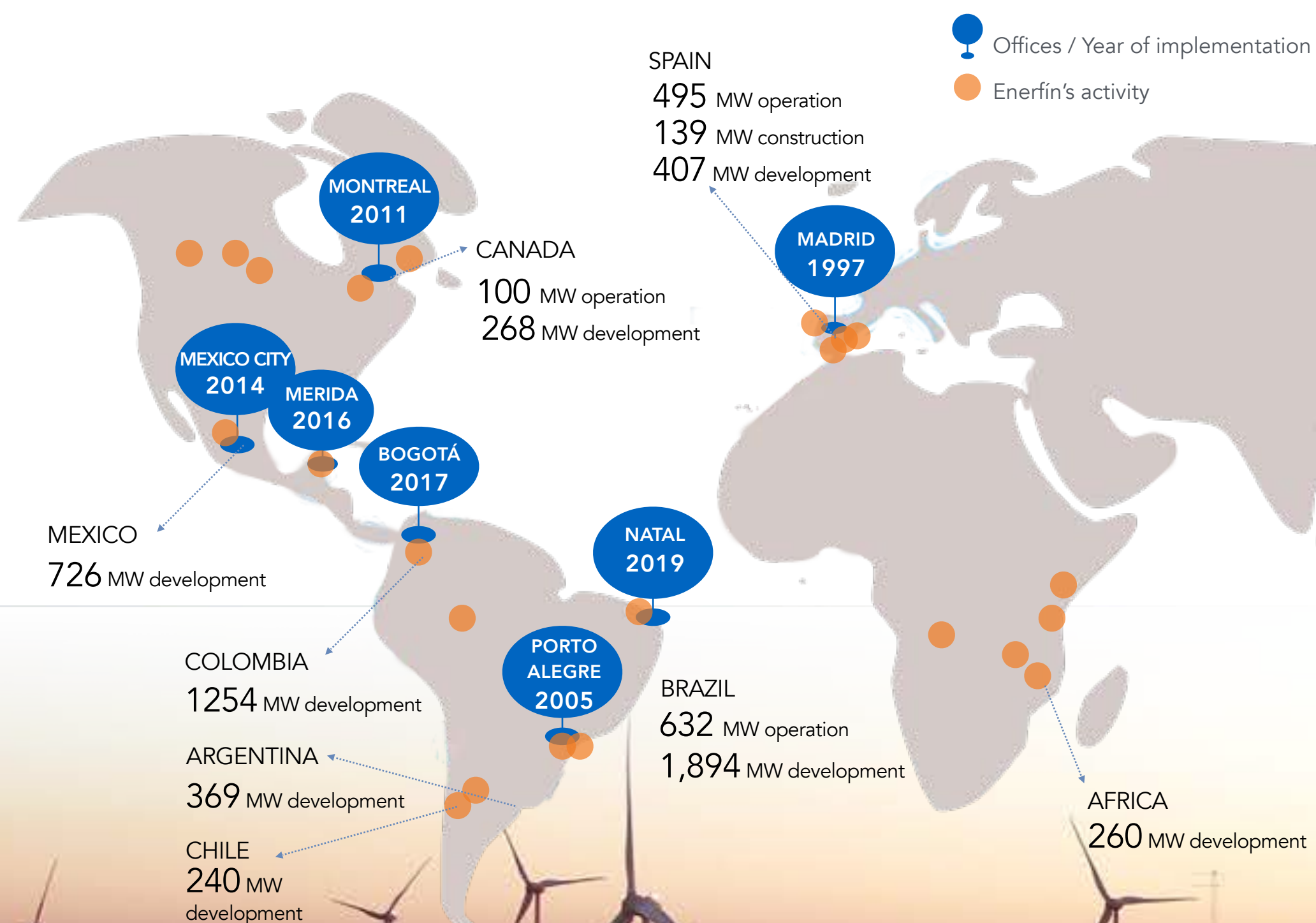
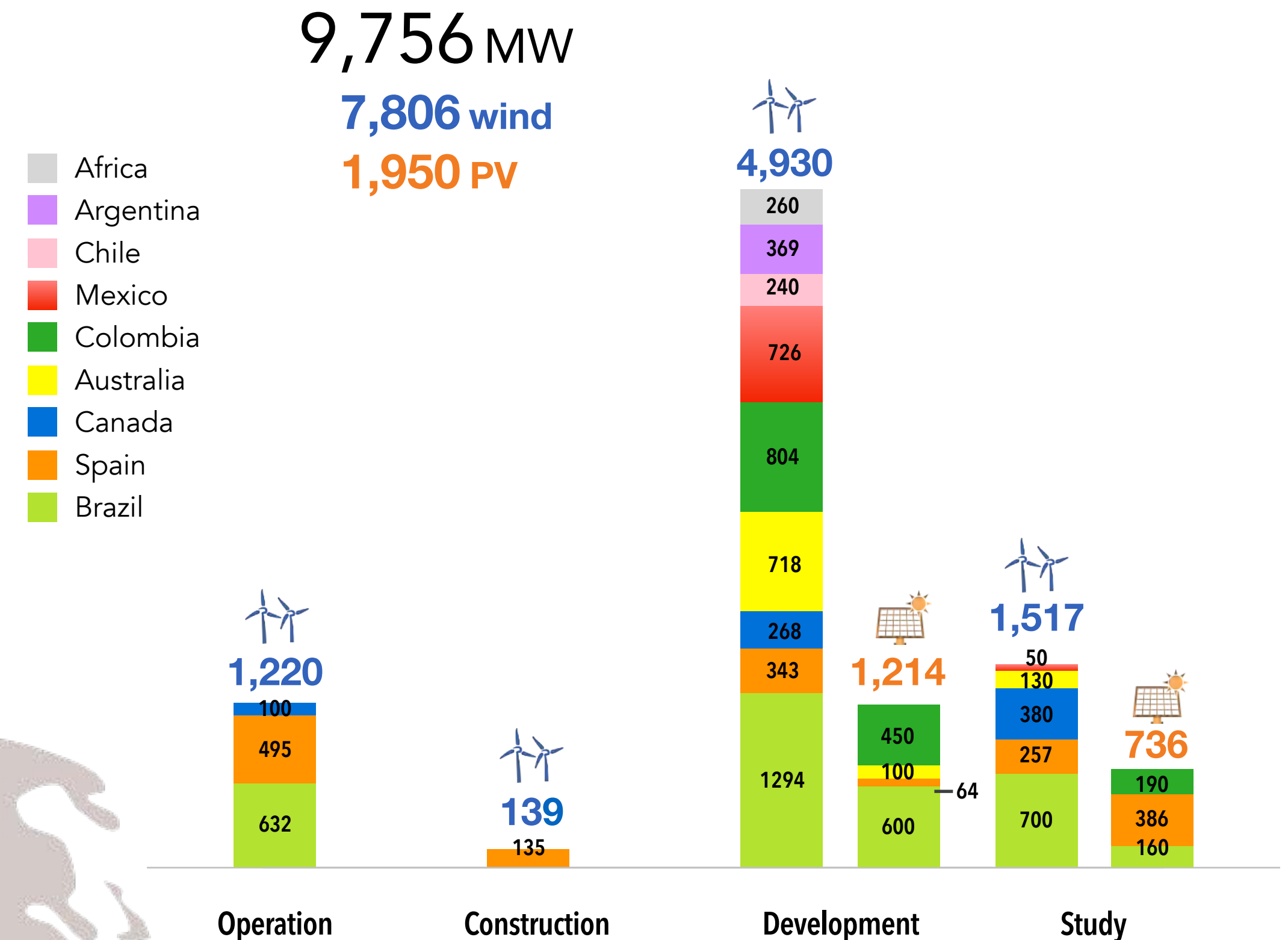


Who we are

Enerfín Sociedad de Energía, S.L.U. is a wholly owned subsidiary of the Elecnor Group, one of the leading global corporations in the development, construction and operation of infrastructure, renewable energy and new technology projects, with a presence in over 50 countries and a team of more than 20,000 people.

Enerfín develops, operates and invests in renewable and sustainable projects both in Spain and abroad.

It currently manages more than 1.2 GW of renewable power in operation, distributed between Spain, Brazil and Canada, and is developing an 8.4 GW portfolio of new projects (6.5 GW of wind and 1.9 GW of solar) in these countries, as well as in Colombia, Australia, Mexico, Chile, Argentina and sub-Saharan Africa.



“Enerfín was founded in 1997 as one of the pioneer companies in the development of renewables in Spain”

Our history

1997. Enerfín is founded. Participation in the 16 MW Malpica wind farm in Galicia.

1998-2002. Construction and commissioning of 150 MW in Navarra and the Páramo de Poza wind farms (100 MW) in Burgos.

2004. Start-up of the Aerosur wind farms (Cádiz), with a total of 54.4 MW.

2005. Commissioning of the 128 MW Faro-Farelo wind complex in Galicia, then the largest wind farm in Europe.

2006. Commissioning of the first international project in Rio Grande do Sul (Brazil), of 150 MW, later expanded in several phases. It becomes the largest wind complex in Latin America.

2009. Start of operation of the Villanueva I and II wind farms (67 MW), Enerfín's first projects in the Valencia region

2010-2012. Development and start-up of the Palmares, Litoral, Lagoa and Rosario wind farms in Rio Grande do Sul (Brazil), with 172 MW.

2013. Enerfín's international activity is consolidated with the start-up of the 100 MW L'Érable wind farm in Québec (Canada).

2014. Commissioning of the Dos Indios 2 and 3 wind farms, in Rio Grande do Sul (Brazil), completing the 375 MW Ósorio-Palmares wind complex.

2015. Start of the activity as operator and maintainer of wind turbines (O&M) in the Páramo de Poza wind farms.

2017. Repowering of the first Malpica wind farm, after 20 years of operation, with the installation of 7 wind turbines to replace the previous 69.

2019. Start-up of an energy storage R&D&I project in Navarra wind farms, which integrates a battery with a real-time energy management optimisation system.

2020. Start of operation of the 50 MW Cofrentes wind farm in Valencia.

Start of commercial operation of the São Fernando I, II and III wind farms, with 173 MW, in Rio Grande do Norte (Brazil).

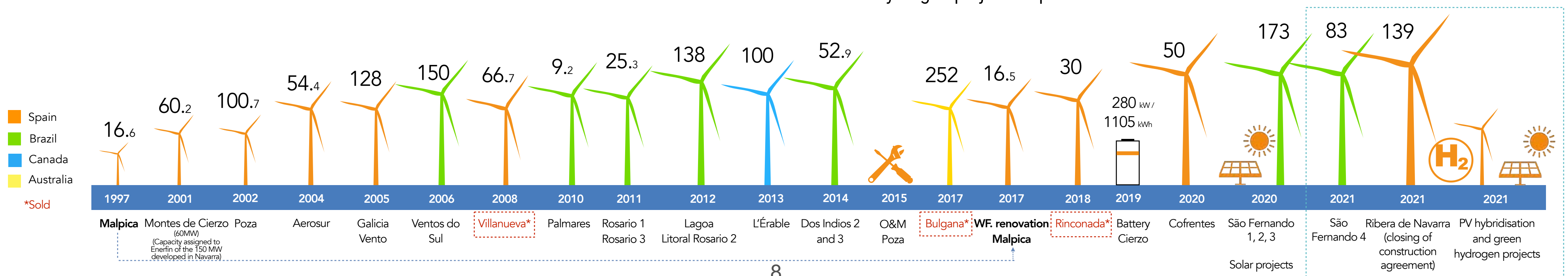
Expansion of the activity to other renewable technologies: photovoltaic and wind-photovoltaic hybridisation projects.

2021. Completion of the construction of the wind complex in Rio Grande do Norte (Brazil), with the commissioning of the final wind farm, São Fernando 4, of 83 MW.

Contracting of the supply of wind turbines for the 139 MW Ribera de Navarra wind farms.

Approval to start the electricity trading activity in Spain.

Administrative consolidation of the port concession for the implementation of Enerfín's first Green Hydrogen project in Spain.



Business model

Enerfín carries out the comprehensive management of investment projects in renewable energies, providing its human, technical and financial skills and involving itself in every phase, from development and construction, through to the operation and management of the sale of energy.

Historically, Enerfín has been focused on the development and operation of wind power projects, but has expanded in recent years its activity into solar development and made a firm commitment to innovative technological solutions such as storage, wind-solar hybridisation and, this past year, green hydrogen generation.

Of note too is its commitment to the repowering of its more mature projects, for their benefits in energy efficiency and environmental terms.

Having a portfolio of projects in different stages of development, diversified in terms of regions and technologies, and with different energy sales strategies, the Company can adequately manage the inherent risks of its activity and ensure a sustainable growth.

In 2021, Enerfín took another step in the vertical integration of its business, approving the creation of its own energy trading company in Spain, which will allow it to be present throughout the renewable generation value chain, from project development through to the sale of energy to the end consumer.

Sustainability has always been a key element in Enerfín's business model, and is integrated throughout the organisation and in all its activities, allowing it to maximise the positive impact of all its projects for all stakeholders.

Business model

“We contribute to energy transition through the comprehensive management of and investment in renewable energy projects.”



Development

- Site selection and land securing.
- Technical studies, resource measurement, energy yield assessment, environmental impact assessment, basic engineering, electrical studies and technology selection.
- Permitting process until the project is "ready to build".
- Connection agreement negotiation.
- Economic - financial studies.

Financing

- Analysis and selection of financial instruments.
- Negotiation and closing of project finance.
- Refinancing of plants under operation.

Construction

- Negotiation and closing of construction and operation and maintenance agreements (TSA&MSA, BOP, O&M).
- Construction supervision.

Operation

- Comprehensive asset management:
- Administrative, tax, legal and corporate.
 - Technical: execution or supervision of O&M agreements, performance analysis and optimisation, reporting.
 - Financial: monitoring of loan agreement and reporting.

Energy management

- Analysis and definition of energy sales strategies (market, PPA).
- Negotiation of PPAs.
- Risk management by closing energy price hedges (swaps/financial PPAs).
- Development of computer systems for production analysis and optimisation of energy sales.

Innovation

- R&D&I project development:
 - Energy storage.
 - Green hydrogen production.
 - Big Data / Machine Learning applied to the operation of renewable plants.

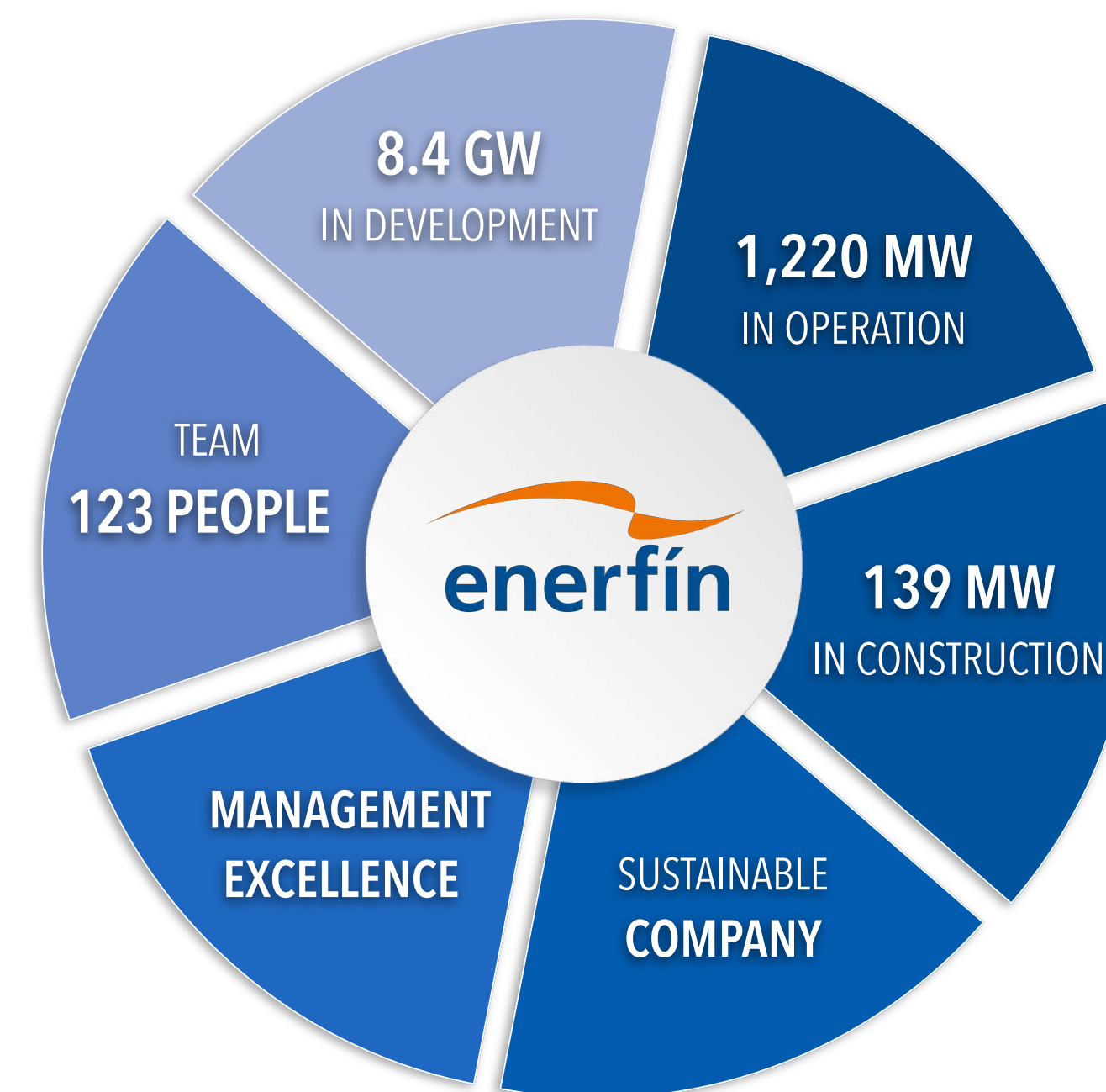
Business model

In the development phase, Enerfín has the human, technical and financial resources to bring the projects to “ready to build” in the markets where it operates. During this process, it establishes long-term relationships and ties with different stakeholders, such as state, regional and local administrations, affected communities, landowners, the end customer, suppliers and financial institutions. In-depth knowledge of the environment in each of those countries is key to the success of this activity.

Enerfín's supervision of the construction is a determining factor to ensure the correct execution of the supply, installation and commissioning agreements of equipment (wind turbines or photovoltaic modules) on the one hand, and the design, construction and commissioning of the civil and electrical infrastructure associated with the generation plant, the so-called Balance of Plant (BoP), on the other.



Faro Farelo wind farm, Galicia



Enerfín manages its assets in operation with a policy of having its own staff continuously present at the plants, which allows it to organise and oversee maintenance work flexibly and efficiently, prioritising preventive maintenance at times of low generation and reducing incident response times, therefore achieving high availability in all its plants.

The unstoppable evolution of the sale of electricity from a regulated to a liberalised market, due to the competitiveness of wind and solar generation costs, has prompted Enerfín to opt for active energy management in the markets where it operates. In this context, R&D&I projects in the energy storage field in which the Company is immersed are of particular importance.

Business model

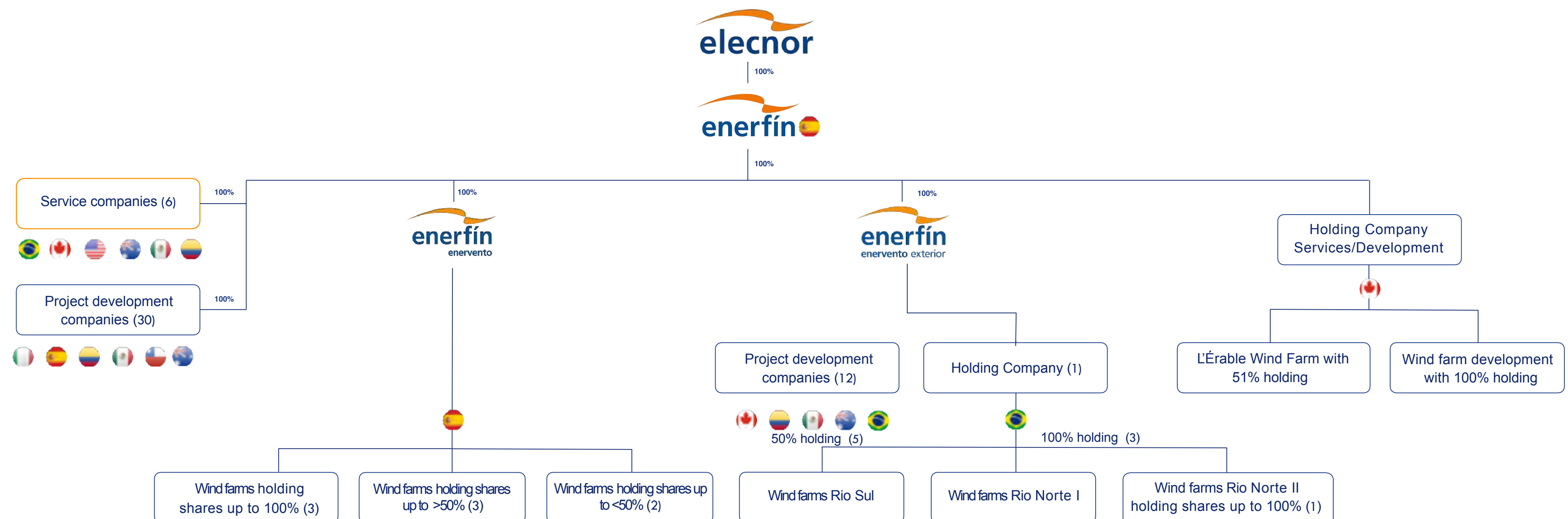
For the development of its business model, Enerfín has an organisational structure made up of operating companies that provide development, construction supervision, operating and energy sales management services to the Special Purpose Vehicles (SPVs) through which Enerfín invests in the projects. The Company groups most of its SPVs into holding companies.

The chart below provides an overview of the organisational structure at the end of 2021.

The service provision companies have the necessary human, technical and financial resources to carry out their activities.

In those markets in which Enerfín does not yet have its own structure to develop its projects, it relies on the Elecnor Group if this company has a permanent presence in the country, or on partners or specialised consultants.

“A growing company with business operations in 10 countries.”



Business model: Management of operating risks

Development

The renewable project development activity is exposed to diverse risks, associated with the obtaining of grid connection permits, the negotiation of the land leases, uncertainty in energy yield estimation and environmental constraints. The magnitude of these risks depends on the applicable regulations in each region.

To mitigate these risks, Enerfín performs, with its own resources and with the collaboration of highly experienced consultants, preliminary studies to confirm that the sites selected for the projects fulfil minimum technical and environmental viability criteria. Only then will it begin the permitting process, which requires more detailed studies.

Enerfín also carries out a continuous analysis of the activation of the development costs, according to the progress of the projects and the possibilities of their materialisation. In the same vein, it does not recognize revenues from the development activity until at least, the start of the construction phase.



L'Érable wind farm, Canada

Construction

One of the main risks associated with project construction is related to the dependence of wind turbine manufacturers and photovoltaic module suppliers.

The preparation of wind projects, in particular, may require that the turbine model is selected well in advance of the start of the construction, and any change in the technology and design of the plant may result in delays in obtaining permits.

To adequately manage this main risk, Enerfín opts for establishing long-term relationships with the principal wind turbine manufacturers and working with them from the initial project development stage. Enerfín's current portfolio of MWs in operation is distributed among three of the leading global manufacturers, General Electric, Nordex and Enercon. The Company also has negotiations in progress with Vestas and SGRE for projects that it expects to build in the short and medium term.

In parallel with the negotiations of the turbine supply, installation and commissioning agreements ("TSA" or Turbine Supply Agreements), Enerfín negotiates with turbine manufacturers, operation and maintenance (O&M) agreements, which economic impact on the projects may be as significant as that of the TSA.

In both cases, the agreements contemplate the submission of bank guarantees to guarantee compliance with the contractual obligations, as well as penalties associated with any breach of contract.

Business model: Management of operating risks

Construction

For the contracting of the BoP, Enerfín usually works with the Elecnor Group. Its proven experience in most markets in which Enerfín operates, its technical and economic solvency and its commitment as Enerfín's sole shareholder make it a key partner for successfully undertaking these investments.

Enerfín's and Elecnor's accumulated experience in negotiating these agreements also makes it possible to ensure the contracting of these services at market prices.

When selecting and contracting photovoltaic modules, Enerfín relies on the proven experience of its shareholder Elecnor, acquired through its company subsidiary Elecnor Servicios y Proyectos which has participated in the construction of more than 2 GW of photovoltaic solar power worldwide.

The project companies engage Elecnor at arm's length terms, setting the same rights and obligations that would apply to an independent contractor.

Furthermore, construction supervision is entrusted to Enerfín by the project companies. This activity, which Enerfín has been carrying out for over 25 years, enables correct fulfilment and execution of equipment supply and BoP construction agreements.

All construction-related risks, including loss of earnings, are covered by insurance policies taken out with first rate insurance companies.

Business model: Management of operating risks

Operating management

Enerfín has a team of people with extensive experience in the management of wind farms in operation and permanent staff at its operating plants, backed by 25 years of carrying out this activity.

This allows it to ensure the correct execution of the turbine O&M services contracted to the respective manufacturers and the O&M services of the rest of the plant infrastructures (BoP).

To guarantee the high operating availabilities of its plants, Enerfín favours preventive actions during low energy resource periods rather than corrective actions, which are typically carried out at times of high generation.

Historically, Enerfín has maintained a high efficiency level in its wind farms, with availability factors above 97% in its older wind farms in Spain (average life above 15 years), and above 99% in all other wind farms in operation.

Additionally, the experience that Enerfín is accumulating by directly providing O&M services at its wind farms in Páramo de Poza ensures that it will be able to perform this activity in the future at its other older wind farms, at the end of the O&M agreements signed with the respective turbine manufacturers.

As with the wind farms in construction, wind farms in operation are covered by insurance policies that also include protection against loss of earnings, taken out with first rate insurance companies.



Wind farm construction. L'Érable, Canada



Wind farm construction. Cofrentes, Valencia



Wind farm construction. L'Érable, Canada

Business model: Management of operating risks

Energy management

This activity has very different types of risks:

Electricity price volatility: Enerfín is exposed to this risk in the Spanish and Brazilian markets, in which it sells part of the energy to the electricity pool, while in Canada all the generation is sold through a PPA at an indexed fixed price.

To minimise this risk in those markets, the Company has a policy to contract short and medium-term price hedges for a significant part of its outsourced generation.

Currently, in Spain, approximately 40% of its generation is covered by the specific remuneration system approved by the government in 2014, while in Brazil more than 90% is contracted through long-term PPAs (regulated and unregulated market).

Generation restrictions: this risk is considered marginal as in electricity markets where Enerfín operates, renewable energy generation has dispatch priority.

Variation of the energy resource: this risk is reasonably mitigated by the resource measurement campaigns and production energy yield studies carried out during the project development phase, as well as by the age of the power plants in operation and their geographical dispersion.



Wind complex at Osório, Brazil



Business model: Management of operating risks

Energy management

Regulatory risk: due to the growing competitiveness of wind and photovoltaic generation, dependence on regulated markets has fallen substantially for both energy sources, which can currently compete with any other generation source without relying on government subsidies.

For Enerfín older plants, although 40% of energy generated in Spain is exposed to changes in the tariff system, if such changes occur, only the exposure of this generation to the spot market (pool) would be increased, which could be mitigated with short, medium or long-term hedges.

It is important to note a significant regulatory change from September 2021 in the Spanish market, as a result of high natural gas prices and the effects that this has caused in the wholesale electricity market.

This change, still in force, consists of a reduction in revenue received by generators that do not depend on natural gas for electricity production, although energy previously sold in futures markets is excluded from said reduction.

The potential impact of this measure on Enerfín's assets has been substantially mitigated by the high percentage of generation for which the Company already had price hedges contracted.

In Brazil, Enerfín sells around 65% of its energy production in the regulated market, whose smooth functioning is guaranteed by all the system agents. Brazil is one of the countries with the greatest regulatory stability since beginning its transition to renewable energies.



Business model: Management of operating risks

Investment and financing

The main risks of this activity are:

Variation in interest rate:

The average leveraging of the projects that Enerfín builds and operates is around 60%.

Enerfín maintains a prudent policy of contracting interest rate hedges on similar terms to those of the different financing instruments.

In this regard, in Spain, for financing operations subject to interest rate fluctuations, hedges are contracted for at least 75% of the financed amount.

The financing of wind farms in operation in southern Brazil contracted with preferential rates set by the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico y Social - BNDES), with low volatility.

For its part, the financing of three of the wind farms of the São Fernando complex, in northern Brazil, is contracted with Banco del Nordeste and the fourth wind farm with Banco do Brasil, with funds provided by the Superintendency for the Development of the Northeast. Both have interest rates linked to inflation plus a fixed spread.

In Canada, both the senior financing contracted for the building of the L'Érable wind farm and the complementary mezzanine are contracted at fixed interest rates.

In all cases, the guarantees provided for contracting the financing are limited to the projects (project finance).

Finally, the interest rate variation risk is in part mitigated by the fact that revenue received from the sale of energy is also linked to inflation.



Wind farm in Osório, Brazil



Business model: Management of operating risks

Investment and financing

Credit risk:

It is Enerfín's policy to sign long-term power purchase and short-term financial hedging agreements with reputable companies with a proven credit rating, and it has not borne any loss for this risk to date.

For power purchase agreements awarded through tenders issued by the regulatory body in Brazil (Agencia Nacional de Energia Electrica, ANEEL), the credit risk is assumed by the Brazilian electrical system.

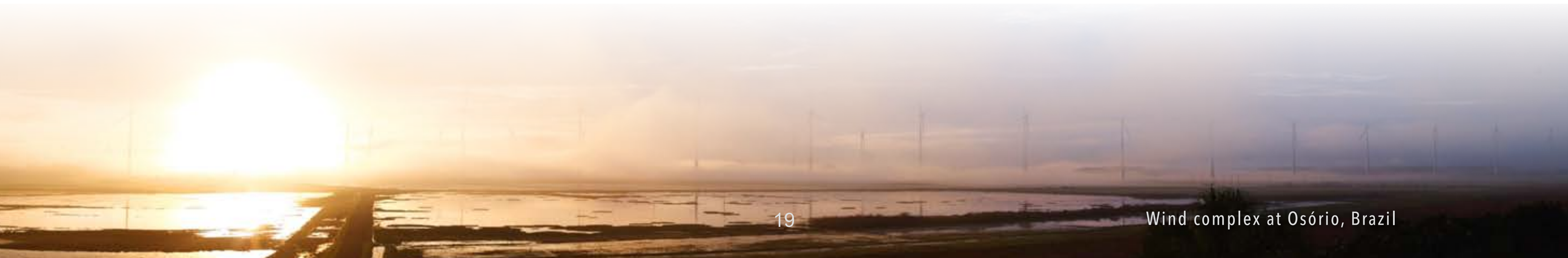
In Canada, the power purchase agreement was signed with the company Hydro-Quebec, controlled 100% by the Government of Québec and with a AA-rating.

With regard to the energy production sold directly in different electricity markets, in Spain the purchase of electricity is settled by the electricity market operator (OMIE) and the system operator (Red Eléctrica), without there having been any non-payment or delay in the settlement of the transactions to date.

The Spot Market in Brazil, which is managed by the Chamber for the Commercialisation of Electrical Energy, had been suffering withholdings in the settlement of transactions resulting from non-payments between agents originating from the judicialisation of the sector due to the generation deficit caused by the drought of 2013.

The legislation approved in 2020 has enabled the implementation of agreements by which generators with pending payments can extend their concession agreements to offset these debts.

In Enerfín's case, all debts generated by this situation in the Spot Market have already been fully settled.





Economic and operational performance



Integrated Report
2021

Significant events

Spain

- Obtaining of access and connection permits to the electricity grid of the last of the four wind farms of the Ribera de Navarra wind complex (139 MW).
- Obtaining of planning authorisations for the four wind farms of the Ribera de Navarra wind complex (139 MW).
- Signing of supply, assembly and commissioning and O&M agreements for the Ribera de Navarra turbines (139 MW) with General Electric.
- Obtaining of Environmental Authorization for the Cernégula wind farm (46.6 MW) in Burgos.
- Obtaining of access and connection permit for the Tres Rayas photovoltaic solar project (14 MW) in Madrid.
- Acquisition of a 51% stake in two photovoltaic projects in Zamora and Seville (190 MW).
- Acquisition of access and connection rights for 32 MW that will make it possible to expand the planned repowering at the Montes Cierzo wind farms that Enerfín operates in Navarra.
- Start of the permitting of the first green hydrogen project on the outer harbour of A Coruña.
- Approval by Enerfín of the creation of its own energy trading company in Spain.

Significant events

Brazil

- Start of commercial operation of the last wind farm (83 MW) of the São Fernando wind complex (256 MW).
- Start of the solar developments of Sao Fernando (150 MW) in Rio Grande do Norte and Acaraú (150 MW) in Ceará.

Mexico

- Acquisition of the Salitrera wind project (50 MW) in Guanajuto.

Colombia

- Opening of the Enerfín Colombia office.
- Signing of agreements with 20 of the 23 indigenous communities in the area of influence of the Brisas wind complex (600 MW).
- Obtaining of environmental permit for the transmission line of the El Ahumado wind farm (50 MW).
- Start of the Primavera 300 MW (Cesar), Girasol 150 MW (Bolívar) and Romosinuano 150 MW solar developments (Córdoba).

Africa

Kenya

- Installation of a meteorological mast at the Kajiado wind project (100 MW).

Zimbabwe

- Signing of land lease agreement and installation of a meteorological mast for a wind project in Mashonaland Central (100 MW).

Angola

- Obtaining of authorisation from the Ministry of Energy to study the viability of a wind project in the Benguela region.

Significant events

Canada

- Obtaining of Environmental Authorization for the 122 MW Winnifred wind farm, located in Alberta.

Australia

- Significant progress with the obtaining of the connection permit for the Woolsthorpe wind project (73 MW).
- Signing of land agreements to develop two wind projects in New South Wales (Kings Plains and Tenterfield).

United States

- Approval by Enerfín of the creation of a company to start the development activity in the country.

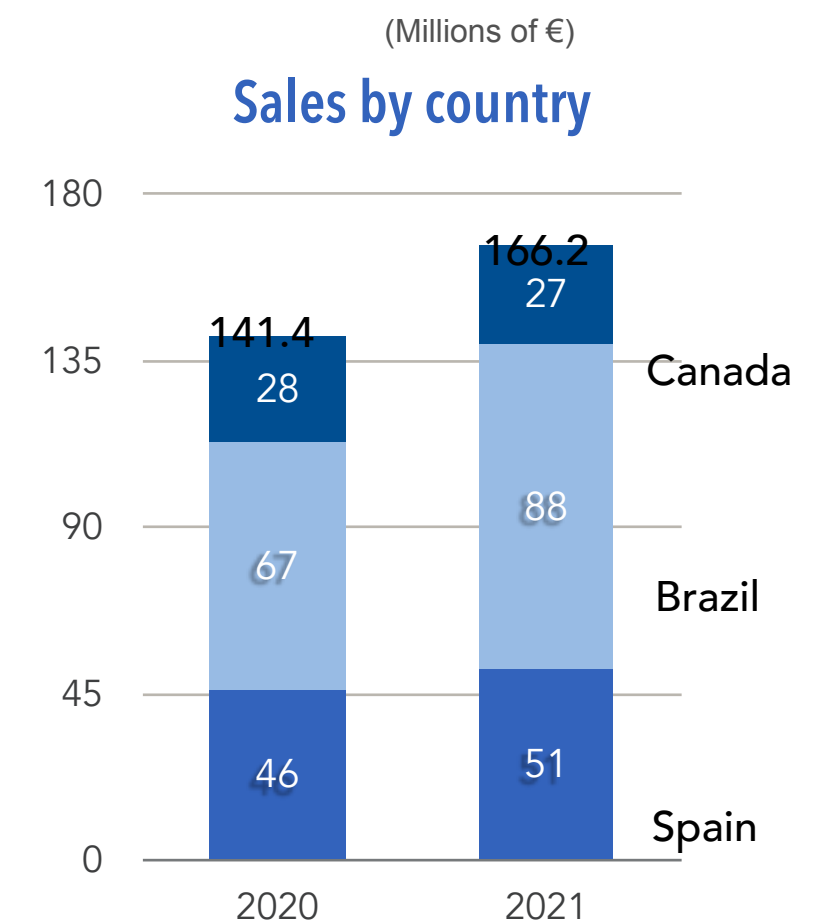
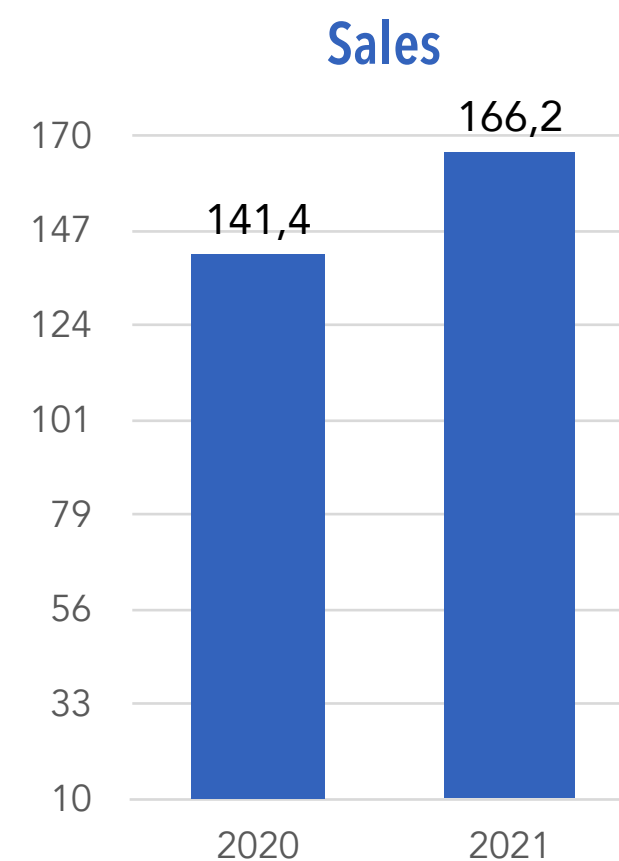
Enerfín Group's figures in 2021 show growth in all magnitudes compared to those achieved the previous year.

Sales reached 166.2 million euros, equivalent to an increase of 17.5% on 2020. By geographic distribution, there was a higher weight of the business in Brazil and a lower weight in Canada compared to the previous year. EBITDA amounted to 115.8 million, 21.1% more than that obtained in 2020. Net profit came to 23.2 million, a 50.6% increase on 2020.

This growth in earnings was supported by the full year of operation of the Cofrentes wind farm (Spain) and the São Fernando wind complex (Brazil), which enter in operation in 2020 and 2021, and an increase in inflation, which has resulted in a higher price of the regulated price PPAs of the Osório and Palmares wind farms in Brazil. All this combined with a higher production than the previous year and a favourable price scenario in the Spanish electricity market.

“Significant growth in all magnitudes
compared to the previous year.”

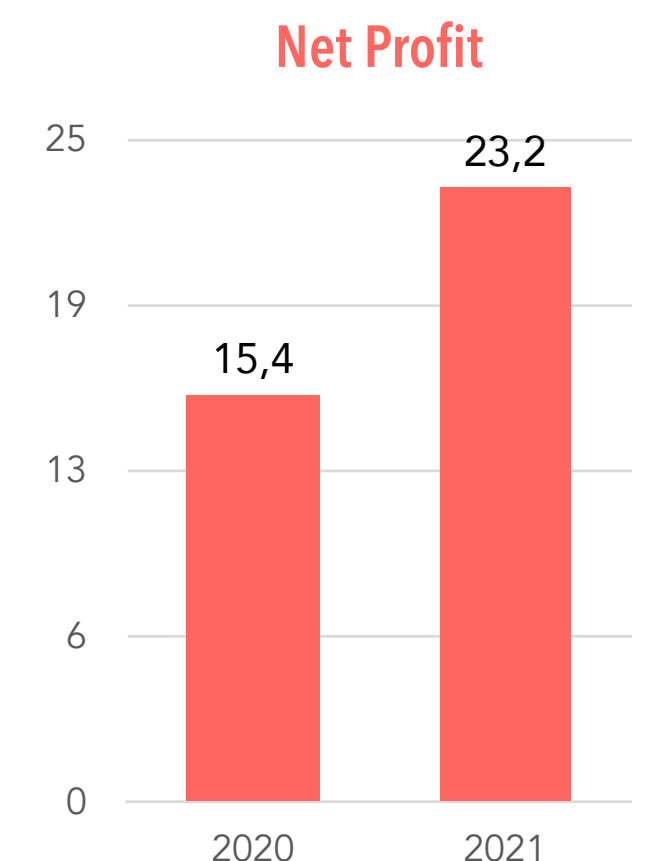
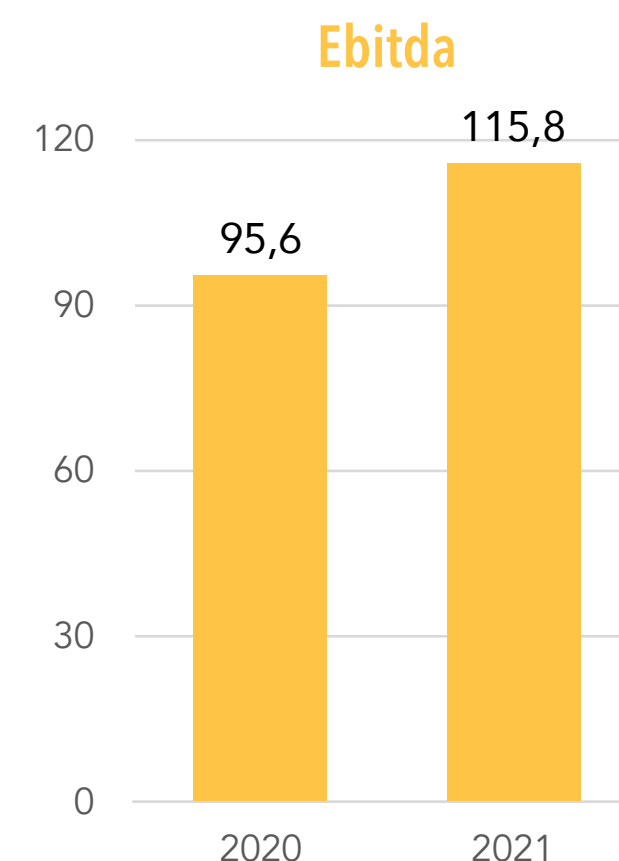
Main figures



Sales
166.2

Ebitda
115.8

Net
Profit
23.2

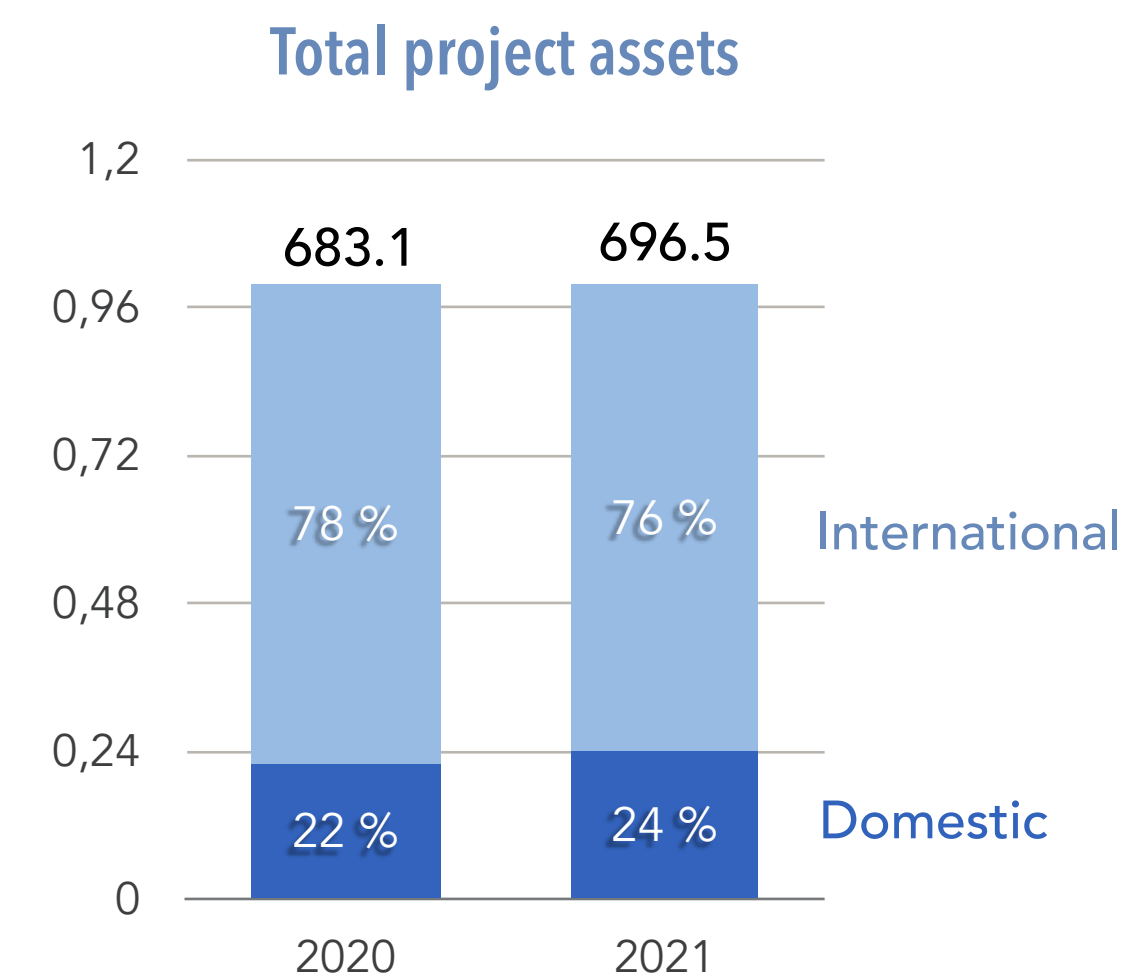
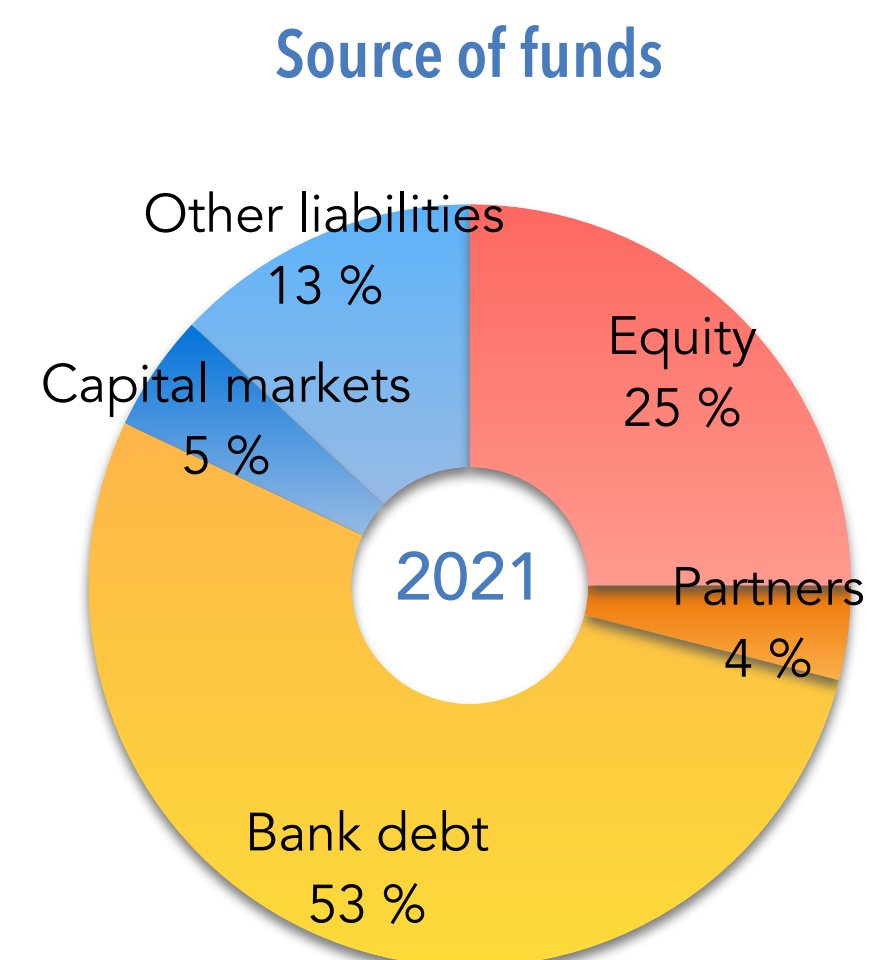
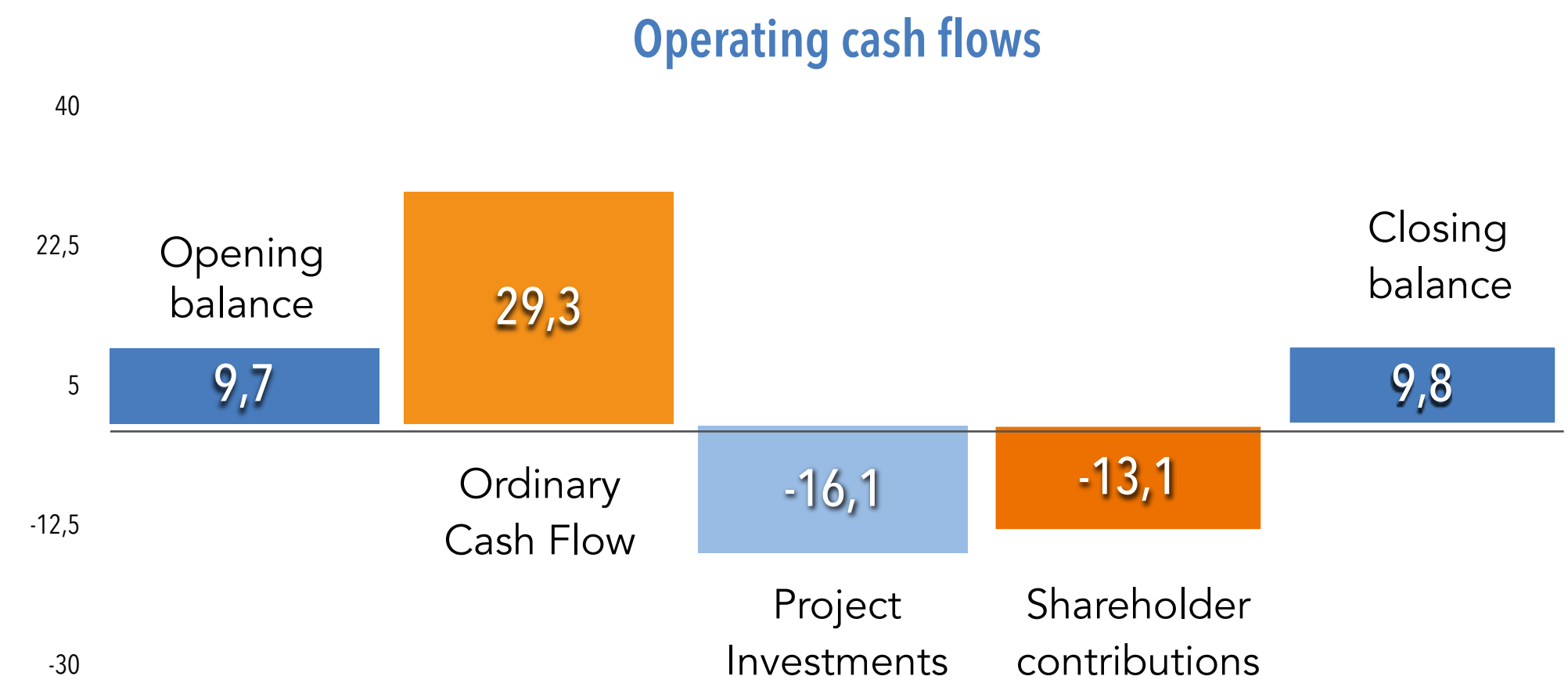


Main figures

In a year marked by the entry in full operation of the wind complex of São Fernando (Brazil) and a high energy price environment in Spain, the cash flows generated by the activity exceeded by 13 million euros the fund needs to complete the construction of the assets in Brazil and start the Ribera de Navarra wind complex.

“The generation of cash from our activity has allowed us to continue investing for future growth maintaining the shareholder remuneration policy.”

(Millions of €)



Wind farms of São Fernando, Brazil

Main figures

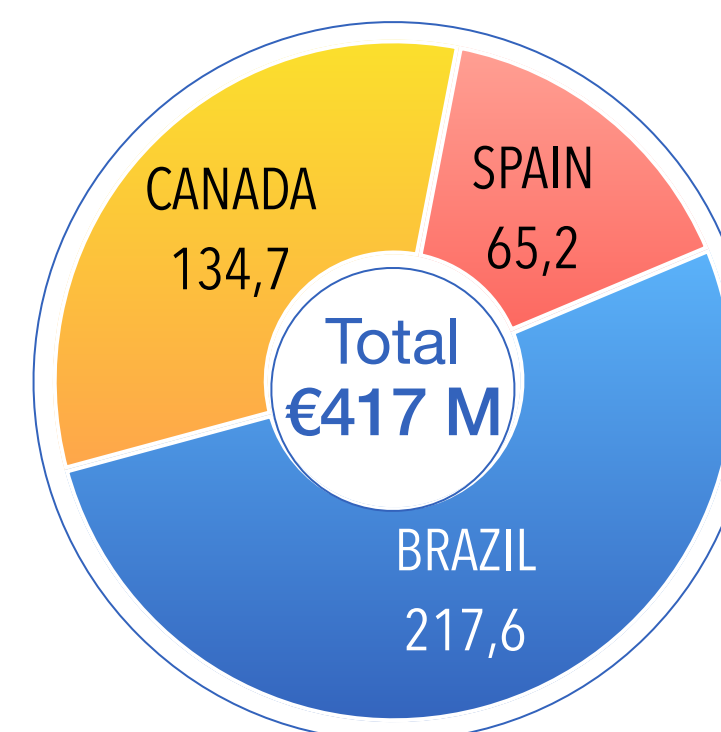
“Financing is contracted in the same currency in which revenue from the sale of energy is received.”

Projects continue to be financed without recourse to the shareholder (project finance modality). The Net Financial Debt/EBITDA ratio in Spain and Brazil was less than in 2020 as a result of reflecting a complete annual EBITDA of the new projects in operation and the repayments of the current funding.

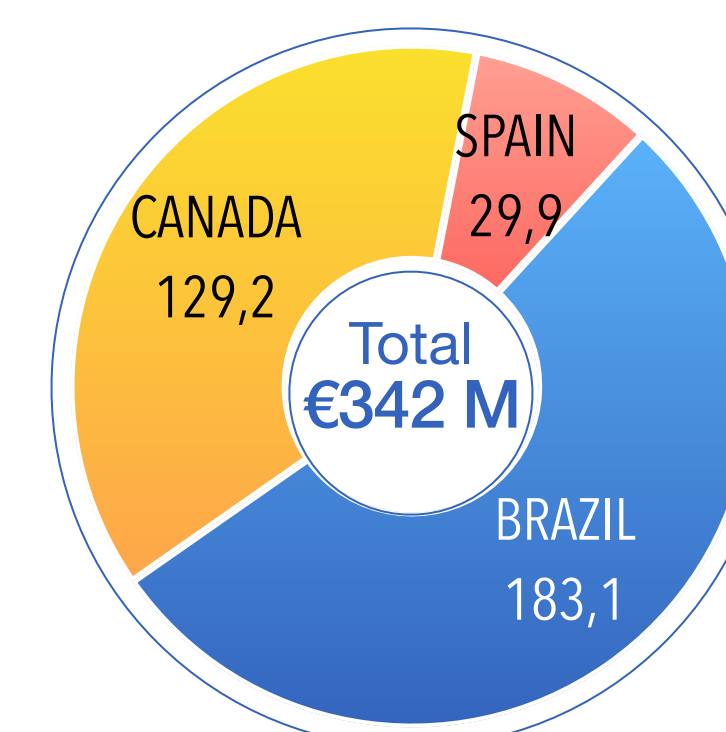
Wind Projects

(Millions of €)

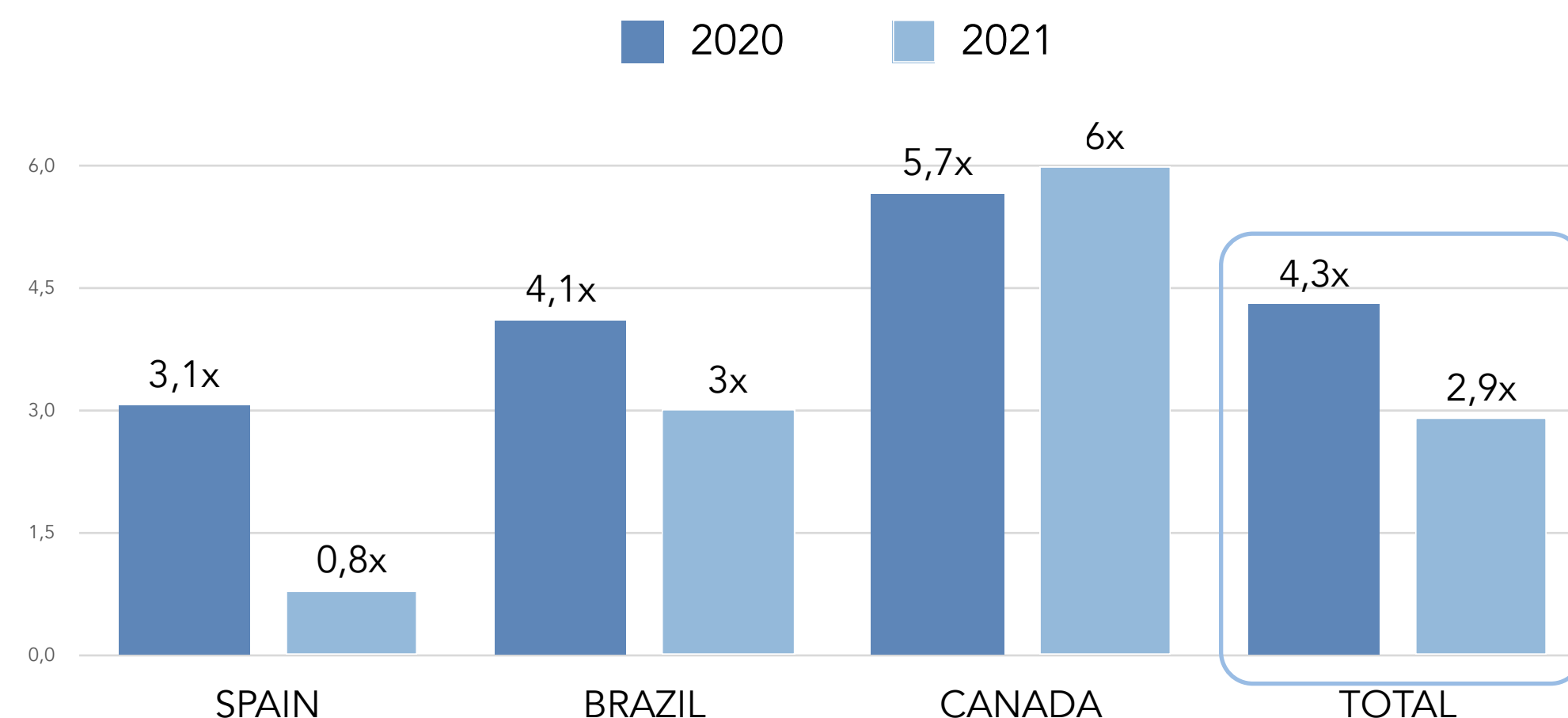
Gross Financial Debt



Net Financial Debt



Net Financial Debt Ratio (NFD/EBITDA)

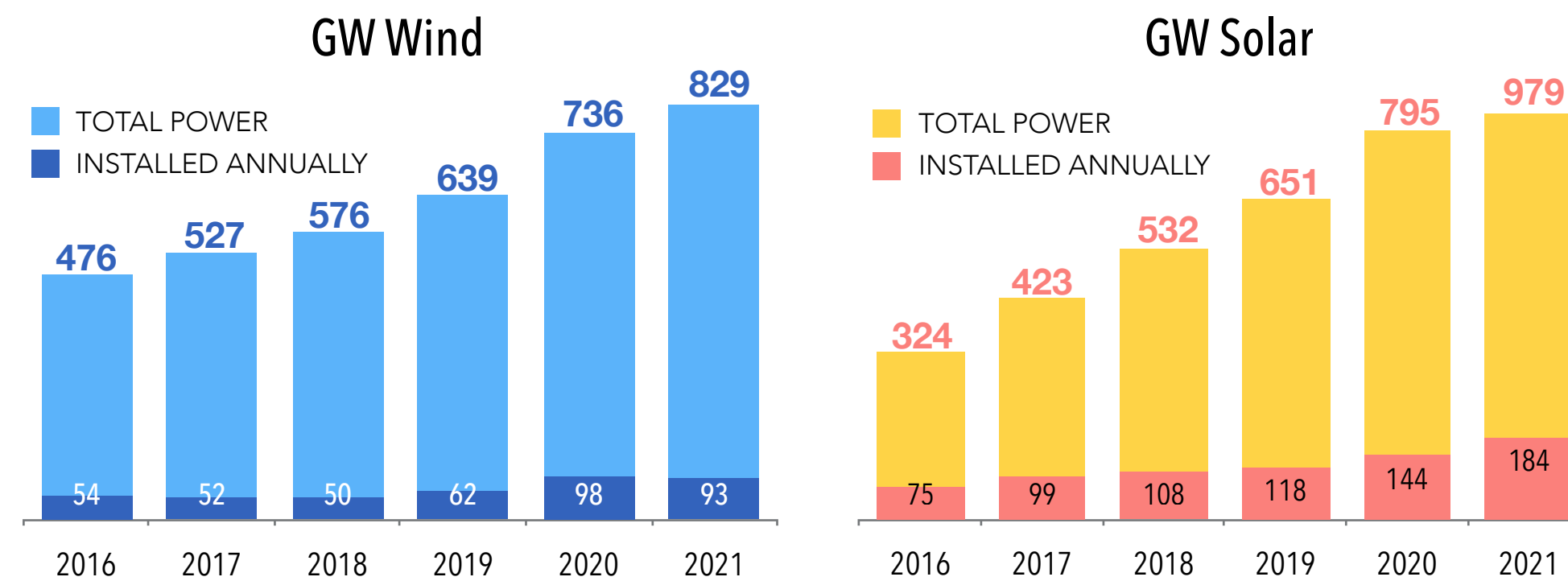


Wind complex at Osório, Brazil

Sectoral environment

The growth in renewables continued to accelerate in 2021 driven by the ambitious objectives of fighting climate change announced by most countries.

Photovoltaic solar energy was the most installed technology in 2021, followed by wind, with 184 GW and 93 GW respectively.



Source: Bloomberg

Also noteworthy is the expansion of offshore wind power, both fixed and floating foundations, with 21.1 GW installed in 2021 and led by China, which installed more than 84% of the annual increase.

The increase in the price of raw materials and transport, and tensions in the global supply chain, have caused an increase in the cost per MW installed in these technologies.

In addition, the mass development of projects in more active markets is increasing competition for connection to the electricity grid and forcing electricity regulators to modify grid access and connection regulations.



Sectoral environment

As for the electricity markets, in Europe the year was marked by a sharp rise in electricity prices and future prices too, due to the increase in the prices of natural gas and emission allowances, caused mainly by a significant increase in demand for electricity due to the rebound in economic activity from the start of the year.

This upward trend in prices was replicated with a certain degree of delay in the markets of other continents, although it is true that the high hydraulic component in most South American markets cushioned its impact on electricity prices in the region.

Price instability has led to greater government intervention in the electricity markets, generating greater insecurity for its participants.

In this scenario, management of the energy generated takes on increasing importance. In 2021, the growth of corporate PPAs continued, having signed agreements for around 30 new GW.

The firm commitment of governments and investors to hybridisation and new energy storage and green hydrogen production technologies continues to be key in the energy transition and achievement of the emission reduction objectives.

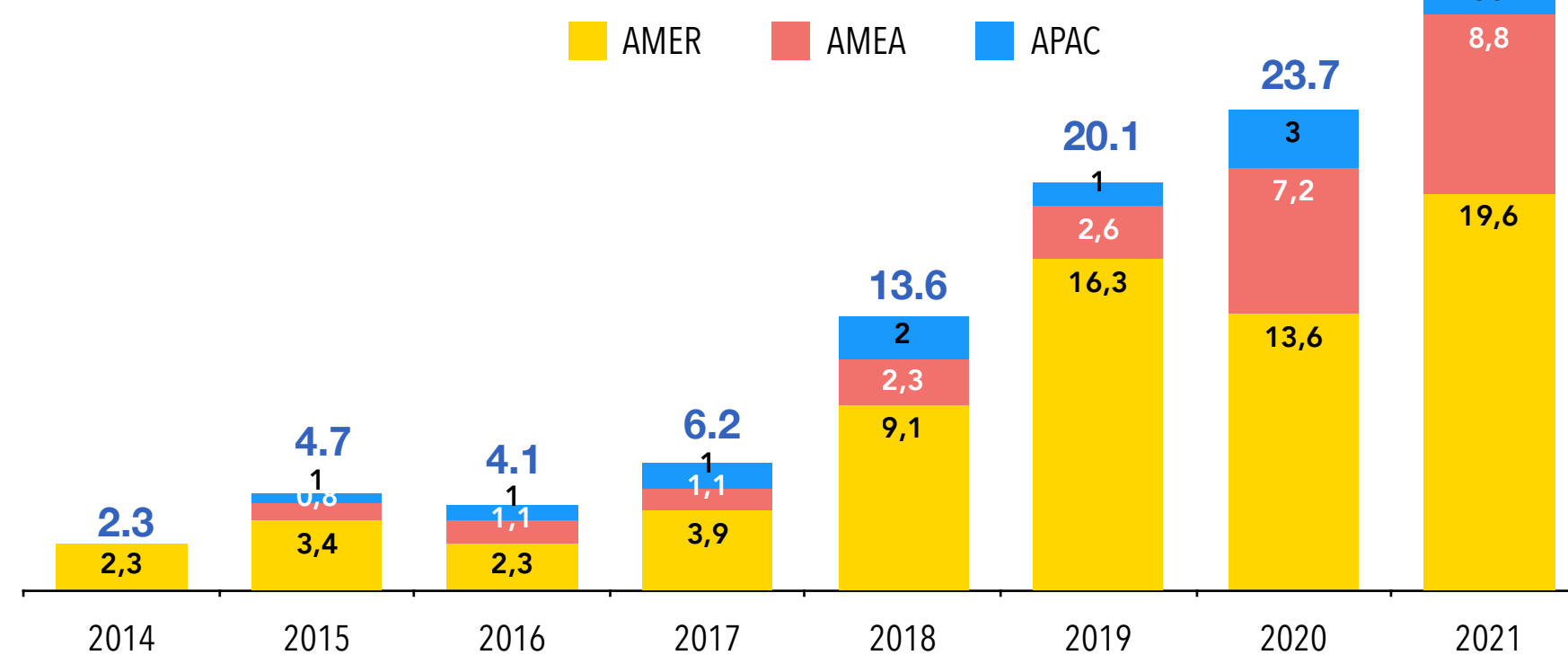
Europe approved the financial assistance packages of the Next Generation programme, of which a significant part is apportioned to finance projects in these areas.

Energy storage with lithium-ion batteries continues to experience strong growth, with a capacity of 6.7 GW / 15.7 GWh installed worldwide by the end of 2021, and with annual forecasts of increases of 30% until 2030. The most active markets are the United States and China. In Spain, the "Storage Strategy", which sets a goal of 20 GW by 2030, was approved in 2021.

Consolidation of the support of many governments for green hydrogen was achieved in 2021. A total of 17 countries have published development strategies for this technology and many companies are trying to exploit the business opportunities that this new sector offers.

In the past 5 years, the global capacity of electrolyzers has doubled, reaching 458 MW at the end of 2021, with Europe leading the way, accounting for 40% of the world's installed capacity.

Corporate PPAs signed (GW)



Source: Bloomberg

Sectoral environment

Spain

In 2021, the market overheated, with a dramatic increase in the interest of the main players and investment funds to expand their renewables portfolios.

The lifting of the moratorium on grid connection requests released little additional capacity, so there is high competition for new connections in future transmission node capacity tenders, or that arise due to the withdrawal of other developers (RDL 29 /2021), non-fulfilment of administrative milestones (RDL 23/2020) or denial of administrative authorisations for projects.

Total capacity Spain (2021)

		Installed 2021	Accumulated 2021
Wind		1,022 MW	28,521 MW
Solar		3,414 MW	15,222 MW

Source: REE



To these difficulties are added the growing social concern for the very high number of pipeline projects.

Also worth noting is the significant increase in the pool price in 2021 (€111.9/MWh vs €34.0/MWh in 2020), mainly as a result of the increase in the price of gas and, to a lesser extent, emission allowances in Europe.



Source: OMIE

To offset this increase, the government approved new regulations that reduced from 16 September 2021 the remuneration from the electricity production activity of facilities without greenhouse gas emissions, excluding those recognised with a tariff structure of those regulated in Electricity Sector Law 24/2013.

The reduction is proportional to the increased revenue obtained as a result of the increased price of natural gas, which excludes energy covered by long-term contracting instruments (PPAs, Swaps).

Sectoral environment

Brazil

After no invitations to tender in 2020, ANEEL reactivated long-term power contracting in 2021 with 3 regulated "leilões", but only an average of only 190 average MW were contracted (580.8 MW of installed wind power and 505.7 MW of installed photovoltaic power). The free market has become the main vector of growth through the negotiation of bilateral agreements and private auctions.

The consumption of energy contracted in the free market rose 6.1% in 2021, representing 35% of all the energy consumed in Brazil.

Wind and solar sources represent 76% of the generation in construction for 2021-2025. Of the wind and solar plants financed by BNDES and BNB banks, about 47% and 33%, respectively, were supported by PPAs with energy trading agents.

Colombia

In 2021, the civil engineering works and assembly of the wind turbines of the Guajira I wind farm (20 MW) were completed, with Elecnor as the contractor, and 64 MW of solar power were commissioned.

In July, Resolution 075 was published. It modifies and regulates the assignment of new connections to the grid, allowing UPME to resolve the connection requests of more than 20,000 MW that were conditioning the connection of new projects.

In October, the third long-term auction was held and at which around 800 MW of solar energy were awarded.

Mexico

The government continues to promote a reform of the electricity sector to establish a monopoly of the federal electricity company.

Even though the initiative has not yet been approved for various reasons, the climate of uncertainty has halted the development of the sector, frightening away private investment.

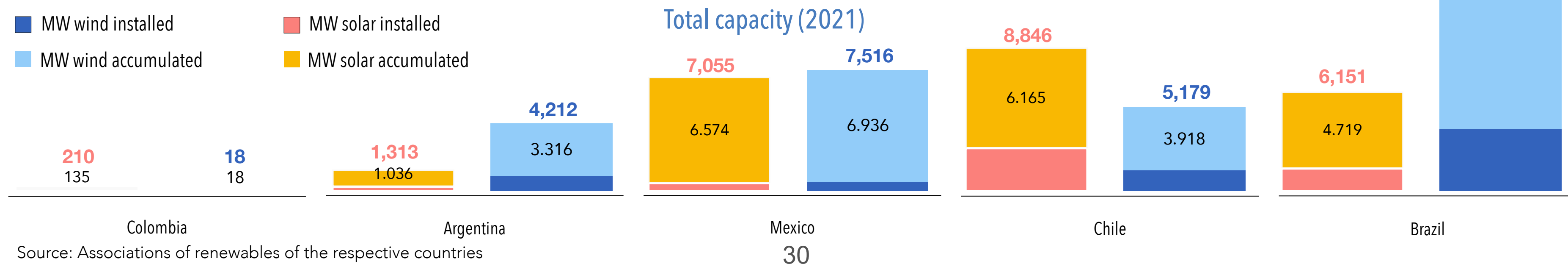
Chile

In 2021 the public contracting of renewables was reactivated, with 2,310 GWh/year at an average price of 23.78 US\$/MWh.

The new government intends to maintain the policies of promoting renewables to achieve carbon neutrality by 2050. An invitation to tender was announced for June 2022 for the contracting of 5,250 GWh/year with a 15-year PPA and entry into operation in 2027.

Argentina

The government and the Compañía Administradora del Mercado Mayorista Eléctrico announced the termination conditions of more than 2,600 MW of contracted renewables that were accumulating delays, in order to free capacity in the system for new projects.



Sectoral environment

Australia

The provinces continue to set very ambitious renewables integration objectives in the energy matrix. Victoria, Queensland and New South Wales aspire to have 50% renewable generation by 2030, while in South Australia, the objective is to achieve 100%.

Moreover, the National Electricity Market and the transmission network are being transformed with the aim of being able to connect and manage twice the energy currently generated (330 TWh/year) by 2050. The removal of coal is expected to be accelerated, eliminating around 15 GW by 2040.

As a result, it is estimated that the share of renewables in the energy mix will triple by 2030.

Total capacity Australia (2021)

	Installed 2021	Accumulated 2021
Wind 	1,545 MW	10,436 MW
Solar 	887 MW	5,909 MW

Source: AEMO (Australia Energy Market Operator).

Canada

In 2021, 676 MW of wind, 287 MW of solar energy and 10 MW of storage were installed. Saskatchewan and Alberta continue to be the provinces with the most ambitious renewable objectives due to the need to replace coal power plant generation before 2030.



L'Érable wind farm, Canada

In Alberta, the only province with a fully liberalised electricity market, private PPAs continue to grow, with 714 MW of solar capacity and 547 MW of contracted wind capacity in 2021.

The pricing of emission allowances, which, according to federal regulation, will go from \$50/t in 2022 to \$170/t in 2030, has increased the appetite of large emitters to contract PPAs with renewable generators.

In Quebec, the public utility Hydro-Québec issued at the end of 2021 two invitations to tender (300 MW of wind and 480 MW of renewables) and has announced additional tenders in the coming years to cover its energy needs.

Total capacity Canada (2021)

	Installed 2021	Accumulated 2021
Wind 	676 MW	14,304 MW
Solar 	287 MW	2,399 MW

Source: CanREA

Sectoral environment

Africa

Recovering still from the effects that Covid has had on African economies, in 2021 little activity was recorded in the sector, with just over 1 GW of wind and 900 MW of solar installed (just under half of which corresponding to off-grid projects), most of which concentrated in South Africa, Morocco and Egypt.

In South Africa, 10 years have passed since the launch of the renewable energy invitation to tender programme, which was reactivated in 2021 after a 7-year interruption. 1.6 GW of wind and 1 GW of solar were tendered and awarded at record prices of around \$3 cents/KWh, and new annual tenders were announced until 2030.

Another important milestone was the regulatory change that enables plants of up to 100 MW to sell to consumers connected to the grid, paying the transmission costs to the public utility Eskom. This opens up many opportunities to sign private PPAs with large consumers, who have already begun to issue their own calls for tenders to contract energy.

In the rest of sub-Saharan Africa, opportunities remain isolated, due to the poor development and technical limitations of the electricity grid.

In this regard, energy storage solutions are going to play a vital role in the coming years.

Financial development institutions are showing increasing interest in investing in and financing renewables projects in this region.

Total capacity Africa (2021)

		Accumulated 2021	In construction
Wind		7,453 MW	1,274 MW
Solar		8,008 MW	1,771 MW

Source: GWEC and AFSIA



Our operations: Project development

Enerfín's portfolio of projects in development increased significantly in 2021, having consolidated 8.4 GW in Spain, Latin America, Canada, Australia and Africa, of which 6.5 GW correspond to wind and 1.9 GW to solar.

Of note is the initiation of solar projects in Brazil and Colombia, where there is more than 1 GW of projects in development, and the impetus given in Spain to the implementation of hybrid wind and photovoltaic solar projects, both in wind farms in operation and in construction and development. Likewise, Enerfín continues to prepare the repowering of its wind farms in operation in Spain, with the next scheduled to be that of the wind farms installed in Navarra more than 20 years ago.

Spain

In 2021, Enerfín managed to make very significant progress in the implementation of the four wind farms that make up the Ribera Navarra Complex (139 MW), which has allowed it to finalise the supply, installation and commissioning and operation and maintenance agreements of wind turbines for these wind farms, whose scheduled construction date is May 2022.

Likewise, it increased its portfolio of projects with grid access and connection permits, which exceeds 400 MW, mainly wind, to be commissioned before 2025.

It has also obtained the Environmental Authorization for 45 MW in Burgos and the grid connection permit for a solar project in Madrid of 14 MW.

Finally, it continues to work on wind and photovoltaic solar hybridisation projects, starting with the 50 MW Cofrentes wind farm (Valencia), in operation since April 2020, for which it expects to obtain authorisation for the solar hybridisation in 2022.

Stand-out project

Ribera de Navarra wind farms, 139 MW

In 2019, work was begun on the implementation of four new projects in Ribera de Navarra, very close to the Montes de Cierzo wind farms (60 MW) which Enerfín has been managing since 1999, and all connected to the same grid node.

This complex, made up of the Corral I, Corral II, Montecillo and Vollandín wind farms will consist of 24 General Electric turbines with a unit power of 5.8 MW and hub height of 121 metres. Construction is expected to commence in May 2022, with Elecnor Servicios y Proyectos carrying out the civil engineering and electrical infrastructure work.

It is a unique project, as its execution will be followed by the repowering of the Montes de Cierzo wind farms which is now in an advanced preparation phase, comprising a large wind complex with efficient and latest generation technology.

With this project Enerfín begins the execution of its Navarra Renewable Plan 2021-2025, of 338 MW, which will help consolidate it as a leader in this Autonomous Region, where it has been present for more than two decades.

Our operations: Project development

Brazil

Enerfín has increased its portfolio of wind projects in the north-east of the country and has begun solar developments, of particular note being the impetus given to the São Fernando Solar (150 MW) in Rio Grande do Norte and Acaraú Solar (150 MW) in Ceará projects.

With them, Enerfín consolidates a portfolio in the country of more than 2.8 GW in wind and solar projects, on top of the 632 MW that it already operates (376 MW in Rio Grande do Sul and 256 in Rio Grande do Norte).

Argentina

Enerfín has renewed the environmental permit for the 3 phases of the Salamanca wind complex, of 269 MW, in Chubut.

Colombia

The Company has continued to promote its wind project portfolio in La Guajira, with significant progress made in the Trupillo projects of 100 MW and the Brisas complex of 600 MW. For those that already have a measurement campaign, consultations with indigenous people have been completed and environmental studies are being carried out. Specifically, for the Brisas complex agreements were finalised with 20 out of the 23 indigenous communities present in the area of influence of the project.

Enerfín has already initiated various solar developments, and it is remarkable the impetus given to the following projects: Primavera (300 MW), in the province of Cesar, Girasol (150 MW) in Bolívar, and Romosinuano (150 MW) in Cordoba. Connection authorisation has already been obtained for the latter.

Mexico

Progress has been made in the development of the Panabá-Sucilá wind complex, of 600 MW, in the state of Yucatán, submitting the necessary environmental studies for the obtaining of the Environmental Authorization, the change of land use application and the archaeology permit for the Panabá 1ª and 1B projects and the transmission line of the complex.

In addition, the acquisition of a wind development project in Salitrera (50 MW) in Guanajuato has been signed.

Chile

Enerfín has progressed with the development of a wind project of more than 240 MW in the Los Lagos Region, having initiated the environmental studies, consultations with the indigenous people, basic engineering and archaeology work, necessary to apply for the environmental permit.



Wind complex at Osório, Brazil



Photomontage of the wind farm Panabá 1A, Yucatán, Mexico (153 MW)



Simulation wind farm Los Lagos, Chile

Our operations: Development

Australia

In the Woolsthorpe wind project, of 73 MW, which Enerfín is developing in the province of Victoria, significant progress has been made with the procedures to obtain the connection permit.

Moreover, Enerfín has continued to expand its portfolio in development, securing land for two new projects in New South Wales.

Canada

In the province of Alberta, progress has continued with the development of the Winnifred wind project, of 122 MW, having obtained the environmental permit for the project and requested the construction permits for the wind farm, substation and interconnection infrastructure.

Africa

In 2021, the first year of measurement of the Tete project (Mozambique) was completed, obtaining an extension until September 2022 to submit the feasibility studies to the competent bodies.

The Company has also initiated measurement campaigns at both locations in Kenya and Zimbabwe, and obtained authorisation to conduct feasibility studies in two areas in Angola and Botswana.



Photomontage of the wind farm Moose Mountain, Australia



L'Érable wind farm, Canada



Mozambique - 120 m meteorological mast

Our operations: Construction

In 2021, the construction of the São Fernando wind complex in Brazil was completed with the launch of its fourth phase, São Fernando 4, of 83.2 MW, achieving 256 MW in commercial operation in this region.

The construction of São Fernando 4 included the supply, assembly and commissioning of 24 AW-132 wind turbines with a unit power of 3.5 MW, carried out by Nordex and the execution of the rest of the wind farm infrastructure (BoP), completed by Elecnor.

Despite the complex circumstances resulting from the pandemic, Enerfín oversaw the construction of this project with a satisfactory result, as it was completed without any significant incidents or delays.



Construction of the Cofrentes wind farm, Valencia

Our operations: Operating management

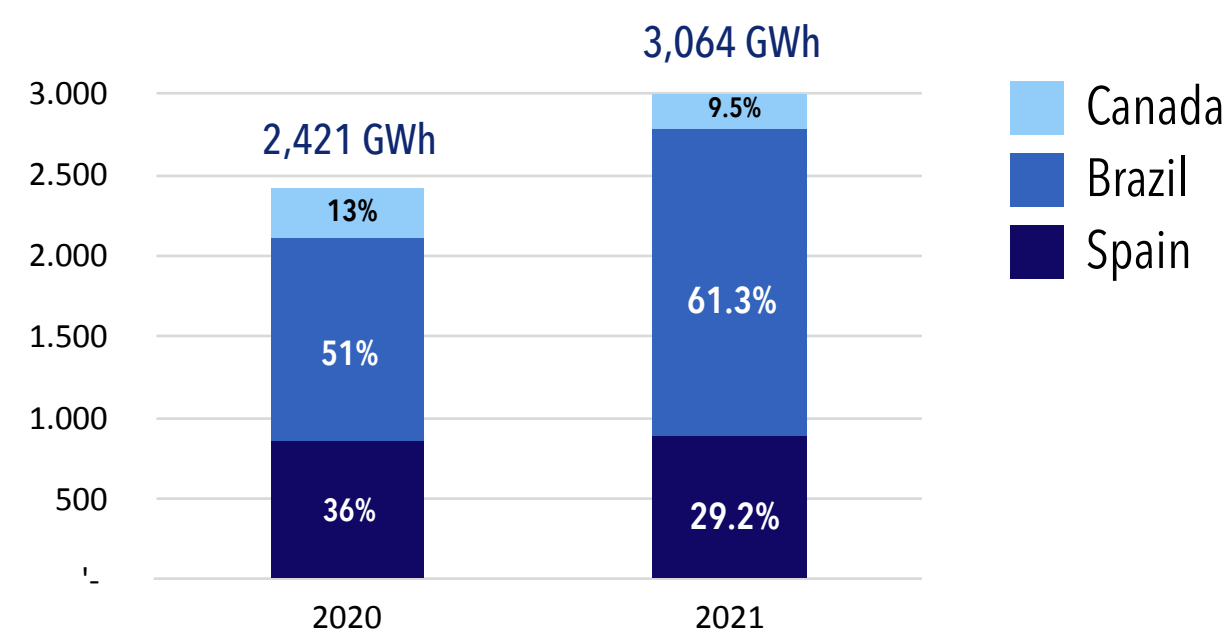
In 2021, Enerfín continued to manage the operating agreements with the owners of the wind farms in operation in which it participates.

During the year, the average availability of energy for all its wind farms was 97.9% (Spain: 97.2%; Brazil: 97.9%; Canada: 99.5%).

Good results were obtained at the Páramo de Poza wind farms (Burgos, Spain), where O&M has been carried out for more than 5 years now with its own staff, having achieved an availability of 99.1% at a wind farm in operation for over 19 years.

“Thanks to a management model with permanent presence at the plants, Enerfín achieved in 2021 an average energy availability at all the wind farms of 97.9%.”

Enerfín's generation by country



	Authorised capacity (MW)			Total production (GWh/year)			
	Companies	2021	2020	2021	%	2020	%
Spain	Eólica Montes de Cierzo	60.5	60.5	120.6	3.9%	93.3	3.9
	Eólicas Páramo de Poza	100.7	100.7	131.0	4.3%	141.7	5.9
	Aerogeneradores del Sur	54.4	54.4	119.2	3.9%	120.4	5.0
	Galicia Vento	128.0	128.0	314.3	10.3%	339.3	14.0
	Malpica wind farm	16.5	16.5	64.9	2.1%	68.1	2.8
	Cofrentes wind farm	49.8	49.8	143.6	4.7%	97.3	4.0
	Subtotal Spain	409.9	409.9	893.6	29.2%	860.1	35.5
Brazil	Ventos do Sul	150.0	150.0	368.4	12.0%	389.8	16.1
	Palmares wind farms	57.5	57.5	161.4	5.3%	167.2	6.9
	Ventos da Lagoa	57.5	57.5	161.4	5.3%	170.9	7.1
	Ventos do Litoral	57.5	57.5	155.0	5.1%	162.5	6.7
	Ventos dos Índios	52.9	52.9	149.7	4.9%	157.7	6.5
	São Fernando I	76.2	76.2	280.0	9.1%	130.1	5.4
	São Fernando II	72.8	72.8	251.4	8.2%	57.0	2.4
	São Fernando III	24.3	24.3	79.8	2.6%	8.8	0.4
	São Fernando IV	83.2	83.2	271.0	8.8%	0.2	0.0
	Subtotal Brazil	631.8	631.8	1878.2	61.3%	1,244.2	51.4
Canada	Éoliennes de L'Érable	100.0	100.0	292.3	9.5%	316.9	13.1
TOTAL		1,141.7	835.5	3,064.1	100%	2,007.2	

Our operations: Energy management

Enerfín actively manages the sale of energy generated at its plants, combining the signing of PPAs, both corporate and regulated, with participation and in non-regulated markets through direct selling and contracting of short and medium-term price hedges.

Regarding the wind farms in operation in Spain, in 2021 Enerfín continued to develop a combined strategy, securing price hedges for a substantial part of the energy generation estimated for 2022, in order to ensure minimum revenue, and implementing sales strategies in the different day-ahead, intraday and adjustment services markets, to optimise revenue.

It also managed the sale of the renewable energy certificates of its wind farms in Spain and Brazil.

In the Brazilian market, bilateral hedging was finalised with different traders for a volume of nearly half the expected generation for 2022 of the São Fernando 2 and 3 projects, located in north-east Brazil.

In addition, Enerfín continued to operate its energy storage project consisting of the operation of a Tesla battery associated with its Montes de Cierzo wind farm, developing the different battery operating modules, such as deviation correction, intraday arbitration, voltage control, self-consumption and secondary regulation.

“We generate renewable energy equivalent to the consumption of more than 1.3 million households.”



Wind farms of Montes de Cierzo, Navarra



Wind farm Faro Farelo, Galicia



Wind farms of Montes de Cierzo, Navarra

Our operations: Investment and financing

Enerfín's financing strategy for the construction of its projects includes its own resources arising from its energy generation activities and the development and exploitation of its own assets, capital contributions from its sole shareholder, and the contracting of long-term financing with first-rate financial institutions under the project finance modality, without recourse to shareholders.

Of note in 2021 was the provision of the latest tranches of finance obtained for the construction of the wind farms of the São Fernando wind complex in Rio Grande do Norte, Brazil, with Banco del Nordeste (São Fernando 1, 2 and 3) and the Superintendency for the Development of the Northeast (Sudene) through Banco do Brasil (São Fernando 4).

“In the energy generation business, accessing capital is key to be able to finance projects that require major investment.”





Sustainability at the
heart of the business



Integrated Report
2021

Sustainability at the heart of the business

Since the beginnings of the Elecnor Group, sustainability has been inherent in its values, corporate culture and its intention of being a generator of change and well-being, wherever it is present.

Faithful heir to the business culture of its shareholder, the Elecnor Group, Enerfín takes a long-term view in its approach to the management of its activities where the overriding consideration is the sustainability of its investments which, by their very nature, contribute to the Company's sustainability criteria.

In this way, Enerfín helps to create a sustainable energy model through its renewable generation projects, prioritising the long-term relationship with its stakeholders, all of which based on good governance, its people, health and safety in the workplace, innovation, protection of the planet and commitment to the environment in which it operates, as can be gathered from the reading of this report.

“Long-term vision and commitment to sustainability are key elements of Enerfín's successful business model.”



L'Érable wind farm, Canada

Enerfín's pillars of sustainability



Corporate governance: Board of Directors

The governing bodies of the parent Company (Enerfín Sociedad de Energía, S.L.U.) are the General Meeting of Shareholders and the Board of Directors.

During the year the Board met eleven times discussing issues related to the different activities and projects of the company, its management model, organisational and corporate matters, and economic and financial results.

12
Directors

11
Meetings

Enerfín's Board of Directors	Position	Appointment
Mr Guillermo Plana Roca	Chairman	20/01/2017
Mr Cristóbal González de Aguilar Alonso-Urquijo	Director	20/01/2017
Mr Juan Ignacio Landecho Sarabia	Director	20/01/2017
Mr Santiago León Domecq	Director	29/07/2021
Mr Rafael Martín de Bustamante Vega	Director	20/01/2017
Mr Miguel Morenés Giles	Director	20/01/2017
Mr Gabriel Oráa y Moyúa	Director	20/01/2017
Mr Rafael Prado Aranguren	Director	20/01/2005
Mr Ignacio María Prado Rey-Baltar	Director	19/06/2018
Mr Jaime Real de Asúa Arteche	Director	20/01/2017
Mr Joaquín Gómez de Olea y Mendaro	Board Secretary	20/01/2017
Mr Miguel Cervera Earle	Deputy Board Secretary	19/06/2018

Corporate governance: Management of corporate risks

Enerfín is exposed to diverse risk factors related to both the sector and the geographical areas in which it operates.

In this regard, the Company, within the framework of the risk management system implemented by the Elecnor Group, continuously and preventively monitors these risks, so that the likelihood of them materialising and their potential impact on the business, profitability and efficiency, as well as on its reputation and sustainability, are minimised.



For this purpose, the Group has a risk management system whose main pillars are as follows:

- Identification of risks for their management, evaluation and continuous prioritisation.
- Identification of risk management and control mechanisms and tools, implementation and evaluation of their effectiveness.
- Continuous optimisation of risk management, through development and implementation of improvement initiatives and projects.

As a result of the review and continuous improvement of the Risk Management System, in 2021 the Group conducted an analysis and planned a series of actions to make the aforementioned system more operational and effective, through greater focus on business risks and the improvement of certain systems for monitoring them, the identification and review of the main associated management and control procedures and tools, and the monitoring of the relevant improvement projects.

Enerfín's main risks are grouped into five major categories:



Corporate governance: Our corporate culture

Enerfín shares the vision and values of the Elecnor Group. These are designed for people who form part of the Company, customers to whom a commitment is made and society, with which Enerfín adopts a respectful, ethical and fair management approach.

The Elecnor Group's values shape a corporate culture that is reflected in the way each of its employees behaves and acts, including Enerfín's staff. These values provide the foundation for its code of ethics and the different regulations and policies approved on compliance.



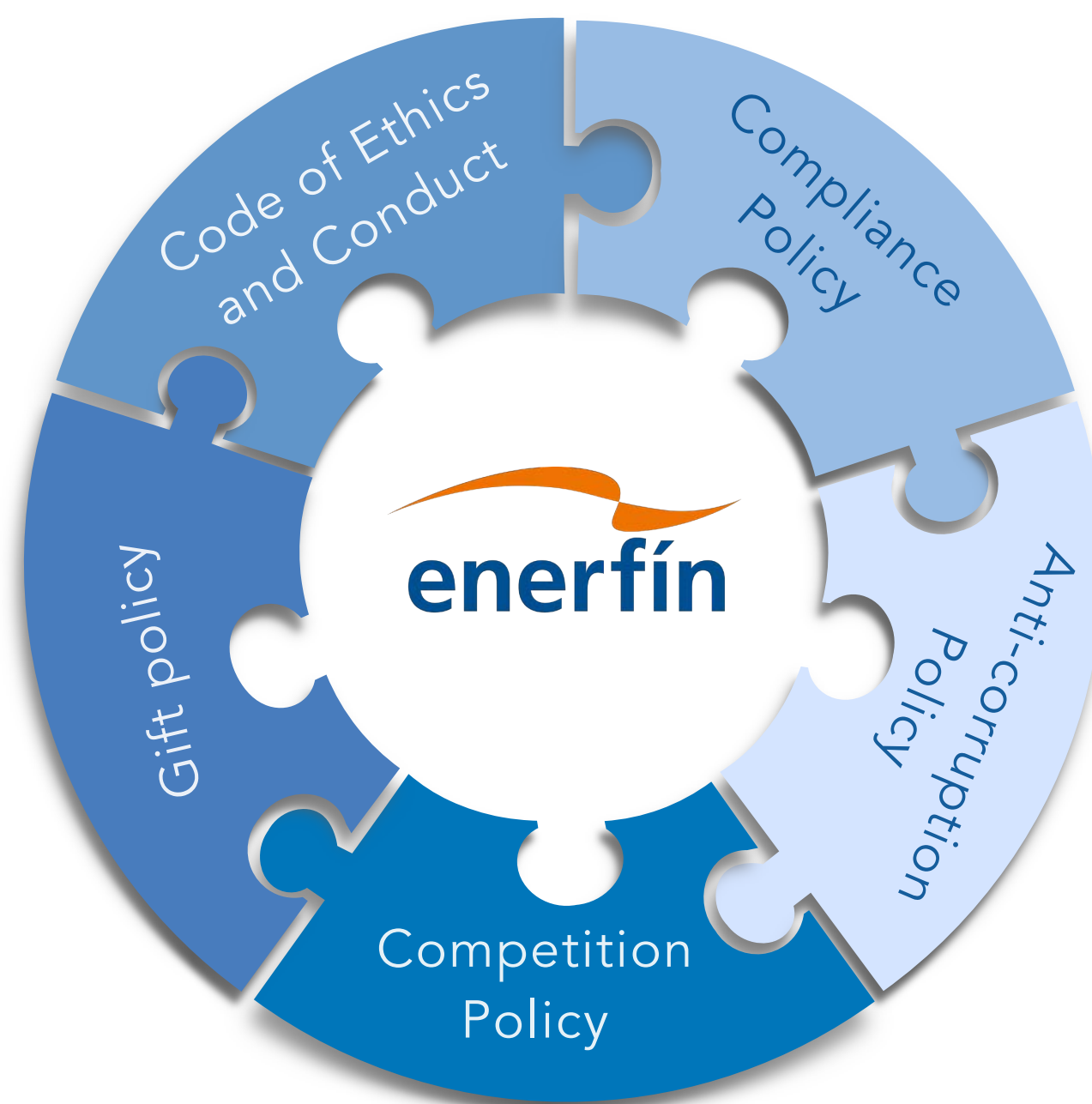
Corporate governance: Ethical management and compliance

Compliance system

As with the rest of the Elecnor Group's subsidiaries, Enerfín is integrated in its Compliance System, which is designed and operated in accordance with the best national and international practices. In addition, this Compliance System is certified in accordance with the UNE-ISO 37001 Anti-Bribery Management Systems and UNE 19601 Management System for Criminal Compliance standards.

Furthermore, Enerfín, in order to adapt to the uniqueness of its business and the countries in which it operates, developed in 2020 and 2021 its own Compliance System, structured on the results of the Company's compliance risk analysis and the key elements and procedures of the Elecnor Group's Compliance System. This work has been carried out in close collaboration with Elecnor's Compliance Area and its external advisors.

The pillars of Enerfín's Compliance System are as follows:



Enerfín has implemented an Ethics channel, through which any employee of the Company can raise any query or doubt on the Code of Ethics and its implementing regulations, propose improvements to the control system or report, in good faith, irregular conduct or conduct contrary to the Company's internal regulations.

This channel can be accessed via the following email address canaletico.enerfin@elecnor.com or post office box no. 26-48080.



In 2021, the Board of Directors approved the appointment of a Chief Compliance Officer in Enerfín, as well as their duties and responsibilities, which include the coordination of the planning, implementation and monitoring of the Compliance System, and ensuring smooth and permanent communication with the Chief Compliance Officer of the Elecnor Group, the Management and Board of Directors of Enerfín.

In the interests of continuous improvement, in 2022, Enerfín will continue to work, among others, on the following Compliance objectives:

- Consolidation of the systems implemented in connection with the analysis of compliance risks and due diligence procedures with third parties.
- Holding of training sessions on the Compliance System for Enerfín staff.
- Improvement of the systematics for the design, development and execution of awareness initiatives.

Corporate governance: Ethical management and compliance

Combating corruption, bribery and money laundering

Enerfín applies the principle of zero tolerance to practices that violate any compliance provision and especially any practice contrary to the ethics and integrity of its employees and operations.

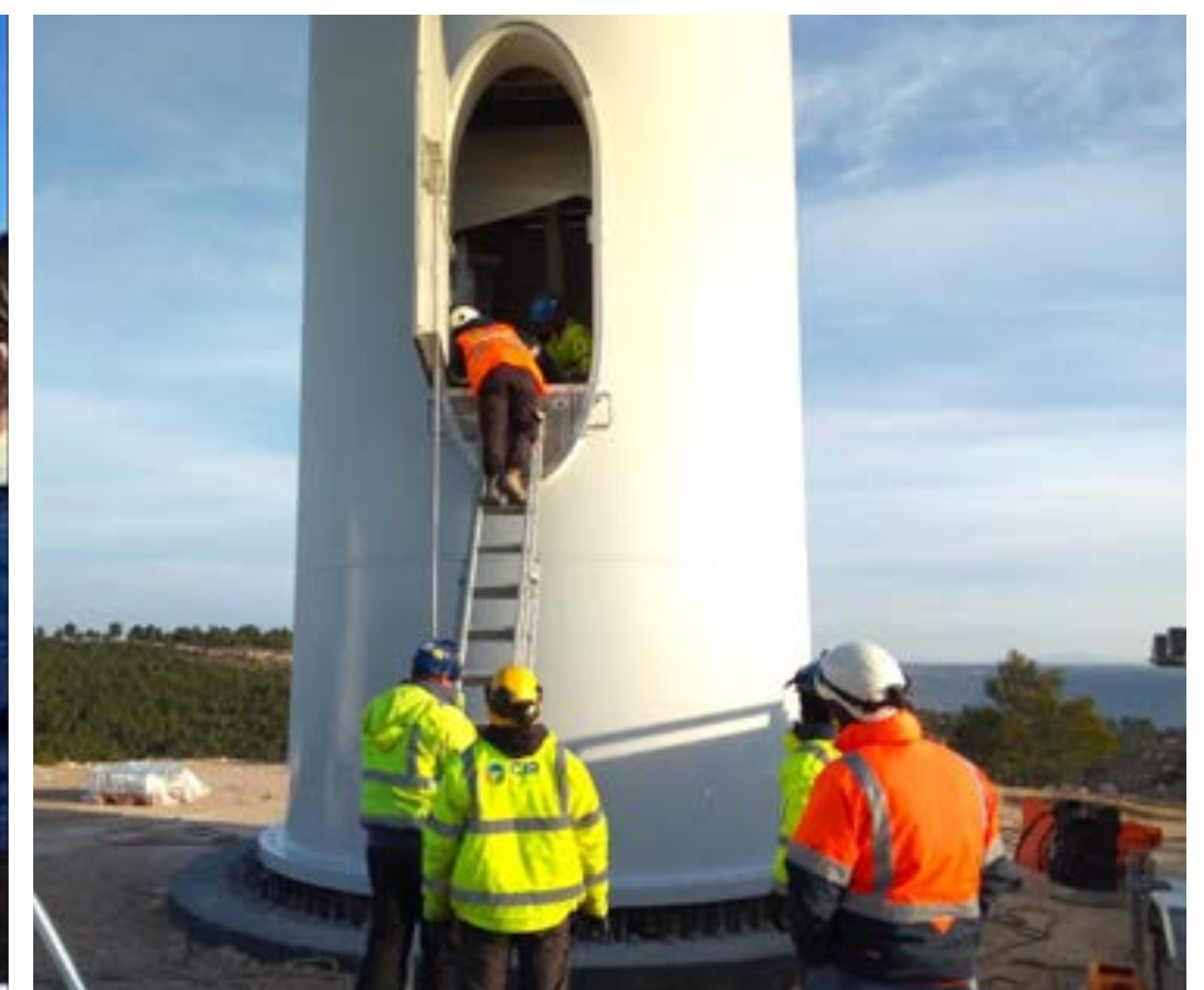
In this regard, under no circumstances will Enerfín employees and collaborators resort to unethical practices that may be understood as leading to a lack of impartiality, transparency and honesty in the decisions of any third party with whom they associate, whether this party belongs to the public or private sector.

This commitment is expressed in its Code of Ethics, the Compliance Policy, the Company's specific policy on anti-corruption and the policy on gifts, presents and donations.

Respect for Human Rights

Enerfín is adhered to the Elecnor Group's commitment on this matter, which is reflected in a particular policy through which it is committed to the fulfilment and defence of human rights in the carrying out of its activities in any of the countries in which it operates. The commitment covers all of the Company's relations with its stakeholders.

This Policy is aligned with the United Nations Universal Declaration of Human Rights, the principles of the United Nations Global Compact and the Sustainable Development Goals, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.



People's energy

Our people

Enerfín has a multidisciplinary team of committed professionals who undoubtedly constitute one of the Company's most important assets, making it a reference in its sector.

At the close of 2021, Enerfín's workforce was made up of 123 people, which represents an increase of 11% on 2020.

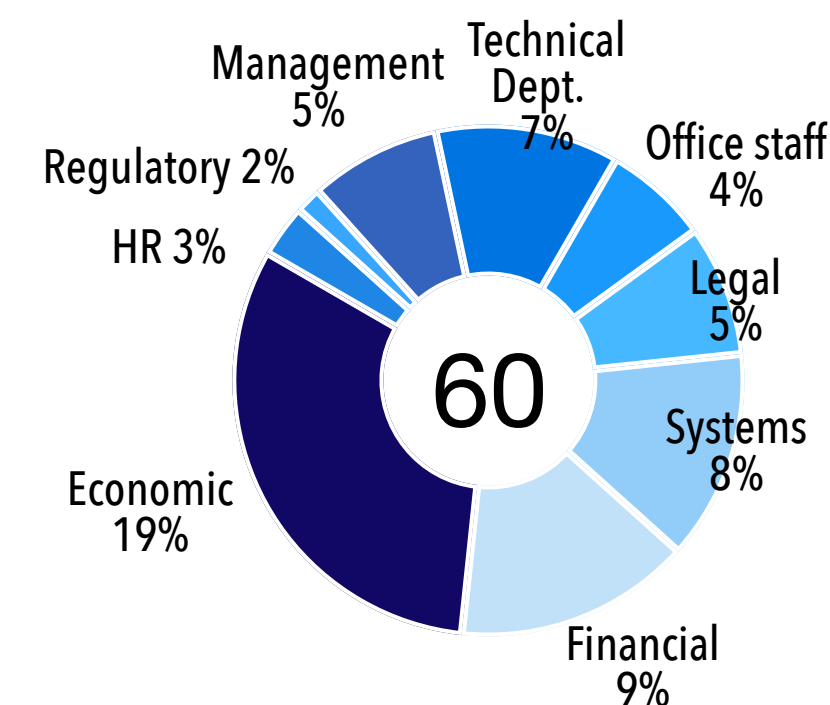
The marked international component in Enerfín's operations is observed in the geographical distribution of the workforce, with 55% located in Spain, 33% in Brazil and 12% spread between Canada, Australia, Colombia and Mexico.

This diversity is also reflected in distribution by gender (39% women and 61% men) and age, with 54% of employees between 35-50 years old, 7% over 50 years old and 39% under 35 years old, evidencing the Company's firm commitment to hiring and retaining young talent.

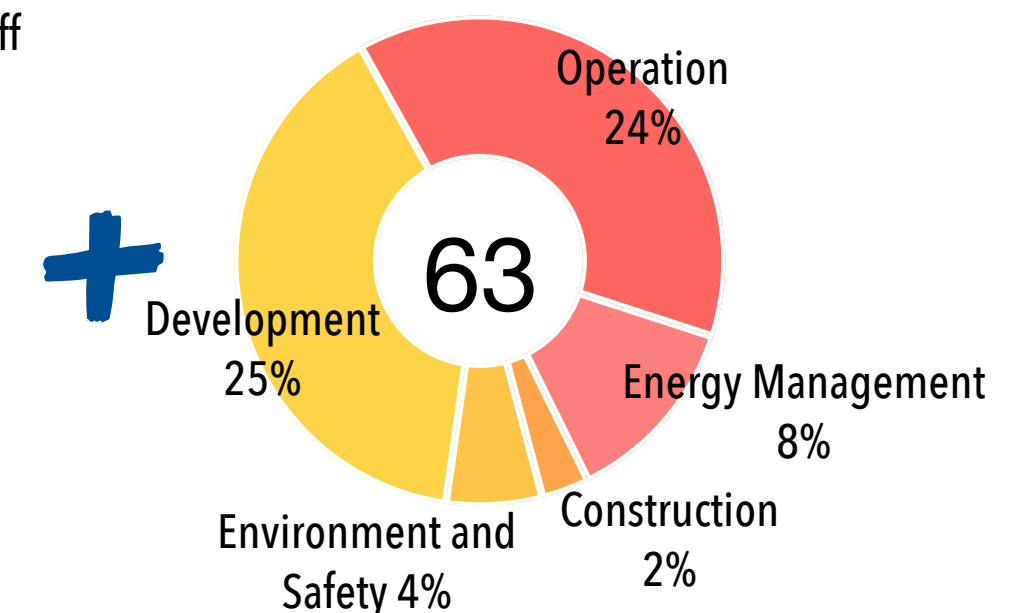
Due to the nature of its activity, most of Enerfín's employees have a technical profile, with 82% of the workforce having a university education.

Enerfín's team is split into two areas mainly: business and business support, which work together and complement each other to achieve the Company's objectives.

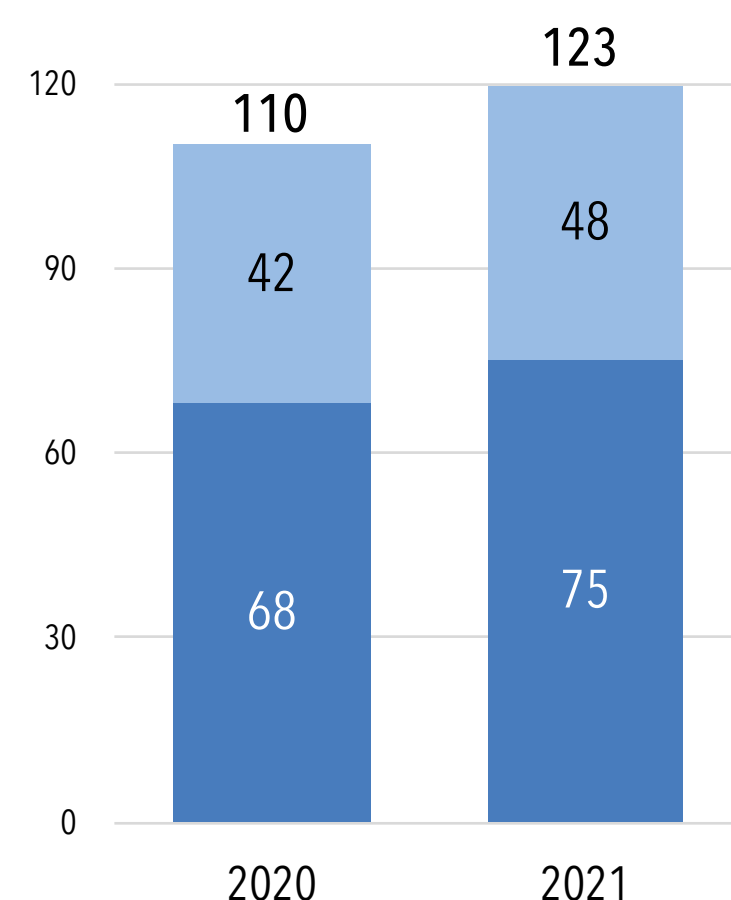
Business management and support



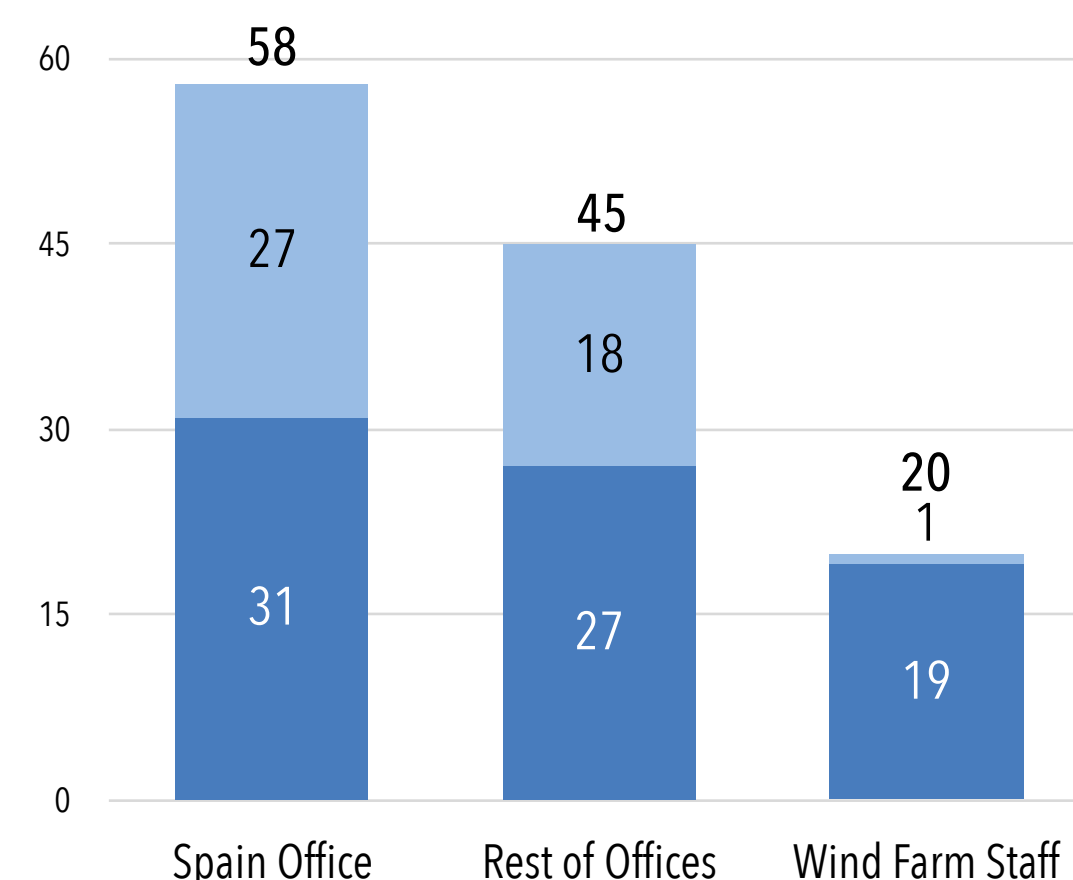
Business



Evolution of workforce



Job distribution



“Enerfín's human capital is undoubtedly one of its most important assets.”



People's energy

Quality employment

Enerfín ensures the growth of its teams and tries to promote the well-being of all those who make up the Company, resulting in a good work environment and generating a strong feeling of belonging.

All of which together with adequate talent development, remuneration and work-life balance policies as well as other benefits results in a low level of staff turnover, bearing in mind the major growth that the renewables sector is currently experiencing.

Enerfín promotes job stability through indefinite contracts. In 2021, 92% of contracts were indefinite.



Talent selection

Enerfín's selection processes are focused on identifying, attracting and retaining the best talent available. For the selection of profiles, it mainly uses LinkedIn and Infojobs but also relies on the Elecnor Group's Human Resources selection area.

Likewise, Enerfín collaborates with universities and business schools to attract young talent, and has agreements signed with 7 entities.

In 2021, it also had 11 students on internships, three of whom were subsequently hired by the company after completing their studies.

Evaluation of performance and professional development

Aware of the importance of developing skills to achieve the Company's strategic objectives and personal growth, Enerfín provides adequate training based on the needs detected by area managers, relying also on the Elecnor Group's Training Plan.

This includes in particular basic training on Occupational Risk Prevention and languages.



People's energy

Work-life balance and benefits

Enerfín tries to promote the right balance between the personal, family and professional lives of its employees.

Although Enerfín does not currently have a formal disconnecting from work policy, it does encourage practices that facilitate the work-life balance, such as a flexible start and finish time and a short working day on Fridays and during summer months (July and August).

It also offers employees a series of benefits through the Elecnor Group's "Flexible Compensation Plan", such as health insurance, restaurant card, transport card and a retirement savings plan.



Equality and diversity

The Elecnor Group has an Equality Plan that reflects its commitment and that of all its subsidiaries to equal opportunities for men and women to ensure that there is no discrimination in its principles of action.

This Plan is configured around diverse work areas, such as recruitment, promotion, training and remuneration.

The Company also has an anti-harassment protocol, which defines how to report, investigate and evaluate possible cases of harassment for reasons of sex and discrimination due to pregnancy or maternity, in order to resolve them.

With regard to disability, Enerfín continues to collaborate with "Asociación Ser, Estar y Parecer". It has also, through the Elecnor Group, joined the Adecco Foundation's "Plan Aflora", which seeks to normalise disability, encouraging employees with some degree of disability who are eligible to request the disability certificate.

Internal Communication

The Company has a series of channels that allow it to ensure smooth communication with the whole workforce.

In 2021, there was reinforcement of the use of tools that make resources available to employees that allow them to stay up-to-date on the activity of all the departments, publish news about the projects they are working on, or share different initiatives of a professional, solidarity, cultural or sporting nature.

Zero Accidents Goal

Commitment to health and safety

In Enerfín, guaranteeing the health and safety of employees and contractors is an inescapable and firm commitment that stems from Management. This commitment is evident in the Integrated Health, Safety and Environment Policy, which includes the following principles of action with regard to Health and Safety:

Principles of Our Health and Safety Policy



Enerfín's Health and Safety management actions are supported on the following pillars:

- Health and Safety Management System certified in accordance with ISO 45001:2008*
- Preventive activity integrated in the Elecnor Group's Joint Prevention Service.
- Occupational Medicine arranged with an External Prevention Service.



“We are committed to improving work conditions with the objective of raising the level of health, safety and well-being protection of our employees and contractors.”

* In 2021 the Health and Safety Management System was adapted in Spain to the ISO 45001 standard.

Zero Accidents Goal

Health and Safety Management System



To effectively implement its Management System that guarantees the goal of "Zero Accidents" Enerfín has two Prevention Officers and the direct involvement of wind farm managers, site supervisors and the Management, which make up 17 people, carrying out:

- Continuous safety inspections.
- Periodic awareness-raising meetings.
- Coordination of contractors.
- Implementation of corrective measures.



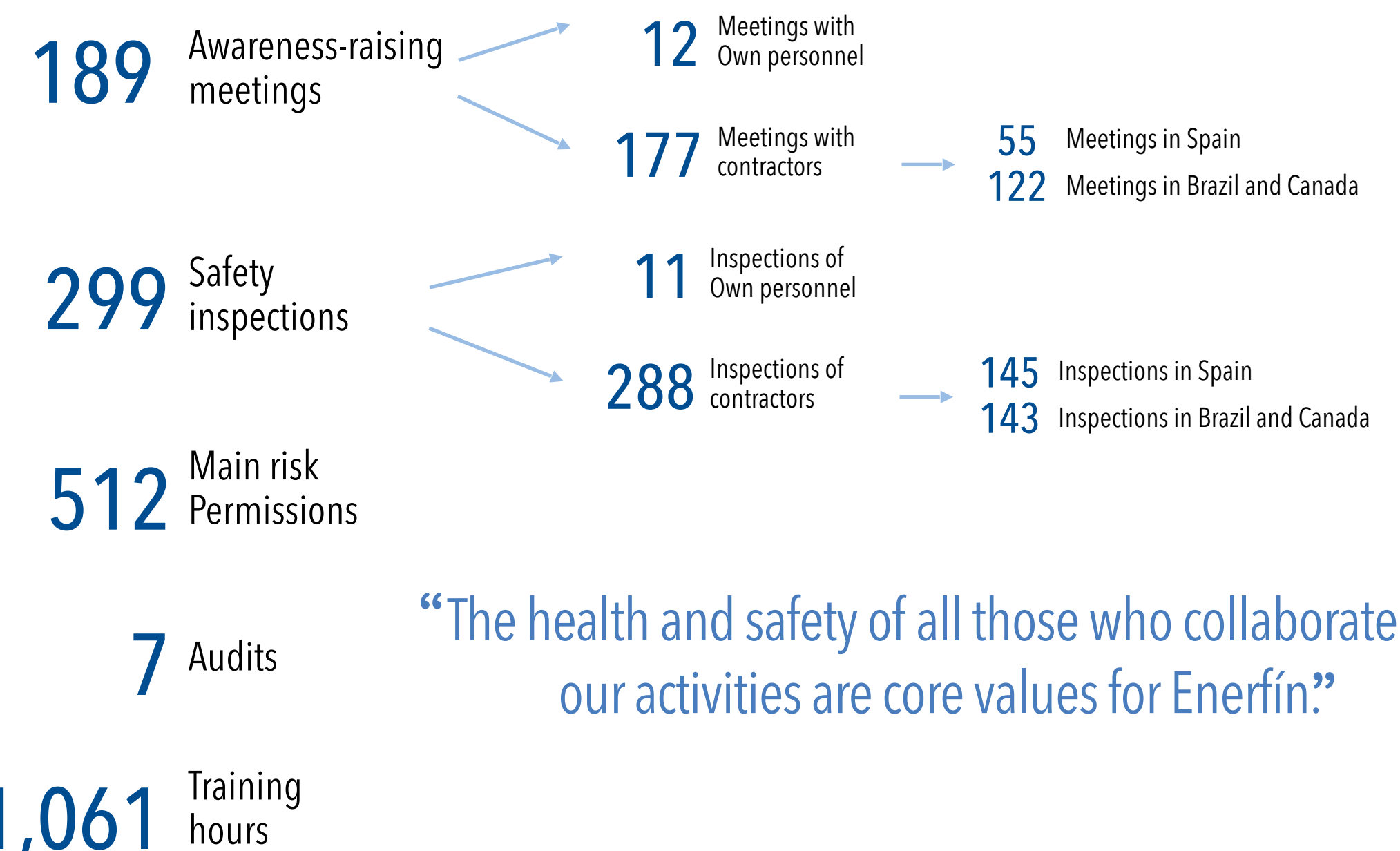
A notable effort has been made in carrying out safety inspections and in the promotion and integration of inspections throughout the Company's hierarchical line.

Health and safety of contractors

Given the importance of health and safety to Enerfín, the Company applies the same controls and actions to subcontracted personnel as its own workers.

Consequently, in 2021 a total of 177 awareness-raising meetings and 288 safety inspections with contractors were held throughout Spain, Brazil and Canada, complying with the established objectives.

In 2021 one of Enerfín's main contractors received an award (category of companies with more than 50 employees), at the "I Premios Aliado" awards organised by the Elecnor Group to encourage and recognise good practices implemented by subcontractors.



"The health and safety of all those who collaborate in our activities are core values for Enerfín."

Zero Accidents Goal

Accident rates

During 2021, there was no accident among our own personnel or among the main contractors, nor was any occupational disease detected.

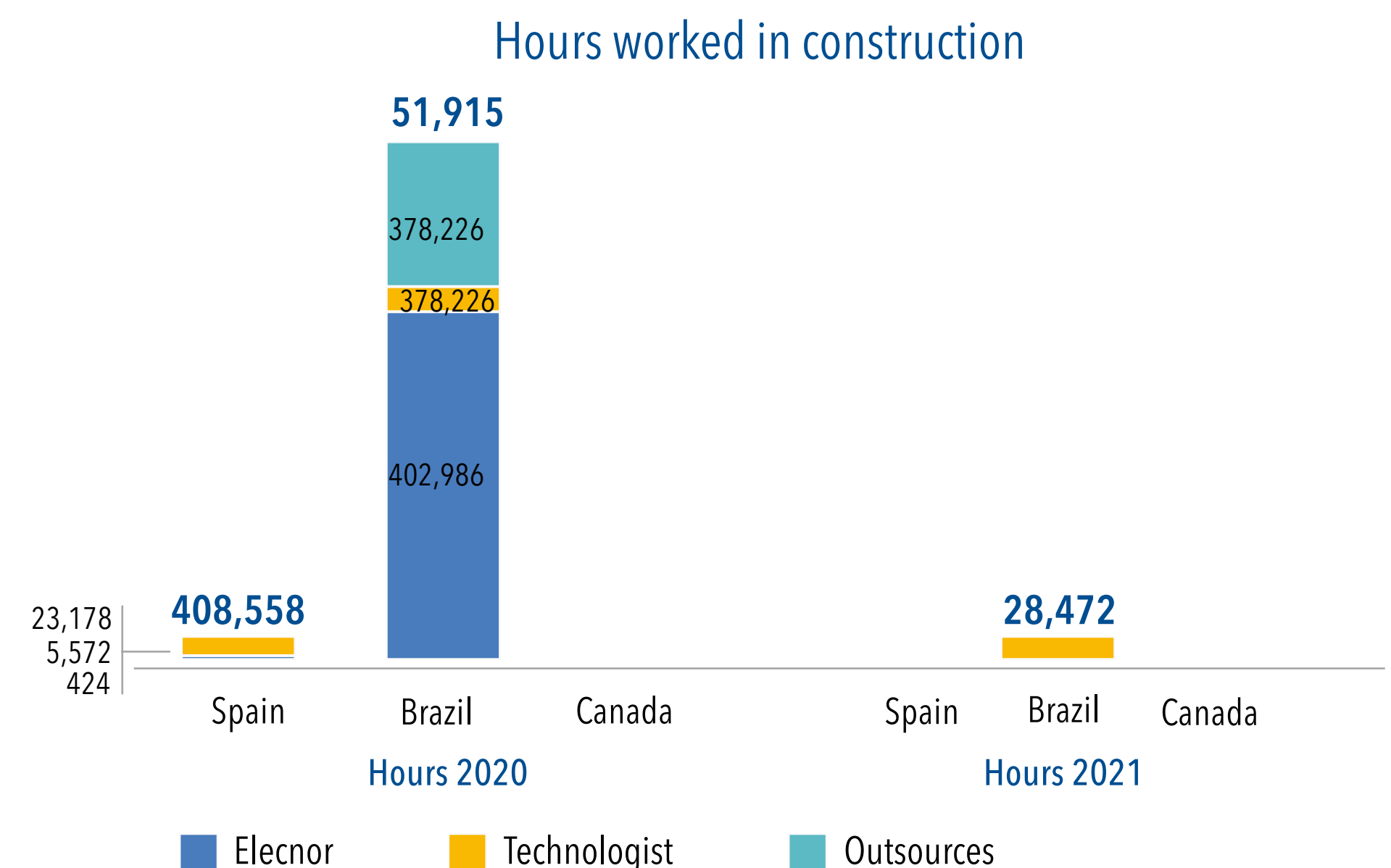
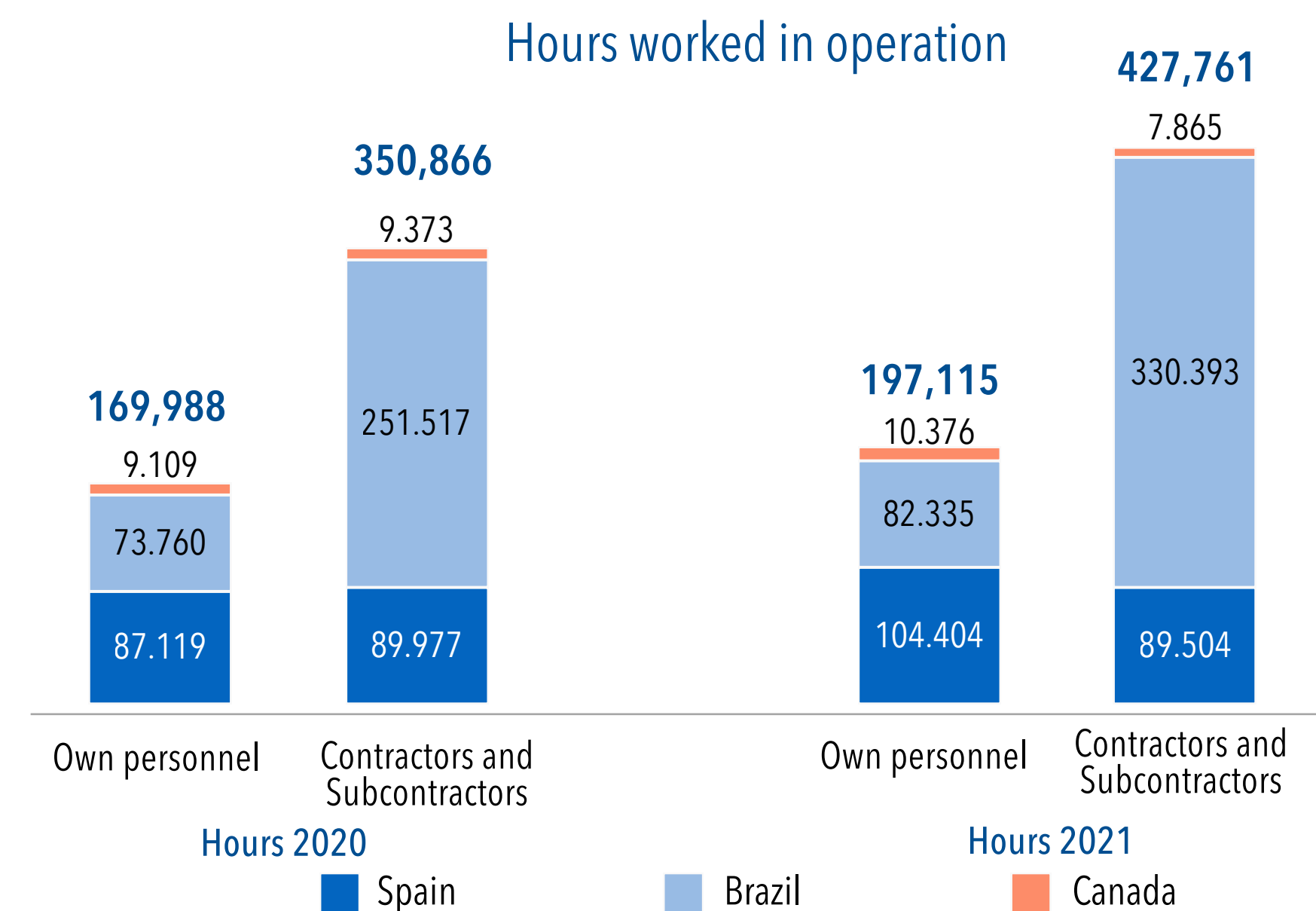


“More than 1,000 days without any accidents among own personnel or main contractors, which demonstrates Enerfín’s commitment to health and safety.”

Covid Management

In 2021, the Covid-19 action protocols remained in place: temperature taking, study of suspected cases with diagnostic tests, capacity limitation, increase in cleaning activities (especially between meal sittings), closure of changing rooms and establishment of differentiated work shifts, among others.

“As a result of the different measures implemented in offices and wind farms, only one infection was identified in the workplace.”



Zero Accidents Goal

Safety Excellence Project (PES)

It is a strategic initiative of the Elecnor Group which arises with the objective of continuously evaluating the safety situation in the Group and implementing the best tools to reduce accident rates.

“The PES is the tool with which the Elecnor Group aspires to achieve its absolute goal of “zero accidents” through a cultural change where each worker plays a central and leading role in occupational safety.”

Lines of action of the PES

Main risks. *Operate under established procedures*

Individual awareness-raising. *Raise the level of perception of the risk*

Integrated organisation. *Safety is everyone's responsibility*

Summary of learning experiences. *Take advantage of what has been learnt from the incidents and accidents*

Progressive motivation. *Encourage initiatives and participation*

Continuous improvement. *Proposed improvements*

Within the framework of the PES, Enerfín's following actions in 2021 stand out:

Risk Factor

Training and individual awareness-raising programme, whose objective is to get employees to raise their level of risk perception. In 2021, a total of 32 employees participated in this training programme (Enerfín's structure personnel, wind farm managers and maintenance personnel). The purpose of this training is to minimise the adoption of unsafe behaviour and the taking of unnecessary risks.



“PES Stars” awards ceremony

This year 5 employees responsible for Operation and Maintenance (O&M) at the Páramo de Poza I and II wind farms in Burgos were awarded three “PES Stars”, which endorses the involvement of the entire team in health and safety matters.



Innovation

Innovation cornerstones at Enerfín

In 2021, recovery, transformation and resilience plans were approved in Spain that set ambitious energy transition and digitisation objectives.

The European Union has allocated Spain an economic recovery aid package that may be as much as 140 billion euros, aimed, among other initiatives, at the digitisation of companies, administrations and citizens, as well as at accelerating the fulfilment of the emission reduction targets of the Paris Agreement.

Enerfín is immersed in different innovation projects that are aligned with the main objectives of these recovery plans:

- Hybridisation of wind farms with photovoltaic plants.
- Integration of energy storage systems
- Digitisation of the energy management activity.
- Green hydrogen production, storage and refuelling.
- Integration of circular economy criteria in projects.
- Preventive maintenance in operation of generation plants.
- Participation in blockchain market.
- Cybersecurity

**“With our innovation projects we help to decarbonise
the economy.”**



Cofrentes wind farm, Valencia

Innovation

Enerfín remained committed this year to diversifying its activity, promoting new innovative projects in the field of wind and photovoltaic power hybridisation, energy storage with lithium-ion batteries and generation, storage and refuelling of green hydrogen.

With them, Enerfín helps to decarbonise the economy, enabling greater penetration of renewable energy in the electrical system and helping to reduce the impact of activities with high emission rates, such as heavy transport and cogeneration.

Hybridisation

Enerfín is developing three hybrid projects in wind farms in operation or in the advanced development phase, in which it will install photovoltaic power without increasing the total power connected to the grid.

For this it has selected sites with good complementarity of wind and solar resources, which will allow it to minimise energy losses and increase the response capacity in case of voltage fluctuations in the grid.

Storage

Enerfín is studying the possibility of integrating an electrochemical storage system with an advanced control system in these hybrid projects, which would avoid energy losses during periods in which wind and solar generation exceed the connection capacity to the grid, also helping to enhance the safety and flexibility of the electrical system.

Stand-out projects

Hybridisation of Cofrentes wind farm and Ribera de Navarra farms

Enerfín is preparing what will be its first wind-solar hybrid project, incorporating to the 50 MW of wind that it has been operating since 2020 in Cofrentes (Valencia), a 9.1 MWp photovoltaic plant, which it expects to commission in 2023.

In the same vein, it has submitted wind-solar hybridisation proposals in two of its wind projects at the Ribera de Navarra complex, to install respectively 3.4 and 6.2 MWp of solar energy.

“Enerfín has energy storage experience. Since 2019, it has been operating a Tesla battery associated with its Montes de Cierzo Wind Farm (Navarra) with which it is developing an R&D&I project to optimise the management of the energy generated by the wind farm.”

Innovation

Commitment to green hydrogen

Technologies that enable the replacement of fossil fuels are experiencing a true revolution. Firstly, the electric car and, secondly, the heat pump that allows the complete decarbonisation of buildings and many medium and low temperature agri-food and industrial processes.

However, there are many sectors today, such as high-temperature industrial processes and heavy transport, that are difficult to electrify. For these sectors, the production of green hydrogen from renewable electricity is key to achieving climate neutrality by 2050.

Spain has included in its recovery plan a specific chapter to promote the production of green hydrogen, which it will fund with 1,555 million euros over the next three years.

Aware of this challenge and the major opportunities it offers, Enerfín has opted for this technology.

The Company therefore, with the support of the Elecnor Group, and in close collaboration with the National Hydrogen Centre (CNH2) has been involved in major green hydrogen generation tractor project initiatives.



Stand-out project

Green hydrogen production, storage and
refuelling on the outer harbour of A Coruña.

Enerfín has begun the preparation of the first green hydrogen project on the outer harbour of A Coruña.

The project integrates several partners, has the support of various technology centres, such as the CTAG, the ITG and the CNH2, and has been submitted to the Ministry for the Ecological Transition and the Demographic Challenge.

It encompasses the design, development, construction and validation of a 1 MW rated power green hydrogen generation, storage and refuelling plant (Green H2 Langosteira).

The hydrogen produced will be used as fuel for heavy goods transport, urban and interurban passenger transport fleets and port machinery.

Innovation

Predictive maintenance

The increase in capacity in operation and the greater maturity of wind assets require the continuous updating of the management processes for the operation and maintenance of wind farms, towards a model with a high predictive component.

In this regard, Enerfín is immersed in an innovation project to develop tools that allow faults to be detected in advance in the main mechanical and electrical elements of wind turbines.

This project is focused on digitising the predictive maintenance processes, applying artificial intelligence and big data technologies, with the help of companies specialised in advanced data analytics.

Participation in blockchain market

Enerfín is developing an experimental project to supply renewable energy to blockchain computation systems, which require a large amount of energy, with the subsequent reduction in emissions and improved efficiency through combination with batteries.

Cybersecurity

The use of “IoT” (“Internet of Things”) systems in the generation plants for greater information and control of the operation and management processes is increasingly widespread, and must be accompanied by the development of more secure control and communications procedures and architectures.

With this objective, Enerfín participates in the EU-funded ELECTRON European research project through the H2020 programme, whose aim is to develop a new generation platform able to strengthen data privacy and the resilience of energy systems to cyber attacks.



Wind farms of Montes de Cierzo, Navarra



Wind farm in Osório, Brazil



Wind farms Montes de Cierzo, Navarra

Innovation

R&D&I association, collaboration, sponsorship and event actions

Aware of the importance of sharing trends, knowledge and experience, Enerfín actively participates in associations and congresses in the area of innovation, also collaborating with universities and technology centres.

Membership of R&D&I associations

- **AEPIBAL, Asociación Empresarial de Pilas, Baterías y Almacenamiento Energético (Spanish Business Association of Batteries and Energy Storage).** Enerfín participates in work groups: Business Models linked to Storage, Red Eléctrica de España PO 12.2 and Market.
- **AeH2, Asociación Española de Hidrógeno (Spanish Hydrogen Association).** The Company participates in various working groups on the latest technologies and the market, and prepares proposals for action points for the Sectoral Agenda for the Hydrogen Industry.
- **AIN, Asociación de Industria de Navarra (Navarra Industry Association).**
- **REOLTEC- Innovation platform of the Spanish Wind Energy Association.**

Collaboration with technology centres and universities

- **CENER (Centro Nacional de Energías Renovables).** Enerfín has submitted an innovation project with CENER and Beeplanet (company dedicated to second life batteries) to the call for strategic projects from the Government of Navarra to develop an advanced control system for hybrid projects.

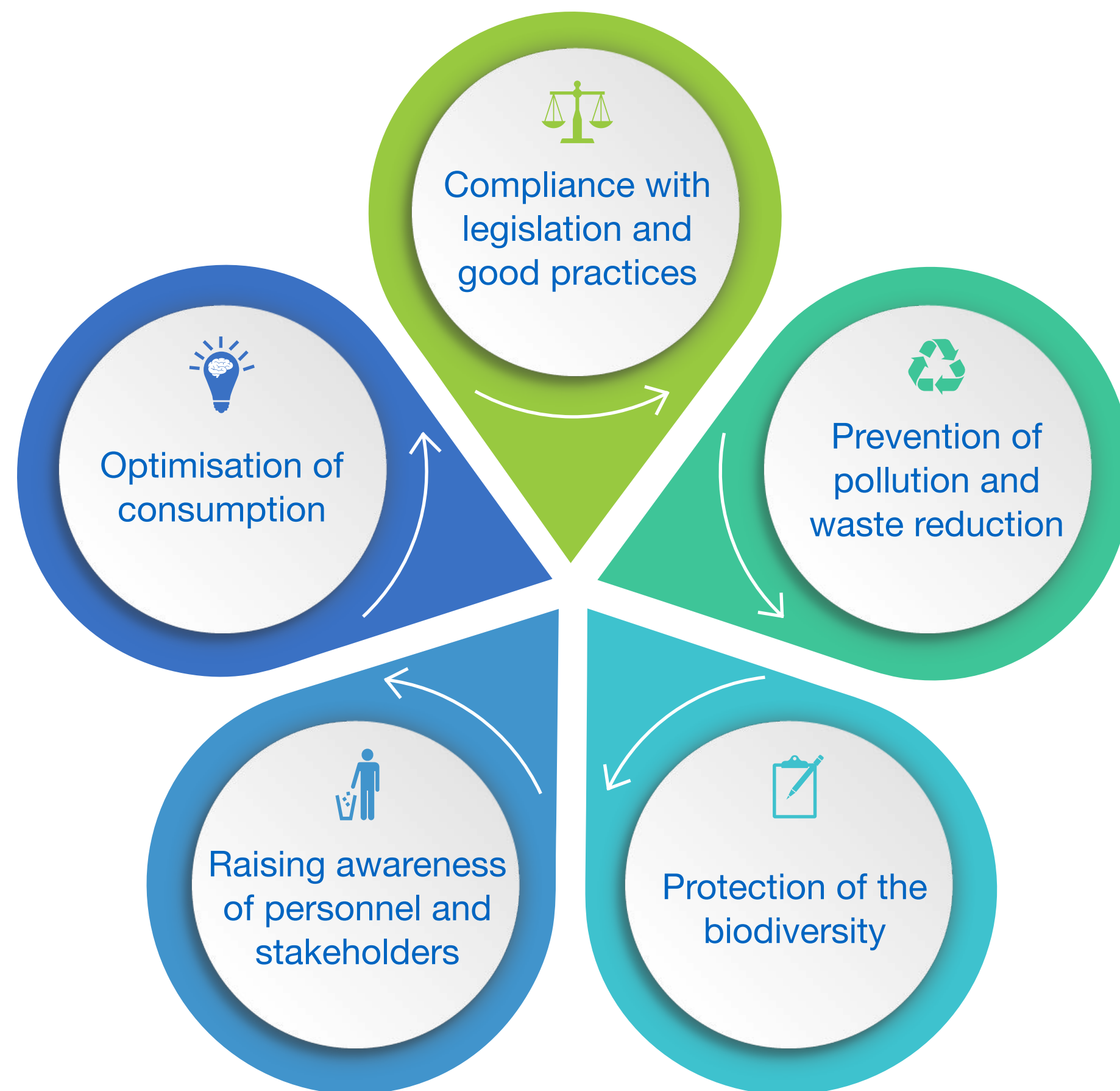
- **Burgos University.** Together with this University, Enerfín submitted to the MITECO a green hydrogen production project in Burgos (H2RB) in which the Company acts as supplier of renewable energy and potential promoter of the electrolysis plant.
- **IIT, Instituto de Investigación Tecnológica del ICAI (ICAI Technological Research Institute).** Enerfín has requested studies from the IIT on the available connection capacity at different nodes.
- **Tecnalia.** Enerfín has submitted two projects together with this technology centre to Expressions of Interest published by the MITECO.

Presence at forums and congresses

- **II International Congress for Transition (Navarra).** Enerfín was a sponsor and participated in a round table with promoters and technologists.
- **Presentation of the Navarra Green Hydrogen Agenda.** The Company participated in the Work Group "the Navarra Hydrogen Agenda".
- **Cluergal Seminar "Green hydrogen in the energy transition: challenges and opportunities" (Galicia).** The main green hydrogen projects were presented in the region, including that of Enerfín.
- **AIN CIRCULAR PLATFORM (Navarra).** The conclusions of the circular economy programme co-funded by the Government of Navarra and AIN were presented, with Enerfín's participation in the round table at the event.
- **8th Solar Forum, UNEF**

Committed to our environment: Caring for the planet

Basic Pillars of Our Environmental Management Policy



“Commitment to caring for the planet is inherent in our business model, in developing and operating investment projects in renewable energies that help build a sustainable energy model.”

Aware that its activity inevitably has some impact on the environment, Enerfín has established ambitious carbon footprint reduction and environment protection goals, which affect all phases of the projects and all levels of the organisation.

Our commitment

The Company embodies these commitments in its Environmental Policy and with the voluntary implementation of an Environmental Management System in accordance with ISO 14001, which allows it to evaluate and manage the environmental risks of its activities and establish specific goals and objectives.

In 2021, Enerfín continued to work on and invest in the optimisation of environmental management in all its activities and facilities, having successfully passed the external audits and obtained the relevant certifications in Spain, Brazil and Canada.

“Enerfín invests in environmental protection in all phases of the life-cycle of its projects, having allocated 1.1 million euros to environmental studies and actions in 2021”

Committed to our environment: Caring for the planet

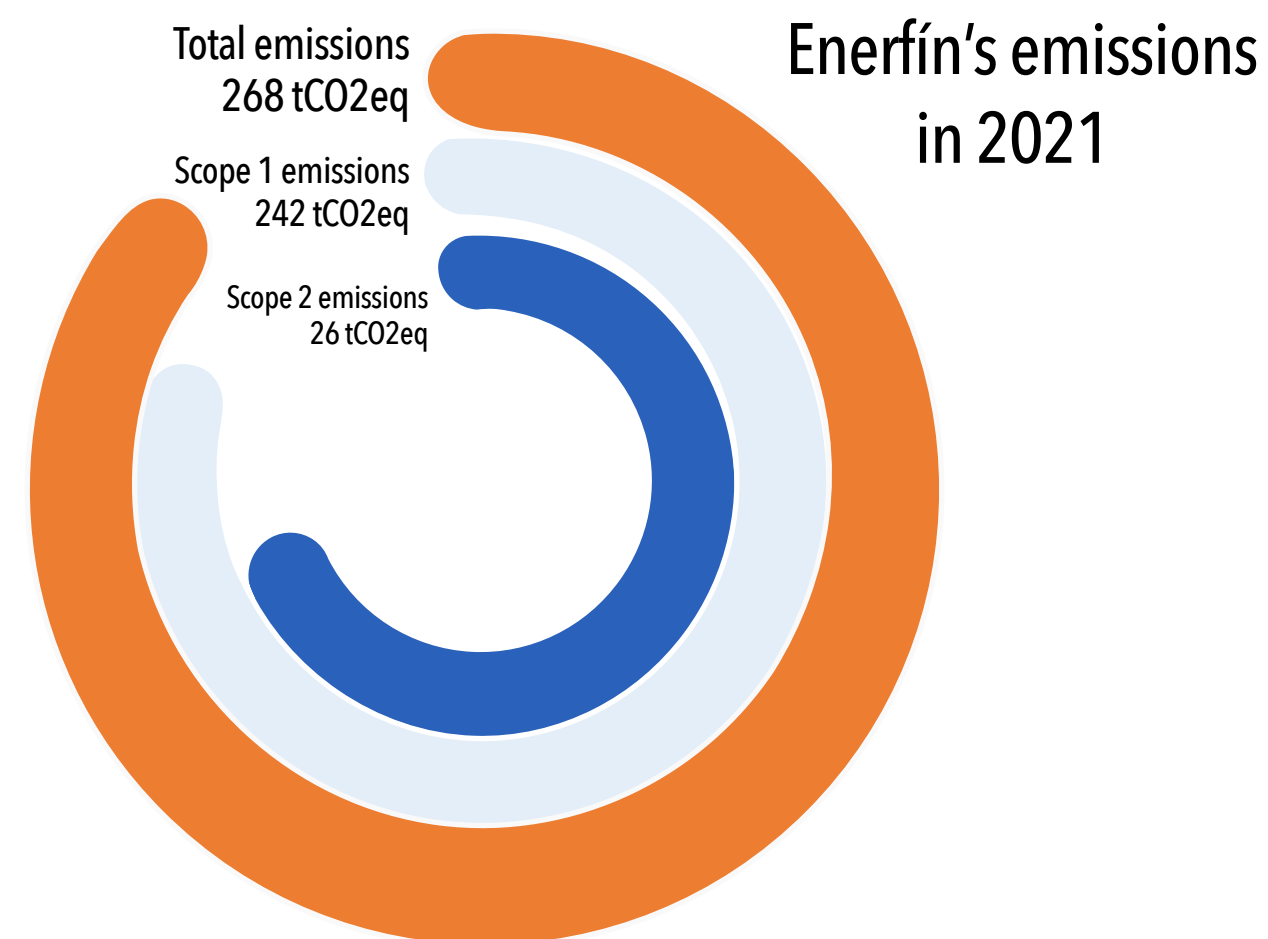
Towards a neutral carbon economy

The Elecnor Group has a climate change strategy to 2035, aligned with the best practices in the sector and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and which includes clear emission reduction goals, to which Enerfín contributes significantly.

Elecnor Group's emissions reduction goals

38% for scope 1 and 2 emissions*

18% for scope 3 emissions*



“In 2021, Enerfín generated 3,064,060 MWh of renewable energy, which avoided the emission of 538,263 t CO2 eq into the atmosphere.”

**According to TCFD nomenclature

Consumption management



Energy

In 2021, power consumption at Enerfín's facilities was 5,833,041 kWh, of which 99,95% was renewable origin.



Water

4,243m³ consumed at all our facilities in 2021.



Paper

202.7 kg paper consumed in 2021 at our facilities in Spain, representing a reduction of 56% on the 2020 volume.



Waste generation

In 2021, 32.70 t of waste was generated, with 72% corresponding to hazardous waste and 28% to non-hazardous waste. All of which is delivered to authorised waste managers.

Committed to our environment: Caring for the planet

Consumption reduction initiatives

Spain

- Replacement of luminaires with LED type lighting in the control building of the Faro-Farelo wind farms in Galicia and in the beacons of the turbines of the Páramo de Poza wind farms.
- Monitoring and control of printing to encourage employees to reduce paper waste.
- Design of roofs for the new control buildings of the wind farms with rainwater collection for subsequent use in bathrooms.

Brazil

- Replacement of incandescent and fluorescent lamps with LED type lighting in the Osório wind farms.
- Installation of new security cameras to reduce the circulation of surveillance vehicles.
- Use of bioethanol in rented vehicles.

Colombia

- Installation of low consumption luminaires in the Colombia office.
- Programming of printers and computers in a lower-power state after a set period of time of non-use.

Waste reduction initiatives

- Use in the Spain, Brazil and Canada offices of recycled paper and FSC (Forest Stewardship Council) paper, certification that guarantees that the product originates from well-managed forests that provide environmental, social and economic benefits.
- Environmental awareness campaign to improve the management of hazardous waste in wind farms in Spain.
- Implementation of a "PaperCut" user register in the main printers of the offices for better printing control.
- Delivery of glass bottles to employees in order to reduce the use of plastic bottles and glasses.



Delivery of non-disposable bottles and cups to Enerfín employees in Brazil through a kit designed to make staff aware of how to use non-disposable components.

Committed to our environment: Caring for the planet



Circular economy

With the increasing maturity of Enerfín's wind assets, repowering opportunities arise that involve the dismantling of old turbines and the need to decisively opt for circular economy solutions.

In this regard, Enerfín works on initiatives applicable to wind turbine blades, which consider aspects such as their composition, technologies and applications available for their reuse and recycling, as well as current legislation.

In 2021, it participated in the AIN Circular Platform project, whose objective has been to develop a circular economy strategy to incorporate it into the management, with a collaborative approach among the participating companies.



Committed to our environment: Caring for the planet

Protection of the biodiversity

The impact of Enerfín's activity on biodiversity is closely related to the location of its projects.

The Company ensures the adequate protection of the environment from the initial development phases, investing in exhaustive environmental studies, a careful design that minimises the impact on the environment, and the implementation of measures that can eliminate or reduce impacts.

We work closely with specialised consultants, talking with affected groups to ensure that the projects do not jeopardise the conservation of the existing habitats and current land uses.

In the case of wind projects, during the development phase birdlife and bats are monitored for at least one year, with a subsequent follow-up of the most vulnerable species during project construction and operation, reporting the results of the studies to the competent administration and proposing, if necessary, corrective measures.

Stand-out project

Ventos de São Fernando wind complex

In 2021 reforestation of native species and the recovery of degraded areas was carried out to prevent erosion processes and habitat loss. 24,043 plants of Macambira (*Bromelia laciniosa* Mart.), a native species of the Caatinga, were planted in a 2 hectare area. Additionally, the vegetation affected by the construction of the wind farms and the transmission line of this complex was restored in a 11 hectare area.



Stand-out project

Aerogeneradores del Sur wind farms

Preventive shutdowns of the turbines continue to be carried out at these wind farms in situations of risk to birds, with heightened control periods during migratory seasons and continuous cleaning of carrion to avoid birds getting too close.

Enerfín also collaborates with the Regional Government of Andalusia in various initiatives for the conservation of the Egyptian vulture, the most threatened bird in this region. In 2021 an adult specimen and three chicks of this species were tagged, which will help to better monitor its behaviour and possible threats to its conservation.



Sowing of plants of Macambiras

Committed to our environment: Caring for the planet**Environmental awareness**

One of the pillars of Enerfín's environmental management is raising awareness among stakeholders of caring for the environment and the key role that renewable energies play in the fight against climate change and sustainable economic development.

For several years now, Enerfín has been carrying out awareness-raising activities and actions aimed at all types of public, particularly schoolchildren, using the control centres of its wind farms as a platform.

Some of the most noteworthy initiatives in 2021 are detailed below:

**Wind farm of Cofrentes (Spain)**

- Preparation of an information leaflet on the wind farm and renewable energies for children and adults.
- Giving of a talk on renewable energies and the environment to school groups, including a visit to the wind farm.

Wind farm of L'Érable (Canada)

- Visits to the L'Érable wind farm continued, which were organised in collaboration with the local tourist office, with a new small groups format adapted to the health restrictions.

“Enerfín maintains its commitment to the environment carrying out training and awareness-raising actions in the different countries in which it operates.”

Stand-out project
Osório visitors centre (Brazil)

Since its construction, programmed visits have been carried out at this centre for the general public and for schoolchildren aged 7 to 18, to educate and raise awareness about the environment and renewable energies.

The Osório municipality has become a leading green tourism destination for visitors from the Rio Grande do Sul coast, receiving around 25,000 visits per year.

Visits to the centre and training activities are carried out on a coordinated basis with other cultural spaces, such as the Osório Wind Complex Environmental Auditorium, the FACOS Museum of Archaeology and Ethnology, and the Osório Tourist and Ecological Information Centre.



Committed to our environment: Social Licence to operate

Dialogue with local communities

Enerfín tries to promote open and proactive dialogue with the communities of the area of influence of its projects.

Within the framework of the Social and Environmental Impact Assessment Studies, Enerfín conducts prior, free and informed consultation processes in which potentially affected people can be informed on the project and communicate any doubts and concerns they may have.

The results of these consultations make it possible to establish, if appropriate, measures to prevent and mitigate impacts, and propose initiatives of a social and/or environmental nature that favour the integration of the project in the territory.

Occasionally, the area of influence of the projects is home to indigenous communities. Enerfín pays special attention to these vulnerable groups, recognising their rights and applying a respectful policy of dialogue and participation.

“The social legitimacy granted by the stakeholders directly involved and affected by our operations is key to the success of the projects.”

Colombia

In 2021, Enerfín carried out 23 Prior Consultation processes for the Brisas del Caribe Wind Farm, reaching agreements in 20 processes with the Wayuu indigenous communities. These processes were accompanied by various entities of the Colombian State.

Likewise, to ensure the participation of local communities in the different projects in the country, in 2021 more than 70 meetings were held.

Finally, follow-up meetings were also held by the Colombian State on the agreements reached at the El Ahumado Wind Farm, demonstrating Enerfín's fulfilment of its commitments and the socially responsible actions of the company with the communities.

Chile

For the Los Lagos Wind Farm project, a social impact evaluation was carried out as part of the Environmental Impact Study, identifying nine indigenous communities and stakeholders in the project environment.

Work is being carried out with these communities to minimise the possible impacts and implement social and environmental plans.



Committed to our environment: Involvement with local communities

Enerfín's social action takes place in the different countries where it has a presence and is focused on culture, sport, education and health, among other areas. In 2021, it continued to support numerous initiatives:

Brazil

- **Juntos por la Vida (Together for Life) Campaign.** Action promoted by the Banco do Nordeste to collect food and hygiene items for communities in need.
- **Hospital Vida e Saúde (Santa Rosa/RS).** The objective of this project is to acquire endoscopy equipment to improve cancer diagnostic tests.
- **Jaque Mate para Todos - Brazilian Chess Federation for the Visually Impaired (Porto Alegre/RS).** It aims to promote the playing of chess by people with visual disabilities throughout Brazil.
- **Inclusion Through Sport APAE (Osório/RS).** It promotes the regular practice of sport for people with disabilities.
- **Ajuda Vira Água - ONG Água Viva (Lapão/BA).** The project collects funds to invest in infrastructure that enables access to drinking water.
- **Humanisation and Health Care and Wellbeing of the Elderly (Porto Alegre/RS).** This initiative aims to improve care for the elderly, including hospitalised patients.
- **Multi-Year Plan for Cultural Activities 2021/2022 - Fundação Iberê Camargo (Porto Alegre/RS).** It aims to promote the dissemination of the work of one of the most important Brazilian artists of the 20th century.

Canada

- Support continued for associations of a social nature and cultural initiatives, such as the construction of a site for concerts and exhibitions in one of the municipalities of the wind farm.

“Enerfín implements numerous programmes of a social nature with the local communities in its areas of influence.”

Colombia

In 2021, different activities were carried out with the 90 indigenous communities identified in the Guajira area, where Enerfín has several projects underway. Of note were the giving of 2,300 Christmas gifts to the children of the communities, and donations for the purchase of food, medicines and protective measures against Covid-19, among others.

Africa

Enerfín also contributes to the development of the communities where it operates through the hiring of local suppliers, helping job creation.

To install meteorological towers in Kenya and Zimbabwe, unskilled labour was subcontracted and received training and equipment to participate in less complex jobs. Four women were also hired, one as a health and safety supervisor and three for restaurant services.

Committed to our environment: Contribution to the Sustainable Development Goals ("SDG")

In line with the activity of developing and operating renewable energy projects and R&D&I applied to these technologies (green hydrogen, hybridisation, storage), Enerfín prioritises the goals of Agenda 2030 that are related to energy, climate change and innovation.



It also contributes to other SDGs through numerous actions carried out in the local communities of the different countries where it undertakes its projects.

Worthy of special mention here are the initiatives in Brazil, Colombia, Mexico, described in depth in this report, in the area of education, health, culture and environment, among others, which help develop and generate wealth in these communities.



Finally, as a result of the general implementation of its environmental, health and safety and compliance management policies and systems, Enerfín also contributes to SDG 3, 4, 9, 12, 13 and 16.



“Enerfín helps to achieve the goals of Agenda 2030 by the very nature of its activity and the numerous initiatives associated with its internal management and its projects.”



2022 Outlook

Integrated Report
2021

Outlook

Enerfín is undertaking 2022 with the threefold objective of: ^{1/} promoting the implementation of its portfolio of renewable projects in development of 8.4 GW; ^{2/} consolidating the implementation and begin the construction of almost 300 MW and; ^{3/} increasing the portfolio of projects in development with projects that help to improve its energy mix, beginning the construction of its first photovoltaic solar projects.

For this, and in line with the Company's international vocation and selective expansion policy, as of the date of this Report, Enerfín has already hired the necessary team to commence the development activities in the United States, focusing initially on the MISO and PJM "transmission regions".

Likewise, and in accordance with the provisions of the schedule for the development, construction and commissioning of the Ribera de Navarra wind farms, it is expected that construction works will begin on the four wind farms in the second quarter of the year, with the objective of commissioning them in Q2 and Q3 of 2023.

In parallel, during the year, the Company continues to explore the tools available to improve energy management in Spain and Brazil, where it has a growing volume of uncontracted energy.

In this regard, Enerfín has already set up in Spain the trading company Luz y Energía Renovable, S.L. and is in the process of obtaining the necessary authorisations and registrations for its operation, expected this year.

In the innovation area, during 2022 the second phase of the experimental project will commence to improve real-time energy management that we initiated in 2019 with the installation of the battery associated with the Montes de Cierzo wind farm, a pioneer on the Peninsula, which has allowed us to develop eight energy management improvement strategies.



Wind farms of Montes de Cierzo, Navarra



Outlook

We also trust during the year that some of the green hydrogen generation initiatives which the Company has been working on for some time will materialise. The Company actively participates with its partners in opting for the obtaining of Next Generation funds that will allow it to undertake the construction of these projects.

From the economic-financial perspective, the current context of energy prices together with the generation of income from the development of the wind farms under construction, allow us to foresee an improvement on the previous year's results.

All of which combined with the firm commitment to decarbonisation by the governments of the countries where the Company operates, the already proven competitiveness of renewables and the Company's strong portfolio of projects in operation and development allow us to be optimistic about the outlook for 2022 and in the medium term too.

However, we must remember that we also face a series of challenges that requires us to be particularly diligent and prudent in our management:

the proliferation of renewables may end up compromising their expansion, by generating a certain feeling of rejection among the population and collapsing the processing capacity of administrations.

In addition, the current situation of rising prices of raw materials and logistics resulting from the post-Covid economic acceleration and the war in Europe is generating significant tensions in the industry and also facilitating the intervention of governments in the operation of markets with artificial mechanisms, often not sufficiently elaborated, which distort their proper functioning.

There is a need for developers and investors with a long-term vision such as Enerfín to work jointly on transmitting to stakeholders, landowners, public administrations, grid managers, electrical system operators and society in general, the environmental and social-economic benefits of renewable energy projects developed, built and operated by companies qualified to do so.

Being aware of all these difficulties, Enerfín is prepared to continue its growth taking advantage of the positive aspects of the current situation.



Wind complex at Osório, Brazil



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