



Sustainability Report 2022

Renewable Energy.
Today, Tomorrow and for Future Generations.™



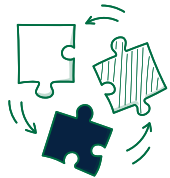
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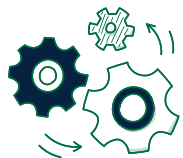
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Polaris Renewable Energy Inc. ("Polaris" or the "Company"; formerly, *Polaris Infrastructure Inc.*) is a Canadian publicly traded company engaged in the acquisition, development, and operation of renewable energy projects in the Americas. We are a high-performing and financially sound contributor in the energy transition.

As the Company continues to grow, we remain committed to our belief that long-term returns are bolstered by a healthy balance among all company stakeholders' including equity and debtholders, employees, customers, the society our business operates in, and the environment.

Our commitment to sustainability is rooted in our business strategy and our corporate values.



Our Identity

Our **Vision** is to be a leader in the renewable energy industry, contributing to a greener future, driven by our values.



Our **Mission** is to be a high performing renewable energy company, while creating sustainable stakeholder value.

Our **I-STAR* Values** are:



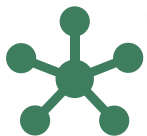
- **Integrity:** We adhere to the highest standards of ethical conduct and our actions are open and transparent.



- **Sustainability:** We strive to make a positive impact, through the generation of renewable energy, the preservation of the environment and the support of local communities.



- **Transformation:** We aim to interconnect profit with purpose. We play our part in the energy transition.



- **Adaptability:** We adapt to maintain an advantage and effectiveness in the ever-changing world.



- **Respect:** We acknowledge the worth and dignity of every human being.





Message from Jaime Guillén

Chair of the Board of Directors & Audit Committee

Polaris' commitment to our sustainability principles remains as strong as ever. The Company continues its journey guided by its core principles that reflect the values and beliefs of the Board, management, and employees at our offices and projects across the Americas. Markets, governments, priorities, and even people may change, but our focus on these values and beliefs remain steadfast.

In June, the Company changed its name to Polaris Renewable Energy to reinforce our message to our employees, shareholders, and other stakeholders. We also introduced a new logo that reflects our core principles of I-STAR: Integrity, Sustainability, Transformation, Adaptability, and Respect.

It is more than an acronym. It reflects the fundamental elements of how we go about our mission to be leaders in Sustainability, Environment, Social, and Governance. It does not stop there. These principles are being integrated into our policies, procedures, training, and operations throughout the organization.

With Polaris growing and expanding its geographic footprint with new investments and projects into the Dominican Republic, Panama, and Ecuador, it becomes essential to ensure that our core principles are embodied and become an integral part of the Company's culture.

I wish to thank the Polaris Board, management, employees, and partners for their cooperation, support, and enthusiasm in ensuring that we remain focused on our journey to be leaders in Sustainability. Today, Tomorrow, and for Future Generations™.

Polaris around The Americas

The Company's headquarters are in Toronto, Ontario, Canada, and its operations are in 5 Latin American countries and include a geothermal plant (~72 MW), 4 run-of river hydroelectric plants (~33 MW), 1 solar (photovoltaic) project in operation (25 MW¹) and 2 solar projects with an expected total capacity of approximately 10 MW², currently under construction.

2022 was a year of significant growth for Polaris, despite global challenges from the ongoing world-wide pandemic. The Company grew its portfolio from 3 to 6 countries (including Canada).

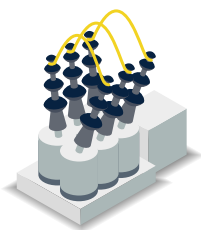
We firmly believe there is significant potential for renewable energy projects in multiple Latin American countries that have not been utilized to offset carbon-based technologies. Furthermore, the emphasis on renewable energy is growing and provides attractive, long-term return profiles and CO₂ optionality in the region.

Our goal is to continue to grow and diversify in the Americas through renewable energy projects with attractive return profiles.

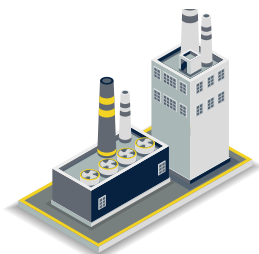


1 Solar project capacity is expressed in AC. AC (alternating current): Describes the flow of charge that changes direction periodically. As a result, the voltage level also reverses along with the current.

2 Solar project capacity is expressed in ac. AC (alternating current): Describes the flow of charge that changes direction periodically. As a result, the voltage level also reverses along with the current.



141.75 MW
Generating Capacity



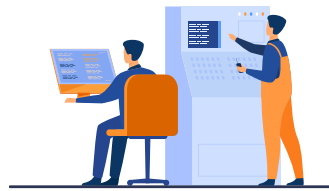
\$533.6 M⁽ⁱ⁾
Total Assets



\$61.7 M⁽ⁱ⁾
Revenue Generated



6
Countries



208
Employees



312,240 CO₂^(*)
per year of avoided
emissions

(i) Note: Information as of December 31, 2022. Amounts are expressed in United States dollars unless otherwise specified.

(*) Certified projects: 255,048 tCO₂ of avoided emissions.

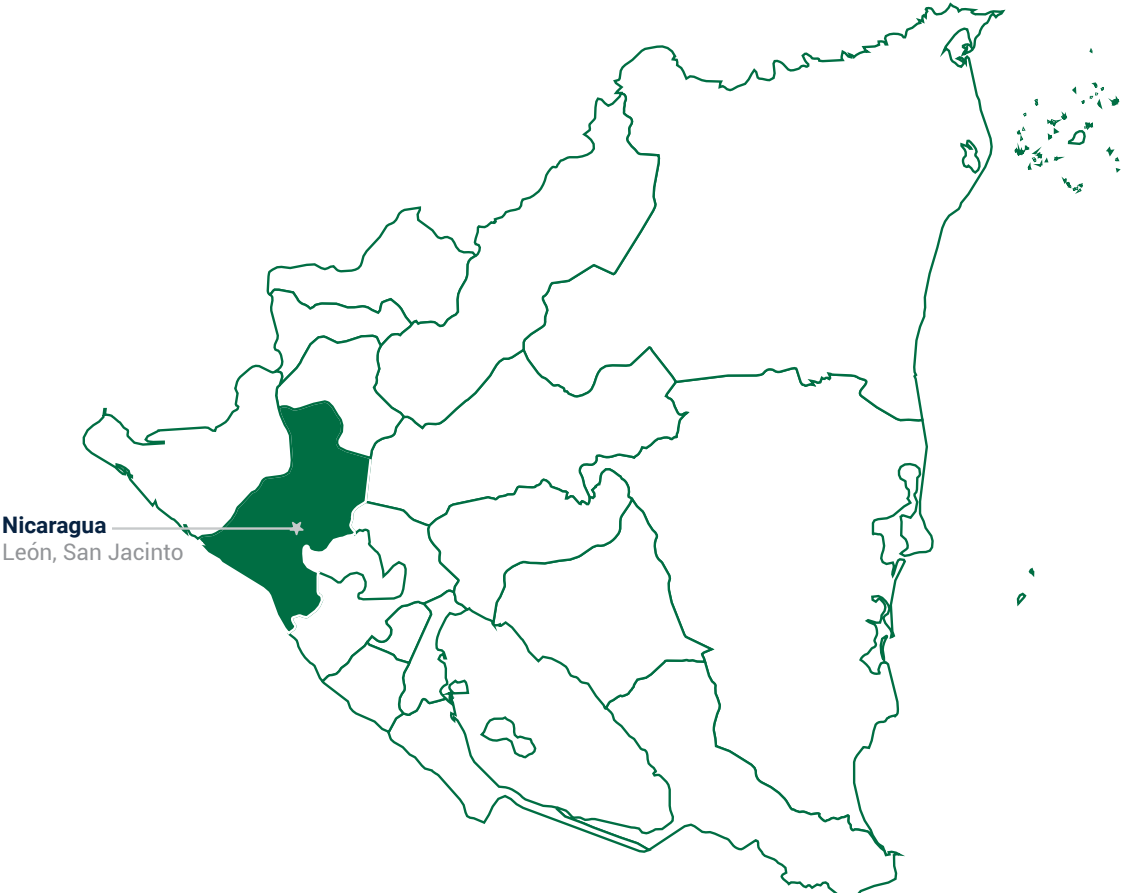
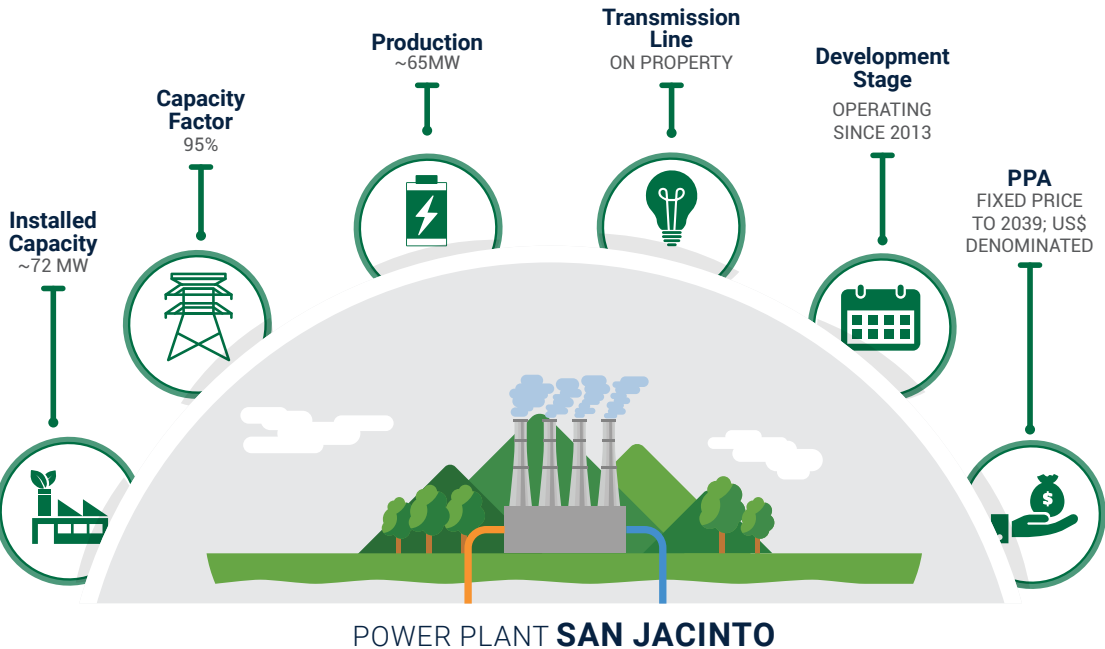
(*) Operating Projects in the process of certification: 57,192 tCO₂ of avoided emissions.



Nicaragua

The San Jacinto-Tizate Geothermal plant is located in northwestern Nicaragua, in the village of San Jacinto, municipality of Telica, 20 km from the city of Leon.

Polaris Energy Nicaragua S.A. is a subsidiary of Polaris Renewable Energy Inc. It operates the San Jacinto-Tizate Geothermal Power Plant and is one of the largest generators of Renewable Energy in Nicaragua, contributing significantly to the overall energy requirements of the country.

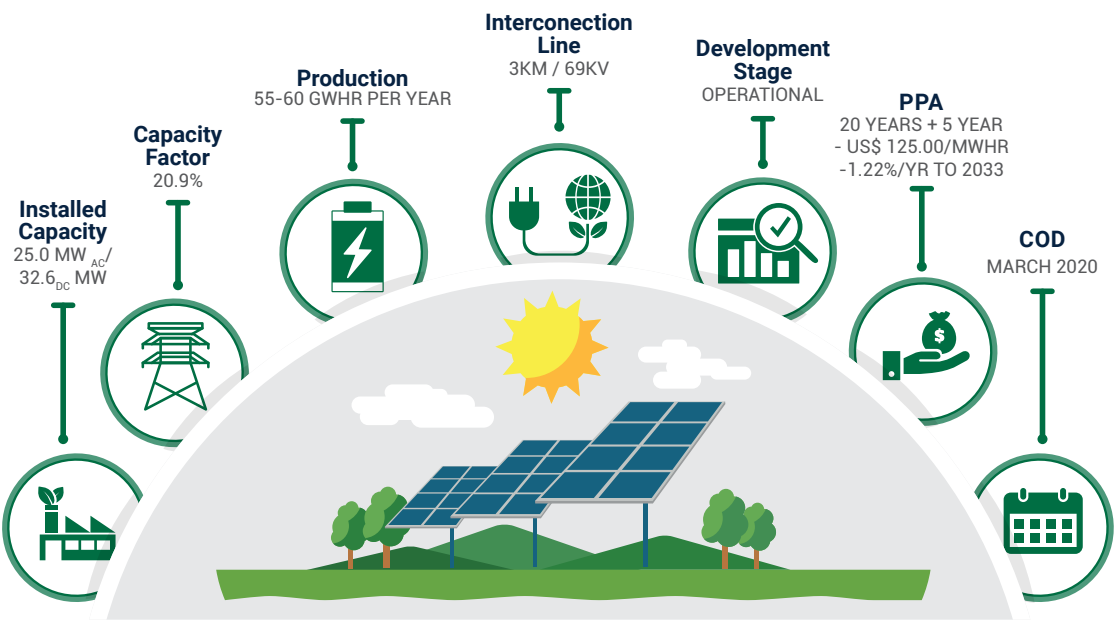
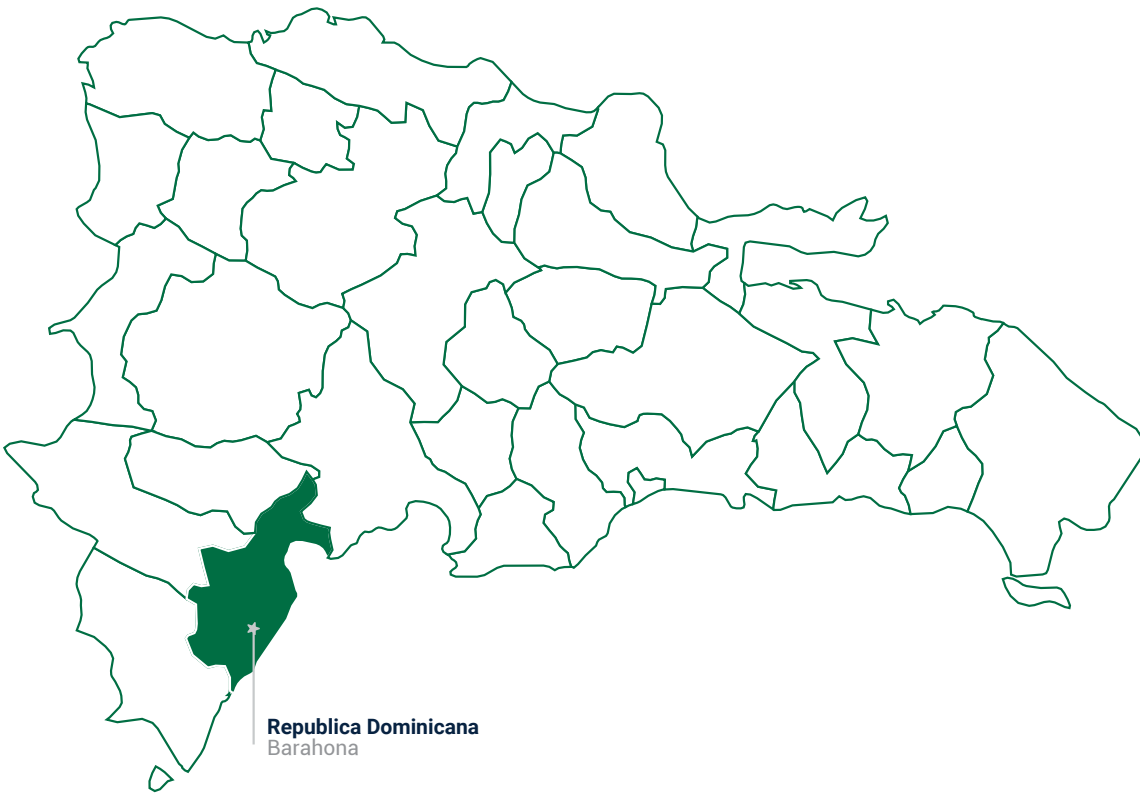


Additionally, the Company has thoroughly assessed the ability to extract waste heat from the brine that is currently produced from the production wells at San Jacinto, and then re-inject it into the field. Such brine is of a sufficient temperature that an Organic Rankine Cycle Power Plant (“Binary Unit”) was built in 2022. The Company expects the Binary Unit to produce approximately 10.4 MW of additional power. Initial start-up, tests and deliveries of energy commenced on December 30th, 2022. Full capacity was achieved on December 31st, 2022.

Dominican Republic

Emerald Solar Energy SRL ('Emerald') is Polaris Renewable Energy Inc.'s newest subsidiary, acquired in June 2022. Emerald operates the Canoa 1 Solar Park (the 'Canoa 1') located in the Barahona Providence, Dominican Republic.

Canoa 1 reached COD³ in March 2020 and has a 20-year power purchase agreement in place with Edesur Dominicana S.A. (EDESUR), a local Dominican Republic distributor. Canoa 1 is the first of two phases, which is expected to reach a total capacity of 50 MW. On October 18, 2022, the National Energy Commission issued the definitive concession for Canoa 2, which will allow for the capacity installed to be doubled from Canoa 1's current operating capacity of 25 MW to approximately 50 MW, for which an additional PPA with the local distributor is required. To the extent that a PPA for Canoa 2 is reached, the Company will look to commence construction.



POWER PLANT **CANOA I**

3 Commercial Operating Date.

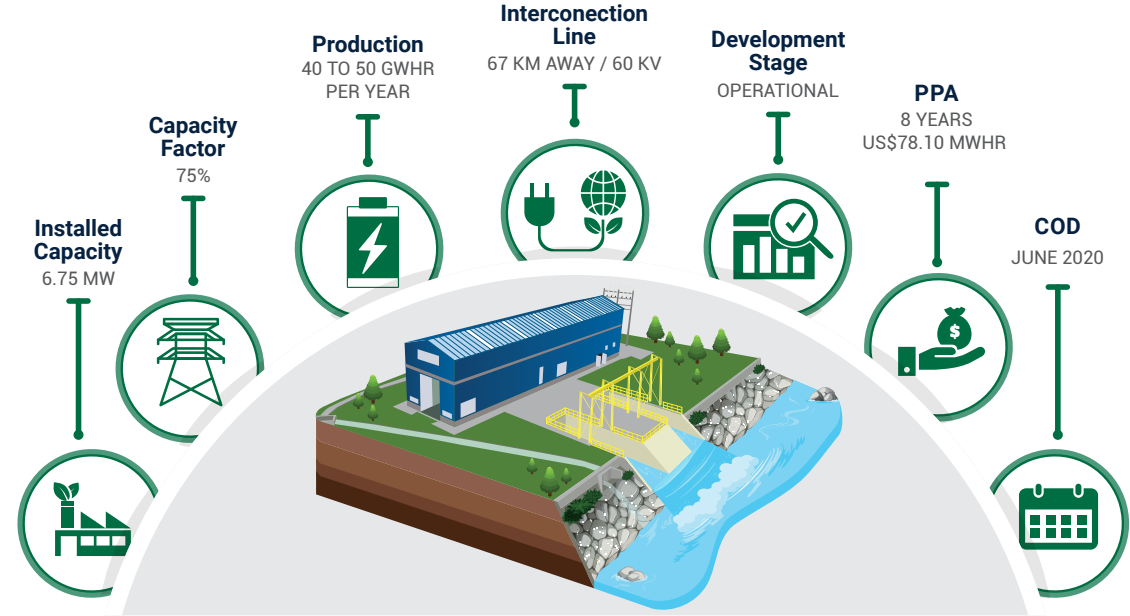
Ecuador

Hydroelectric San Jose de Minas S.A. ‘San Jose de Minas’ was acquired by Polaris in September 2022. San Jose de Minas is an operating run-of river hydro project with a capacity of 6.75 MWs, located along the Cubi River in San Jose de Minas, Ecuador.

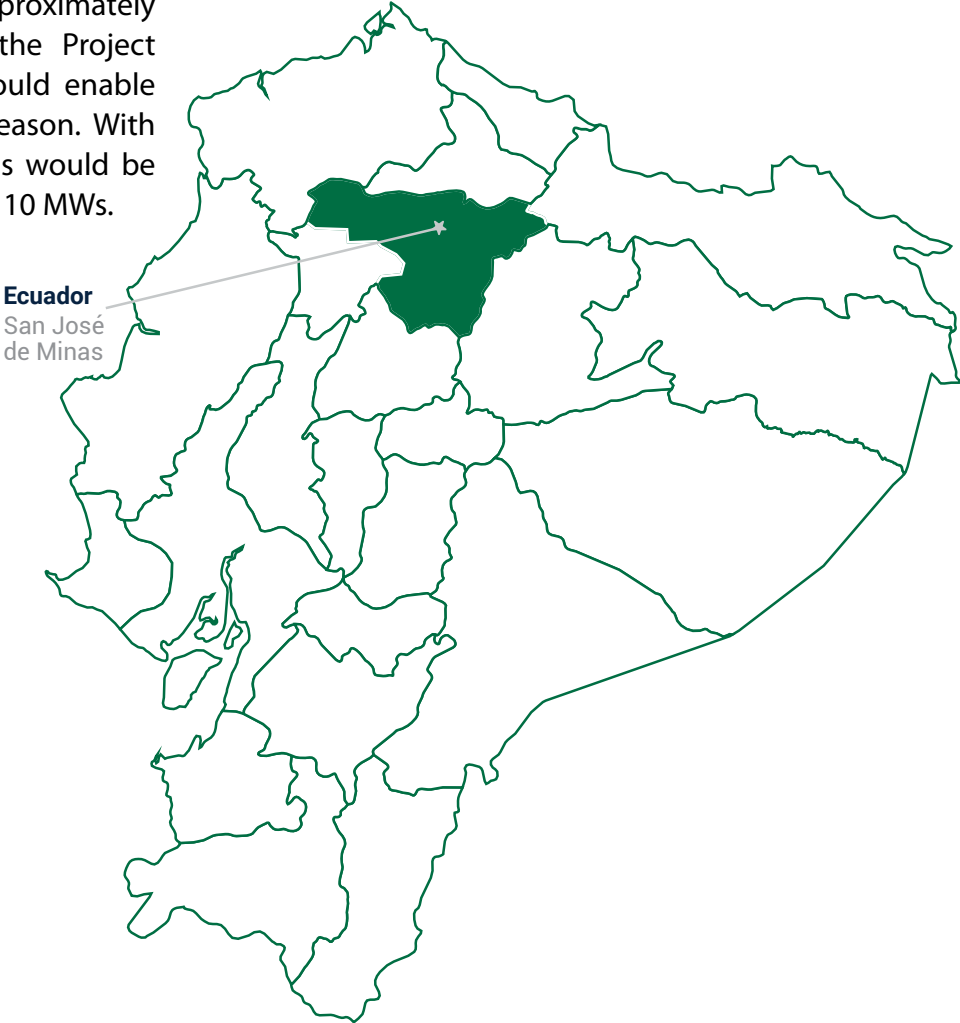
San Jose de Minas has 7 years remaining on a 15-year power purchase agreement with a wholly owned Ecuadorian government entity, for the sale of all power production. It has one expansion opportunity consisting of the introduction of a conduction channel

from the adjacent Perlabi river that would increase the load factor of the existing plant from approximately 65% to approximately 85%.

Such expansion does not require any amendments to the current PPA and is expected to take approximately 10 months to complete. In addition, the Project has capacity to add a turbine which would enable increased production during the rainy season. With the additional, turbine San Jose de Minas would be expected to increase its power capacity to 10 MWs.



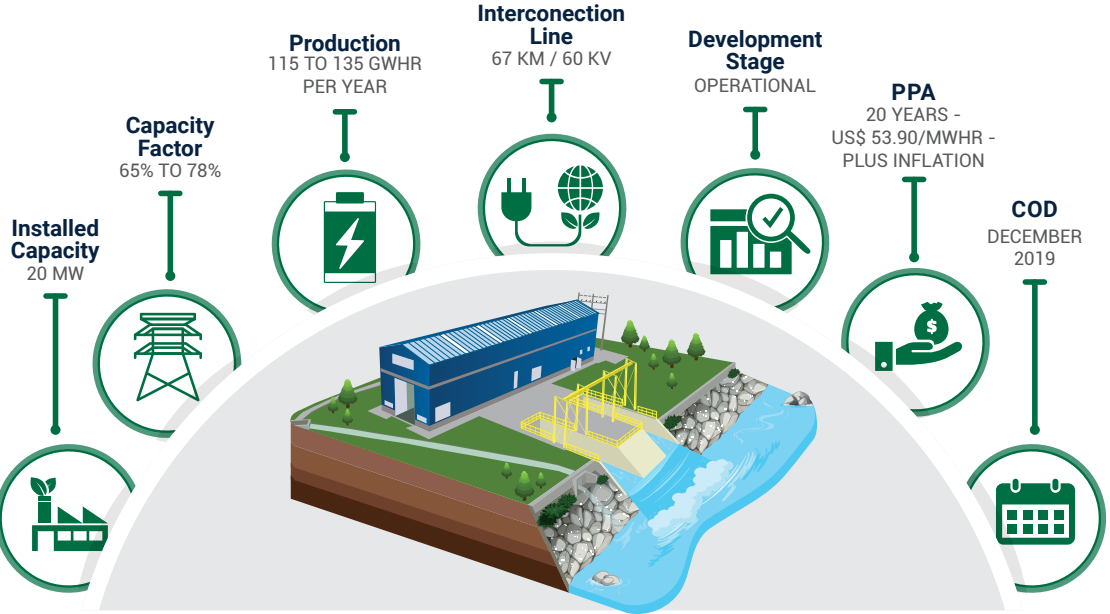
POWER PLANT **HIDROELECTRIC SAN JOSE DE MINAS**



Peru

8 de Agosto: Through its subsidiary Generación Andina SAC, the Company owns 8 de Agosto, a Run-of-River hydroelectric plant, located in the town of Aucantagua, in the District of Monzón in the Department of Huanuco.

8 de Agosto has been operating since December 2019. The substation is located at a short distance from the powerhouse and receives interconnection lines from 8 de Agosto and the outgoing 138 kV transmission lines terminate at the Tingo Maria substation.

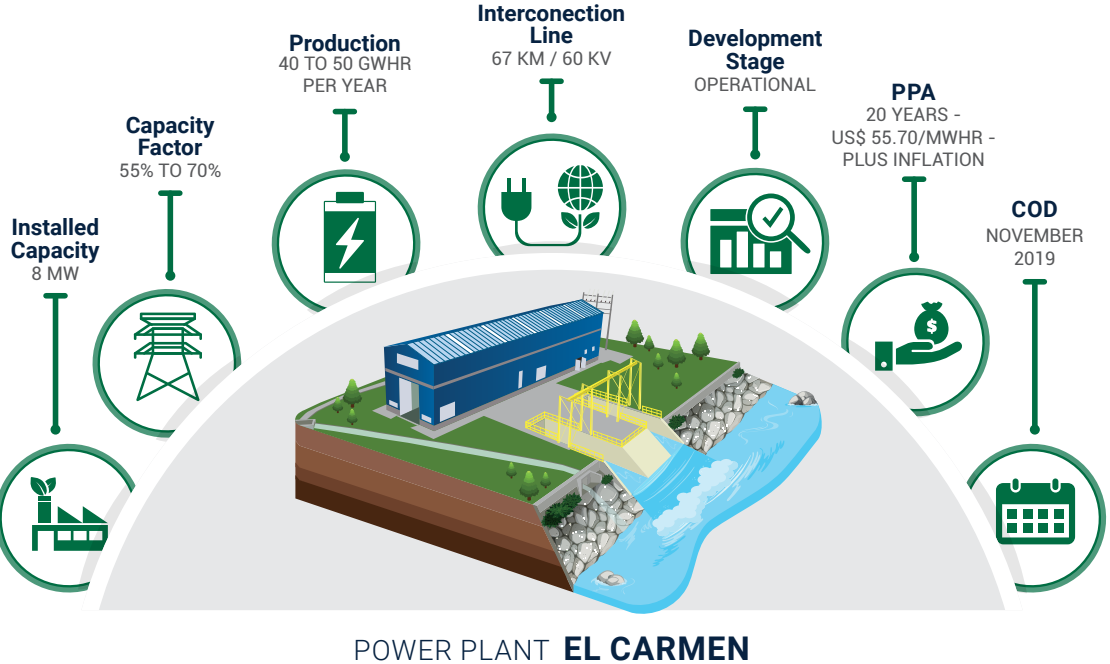


POWER PLANT **8 DE AGOSTO**



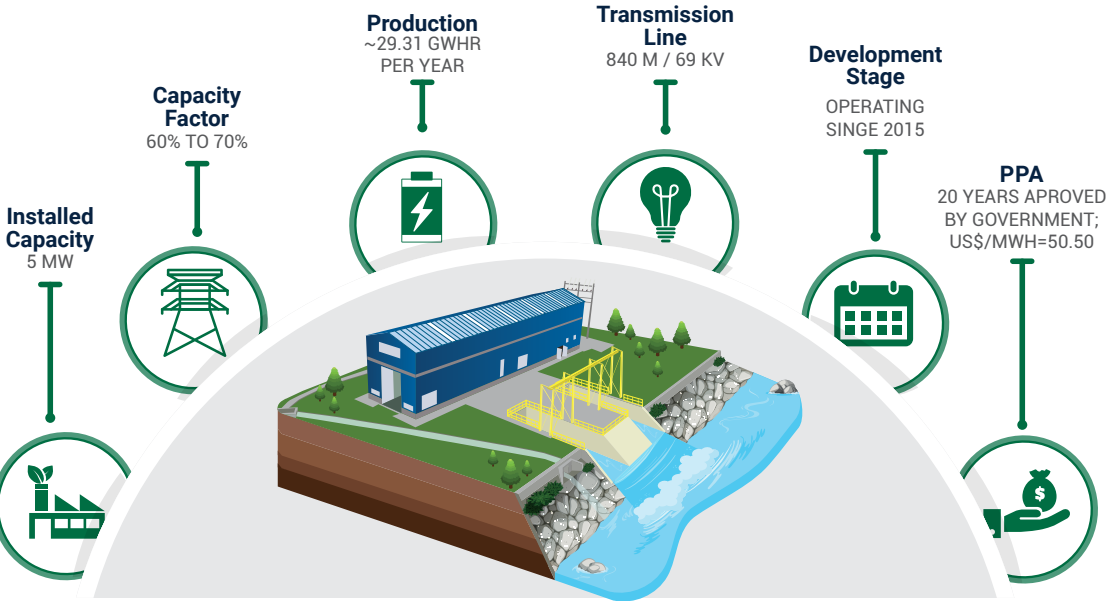
El Carmen: Through its subsidiary Generación Andina SAC, the Company owns El Carmen, a Run-of-River hydroelectric plant, located in the town of Maravillas, in the District of Monzón in the Department of Huanuco.

El Carmen has been operating since November 2019. The substation is located a short distance from the powerhouse and receives the interconnection lines from El Carmen and the outgoing 138 kV transmission lines terminate at the Tingo Maria substation.



Canchayllo: Through its subsidiary Empresa de Generación Eléctrica Canchayllo SAC, the Company owns Canchayllo, a Run-of-River hydroelectric plant in operation, located in the city of Jauja, Valley of the District of Canchayllo.

The transmission line is connected to the existing transmission line of Oroya Nueva-Chumpe. Canchayllo has been operating since 2015.



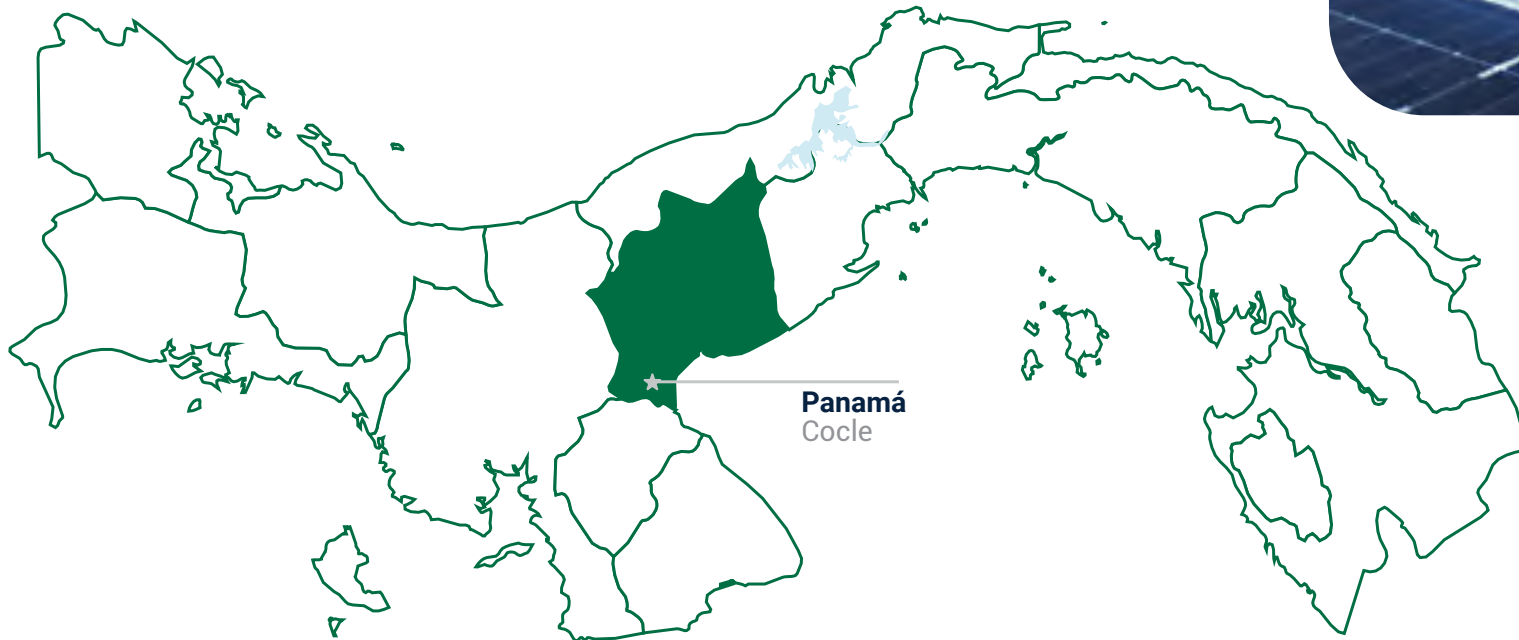
POWER PLANT
GENERACIÓN ELÉCTRICA CANCHAYLLO SAC
Through its subsidiary Empresa de Generación Eléctrica Canchayllo SAC



Panama

In March 2022, Polaris closed a transaction with a Panamanian developer to construct, own and operate two solar plants totaling 10 MW (the 'Solar Projects') located in the village of Vista Hermosa, Corregimiento de Pueblos Unidos, Aguadulce district, Coclé Providence.

The Vista Hermosa Solar Parks are close to three and a half hours by car from Panama City and will connect to the national transmission network (National Interconnected System) at the ETESA Substation (Electric Transmission Company) of Llano Sánchez through an air-underground electric sub-transmission line of about 3 km in length.





Message from Marc Murnaghan

Chief Executive Officer

I am personally very excited about the release of our Sustainability Report. From my perspective it is an accurate and fulsome display of what we, as a Company, are all about.

We have seen a tremendous groundswell of activism in the Investment Community in the last couple of years in this area. However, our Company did not start these initiatives as a result of this timely and important movement. Acting in a way that is sustainable has always been a passion of mine and a passion of our entire team.

When I say Sustainable, I mean providing a win-win situation for all stakeholders. Our shareholders, our clients, our team, our lenders, our communities, as well as our children. I think we can accomplish this as a Company focused on renewable energy in Latin America. I also see that this truly is a formula for success. In order for our projects to be successful over the long-term, we as a Company need to be focused on all aspects of sustainability. If we do that, returns will follow.

This year will be even more important to continue all of our practices, given the acquisitions we closed in 2022 and the resulting expansion and growth of the Company. I do want to congratulate all of our staff on what we accomplished last year and look forward to another very successful year.

Our 2022 Development Projects



Binary Unit – San Jacinto, Nicaragua.

Polaris has completed construction, testing and initial operation of the 10.4 MW (net) Binary Unit at the San Jacinto Geothermal Project in Telica, Leon, Republic of Nicaragua.

The Binary Unit and all its components (except pipeline) occupy an area of 32,912 square meters (m²) of which 16,501 m² was previously used by the Company for pipe storage and metal infrastructure. The remaining area (15,612 m²) required the removal of vegetation, earth movement, construction of canals and ditches of pluvial drainage, internal access roads, among others. The construction activities of the Binary Unit began in January 2022.

Initial start-up, tests and deliveries of energy commenced on December 30th, 2022. Full capacity was achieved on December 31st, 2022.

Marc Murnaghan, Polaris' CEO commented *"The completion of the Binary unit within the anticipated timeframe is a very important milestone for the*





Company. The addition of a Binary unit to the San Jacinto project has always been contemplated since the commencement of the project more than a decade ago. It represents the culmination of efforts to renegotiate the PPA in 2020, execute a refinancing in 2021/22 and, most importantly, execute the project construction with our own staff in Nicaragua. To do this in what continues to be a challenging environment is noteworthy. We are confident that it will add significant value to the project for many years to come."

As part of the refinancing process completed in 2021, an independent Environmental and Social Consultant⁴ (IESC) was retained by Lenders to conduct an Environmental and Social Monitoring (ESM) on their behalf for the operation and maintenance of the 72 megawatts (MW) Geothermal Power Plant and the construction of a new 10.4 MW (net) Binary Unit.

The objective of the ESM was to evaluate the compliance of the Project with the agreed Environmental and Social Action Plan (ESAP), IFC Performance Standards (PS) and Equator Principles (EP). Polaris received three ESM review visits in 2022.

Polaris has completed the following ESAP items, as per the last ESM review visit in November 2022.

- Chance finds procedure.
- Revised waste Management Plan.
- Internal Grievance Mechanism.
- External Grievance Mechanism.
- Stakeholder Engagement Plan.
- Reforestation Plan.
- Community Water Quality Monitoring Plan.

Also, the company has delivered in a timely manner the following ESAP items⁵:

- Training of security personnel.
- ToR Climate Change Risk Assessment.⁶
- Biodiversity Management Plan.
- Revised Environmental and Social Management Plan.
- Isopentane Risk assessment and Management Plan.

⁴ Golder Associate USA Inc (Golder), member of WSP.

⁵ These items are being reviewed by the independent consultant.

⁶ It will be conducted in 2023.

During construction, robust safety and environmental supervision was conducted. Initially, every contractor reviewed and signed an Environmental and Safety Manual which included the Company's environmental, health & safety and social requirements, with the objective that contractors adhere to Company standards. Subsequently, seminars were carried out on these topics for each contractor and sub-contractor that started working at the site, followed by regular inspections on all aspects of sustainability.

In addition, several environmental plans of action were completed:

1. The waste management plan was implemented. Designating a temporary area for waste storage and installing 20 waste containers in different areas of the project, in order to ensure proper waste management and correct classification. Additionally, short daily talks were held with internal staff and contractors to continue raising awareness about proper waste management and other important sustainability topics.

2. The biodiversity plan was implemented, mainly focusing on awareness to protect any fauna species identified. In addition, all fauna species found at the project area, were relocated.
3. Signs were placed in different areas of the project with messages alluding to environmental awareness and the environmental performance requirements expected by internal staff and contractors.
4. An air and noise management plan was implemented also reduce air contamination.
5. The wastewater management plan was carried out, through the installation of portable toilets (1 per 15 people).



Vista Hermosa Solar Parks, Panama

The Vista Hermosa Solar Parks are located in the community of Vista Hermosa, village of Pueblos Unidos, Municipality of Aguadulce, Province of Coclé, Panama. The project consists of the construction of two photovoltaic power plants, with a nominal AC power capacity of 5.00 MW each. The Solar Parks will cover an area of 23 ha, 9,591 m² and 14 dm².

As part of the sustainability approach, different measures were implemented, in order to comply with local Environmental Permits and Polaris' Environmental & Social standards.

To avoid, reduce, mitigate and/or compensate environmental impacts, some of the initiatives included:

1. Environmental and safety seminars were completed for all contractors and sub-contractors.
2. The waste management plan was implemented. Containers were located to properly

dispose of all generated waste, including recycling and its proper management.

3. The air contamination plan was implemented. Dust control was carried out to reduce air contamination.
4. Sediment control was carried out through the installation of sediment barriers, in order to avoid creek contamination.
5. Short daily talks were held with internal staff and contractors to continue raising awareness about Environmental practices and Health & Safety measures.
6. Protection of the different species of fauna in the area was carried out through environmental training and through the execution of the rescue and relocation plan.
7. A temporary hydrocarbon storage area was installed, with non-permeable floors, in order to contain any possible spill of hydrocarbons.



2022 Sustainability Highlights



208

Employees



2,901

Man-Hours of
employee training



1,352

Man-Hours of H&S
employee training



519

Man-Hours of
environmental education



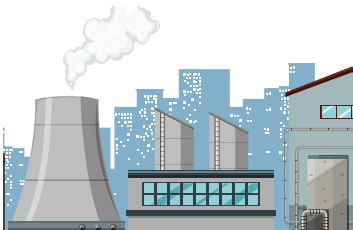
3,752

Man-Hours of training in
the induction program to
contractors



0

Fatalities



312,240 CO₂

per year of avoided
emissions



4,299

Trees planted in
Nicaragua and Peru



1,500

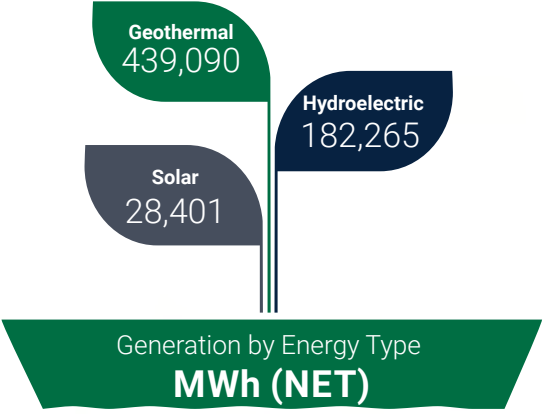
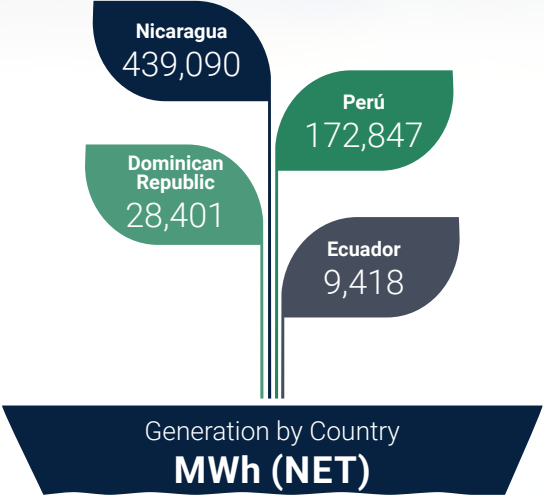
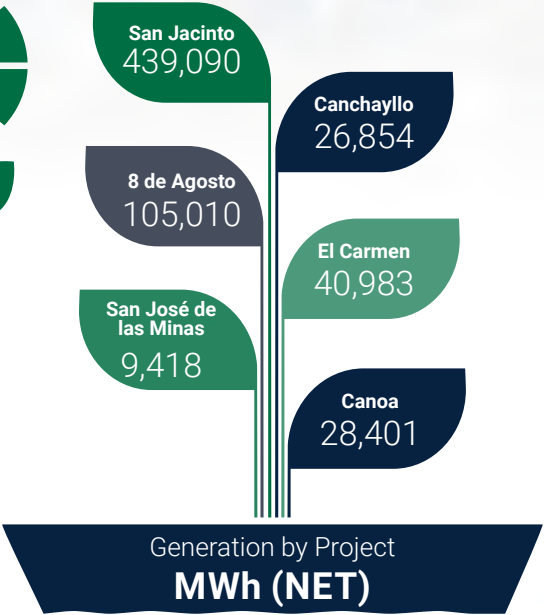
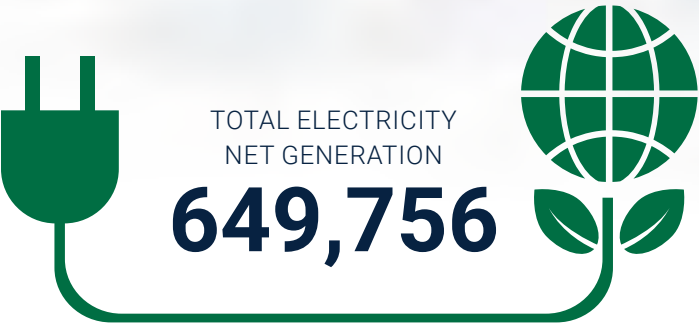
Trees donated
and planted in the
Amazonia



8,578 Kg

Of recyclable material were
generated and properly
disposed

Summary of Operations





Message from Marcela Paredes de Vásquez

Chair of the ESG & Human Resources Committee

Polaris' vision reflects our desire to be a leader in generating renewable energy with efficient and ethical management. Rooted by our Values, we aim to balance the creation of a positive and transcendent footprint both in our environment and the communities in which we have presence, while creating value for our shareholders.

We adhere to our Values of *Transformation* and *Adaptability*, contributing to the energy transition in the countries where we operate, keeping up with new trends and technologies in renewable energy.

To further achieve our Sustainability Value, the Company has defined four strategic pillars: Our Planet, Our People, Our Partners, and Our Practice.

Thinking about Our Planet, we zealously care for the environment and we consider this particularly important in a region in full development and with growing energy needs, such as Latin America. A region which, at the same time, boasts with the most incredible biodiversity in the world.

We attempt to provide Our People with the above-standard occupational Health & Safety conditions, contributing to both their personal and professional growth.

Following the value of Respect, we promote diversity and inclusion. We believe in gender equality, and we encourage it in our teams.

Concerning Our Partners, we strive to achieve positive stakeholder engagement, providing them spaces to participate and contribute with their opinions. We seek suppliers and contractors who share our principles and values. In addition, we want to contribute to local communities, aspiring that they see Polaris as an ally in their development.

In relation to Governance, now under the pillar of Our Practice, we have an unwavering commitment to guard against corruption, to act with transparency and ethics, and to implement the superior management practices. We always consider the value of Integrity in our actions.

The four pillars of all our strategy reflect our commitment to our underlying values. They are the framework that guides our actions towards our vision for Polaris, our North Star, our ultimate aspiration summed up in our motto: Renewable Energy. Today, Tomorrow, and for Future Generations™.

Sustainability at Polaris



Materiality Analysis

As part of our process of growth and continuous improvement in sustainability aspects, the company carried out a materiality analysis⁷ process in 2022, carried out with the assistance of the consulting firm, Sustainability Strategies⁸.

The materiality analysis was developed based on GRI⁹, SASB¹⁰, ISO 26000¹¹, and AA1000¹² reporting standards, and serves as the basis for Polaris' Sustainability Strategy. The material topics identified were prioritized according to their importance to stakeholder groups and their influence on the success of the business. This process resulted in the selection of fifteen (15) material topics.

⁷ Material Issues refer to what is essential for reporting and strategic decision making of users.

⁸ Sustainable Strategies is a social, environmental and sustainability boutique consulting firm. Founded in 2012.

⁹ GRI (Global Reporting Initiative) is an independent and international organization that provides the world's most widely used standards for sustainability reporting – the GRI Standards.

¹⁰ SASB Standards guide the disclosure of financially material sustainability information by companies to their investors.

¹¹ ISO 26000 - Social responsibility: It provides guidance to those who recognize that respect for society and environment is a critical success factor.

¹² AccountAbility's AA1000 Series of Standards are principles-based frameworks used by global businesses, private enterprises, governments, and other public and private organizations to demonstrate leadership and performance in accountability, responsibility, and sustainability.



The selection process was based on industry trends, a benchmark study, as well as the participation of internal and external stakeholders (through interviews and surveys to determine the expectations around these issues) and the ongoing management goals that the Company proposes regarding each topic.

The following topics were identified as significant to stakeholders:



Figure 1: Material Topics

During the selection process, the material topics were classified into three materiality levels to differentiate management action prioritization. This classification of materiality allows Polaris’ team to clearly define the priority material topics, as well as to identify where to focus its efforts.

The levels of materiality were as follows :

- **Leadership:** Topics that are ‘non-negotiable’ for the Company and are critical in terms of long-term management, driving Stakeholder value.
- **High:** Topics that, from a strategic point of view, need to be managed with excellence. Resources need to be allocated for their management.
- **Foundational:** Topics that are compliance-based, have relevance and are material. They need to be monitored and maintain appropriate oversight.

The resulting materiality map is as follows:



Figure 2: The Company's Materiality Map

Our Sustainability Purpose

In July 2022, the Company announced its name change to Polaris Renewable Energy Inc. The name change marked an important milestone for the Company as it more accurately depicts the Company's operations and reflects the growth and progress made to date. Likewise, it demonstrates the Company strategy alignment with its sustainability pillars.

With the introduction of our new Company tagline, **"Renewable Energy. Today, tomorrow and for future generations.™"**, Polaris is also reinforcing that we believe ourselves to be an enabler and a seeker of solutions in order to achieve our Sustainable Development Goals (SDG):

- SDG 7¹³ - Access to Energy.
- SDG 13¹⁴ - Climate Action seeking.

¹³ United Nations Sustainable Development Goal 7 – Ensure access to affordable, reliable, sustainable, and modern energy for all. <https://sdgs.un.org/goals/goal7>

¹⁴ United Nations Sustainable Development Goal 13 - Take urgent action to combat climate change and its impacts. <https://sdgs.un.org/goals/goal13>



Polaris strives to be a key participant in the America's ability to meet their economic and climate change goals. We currently offset 312,240 tCO₂e per year¹⁵ and expect to offset an additional 37,400 tCO₂e in 2023¹⁶.

"Our recent and prospective acquisitions are catalysts towards the achievement of our long-term vision, which is to become a leading developer, investor, and operator in the renewable energy industry, contributing to a greener future, driven by our values... Changes to our logo reflects this vision, help in the alignment of all our new acquisitions and creates a recognizable symbol for all our stakeholders."

Jaime Guillen,
Chair of the Board of Directors, Polaris
Renewable Energy Inc.

Our logo symbolically represents who we are. The North Star, or Polaris, guides us towards a future that we want to achieve. The North Star is our starting point for this new stage of our development, which is also why the acronym of our values is the **I-STAR***.

Every change begins internally, thus, our first corporate value is **Integrity**. Integrity has to do with the way we act and behave in society. As a company we adhere to the highest standards of ethical conduct, and our actions are open and transparent.


Also, in recent years, issues related to the environment, social matters, and governance (ESG) have taken on critical focus in the business world, and we as a renewable energy company, have identified these as part of our corporate identity (*Business Ethos*). Therefore, we knew that **Sustainability** had to be the second corporate value on such a list. We are aware that as to part of our purpose, apart from being a financially sound company, is to leave a positive mark on the world for generations to come.

We are also cognizant that our business is a fundamental part of the energy transition, which is why we consider the value of **Transformation** to be another of our corporate values. Everything we do, we do with a purpose, transforming our environment in a sustainable manner.



¹⁵ Certified projects: 252,988 tCO₂ of avoided emissions. Operating Projects in the process of certification: 56,176 tCO₂ of avoided emissions.

¹⁶ For projects that started construction in 2022.



Our growth within Latin America and our recent entry into multiple renewable energy generation technologies evidences our embrace of the value of **Adaptability**. Operational Excellence, while being able to adapt to the changes that the world presents, gives us a competitive advantage.

As an organization, we recognize the worth and dignity of each human being, and for that reason we have adopted the value of **Respect**. For us it is essential that all those who work and do business with Polaris, feel that they are respected in every aspect of that relationship. Each individual component of our five (5) corporate values: Integrity, Sustainability, Transformation, Adaptability and Respect, drive the greater whole to action.

Our **I-STAR*** values provide the foundation of our mission. We take resources and renew them by transforming them into clean energy for the benefit of our Stakeholders. **In this way, our commitment to Sustainability is strengthened by the uncompromising commitment to our values.**

"Our mission is to be a high-performance renewable energy company. As a company, we strongly believe long-term returns are bolstered by a healthy balance among all the company stakeholders' including share and debenture holders, customers, the society the business operates in, and the environment."

*Marc Murnaghan, Chief Executive Officer,
Polaris Renewable Energy Inc.*

Our Sustainability Strategy

Following the materiality analysis process, we initiated an engagement with an external consultant¹⁷ to enhance our Sustainability Strategy. For Polaris, sustainability management has been an important pillar in our operations. Nevertheless, this process was an opportunity to progress from having sustainability initiatives, projects, and programs to having a comprehensive vision of our opportunities and risks in terms of sustainability and formulating a multi-year sustainability strategy aligned with our Company's core business and values.

We endeavoured to align our brand with four (4) pillars of sustainability, by which our strategy will be governed. Polaris' Sustainability Strategy, as seen in Figure 3, is divided into four key areas (in the form of petals), which address social (internal and external), environmental and governance aspects that are relevant to the business as well as to internal and external stakeholders.

The Sustainability Strategy was designed to assist Polaris' in achieving its corporate vision. The foundation of our strategy is our uncompromising commitment to its values, as shown in figure 4.

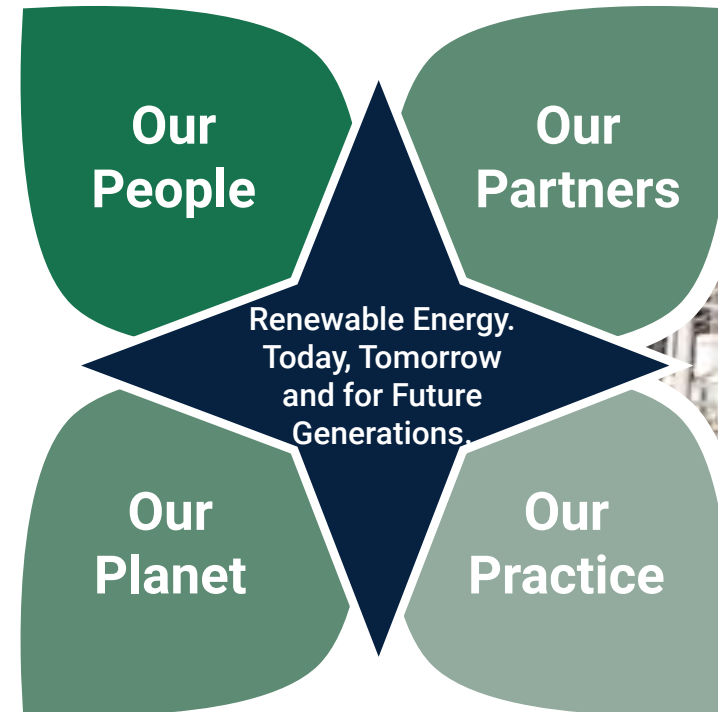


Figure 3: Polaris' Sustainability Strategy

¹⁷ Sustainable Strategies is a social, environmental and sustainability boutique consulting firm. Founded in 2012.

The scope of Polaris' strategy encompasses all its project sites, technologies, and geographies.



Figure 4: Polaris' Detailed Sustainability Strategy



Alignment to the Global Development Agenda

Polaris' Sustainability Strategy is focused on ensuring a responsible operation that generates value sustainably and is oriented to impacting positively on society and the world. Hence, upon defining its new strategy, for each of the 15 material topics identified, Polaris has defined a list of commitments and aligned them with the United Nations Sustainable Development Goals.

The sustainability commitments are broad-level commitments on how the company pledges to operate with regards to such specific material topics.

At Polaris, we understand that achieving sustainable development requires a joint effort. Therefore, we are committed to guiding each of our actions around the fulfillment of the following United Nations Sustainable Development Goals. We are very proud to be contributing to fifteen (15) of the seventeen (17) sustainable development goals through our work.



Figure 5: Sustainable Development Goals contributed by Polaris.

Green Financing Framework

A Green Financing Framework (“Framework”) will allow Polaris Renewable Energy and its subsidiaries to issue green Financings loans (corporate and project level) and/or bonds for Eligible Green Projects (each a “Green Financing”).

The aim of this Framework is to facilitate disclosure, transparency, and integrity and equality related to our Green Financings for interested investors and stakeholders.

This Framework is aligned with the four core components of the Green Bond Principles (2021), the Green Loan Principles (2021)¹⁸, and the EU Taxonomy.

This framework may be updated from time to time and will be applied to any Green Financing issued by Polaris Renewable Energy. In the event of an update, any future projects that are not currently mentioned in the document will be in alignment with the high level Eligible Green Project categories recognized by the GBP and GLP.

¹⁸ The Green Loan Principles (“GLP”) are administered by the Loan Syndications and Trading Association, published in February 2021. <https://www.lsta.org/content/green-loan-principles/>



The four core components of our green financing framework are:



Use of proceeds

Utilization of proceeds for eligible green projects



Evaluation and selection

Process on fit with criteria



Management of proceeds

Fund segregation and allocation



Reporting

Relevant and timely information



SUSTAINALYTICS, a MORNINGSTAR Company, as an external firm¹⁹ evaluated Polaris' Framework and the alignment thereof with relevant industry standards and provided a second party opinion (SPO) on the robustness and credibility of the Framework.

¹⁹ Sustainalytics, a Morningstar company and a globally recognized provider of ESG research, ratings, and data.



Our Practice

In line with our value of integrity in everything we do, Polaris is committed to the highest standards of ethics, corporate governance, anti-corruption, and transparency practices. This approach ensures we effectively manage our business and protect our employees and stakeholders in the communities in which we operate.



Ethics

Ensure an ethical culture that ensures all our employees live our values daily, while demonstrating this to our stakeholders.

Our Code of Business Conduct and Ethics

Polaris has adopted a Code of Business Conduct and Ethics (the “Code”) to emphasize our commitment to conducting ourselves in accordance with our core values, vision, purpose, and the highest ethical standards in every aspect of our business and affairs. Our staff create the identity that drives us forward. Polaris is committed to providing a fair, respectful, and supportive workplace that promotes a high level of ethical standards. Polaris believes that it is a shared responsibility of every individual, regardless of position title or work location, to actively participate in building Polaris’ winning mindset and innovative business practices. We accomplish this by creating a workplace built on our core values and ethical standards.

Polaris will not tolerate any wrongdoing, un-ethical behaviour, or impropriety and will immediately take the appropriate disciplinary action to correct or remediate any such transgressions. Our Code guides our behaviour in order to maintain an ethical and accountable workplace and works to define how individuals should conduct themselves as representatives of Polaris.





The Code, as approved and monitored by the Board, is applicable to all directors, officers, and employees/contractors of Polaris.

In addition to the above, during the year, the Board, CEO and CFO adopted an Annual Code of Ethics Commitment in which each member acknowledges their role in setting the “tone at the top,” and agrees to:

- Act at all times in accordance with this Code of Business Conduct and Ethics.

- Act at all times with integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Address any apparent conflict of interest in personal and professional relationships in accordance with the highest ethical standards and promptly disclose to the Company’s external legal representative the nature of any such conflict of interest or any material transaction or relationship that reasonably could be expected to give rise to such a conflict of interest.
- Comply with rules and regulations of all Canadian and non-Canadian governmental entities and other private and public regulatory agencies to which the Company is subject, including any exchanges on which the Company’s securities may be listed.
- Act in good faith, responsibly, with due care, competence and diligence, and without misrepresenting material facts or circumstances.
- Act objectively, without allowing independent judgment to be subordinated.
- Respect the confidentiality of Company information, except when authorized or otherwise required to make any disclosure and avoid the use of any Company information for personal advantage.
- Share knowledge with others within the Company, to the extent appropriate and consistent with applicable law.
- Maintain professional skills to improve the Company’s communications to its constituents.
- Promote ethical behavior among peers.
- Accept accountability for adherence to the Code of Business Conduct and Ethics.
- Communicate any newly acquired shareholdings and other financial instruments of the Company to appropriate parties.

Employee Training

As part of its annual re-training program, the Company conducts online training relating to its Code of Business Conduct and Ethics including specific modules on Navigating the Work Environment, Handling Company Resources and Managing Company Relationships.

Whistleblower Policy

As part of the Company's commitment to ethical and responsible business conduct, the Company is committed to seeking to maintain accountability of its accounting, internal accounting controls, and auditing matters (collectively, "financial matters"). In accordance with Canadian securities regulatory requirements, the Audit Committee has established the following procedures for:

- a. the receipt, retention and treatment of complaints received by the Company regarding financial matters; and
- b. the confidential, anonymous submission of concerns or complaints regarding questionable financial matters.



In the unfortunate event that violations or deviations from these standards occur, Polaris has a responsibility and commitment to properly investigate and, where appropriate, report such violations or deviations to relevant regulatory and/or professional bodies, including the actions that Polaris has taken to address them.

To that end, the Company has a Whistleblower Policy which applies to all Polaris employees and its Board as well as any third parties who perform services or act on behalf of Polaris including, but not limited to, agents, consultants, business/joint venture partners, intermediaries, service providers, suppliers, distributors, and vendors.

This Policy sets out the process available to Employees and Third Parties to report any known or suspected violations of Polaris' policies (including the Code of Business Conduct and Ethics), applicable laws, rules and/or regulations, as well as any alleged acts of fraud, wrongdoing, and/or unethical behaviour.

The procedures that relate to concerns or complaints related to financial matters, include without limitation, the following:

- a. Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- b. Fraud or deliberate error in the recording and maintaining of financial records of the Company;
- c. Deficiencies in or non-compliance with the Company's internal controls over financial reporting;
- d. Misrepresentation or false statement to or by a senior officer, accountant or external auditor regarding a matter contained in the financial records, financial reports or audit reports of the Company; or

- e. deviation from full and fair reporting of the Company's financial condition.

Polaris maintains a whistleblower helpline "Polaris Ethics Helpline", a channel of communication to report concerns arising from items outlined in the Code of Conduct and any of the corporate policies on a confidential or anonymous basis.

The Polaris Ethics Helpline can be accessed by calling any of the toll-free external phone numbers listed online at Polaris. ethicsglobal.com and filing online.



Corporate Governance

Adopt best practices for board composition, independence, and processes, and ensure that the example of governance at the board level trickles down to all levels of the company.

Polaris' corporate governance practices are designed and monitored to comply with applicable legal requirements, regulations and best practices. The Company continues to monitor developments in all its applicable jurisdictions with a view to keeping its governance policies and practices current.

Currently, the Board of Directors employs two sub-committees as follows:



Board of Directors	
– 4 members, excluding a consultant pending nomination at the next Annual General Meeting (“AGM”) ¹ , 75 % independent.	
Audit committee: <ul style="list-style-type: none"> ■ Members: Mr. Guillen (Chair), Mr. Lawless and Ms. Paredes de Vásquez. ■ 100% independent. 	HR & ESG Committee <ul style="list-style-type: none"> ■ Members: Ms. Paredes de Vásquez (Chair), Mr. Guillen, Mr. Lawless. ■ 100% independent.
<p>The Audit Committee is charged with a mandate of assisting the Board in overseeing the financial reporting and disclosure of the Corporation. This oversight includes:</p> <ul style="list-style-type: none"> ■ Reviewing the financial statements and the financial disclosure that is provided to the Shareholders and disseminated to the public. ■ Reviewing the systems of internal controls to maintain integrity in the financial reporting of the Corporation. ■ Overseeing and monitoring the independence and performance of the Corporation’s external auditors and reporting directly to the Board on the work of the external auditors. 	<p>The HR & ESG Committee’s purpose is to assist the Board in:</p> <ul style="list-style-type: none"> ■ The appointment, performance, evaluation and compensation of senior executives. ■ The recruitment, development and retention of senior executives. ■ Maintaining talent management and succession planning systems and processes relating to executives. ■ Developing compensation structure for senior executives including salaries, annual and long-term incentive plans including plans involving equity issuances and other equity-based awards. ■ Establishing policies and procedures designed to identify and mitigate risks associated with compensation policies and practices. ■ Assessing the compensation of directors. ■ Adopting benefit retirement and savings plans. ■ Developing corporate governance guidelines and principles. ■ Identifying individuals qualified to be nominated as members of the Board.

¹ On December 13th, 2022, the Company added Catherine Fagnan as a Consultant to the Board until the next AGM, expected to be held in June 2023. Catherine will work with and advise the Board on various initiatives, including ESG matters, for which she has in-depth knowledge and experience. It is anticipated that Catherine will be included as nominees to the Board for the 2023 AGM.

Board of Directors	
– 4 members, excluding a consultant pending nomination at the next Annual General Meeting (“AGM”) ¹ , 75 % independent.	
Audit committee: <ul style="list-style-type: none"> ■ Members: Mr. Guillen (Chair), Mr. Lawless and Ms. Paredes de Vásquez. ■ 100% independent. <p>In addition, the Audit Committee holds regular in camera sessions following regularly scheduled Audit Committee meetings, during which it meets separately with the Chief Financial Officer and the head of the external financial auditors separately as a committee.</p> <p>The charter of the Audit Committee grants it sole authority to retain and terminate any legal, financial or other advisors, consultants and experts to the Audit Committee, including sole authority to approve the advisors’ fees and other retention terms.</p> <p>The Audit Committee’s charter also requires that it periodically review the adequacy of its charter and recommend any proposed changes to the Board for consideration.</p>	HR & ESG Committee <ul style="list-style-type: none"> ■ Members: Ms. Paredes de Vásquez (Chair), Mr. Guillen, Mr. Lawless. ■ 100% independent. <ul style="list-style-type: none"> ■ Overseeing director orientation and continuing education. ■ Administering the Corporation’s equity incentive plans. ■ Reviewing the structure, composition and mandate of committees of the Board. ■ Evaluating the performance and effectiveness and the Board and committees of the Board. ■ Monitoring safety, environmental and social responsibility performance. and ■ Monitoring compliance with applicable laws related to safety, environment and social responsibility. <p>The HR & ESG Committee also takes reasonable steps to evaluate and assess, on an annual basis, directors’ performance and effectiveness of the Board, committees of the Board, individual Board members, the Chair and committee chairs.</p> <p>The assessment addresses, among other things, individual director independence, individual director and overall Board skills, and individual director financial literacy. The Board receives and considers the recommendations from the HR & ESG Committee regarding the results of the evaluation of the performance and effectiveness of the Board, committees of the Board, individual members, the Chair and committee chairs. The HR & ESG Committee is also responsible for orientation and continuing education programs for the as well as reviewing risks related to, cybersecurity, health, safety and the environment and the procedures management has designed to manage such risks.</p>

For an additional overview of corporate governance practices, please refer to the most current Management Information Circular available on SEDAR at www.sedar.com.

ESG Steering Committee

Polaris' Board of Directors is committed to sustainability, thus placing the Sustainability Strategy as a top-level priority for the company. In addition to the above, the Board also coordinates an ESG Steering Committee. This is a taskforce committee that is chaired by a Board member, includes two members of the leadership team and includes a minimum of two ESG specialists.

The Company's ESG Steering Committee operates at a Corporate level, and proactively coordinates with the other operational and administrative areas to ensure that the scope of management includes sustainability in all Corporate initiatives.

Environmental, Health & Safety ("EHS")

Responsibility, accountability, and oversight for HSS is integrated into our overall governance structure, starting from the Board of Directors and all members of the management team.

- The Chair and Board of Directors are responsible for overseeing strategy,

governance, and risk, including risks and opportunities associated with all functional aspects that comprise EHS. Detailed EHS issues are reviewed regularly by the Board of Directors and HR & ESG Committee, as well as the Senior Executive Group.

- The Executive team drives and facilitates ESG policy and strategy development, and the implementation of commitments, in consultation with the Board.
- Corporate and Regional Managers liaise directly with our operations' teams to assist with strategy and management system implementation and support the identification and management of operational-level risks. They also provide ongoing reports, as required, on key EHS performance indicators to the Leadership team and the Board.



- Polaris' projects include EHS local staff that daily follow up on environmental, health and safety issues. This team is responsible for executing various aspects of the sustainability strategy and ensuring that contractors adhere to it.

Anti-corruption and Transparency

Ensure transparent and respectful relations with government officials, suppliers, and any other stakeholder, facilitating public and truthful information in our operations in a timely manner.

Consistent with its values, Polaris is committed to open, honest, transparent, fair, and ethical business behavior in all business dealings with public officials, whether domestic or foreign. Polaris is committed to being in full compliance with all applicable anti-bribery and anti-corruption statutes in those jurisdictions in which it operates, including but not limited to Canada.



Polaris has no tolerance for any instances of bribery or corruption in any of its interactions with public officials and any such activities are strictly prohibited in any form. This prohibition also covers direct acts of bribery such as offering, approving, accepting, or otherwise authorizing a bribe or indirectly doing so through a third party. Gaining any unfairly obtained business advantage is also strictly prohibited.

To this end, Polaris has a global Anti-Bribery and Corruption Policy (the "ABC Policy"). This ABC Policy applies to all of Polaris, its subsidiaries, employees, Board and any third party that performs services on behalf of Polaris or acts on behalf of Polaris.



Polaris' ABC Policy is regulated by the following laws:

1. The Foreign Corrupt Practices Act in the United States;
2. The Corruption of Foreign Public Officials Act (Canada); and
3. Anti-bribery or anti-corruption laws in the jurisdictions Polaris operates.

In addition to the requirements set out in the ABC Policy, Polaris further requires that enhanced Integrity Due Diligence procedures be conducted on select higher risk Third Parties in accordance with Polaris' Working with Third Parties and Integrity Due Diligence Protocol. Similarly, these enhanced Integrity Due Diligence procedures may also be required for prospective or current employees in the event that they are former public officials.



Our People

We give strategic importance to people. As a result, we have created a culture of health, safety, respect for diversity, and inclusion. Investing in human talent is in our DNA, and it allows us to attract and retain the best and most talented people.



Occupational Health and Safety

Our Commitment to Occupational Health and Safety is to provide a safe and healthy workplace and continually strengthen physical and mental health culture ensuring employees return home in the same or better conditions as they arrived to work.

2022 was a challenging year for everyone, and safety was no exception.

While it is true that all change generates resistance, it is also true that safety is not just the theory found in a book or reference document, safety goes further, as expressed by Sir Brian Appleton, *"Safety is not an intellectual exercise to keep us on the job. It is a matter of life and death. It is the sum of our contributions to safety management that determines whether the people we work with live or die."*

Taking Sir Appleton's words into account, it is clear to us that the most important thing in an organization is to create a *positive safety culture*, where we all feel responsible for our safety and the safety of everyone around us, where we can ensure that we do it not only for ourselves, but rather extend that arm of support to everyone around us.

3 GOOD HEALTH
AND WELL BEING



Something that marked us and has made us reflect on our safety culture is remembering that “Nothing is so important or so urgent that it cannot be done safely”.

At Polaris, we are committed to making the Safety culture part of our DNA, we will continue making efforts to improve the positive safety culture of our organization, working on the three main fundamental axes, such as training/continuous training, the identification of hazards and risk assessment, and compliance with local legislation and those standards that we voluntarily adopt. Likewise, knowing how to detect and prevent possible incidents through a near miss²⁰ approach is critical.

Our great strength are our employees, with a great desire to continue learning and doing things well to improve every day and thus reduce substandard acts and conditions. As an organization we are clear that it is not possible to do safety without the commitment of all.

²⁰ A pattern of near misses provides an early warning that something needs attention. It makes good business sense to be proactive and act early when problems are likely to be less serious. Near misses may seem trivial but they are a valuable source of information.



Health & Safety Training

For the 2022 period, 1,352 man hours of training were given on Health & Safety topics, which include subjects such as first aid, use of fire extinguishers, LOTO,²¹ structural firefighting, hazard identification and risk assessment, among others.



1,352

Man-Hours
of H&S training

²¹ LockOut TagOut.



Risk Identification and Management System

As a company, we are aware of our strengths in this matter, the namely that our staff has relevant knowledge in health & safety matters. Likewise, in the most established countries we operate, such as Peru and Nicaragua, Health & Safety(H&S) committees have been established in each of the facilities in order to have an assigned supervisor to ensure that the controls and mechanisms are implemented and/or identify deviations in the occupational health and safety system.

**Polaris OSHA
Incident Rate²²**



The company has safety manuals/regulations in each of its subsidiaries. This allows us to have established goals and procedures, associated with an appropriate H&S management.

In 2023, the company will be working to implement these manuals in the Dominican Republic and Ecuadorian subsidiaries, our most recent acquisitions.

²² The value of 200,000 Man Hours worked is used for the Company calculation. It includes all jurisdictions.



0
Fatalities
in 2022



Talent engagement and empowerment

At Polaris we hire, retain, manage, engage, and empower employees to ensure they grow in their personal and professional lives.

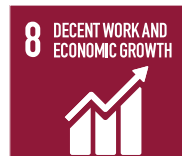
Empowerment is based on the idea that giving employees skills, resources, opportunities, and motivation, while holding them responsible and accountable for the outcomes of their actions, will contribute to their competence and satisfaction.

Employee engagement is the emotional connection an employee feels toward the organization, which tends to influence their behaviors and level of effort in work related activities. The more engagement an employee has with the organization, the more effort they put forth.

Engagement and empowerment are related. Engagement increases productivity, improves performance, lowers turnover, and attracts talent. Empowerment is the fuel and employee engagement is the fire.

Given the growth that Polaris sustained in the year 2022, key personnel have been promoted to support this process. This contributes to the

empowerment of the team, likewise, to provide growth opportunities and new challenges for our personnel, within our operations.



As a practice to promote transparency, the ethical channel serves as an internal complaints' mechanism. It is important to mention that so far, no complaints have been received through this internal mechanism, implemented in March 2021.

In addition, to promote employee empowerment and engagement, Members of the management team engaged in several corporate strategy sessions, as well as teambuilding activities in Panama in December 2022. The topics of discussion revolved around "Teamwork & Transformation" including the adoption of the Company's sustainability strategy, our value proposition, and the corporate growth strategy.



208

Employees

Measuring the Organizational Climate

For our operations in Nicaragua, we carried out the Annual Study of Organizational Climate and Culture²³, to identify strengths and areas of opportunities within the Company.

An Organizational Climate survey was applied to all employees and human capital practices and processes were documented for analysis. Great Place to Work® Caribbean and Central America²⁴, recognized organizations that focus on maintaining cultures of trust, taking care of their employees with whom it is possible to achieve the objectives of the organization. For 2022, Polaris in Nicaragua placed 12th in the country ranking.

In addition, in Nicaragua, Polaris participated in the Employers for Youth (EFY)²⁵ 2022 study. More than 1,500 young professionals from 30 companies participated in the third version of EFY in this country. Various factors were measured that has helped us understand their specific needs; in order to

generate greater attraction and at the same time retention of personnel, which will allow us to enhance the value proposition of our company towards the next generations. Through the study we were recognized in 6th place as one of the Best Companies for Young Professionals in Nicaragua.

Likewise, an Engagement study was carried out with Korn Ferry²⁶ to measure the level of commitment of our employees within the company (*Employee Engagement Survey*). The 95% response rate is above Korn Ferry's global benchmark of 83%. The survey was conducted in all the countries in which we are operating being Canada, Nicaragua, Peru, Panama, the Dominican Republic, and Ecuador.



Being able to measure progress, understand the areas of strength and, at the same time, the areas of opportunity, will allow us to establish a continuous improvement process.

²³ Organizational culture and climate consist of shared values, norms, attitudes, and perceptions that influence how people in an organization behave.

²⁴ Great place to work: 30 years alongside companies around the world, to provide support in cultural transformation processes.

²⁵ Employers for Youth (EFY) measures the perception of employees among 18 to 35 years old about the company they belong to, with the purpose of recognizing the best companies for young professionals.

²⁶ Korn Ferry is a global organisational consulting firm, who help companies synchronise strategy and talent to drive superior performance.

Wellness

Our wellness program in Nicaragua (*The healthy worker program*) continued through personalized attention for nutritional evaluations and the measuring of body mass index and composition by our field doctor. In addition, the company provided medical consulting regarding Chronic Noncommunicable Diseases (ECNT). Likewise, annual occupational exams were conducted by an authorized laboratory.

Polaris also promotes physical activities, which in turn contributes to the promotion of healthy lifestyles, positive mental health, a good organizational climate, and teamwork. The company in Nicaragua promoted weekly physical activities, such as volleyball, basketball, and softball Tournaments. Cycling, weightlifting, and Zumba classes have also been facilitated within the company's facilities.

In Nicaragua, in 2022 and for several years prior, Polaris has hosted a sports afternoon, which is an activity, where a series of sports tournaments are held by all team members.



As an additional practice and to promote engagement; Polaris held the year-end lunch with the entire team in the different jurisdictions and provided a shopping card to all employees.

Also, in Nicaragua and Panama, the company celebrates monthly birthdays; and in Nicaragua, Women's day, Father's Day, and Mother's Day were celebrated.

Likewise, we feel it is important to integrate family with the Company, and in Canada and Nicaragua this practice was encouraged, with other jurisdictions to follow.

In Canada, a family farm day event was held and in Nicaragua, Christmas was celebrated with the employees' children, where toys were donated to kids from 0 to 10 years old. Likewise, in Ecuador, packages of sweets were sent to the children of employees at Christmas time.

The company is working on standardizing good practices throughout its operations.



Training

Total man hours of annual training in 2022 was 2,901 in all countries. Of which, 54% were for men and 46% for women. The Operation and Maintenance area represented 37.03% of the annual total training, followed by Sustainability practices.

This data takes into account training in Occupational Health & Safety, training in Environmental aspects and overall training, such as certifications and courses for upgrading skills.



2,901

Man-Hours of employee
training in 2022



Diversity & Inclusion

As a company, we aim to foster equal opportunity and fair treatment at every interaction with the people we work with and/or engage, ensuring diversity and inclusion in our business processes.

According to The Great Place to Work Institute, Diversity and inclusion are two interconnected concepts—but they are far from interchangeable. Diversity is about representation or the make-up of an entity. Inclusion is about how well the contributions, presence, and perspectives of different groups of people are valued and integrated into an environment.

Diversity is created when an environment can host differences in gender, race, nationality, sexual orientation, and identity.

Polaris has a presence in 6 different countries and the company employs workers with many nationalities, which makes its corporate culture rich and diverse.

As an example, based on Nicaragua statistics, 40% of the labor force hired to construct the Binary Unit was made up of women and under the Internship Program, 50% of students were women.

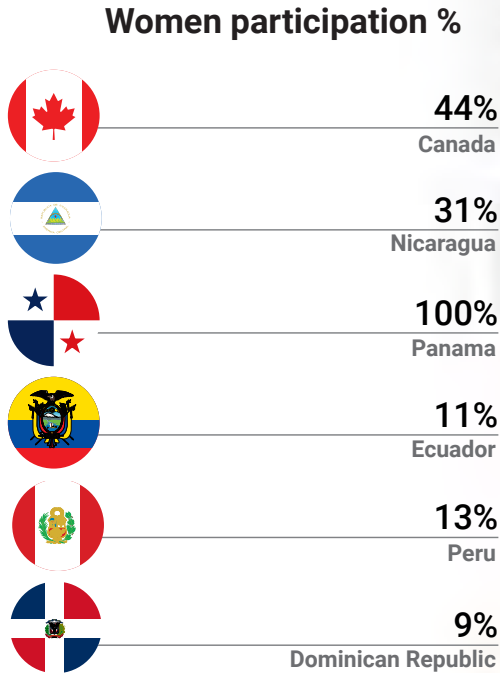


26%

Polaris Women
Participation



We continue with a gender focus, offering employment opportunities to women in subcontracted Major Maintenance jobs, by which 16% were made up of women. The following table provides statistics on the participation of women through permanent work contracts.



Our Partners

The opportunity for the company to make a positive impact, while also investing in our projects, is a fundamental driver of our commitment to sustainability.



Sustainable Supply Chain

As a responsible company, we intend to ensure that our contractors and suppliers meet price and quality requirements and comply with our sustainability standards.

In recent years, supply chain sustainability has emerged as a key corporate goal.

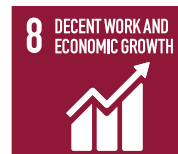
For our Company, a key aspect is Contractor Management, both in construction and operational phases. For our Company it is important to be able to empower them and ensure that they adhere to our work standards, especially, in all aspects of sustainability.

Initially every contractor signs an Environmental and Safety Manual which states all of our Sustainability requirements, necessary to comply with our standards. Furthermore, an environmental, safety and social workshop is provided to every contractor and sub-contractor, followed by regular supervision to ensure they are complying with Company standards.



3,752

Man-Hours of training in the induction program to contractors.



Stakeholder Engagement

Part of the success of our approach to stakeholders is that we engage all external stakeholders with respect and dignity offering multiple spaces to interact and foster relationships of trust, considering their opinions in the business strategy.

The participation of interested parties in the project cycle is an integral part of an adequate environmental and social management system since it contributes to the sustainability of the project itself. Polaris has Stakeholder Engagement Plans (SEP) for each of its projects and they are aligned with the following standards:

- International Finance Corporation (IFC) Performance Standards (2012).
- Equator Principles (EP4, 2020).
- Applicable World Bank Standards (Guides).

IFC's Performance Standard 1 (PS1), Social and Environmental Management and Assessment System, establishes that the participation of social actors is a permanent process that can include, to different degrees, the following elements:



- Analysis of the social stakeholders and planning for their participation.
- Disclosure and dissemination of information.
- consultation and participation.
- grievance mechanism.
- Regular provision of information to the Affected Communities.

The Equator Principles establish that projects must develop or maintain a system that includes a grievance procedure, which is an indispensable tool for communities and companies to deal with difficulties proactively. According to the guide *“Relations with the community and other social actors: Manual of best practices for companies doing business in emerging markets by the World Bank”*, companies should not only establish a grievance resolution mechanism, but should draft it in clearly and make it known, responding transparently and quickly, while keeping records and generating reports. This means that stakeholders should be able to access a clear definition of what a complaint is, as well as the complaint handling process, and an estimated resolution time.



The Company confirms that it has established grievance mechanisms in all of its projects, and these have assigned clear procedures, roles and responsibilities associated with said procedure.

Energy Sector
National/Regional Authorities
Local Authorities
Community Organizations and Local Leaders
Civil Society Organizations

Figure 6: Identification of Stakeholder categories that are relevant at project level.

Community Development

We are committed to impact the communities and territories where we develop projects in a positive way, in partnership with local communities and authorities acting as an agent of development and change.

For our Company, community development has been an important pillar of our contribution to a better world. Given that our projects are located in mostly low-income communities, leaving a positive mark on these communities has been part of our purpose as a Company.

According to IFC, strategic community investment involves voluntary contributions or actions by companies to help communities in their areas of operation address their development priorities, and take advantage of opportunities created by private investment, in ways that are sustainable and support business objectives.

While the biggest contribution a company normally makes is the positive impact of the business itself—through employment, contracts, its supply chain, and payment of taxes—voluntary community investment programs offer an important additional avenue for enhancing socioeconomic benefits.

As a Company, we are very proud of the positive impact we are creating in our communities. Likewise, Polaris confirms that it will be supporting the communities of our most recent acquisitions, in addition to our incumbent jurisdictions. Currently, we are in the process of creating tailored social investment plans for these communities.

17 PARTNERSHIPS FOR THE GOALS



4 QUALITY EDUCATION



11 SUSTAINABLE CITIES AND COMMUNITIES



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Meet Our Communities

Nicaragua:

The communities of influence are San Jacinto, Gracias a Dios, El Chorro, San Pío, El Ojochal and El Tizate. It has a population of approximately 5,000 people, with 6 public schools and approximately 1,000 students.

Peru:

For El Carmen and 8 de Agosto projects, the communities of influence are Chipaco, Caunarapa and Maravillas. It has a population of approximately 2,550 people, with 3 public schools and 375 students.

For the Canchayllo project, the Canchayllo community is in the direct area of influence. It has a population of approximately 2,000 people, with 3 public schools and 210 students.

Panama:

The community of influence is Vista Hermosa Community. It has a population of approximately 215 people, with 1 public school and 160 students.

Dominican Republic:

The community of influence is the Canoa Community. It has a population of approximately 3,800 people, with 2 public schools and 900 students.

Ecuador:

The community of influence is San José de las Minas, Atahualpa, and Chavezpamba Community. It has a population of approximately 21,500 people, with 18 public schools and 1,930 students.



Our Community Development Action Lines

Polaris has determined similar priorities and lines of action in the communities in which we have influence. This has been made through Social Assessments, Environmental and Social Impact Assessments (ESIA's) and/or direct interactions with community leaders. That is why, as the Company develops in our newer jurisdictions, we always consider contributing to community development.

Education

Education is an essential component of community development, as it provides individuals with the knowledge, skills, and critical thinking abilities they need to actively participate in and contribute to their community. Education can also help reduce poverty and inequality while providing a means for individuals to improve their overall quality of life. Furthermore, education can help promote social cohesion and build stronger, more resilient communities.





Learning today, shining tomorrow Project - Nicaragua

The first years of life are critical for the development of intelligence, personality, and social behavior. If these fundamental abilities are not well established from the start, the learning potential is negatively affected. Early childhood development is the foundation of human and social development. It is for this reason that in 2022, Polaris partnered again with World Vision Nicaragua²⁷ to execute the 'Learning today, shining tomorrow' project.

In the preschool of the 4 beneficiary schools, the 'Learning Roots'²⁸ methodology was initiated. During the implementation period we highlight the motivation and empowerment of parents with children of preschool-age, who were motivated to support their children in their homes, with this methodology.

Different sessions were held with 14 teachers on the importance of early childhood and holistic development, which allowed teachers to interact with children effectively using a local setting, thus

achieving greater participation and presence of children in the classroom. Also, the trained teachers reinforced their knowledge to improve teaching and learning techniques in the development of life skills for children from 3 to 6 years old.

The four schools were equipped with different kits, which are described below:

1. Furniture kit: Chairs, tables, acrylic whiteboards, drawers and metal filing cabinets.
2. Kits of instructive & play materials: Bond paper, colored sheets, markers, sealant, white glue, silicone, masking tape, crayons, legos, puzzles, plasticine, puppets, abacuses, sensory balls, soccer balls, ropes for jump, puzzle mat.
3. Preschool Kits: Storybooks, coloring books, crayons, pictures of the human body, and alphabet pictures.
4. Speakers and USB memories.

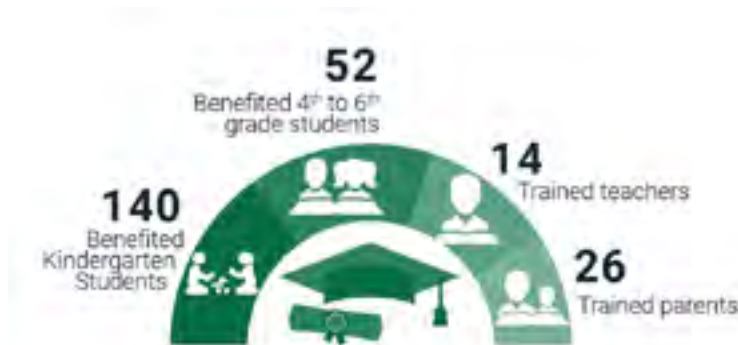
²⁷ World Vision Nicaragua is an international humanitarian aid organization that contributes to the comprehensive development and leading participation of children and adolescents in vulnerable situations in Nicaragua.

²⁸ World Vision model.

The delivery of materials and furniture to 140 children (72 girls and 68 boys) further promoted the learning experience, with a better atmosphere, improving daily attendance in preschool classrooms, making education attractive, fun, and participatory.

Likewise, part of the project was to teach them to make materials with recyclable resources, such as: homemade plasticine, sensory panels, illustrative calendar and alphabet, materials to encourage the emotions, free play activities and learning through music. Such activities provide learning experiences to children developing their abilities to identify properties, classify colors, establish similarities and differences, solve problems, and help teachers to better interrelate with their students.

Likewise, elementary school students who still enjoy the benefits of education projects financed in previous years, such as *'I want to read to learn'*, participated in the 2022 lines of action. The Creations festival²⁹ was held with the participation of all the schools.



Robotics projects follow up - Nicaragua

The combination of robotics and STEAM³⁰ education can be a powerful tool for engaging students in STEAM subjects and helping them develop the skills they need to succeed in the 21st century.

Polaris is very proud to have promoted educational robotics. In 2022 robotics students and clubs managed to compete at the regional and national level. We are very proud of all the groups that managed to qualify and especially the group that managed to obtain third place at the national level.

This demonstrates the high impact that such educational programs promoted by the company are having on students.



School supplies for local schools -Peru

In the communities of influence of El Carmen and 8 de Agosto power plants, the company donated school kits. The goal was to ensure that students had more fulsome supplies to start the school year.

²⁹ Creation Festival is an event that brings together primary school students in the area, where children exhibit their own creations: Stories, books, illustrations.

³⁰ STEAM is an educational approach that focuses on the integration of science, technology, engineering, art, and mathematics.

Learning holidays / Summer Camp and university scholarships (Perú)

In order to promote academic reinforcement and the valuable use of vacation time, Polaris sponsored an academic summer camp in schools in the Canchayllo community. Also, Polaris continues to provide university scholarships to the best students graduating from the Canchayllo community school.

Christmas celebration with Communities

Many years ago, the Company started the custom of celebrating Christmas with the communities.

This year, the company donated toys and held celebrations in Nicaragua, Peru, and Panama. Likewise, Polaris gave away 2,300 packages of sweets to children in Ecuador.

Likewise, in Nicaragua it is customary to reward the best students and teachers with basic food baskets.

This events also serves as an opportunity to interact directly with members of the community, through parents and teachers.



1,372

*Toys were donated
in total.*



Community Infrastructure

Infrastructure is an important part of the foundation for community development. It provides the physical structures and services that are necessary for a community to function and thrive. Infrastructure is necessary for facilitating economic activity, improving quality of life, and promoting social interaction and inclusion. By investing in infrastructure, a community can lay the groundwork for long-term growth and success.

Connectivity project for local schools - Peru

Access to internet in schools can play a significant role in poverty reduction by providing students with access to educational resources and opportunities that can help them break the cycle of poverty.

In 2022, the company carried out a needs assessment in nearby schools of 8 de Agosto and El Carmen projects; and as a result, it was discovered that most of the schools had computer centers built, however, they were not enabled because all the equipment



was in poor condition and there was no access to the internet.

With the objective of bringing technology to four (4) Educational Institutions and contributing to the improvement of the quality of Education in these locations, the company executed the Connectivity

Project, consisting of the maintenance and repair of the computers, antenna installation, and eventually the installation of an internet service.

Polaris committed to pay for the internet to ensure schools always have such access.

Water Quality Project- Panama

Safe and readily available water is important for public health, whether it is used for drinking, domestic use, food production or recreational purposes. Improved water supply/ sanitation, and better management of water resources, can boost countries' economic growth and can contribute greatly to poverty reduction.



When we began working in the Vista Hermosa community, one of the priority issues for them was access to quality water, having a filtration system to provide the community with consistently clean water.

For this reason, the company decided to invest in a water filtration system for the dispatch center that supplies the entire community. Thanks to this, the community today enjoys access to quality water, guaranteeing a basic human right.

Road maintenance - Panama

Another priority for the Vista Hermosa community has been the quality of the access roads to the community. Prior to the start of the project's construction, the Company carried out appropriate maintenance on the access road, guaranteeing residents can travel safely.

Likewise, the Company has continued to maintain the road to avoid any negative impact.

Bridge access Project - Peru

Bridges are an important infrastructure that can play a significant role in Community development. They can help to connect people and markets, and facilitate the flow of people, goods, services, and information.

In 2022, the company donated materials for the construction of access to the bridge that will connect the local communities, near the El Carmen hydroelectric plant.

The local municipality will complete the construction of the bridge in 2023.



Recycling Booth – Nicaragua

In Nicaragua a recycling booth was built at the main school in order to give a second chance to waste that can still be useful. In this case, Polaris will take charge of the management of all the recyclable waste that is collected for subsequent donation to the Pipitos³¹ organization.

This initiative was reinforced with recycling seminars, in order to demonstrate the correct way to classify waste, which products can be recycled and the advantages of recycling.



³¹ Los Pipitos is a non-profit organization. It focuses on the empowerment and rehabilitation of children and young people with disabilities. The Recycle for Life and Hope program consists of collecting various materials that are donated to the Pipitos. These materials are used for sale and/or craft workshops that contribute to the rehabilitation of children and young people with disabilities.

Agriculture

Agriculture plays a crucial role in community development for several reasons. Agriculture is an important source of income and employment for many communities, particularly in rural areas, so it promotes economic development. Agriculture is the primary source of food for many communities, and it can help ensure that people have access to a diverse and nutritious diet, thus also enabling food security.

Also, agricultural practices, when done sustainably, can help to conserve natural resources and promote the health of the environment, advocating for environmental conservation; and agriculture is often closely tied to the culture and traditions of a community. By supporting local agriculture, communities can help to preserve their cultural heritage and traditions, supporting cultural preservation.

Overall, a strong agricultural program can contribute to the social, economic, and environmental well-being of a community, and it is an important factor in the development of any region.



Watermelon project - Nicaragua

For many years, the company has supported agricultural practices in the communities near the San Jacinto-Tizate Geothermal Power Plant. To date, it has supported the strengthening of the capacity of a group of 50 farmers in various crops such as beans, corn, and watermelon.

In 2022, the company invested in supporting a group of 20 producers for the production of watermelon. An important component of the project is the provision of inputs and technical assistance. It is important to mention that the project works with inputs with a green label and promotes proper waste management and good environmental practices for the harvest process.



Coffee and beekeeping project - Perú

This project was carried out in partnership with Detec³², with whom Polaris began to work in 2020. The main objective of the project in 2022 was to benefit 20 producers through beekeeping and coffee cultivation.

The project contributed to improving the quality of life of small family farmers in the Monzón district, reducing poverty, closing inequality gaps, empowering rural women and action against climate change, in areas with a past linked to illegal crops.

The project was focused on improving the economy of the beneficiary families. Likewise, to carry out activities in a way that producers start associating economic benefits with visible effects on environmental sustainability and it was successfully achieved. Thanks to this project, a reduction in the use of agrochemicals was guaranteed, through the increase in the use of natural fertilizers and the installation of forest trees to introduce the group of producers to agroforestry practices.



It is important to mention that through this project, profits from coffee production have increased by 100%. Likewise, as beekeeping is a new type of trade for these communities, alternative and innovative ways to generate income are being developed.

³² Detec is a Peruvian non-profit organization dedicated to promoting sustainable rural development.

Biodigesters (Nicaragua)

Biodigesters are a type of waste management technology that can be used to convert organic waste into biogas and fertilizer. Overall, the use of biodigesters can help reduce greenhouse gas emissions, reduce the amount of waste, improve soil fertility, and provide a renewable energy source, all of which are important for environmental conservation.

In addition, communities can use biogas for their own consumption, contributing to family savings by not having to purchase gas on the open market, having social and economic benefits.

The 2022 biodigester project came to continue what was started in 2021 (5 biodigester systems installed). In 2022, 3 additional systems were installed, and the beneficiaries were community members (women) and, at the same time, Company employees.

It is important to mention that because of the 2021 intervention, the biogas produced represented a 69% decrease in the use of firewood for cooking. Before the use of the biodigester, the beneficiaries used 22,656 pounds of firewood annually, and now they use only 6,912 pounds annually.



Human Rights

Our company respects human rights amongst our relationship with employees and communities.

The idea of human rights is as simple as it is powerful: that people have a right to be treated with dignity. Human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. Every individual is entitled to enjoy human rights without discrimination. These rights are all interrelated, interdependent, and indivisible.

According to the United Nation's Guiding Principles on Human Rights, Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. The responsibility of business enterprises to respect human rights refers to internationally recognized human rights—understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.



Employee Rights and Fair Labor Practices

Our Code of Business Conduct and Ethics states that ‘we are committed to providing a fair, respectful, and healthy workplace that promotes high ethical standards’. We believe all our employees deserve to be treated with integrity and respect. Therefore, we promote a work environment of transparency and positive communication. We compensate our employees competitively and operate in compliance with applicable wage, work hours, overtime and benefits laws and international labor standards.

In our business dealing with others, we require all representatives to deal honestly and fairly with third parties, as well as with each other. All Representatives must display integrity and professionalism in the workplace and in all their business relationships.

Harassment in the Workplace

Polaris is committed to maintaining a workplace free of harassment, where all Representatives are treated with respect and dignity. Harassment includes any

unwelcome conduct, harassment, or intimidating, humiliating, hostile, or offensive communications in the work environment. Workplace harassment or bullying will not be tolerated. See the Polaris Workplace Violence and Harassment Policy for more details.

Diversity and Inclusion

Polaris is committed to equal opportunity for all and to providing a work environment that allows qualified candidates to be recruited, promoted, or otherwise pursued in their careers, free from any form of unjustified discrimination. Polaris and its Representatives will not discriminate based on age, color, disability, race, ethnicity, gender/gender identity, marital status, political belief, religion, or sexual orientation.

Safe and Healthy Workplace

Our policy is to provide and maintain a safe, healthy, and productive workplace for all our employees that complies with all applicable laws, regulations, and internal policies.



Child Labor

The Company condemns all forms of exploitation of children. Polaris does not recruit child labor.

Freedom of Association and Collective Bargaining

We respect our employees' right to join, form or not to join a labor union without fear of reprisal, intimidation, or harassment. We are aligned with the International Labor Organization and its core conventions.

Community and Stakeholder Engagement

We recognize that we are part of the communities in which we operate. We engage with communities on matters that are important to them. Our aim is to ensure through dialogue that we are listening to, learning from, and considering their views as we conduct our business. The company has stakeholder engagement plans throughout its operations.

Remedy

We place importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms.



Our Planet

We are committed to maintaining environmental standards and consistently applying its related procedures in all our operations. Our responsibility as a renewable energy company, is to ensure that we are doing everything possible to facilitate the transition to clean energy.



Environmental Education

Polaris, through environmental education, has contributed to the awareness, training, and communication of knowledge, perspectives, and skills that are necessary for internal plant workers, students, and residents of nearby communities to be part of the change that promotes sustainable development and environmental awareness.

It is important to mention that in addition to training, environmental competitions have been promoted in Nicaragua where various parameters are considered to select the winners. This allowed us to create awareness in all our employees, contractors, and students from local schools, to reduce negative environmental impacts and promote recycling.

Even though environmental education is not one of the fundamental pillars of the sustainability strategy, it is directly related to each of the material aspects identified. At Polaris, we know that, to obtain the best results in environmental management we must invest time and resources in the training of our employees and other stakeholders.

In Peru, training was provided on environmental issues related to the operation of our hydroelectric power plants. Some of the topics taught were: Environmental quality, Solid Waste Management Plan, World Environment Day and Declaration of Environmental Emergencies, the total Man-Hours dedicated to environmental awareness was 159.5.



519

Man-Hours of
environmental education



To date in Ecuador, a total of 3 hours of environmental training was provided to employees. The topics addressed were: Solid waste management plan, Recycling and Environmental pollution, and Avoidance measurements.

In addition, other important environmental activities to create awareness were carried out, such as:

Nicaragua

1. **River cleaning activity:** On April 22nd, to celebrate Earth Day, all Polaris employees in Nicaragua went to El Chorro River located 2km away from the power plant³³ to clean the river. The El Chorro community does not implement a proper solid waste disposal process, therefore El Chorro river and its surroundings is seriously contaminated with solid waste. This cleaning campaign was done to improve those conditions and to create awareness with the local communities to stop disposing of waste in the area.
2. **Re-forestation:** On June 10th, Polaris employees participated in a re-forestation

activity where a total of 976 trees were planted in 1Ha. The area where the re-forestation was carried out, was affected with forest fires at the beginning of the year. With this effort, Polaris is contributing to recover the natural habitat and reduce climate risk in the area.

3. **Environmental fair:** On June 8th and 9th, The VII Environmental Fair was held in celebration of Worldwide Environmental Day. The fair focused on presenting environmental solutions to different problems that arise in local communities, such as: soil conservation, water harvesting and conservation, agroecology, integrated agricultural pest management, waste management,



wastewater treatment, forest importance and soil conservation importance. Students from 6 different schools, from kindergarten to high school, participated.



³³ Indirect area of influence.



Peru

In Peru, Earth Day was also commemorated through an environmental walk with messages to protect and preserve our Earth. In this walk, elementary students from local schools participated with banners and walked in the center of Monzón town, manifesting the message of environmental protection to the entire community.

Panama

Environmental training was done at the local school on October 4th in commemoration of Habitat Day, this training was developed together with the Environmental Ministry to 78 students from kinder until 3rd grade.



Emission Avoidance / Reduction

Assess and reduce our carbon footprint as well as measure the emissions compensated or avoided by our renewable energy generation.

Carbon Credits

Investing in renewable energy is an important step towards reducing GHG emissions and combatting climate change. By using renewable energy, we can reduce our reliance on fossil fuels, which are a major source of greenhouse gas emissions, and help to mitigate the negative impacts of climate change.

At this moment Polaris has 3 registered and certified projects under CDM (Clean Development Mechanism) from UNFCCC (United Nation Framework Convention on Climate Change) which are: San Jacinto (SJ) Unit 3 and 4, Canchayllo and 8 de Agosto.

These 3 projects have a total of 990,517 certified CERs (since 2014). San Jacinto is the main emission reduction project that Polaris has with a total of 881,417 CER (SJ issued until May 2019 and Canchayllo and 8 de Agosto until December 2020). In addition, San Jacinto, 8 de Agosto and Canchayllo estimated emission reductions for 2022 is 255,048 tons CO₂e/year (in the process of being certified).

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The estimated CERs, not yet certified, for the operating projects for 2022, sum to a total of 57,192 tons CO₂e (*El Carmen, Dominican Republic, and Ecuador*).

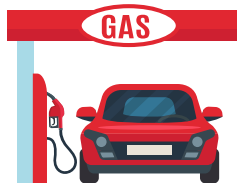
Did you Know?³⁴

That in 2022, the energy we generated contributed to offsetting CO₂ emissions from other sources, as an example:

312,240

tCO₂e per year

Of avoided emissions is equivalent to:



61,034

Gasoline-powered
Passenger vehicles
driven for one year



14,002

Tons of waste recycled
instead of landfilled



31.8 M

Gallons of gasoline
consumed



55,115

Home' electricity
use for one year



335,219

Acres of U.S.
forests in one
year

For our solar parks in Panamá and the Binary Unit in Nicaragua, the emissions reduction estimation is 37,400 tons CO₂e/year. These projects are in the process of registration and certification for 2023, under the voluntary market.

³⁴ EPA. Unites States Environmental Protection Agency.





Measuring Our Carbon Footprint

A carbon footprint is a greenhouse gases (GHG) measure, driven as a result of an individual or organization's activities. For companies, by measuring and reducing their carbon footprint, they can demonstrate their commitment to sustainability and environmental stewardship. Also, reducing GHG emissions can also have financial benefits for an entity. By identifying and reducing energy inefficiencies, companies can save money on energy costs and improve their bottom line.

In summary, measuring and reducing a company's carbon footprint is important for environmental responsibility, legal and regulatory compliance, reputation, and cost savings.

In 2022, Polaris began measuring the carbon footprint in Scope 1³⁵, 2³⁶ and 3³⁷ with an external consultant, for its subsidiary in Nicaragua. The main objectives for this measurement were to evaluate the carbon footprint of the company in all its facilities in Nicaragua, using the methodology described in ISO 14064:2018³⁸ and to have an inventory of the company's GHG emissions in a reference year (baseline), which will allow later developments to be followed.

Also included, was a training process for employees and was designed so that the employees were able to ensure proper registration and control of information for data collection, use of spreadsheets, software, calculation, and analysis of results obtained, definition of indicators, parameters and methodology to maintain the system in

³⁵ Scope 1 emissions are direct emissions from company-owned and controlled resources.

³⁶ Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider.

³⁷ Scope 3 emissions are all indirect emissions - not included in scope 2 - that occur in the value chain of the reporting company, including both upstream and downstream emissions.

³⁸ ISO 14064:2018 - Greenhouse Gases (GHG): Is an international standard for quantifying and reporting greenhouse gas emissions.

accordance with the ISO 14064:2018 norm over time. Employees from all areas of the company were included in these trainings.

The scope of such measurement included:

Direct and indirect GHG emissions:

- Measurement of company vehicle emissions.
- Emission measurement of emergency power plants.
- Measurement of emissions from electric generators, engines and combustion pumps.
- Measurement of air compressor emissions.
- Measurement of personnel transportation emissions.
- Measurement of emissions from business trips internal personnel.
- Measurement of emissions from waste disposal.
- Measurement of GHG removals from the respective facilities.



Measurement of emissions throughout the production cycle

- Measurement of all Greenhouse Gas emissions in the productive cycle of the company.
- Measurement of GHG emissions from the consumption of energy from the grid.
- Measurement of GHG removals from the respective facilities.

The results reflect that the carbon footprint for the San Jacinto Project in scope 1, 2 and 3³⁹ is 29,679.73 tCO₂e. Of which, 97.8% corresponds to the generation of geothermal energy (scope 1). It should be noted the generation of geothermal energy is already being offset within the calculation of Carbon Credits.

The remaining 2.2% corresponds to scope 1 (fuel consumption), scope 2 and 3. In addition, the company plans to continue carbon footprint measurements in all jurisdictions.

³⁹ Scope 3 measured only includes waste generation and business trips.

Climate Change Strategy

As a renewable energy company, we know that we contribute positively to climate change mitigation and adaptation. Likewise, it is in our interest to factor the effects of climate change into our business decisions and operational plans.

Climate change is the long-term alteration to the Earth's climate and weather patterns. It is primarily caused by the burning of fossil fuels, which releases large amounts of carbon dioxide and other greenhouse gases into the atmosphere. These gases trap heat from the sun, causing the Earth's temperature to rise.

The impacts of climate change are wide-ranging and diverse, affecting both natural systems and human communities. It is important to take action to mitigate the causes and impacts of climate change, including reducing GHG emissions and adapting to the changing climate.

As a renewable energy company, we deliver every net kWh to the grid, and we are firmly committed to doing everything in our power to make sure we help mitigate climate change.

As a result of the Environmental and Social Action Plan (ESAP) for the Binary Unit on the San Jacinto Project (Nicaragua), the company began to carry out a climate change risk assessment,

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which is the process of evaluating the potential risks that climate change poses to a company's operations, assets, and supply chains. This can include physical risks such as flooding, storms, and heatwaves, as well as transition risks such as the potential for regulatory changes or shifts in consumer preferences.

By conducting a climate change risk assessment, companies can better understand the potential impacts of climate change on their operations and take steps to mitigate or adapt to these risks. This can help protect the company's assets and ensure

its long-term resilience in the face of a changing climate.

The climate change risk assessment will be made following the Task Force on Climate-related Financial Disclosure and Risk and climate change assessment methodology. This spectrum of the climate change risk assessment will allow Polaris to identify the risk in short, medium, and long term but most importantly, to take action to reduce the incidence of this risk in the organization.

The scope of this assessment will include a risk management plan, a risk management and climate change policy proposal, procedures to implement the climate strategy, a monitoring plan and procedures which will indicate process and frequency.

This Climate change risk assessment will be finalized in 2023.

Water Management

Minimize our consumption of water as a non-renewable resource and ensure water quality is not negatively affected by our operations.

Our hydroelectric projects are run-of river, which means that in this way we reduce environmental impacts related to Ictiofauna, water quality and emissions.

In addition, in each intake we also help reduce solid waste impacts⁴⁰ on rivers because our internal personnel collect all the solid waste traveling upstream from the river through the sand traps, then the solid waste is disposed of in containers to ultimately transport to landfills.⁴¹ In addition, we perform water quality monitoring before and after the powerhouse, to guarantee there is limited water pollution as a result of our operation. At this moment, our company hasn't registered any negative impact on water quality due to our operations.



⁴⁰ Waste that is not generated by our operations, but by local conditions (for example, local tourism, local communities, etc.)

⁴¹ Peru hydro projects disposes its non-hazardous solid waste in landfills.

For our geothermal project in Nicaragua, all the water extracted from the geothermal wells is re-injected again to the reservoir to preserve the system. For fresh water, we continuously saving water with environmental awareness training, but also by promoting the continuous maintenance of the water system to reduce leakage. Furthermore, we continue to perform water quality monitoring of the community wells and springs, to guarantee there is no interconnection between geothermal wells (operation) and community water. Through said monitoring, it has been confirmed that our operations do not negatively impact water quality.

For our solar projects in Panamá there is a creek between the two projects, thus, sediment barriers were erected during the rainy season to limit water pollution and reduce environmental impacts. Additionally, the company executed a water quality monitoring with a third-party consultant and all the parameters follow national legislation for surface water quality.



Biodiversity

Contribute to the protection of biodiversity by applying a prevention-focused management and mitigation measure; working with stakeholders to identify, avoid, mitigate, minimize or compensate impacts.

Biodiversity conservation is an approach that focuses on protecting and preserving the diversity of species and ecosystems. It involves protecting and preserving natural habitats, promoting sustainable land use practices, and working to prevent the loss of biodiversity.

One key aspect of biodiversity conservation is having a prevention-focused management. This approach involves taking proactive measures to prevent the loss of biodiversity, rather than simply reacting to problems after they occur.

For biodiversity conservation, our Company applies the hierarchy matrix for managing the risk and potential impacts of development projects on biodiversity. It involves a sequence of four key actions: avoid, minimize, restore, and offset or compensate.

In all our projects, before beginning the construction phase, we implement environmental measures taking into account the baseline studies of the area. Likewise, rescue plans and re-location of flora and fauna are applied, if necessary.

13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



In our projects in Nicaragua, the fauna rescue and relocation plan were executed in December 2021, prior the commencing of works for the Binary Unit Project and during the construction phase the relocation plan was implemented. A total of 11 animals were relocated including snakes, turtles, and birds. Also, training about use of herpetological forceps⁴² and relocation of snakes was performed with the participation of all employees, to create awareness about said species and to train on how to identify poisonous species.

Furthermore, a Biodiversity Management Plan has been implemented, as a recommendation and result of the refinancing of the project in San Jacinto and the materiality assessment. The biodiversity management plan main objectives are to contribute to the protection and conservation of biodiversity and their habitats, to promote environmental sensibilization in all the stakeholders, to encourage sustainable use and management of natural resources, to increase forest cover with native species and to improve natural habitat conditions for fauna conservation and protection.

The biodiversity management plan includes activities to be developed internally and externally with different stakeholders. Some of the main activities included are forest fire prevention and attention, environmental awareness training, internal fauna monitoring with camera traps⁴³, reforestation with native species (mainly threatened and vulnerable species), fauna rescue and relocation, hunting and poaching prohibition, tree cut prohibition, among others.

For our Solar projects in Panama, the rescue and relocation plan was executed in March 2022. This plan was implemented in a period of three weeks, before the start of the construction phase, in order to rescue and relocate any fauna identified during the project construction. The methodologies applied are internationally recognized; however, the project area was environmentally impacted negatively by livestock and extreme dry climate conditions.

During the implementation of the fauna rescue plan a total of 10 species including reptiles, mammals and amphibians were found and relocated and released in

Cerro Guacamaya, a protected area of Panama with a natural forest.

In Perú, a Biodiversity Monitoring Plan is in place since 2019 for 8 de Agosto and El Carmen hydroelectric projects. The main objectives of the plan are to promote prevention and mitigation measurements for any potential impact that could be presented by the project's development in all its stages and to guarantee flora, fauna, and aquatic biota conservation. The most sensitive ecosystem of hydroelectric generation is aquatic fauna, because of the ecological flow that is reduced to 10%, however, the monitoring plan shows that the project activities has not affected the local ecosystems⁴⁴.

The average amount of identified species have been 5 to 6 per monitoring. In addition, *Paradon buckleyi* (yulilla) is the indicator species that was defined in the Baseline Studies in the Environmental Impact Assessment (EIA), being this, the most sensitive species to any change in the environmental conditions of the site. This species has not been affected by the operations of the 8 de

⁴² Used to collect the animals and put them into an appropriate container for relocation.

⁴³ The camera trap is simply a digital camera connected to an infrared sensor which can "see" warm objects that are moving, like animals. When an animal moves past the sensor it causes the camera to fire, recording an image or video to the memory card for later retrieval.

⁴⁴ The monitoring period runs from 2014 to 2022.

Agosto and El Carmen power plants, since they have continued to be identified in the different monitoring carried out, since in 2014.

The affected areas during the construction are completely recovered, except those in use for power generation, natural regeneration and reforestation activities have been carried out to recover the natural conditions of the areas affected by the project as part of the environmental compensation measures. Additionally, the beekeeping social project in Perú, promotes recovery and restoration of affected areas through natural regeneration. Please see the section 'Our Partners' for additional information on this social project.

The Canoa solar park in Dominican Republic is located near a Natural Reserve Area, however, the direct area of influence of the project

is a previously environmentally impacted area used for agriculture, now converted to a Solar Park. The Canoa Solar Park has a Biodiversity Management Plan (BMP), this plan has been implemented since 2019 with the execution of flora and fauna rescue and relocation plan.

During the execution of the plan, most of the species were identified in the areas of indirect influence, the rescued species were amphibious (2 endemics), reptiles (15 endemic), birds (12 endemic) and mammals (only bat).

The main objectives of the BMP are to preserve and improve flora and fauna species' conditions in the project area of influence, to guarantee natural areas connectivity and to develop several activities to research, preserve and train internal and external actors to improve natural habitat conditions.



Re-forestation

Re-forestation continues to be carried out to contribute to the recovery of habitats that have been modified by the different activities in the area, in addition to protecting water resources that are seriously threatened by the high rate of deforestation and forest fires.

In 2022 a total of 4,299 trees were planted in Nicaragua and Peru, in addition, 1,500 trees were donated to the Amazonia through One Tree Planted Organization⁴⁵.

Re-forestation is always done with native species from each zone to promote and conserve ecosystem characteristics. Of those 4,299 trees, 1,632 trees were planted in internal areas (Polaris owned/leased properties) the other ones were donated to community members, students, and employees.

To date, re-forestation activities having taken place in Polaris⁴⁶ areas, have helped biodiversity

conservation despite the external impacts affecting the protected area, also creating awareness in some part of the population by supporting re-forestation activities on their properties.

Forest Fires Prevention

Furthermore, in Nicaragua we are continuously managing forest fires during dry season; this is the main environmental impact on the area due to external causes. Forest fire prevention actions are implemented from December until May, some of the main activities executed are implementation of a 4 m width cleaning of leaf, brush, and scrub around the project area to prevent fire expansion, the forest fire brigade training at the internal and external level and environmental training and awareness on communities in coordination with local authorities.



⁴⁵ One Tree Planted is an environmental non-profit, tree planting charity, that plant trees in countries around the world.

⁴⁶ Polaris reforestation programs began in Nicaragua since 2005.

Waste Management

Implement the effective and necessary measures and procedures to carry out the storage, treatment, and final disposal for the generated waste in the company's operations.

Waste management is an important aspect of our projects because it helps to minimize the environmental impact.

Effective waste management involves identifying the sources of waste and implementing strategies to minimize, reuse, and recycle as much material as possible.

All our projects are applying measures of waste management, in order to minimize any environmental and health impact which can be derived from the generation, handling and disposal of waste generated in the projects.

The waste management plan considers procedures to minimize, classify, temporarily dispose of, transport and final treatment and disposal of each waste generated in accordance with the various activities executed by each area of work.



Colour code is used to classify the generated waste and temporary warehouses are located at project sites to reduce the impact of waste and to facilitate correct waste disposal. The warehouse complies with international standards, such as a waterproof floor, roofed, containment berm, extinguisher, spill kit and ventilation.

In the case of Nicaragua, waste management is a serious problem in the country, to improve this and reduce the environmental impact in our area of influence, a recycling warehouse was built at the local main school. 1,075 pounds of recyclable material (such as paper, cardboard, and plastic bottles) were recycled in the local communities, thanks to the implementation of this project. All the recycled material is donated to the Los Pipitos non-profit organization.

For our Hydroelectric plants in Peru, we improved the different waste warehouses, to be in compliance with the waste management plan. Each hydroelectric plant has one non-hazardous waste and one hazardous waste warehouse. The new conditions of the warehouse are a waterproof floor, roofed and containment berm for the hazardous warehouse.

In all projects a total of 5,765 Kg of hazardous waste and 8,578 kg of recyclable material were generated and properly disposed of, in compliance with local legislation and international standards.



About this Report



About this report

We are committed to providing transparent information regarding our global operations. We recognize that transparency and objective standards-based disclosure is crucial in demonstrating our commitment to our stakeholders.

In preparing this report, we carefully considered feedback received from shareholders, the investment community, and other stakeholders. We also analyzed the information contained within various sustainability frameworks.

Reporting Framework

Our report framework has been developed to suit the interests of a broad group of our stakeholders. It was prepared with reference to international ESG reporting frameworks, including the Global Reporting Initiative (GRI) and the SASB framework Sustainability Accounting Standards Board (SASB).

Scope

This report captures the environmental, social and governance performance of subsidiaries owned or operated by Polaris Renewable Energy Inc as of December 31st, 2022. This report does not focus on our financial performance.

Data

The data included in this report has been reviewed and approved by Polaris' Senior Management and Board of Directors ("Board"). The data collection methodologies are aligned with industry best practices and applicable regulations and standards. All monetary amounts are in U.S. dollars, except where otherwise noted.

For additional information, refer to:

2022 Annual Financial Statement and Management Discussion & Analysis (MD&A), for Polaris' financial performance, including general corporate information and current developments.

- Polarisrei.com, for the above, including general corporate information and current developments.
- sedar.com, for all the above.

Cautionary note concerning Forward-Looking Statements and Information

This Sustainability Report contains certain “forward-looking information” within the meaning of applicable Canadian securities laws, which may include but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management’s expectations regarding growth, results of operations, business prospects and opportunities. In addition, statements relating to estimates of recoverable energy “resources” or energy generation capacities are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that electricity can be profitably generated from the described resources in the future. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as “approximately”, “believes”, “expects”, “is expected”, “intends”, “plans”, “potential”, “budget”, “goals”, “targets”, “aims”, “likely”, “typically”, “probable”, “continue”, “strategy”, “proposed”,

“project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terminology that state that certain events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. It represents the projections and expectations of the Company (as defined above) relating to future events or results, as of the date of this Sustainability Report.

Forward-looking information in this Sustainability Report includes but is not limited to: risks concerning geological, geophysical, geochemical and other conditions, geothermal resources, development and performance of operating facilities, the reliability of technical data, expected capacity of and energy sales from new energy projects, the Company’s ability to comply with local, state and federal regulations, support and demand for renewable energy, the Company’s ability to obtain and maintain necessary permits, approval and licenses, the availability of capital to fund exploration and development, financial market conditions, general

economic conditions, the absence of material capital project or financing cost overruns, sufficient liquidity and capital resources, the continuation of observed weather patterns and trends, the absence of significant counterparty defaults, and the absence of a material change in political conditions or public policies and directions by governments materially negatively affecting the Company.

A number of known and unknown risks, uncertainties and other factors may cause actual results or performance to materially differ from many future results or performance expressed or implied by the forward-looking information. Such factors include, among others: failure to discover and establish economically recoverable and sustainable resources through exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective resources or energy generation capacities; variations in project parameters and production rates; defects and adverse claims in the title to the Company’s properties; failure to obtain or

maintain necessary licenses, permits and approvals from government authorities; the impact of change in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; the Company's dependence on its operating subsidiaries; fluctuations in the market price of energy; impact of significant capital cost increases, including as a result of the COVID-19 pandemic; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal resources, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; difficulties enforcing judgments in foreign

jurisdictions; the risk of natural disasters; fluctuations in the market price of the Common Shares (as defined below); impact of issuance of additional equity securities on the trading price of the Common Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; uncertainty of political stability in Nicaragua, Peru, Ecuador, Dominican Republic and Panama; uncertainty of the ability of Nicaragua, Peru, Ecuador, Dominican Republic and Panama to sell power to neighboring countries; economic insecurity in Nicaragua, Peru, Ecuador, Dominican Republic and Panama; political unrest in Peru; negative public or community response to wind, gas and hydroelectric facilities and energy infrastructure assets; the risk of delays in technological advancements; the risk of ineffective internal controls; failure to meet financial expectations; the risk of being unsuccessful in the advancement or defense of legal actions; failure to secure trademark registrations; and other development and operating risks, as well as those factors discussed in the section entitled "Risk Factors" in the Company's most recently issued Annual Information Form available on SEDAR.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is provided as at the date of this Sustainability Report and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty therein.

Appendix A: Polaris Sustainability Key Performance Indicators

The Sustainability Indicators listed in this appendix provide information over three years, starting with January 2020 and ending December 31st, 2022.

Priority Topic	2022	2021	2020	2019
Operations				
Electricity Net Generation (MWh)⁴⁷				
Geothermal				
San Jacinto Tizate - Nicaragua	439,090	465,935	511,702	532,987
Hydroelectric				
Canchayllo - Peru	26,854	28,084	33,832	30,234
8 de Agosto - Peru	105,010	103,440	93,289	1,848
El Carmen - Peru	40,983	46,064	24,070	5,865
San Jose de Minas - Ecuador	9,418	0	0	0
Solar				
Canoa - Dominican Republic	28,401	0	0	0
Total	649,756	643,523	662,893	570,934

⁴⁷ For more information, check the Management Discussion and Analysis (MD&A) Report.

Priority Topic	2022	2021	2020	2019
Environment				
Greenhouse Gas (GHG) emissions				
Greenhouse gas emissions (tCO ₂ e) ⁴⁸	27,576	16,275	16,275	16,275
GhG Emissions Reductions (CER) ⁴⁹			427,290	345,709
San Jacinto Tizate ton CO ₂ /Year	171,156 ⁵⁰	194,607	215,321	224,955
Canchayllo ton CO ₂ /Year	11,878 ⁵¹	16,598	19,995	17,868
8 de Agosto ton CO ₂ /Year	72,014 ⁵²	69,305	63,031	4,608
El Carmen ton CO ₂ /Year	14,721 ⁵³	0	0	0
Canoa ton CO ₂ /Year	35,081 ⁵⁴			
San Jose de Minas	7,389 ⁵⁵			
Total GhG Emission Reductions⁵⁶	312,240	280,510	298,347	247,431

⁴⁸ The emissions presented correspond to Geothermal generation (San Jacinto Tizate facility). It represents a partial value of Scope 1. According to the ISO 14064 Carbon Footprint, the direct emissions of Scope 1 are: the emissions associated with an activity or process generated in an organization or over which there is total control of the organization. These emissions include emissions from vehicles used by the organization, emissions generated by the combustion of fuels in equipment within the organization (pumps, compressors, electric generators, etc.). Therefore, the calculation does not include the emission from the combustion of fuels. This value was verified in the last Monitoring Report for San Jacinto Tizate CDM project according to the UNFCCC methodology.

⁴⁹ Forecasted emission reductions that are eligible to undergo the verification and CER registration process.

⁵⁰ Estimated annual CERs for "San Jacinto Tizate" project were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.4526 t CO₂e/MWh, and then subtracting the baseline GHG emissions from the project activity, 27,576 t CO₂e (based on last Monitoring Report Form for San Jacinto Tizate CDM project, monitoring period: Jan 2018 - May 2019)

⁵¹ Estimated annual CERs for "Canchayllo" project were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.44232 t CO₂e/MWh, (based on last Monitoring Report Form for Canchayllo CDM project)

⁵² Estimated annual CERs for "8 de Agosto", were directly taken from the last monitoring report form for 8 de Agosto CDM project (monitoring period: Jan 2016 -Dec 2020) and were certified in 2022 under the emission factor of 0.68578.

⁵³ Estimated annual CERs for "El Carmen" project were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.3592 t CO₂e/MWh, (based on Project Design Document 'PDD' for El Carmen Project, executed in 2022).

⁵⁴ Estimated annual CERs for "Canoa" project were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.6216 t CO₂e/MWh, (based on the Prefeasibility Study, started in 2022).

⁵⁵ Estimated annual CERs for "San Jose de Minas" project were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.1917 t CO₂e/MWh, (based on the Prefeasibility Study, started in 2022).

⁵⁶ Calculation based on energy generation in all of our facilities on an annual basis.

Priority Topic	2022	2021	2020	2019
Energy Management				
Total energy consumed	46,562	45,819	47,067	46,439
Percentage renewable energy consumed	99.44%	99.54%	99.52%	99.47%
Energy intensity ⁵⁷	0.067	0.066	0.066	0.074
Water consumed in electricity generation				
Water withdrawn (m ³)	545,123,525 ⁵⁸	548,418,853	497,386,881	189,419,247
Water returned to source (in million m ³)	529,772,885 ⁵⁹	548,404,118	497,372,543	189,394,537
Waste Management				
Total amount of hazardous waste (Kg/Year) ⁶⁰	5,765	7,029	9,917	10,067
Total amount of recycled waste (Kg/year)	8,578⁶¹	1,406	3,016	1,165
Environmental education (Hours / Year) ⁶²	519	308	350	715

⁵⁷ Total annual energy consumed (MWh) / Total annual energy generated (MWh).

⁵⁸ Water metrics reported reflect its use for all our plant operations. This indicator measures the direct or indirect water consumption related to the operations of all our facilities. 99% represents the flow-through of water by our Hydroelectric facilities, "Canchayllo", "El Carmen" and "8 de Agosto" located in Peru and "San Jose de Minas", located in Ecuador.

⁵⁹ 99% represents the flow-through of water by our Hydroelectric facilities, "Canchayllo", "El Carmen" and "8 de Agosto" located in Peru and "San Jose de Minas", located in Ecuador.

⁶⁰ Hazardous waste refers to: contaminated yarns, contaminated soil, used oil filters, used oil, aerosols, empty chemical containers, grease tubes, empty paint containers, thinners, etc.

⁶¹ This year the generation of waste for recycling was higher, given the two projects under construction, Binary Plant in Nicaragua, and Vista Hermosa Solar Parks in Panama.

⁶² Training and educational hours imparted to our employees to explore environmental issues, engage in problem solving, and take action to improve the environment.

Priority Topic	2022	2021	2020	2019
Social				
Safety				
OSHA Injury Rate ⁶³	3.50 ⁶⁴	1.60 ⁶⁵	1.62	2.62
Employee fatalities	0	0	0	0
Contractor fatalities	0	0	0	0
Safety education (Hours / Year) ⁶⁶	1352	0	0	0
Polaris Team				
Number of Employees Permanent	174	115	120	122
Number of Employees Temporary	34	34	34	40
Total employees (Permanent & Temporary)	208 ⁶⁷	149	154	162
Number of employees by Gender (Permanent)				
Male	128	81	82	85
Female	46	34	37	36
% of women (Permanent)	26%	30%	31%	30%

63 Occupational Safety and Health Administration (OSHA) TRIR or Injure Rate: (Number of OSHA Recordable injuries and illnesses X 200,000) / Employee total hours worked = Total Case Incident Rate.

64 Value taking into account all jurisdictions.

65 Value taking into account only the operations in Nicaragua, in 2021.

66 Training on safety aspects imparted to our employees.

67 Calculations includes personnel from all facilities.

Priority Topic	2022	2021	2020	2019
Governance				
Board of Directors	5⁶⁸	5	5	5
Percentage Independent directors	60%	60%	60%	83%
Percentage Women on Polaris' Board of Directors	40%	40%	40%	17%
Age				
Percentage of Directors under 50	20%	20%	20%	20%
Percentage of Directors 50-60	60%	60%	60%	40%
Percentage of Directors 60+	20%	20%	20%	40%

68 Figure noted is up to June 2022, following a board member resignation. On December 13th, 2022, the Company added Catherine Fagnan as a Consultant to the Board until the next AGM, expected to be held in June 2023. Catherine will work with and advise the Board on various initiatives, including ESG matters, for which she has in-depth knowledge and experience. It is anticipated that Catherine will be included as nominees to the Board for the 2023 AGM.

Appendix B: Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board’s (SASB) approach establish industry-specific disclosure standards across environmental, social, and governance (ESG) topics that facilitate communication between companies and investors about financially material, decision-useful information.

The nature of our business directs us to consult the Infrastructure Sectors of Electric Utilities and Power Generators; Gas Utilities and Distributors; and Water

Utilities and Services. The Electric Utilities & Power Generators industry is made up of companies that generate electricity; build, own, and operate transmission and distribution (T&D) lines; and sell electricity. Utilities generate electricity from several different sources, commonly including coal, natural gas, nuclear energy, hydropower, solar, wind, and other renewable and fossil fuel energy sources.

The following tables contain those topics we have identified as key issues.

Electric Utilities & Power Generators

Table 1. Sustainability Disclosure Topics & Accounting Metrics				Disclosure Description and/or Location		
TOPIC	SASB ACCOUNTING METRIC	UNIT OF MEASURE	CODE	2022	2021	2020
Greenhouse Gas Emissions & Energy Resource Planning	Gross global Scope 1 emissions. ⁶⁹	Emissions (tCO ₂)/ year	IF-EU-110a.1	27,576	16,275	16,275
	Green house gas (GHG) emissions associated with power deliveries.	N/A	IF-EU-110a.2	Not applicable. Polaris does not deliver power to retail customers		
	Discussion of long-term and short-term strategy, emissions reduction targets, and an analysis of performance.	N/A	IF-EU-110a.3	See discussion in the following section: Climate Change		

⁶⁹ The emissions presented correspond to Geothermal generation (San Jacinto Tizate facility). It represents a partial value of Scope 1. According to the ISO 14064 Carbon Footprint, the direct emissions of Scope 1 are: the emissions associated with an activity or process generated in an organization or over which there is total control of the organization. These emissions include emissions from vehicles used by the organization, emissions generated by the combustion of fuels in equipment within the organization (pumps, compressors, electric generators, etc.). Therefore, the calculation does not include the emission from the combustion of fuels. This value was verified in the last Monitoring Report for San Jacinto Tizate CDM project according to the UNFCCC methodology.

Air Quality	Air emissions of the following pollutants: (1) NOx(excludingN2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg).	N/A	IF-EU-120a.1	The concentration of H2S (hydrogen sulfide) is measured in the two receivers near the Plant facilities in our (San Jacinto Tizate) Nicaraguan Location. These parameters are measured as emissions and include in Scope 1 calculations.		
Water Management	Total water withdrawn	Thousand cubic meters (m ³)/ year	IF-EU-140a.1	545,123,525 ⁷⁰	548,418,853	497,386,881
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations.	Number	IF-EU-140a.2	No significant incidents or non-compliances were registered during the reporting period		
	Description of water management risks and discussion of strategies and practices to mitigate those risks.	N/A	IF-EU-140a.3	See discussion in the following section: Sustainable Water Management		
Coal Ash Management	Amount of coal combustion residuals (CCR) generated; percentage recycled.	Metric tons(t), Percentage (%)	IF-EU-150a.1	Not applicable. Polaris does not use coal in its operations		
	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Number	IF-EU-150a.2			

⁷⁰ Water metrics reported reflect its use for all our plant operations. This indicator measures the direct or indirect water consumption related to the operations of all our facilities.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

				Disclosure Description and/or Location		
TOPIC	SASB ACCOUNTING METRIC	UNIT OF MEASURE	CODE	2022	2021	2020
Energy Affordability	Typical monthly electric bill for residential customers for (1)500kW hand (2)1,000kWh of electricity delivered per month.	Reporting currency	IF-EU-240a.2	Not applicable. Polaris does not sell energy to retail customers		
	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days.	Number, Percentage (%)	IF-EU-240a.3			
	Discussion of impact of external factor son customer affordability of electricity, including the economic conditions of the service territory.	N/A	IF-EU-240a.4			
Workforce Health & Safety	Total recordable incident rate (TRIR)	OSHA Rate	IF-EU-320a.1	3.50 ⁷¹	1.60	1.62
	Fatality rate	OSHA Rate	IF-EU-320a.1	0.00	0.00	0.00

71 Occupational Safety and Health Administration (OSHA) TRIR or Injure Rate: (Number of OSHA Recordable injuries and illnesses X 200,000) / Employee total hours worked = Total Case Incident Rate. Value taking into account all jurisdictions.

End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM).	Percentage(%)	IF-EU-420a.1	Not Applicable. Polaris does not sell electricity to retail customers. Polaris does not sell electricity under rate base note. Polaris does not do distribution; it does not use smart grid technology.
	Percentage of electric load served by smart grid technology.	Percentage(%) by megawatt hours(MWh)	IF-EU-420a.2	
	Customer electricity savings from efficiency measures, by market.	Megawatt hours(MWh)	IF-EU-420a.3	
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column.	Number	IF-EU-540a.1	Not applicable. Polaris does not have any nuclear asset
	Description of efforts to manage nuclear safety and emergency preparedness.	N/A	IF-EU-540a.2	
Grid Resiliency	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations.	Number	IF-EU-550a.1	Not applicable.
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days.	Minutes, Number	IF-EU-550a.2	

Appendix C: Global Reporting Initiative Content Index

The GRI Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental, and social impacts.

While we are working toward meeting the GRI reporting protocols, for several indicators we currently only partially meet the recommended standard. For GRI metrics not listed, we currently do not track the data, consider the data

confidential or the data is not material to our business. However, as we continue to assess our Sustainability data, we may choose to include additional data in our GRI content index in future reports.

The following tables contain cross-references to content in our 2022 Sustainability Report and other Polaris's disclosures that align with parts of the GRI framework.

Global Reporting Initiative Metrics – General Disclosures

GRI Standard	Disclosure Title	Disclosure Description and/or Location
General Disclosures		
GRI 102: Organizational Profile		
102-1	Name of the organization	Polaris Renewable Energy Inc.
102-2	Activities, brands, products and services	Polaris Renewable Energy Inc & Latin American Footprint
102-3	Location of headquarters	7 St Thomas Street, Suite 606, Toronto, ON , M5S 2B7
102-4	Location of operations	Latin American Footprint
102-5	Ownership and legal form	Publicly held corporation; listed on the Toronto Stock Exchange: PIF
102-6	Markets served	Latin American Footprint
102-7	Scale of the organization	Financial Statement MD&A Report

GRI Standard	Disclosure Title	Disclosure Description and/or Location
102-8	Information on employees and other workers	Polaris Team - Scorecard Appendix
102-10	Significant changes to the organization and its supply chain	Financial Statement and MD&A Report
102-11	Precautionary Principle or approach	Financial Statement and MD&A Report
102-13	Membership of associations	Stakeholder Engagement
EU1	Installed capacity	Financial Statement and MD&A Report
EU2	Net energy output	
EU3	Number of residential, industrial, institutional and commercial customer accounts	
GRI 102: Strategy		
102-14	Statement from senior decision-maker	Message from Marc Murnaghan
102-15	Key impacts, risks and opportunities	Message from Marcela Paredes de Vásquez
GRI 102: Ethics & Integrity		
102-18	Governance structure	Corporate Governance and Board of Directors
102-19	Delegating authority	Message from Marc Murnaghan and Message from Marcela Paredes de Vásquez
102-20	Executive-level responsibility for economic, environmental and social topics	Message from Marc Murnaghan and Message from Marcela Paredes de Vásquez

GRI Standard	Disclosure Title	Disclosure Description and/or Location
102-21	Consulting stakeholders on economic, environmental and social topics	Proxy Statement
102-22	Composition of the highest governance body and its committees	Corporate Governance and Board of Directors
102-23	Chair of the highest governance body	Corporate Governance and Board of Directors
102-24	Nominating and selecting the highest governance body	Proxy Statement and Corporate Governance
102-25	Conflicts of interest	Corporate Governance
102-26	Role of highest governance body in setting purpose, values and strategy	Corporate Governance, Financial Statement and MD&A Report
102-27	Collective knowledge of highest governance body	Corporate Governance
102-28	Evaluating the highest governance body's performance	Corporate Governance
102-29	Identifying and managing economic, environmental and social impacts	Corporate Governance
102-30	Effectiveness of risk management processes	Financial Statement and MD&A Report, Corporate Governance
102-31	Review of economic, environmental and social topics	Financial Statement, MD&A Report, Proxy Statement, Annual Information Form.
102-32	Highest governance body's role in sustainability reporting	Message from Jaime Guillén and Message from Marcela Paredes de Vásquez

GRI Standard	Disclosure Title	Disclosure Description and/or Location
102-33	Communicating critical concerns	Corporate Governance
102-34	Nature and total number of critical concerns	Corporate Governance, Proxy Statement, Annual Information Form
General Disclosures		
102-35	Remuneration policies	Proxy Statement, Corporate Governance
102-36	Process for determining remuneration	
102-37	Stakeholders’ involvement in remuneration	
102-38	Annual total compensation ratio	
GRI 102: Stakeholder Engagement		
102-40	List of stakeholder groups	Proxy Statement, Annual Information Form, Stakeholder Engagement
102-41	Collective bargaining agreements	Proxy Statement, Annual Information Form
102-42	Identifying and selecting stakeholders	Proxy Statement, Annual Information Form, Stakeholder Engagement
102-43	Approach to stakeholder engagement	Proxy Statement, Annual Information Form, Stakeholder Engagement
102-44	Key topics and concerns raised	Proxy Statement, Annual Information Form, Stakeholder Engagement
GRI 102: Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statement and MD&A Report
102-46	Defining report content and topic boundaries	Proxy Statement, Annual Information Form
102-47	List of material topics	

GRI Standard	Disclosure Title	Disclosure Description and/or Location
102-48	Restatements of information	This report contains no restatements of data for prior years.
102-49	Changes in reporting	Financial Statement and MD&A Report
102-50	Reporting period	Calendar year 2022, except where otherwise noted
102-51	Date of most recent report	March 2022
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Investors Relations: info@polarisrei.com Tel: +1 647 - 245 7199 www.polarisinrei.com
102-54	Claims of reporting in accordance with the GRI Standards	Global Reporting Initiative Index
102-55	GRI content index	
102-56	External assurance	We did not seek external assurance for the entirety of the report.
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Corporate Governance
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

