

# Sustainability Report 2023

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



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

Polaris' manages a quality portfolio, with diverse technologies and in various jurisdictions. The Company's operations are in 5 Latin American countries and include a geothermal plant (~82 MW), 4 run-of river hydroelectric plants (~39 MW), and 3 solar (photovoltaic) projects in operation (~35 MW).

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 and we are committed to achieving the highest standards through the continuous improvement of our practices.





## ***Message from Marc Murnaghan, Chief Executive Officer***

Polaris has long embraced sustainability in our practice and in 2023, we continued to make good progress in our journey as driven by our visionary Board of Directors.

I believe that our reputation is a product of the trust-based relationships we forge with stakeholders, especially locally at our operations. Following the progress made in 2022, by re-defining our strategy on the feedback of those stakeholders, in 2023 we turned those ideas into reality and aligned our targets with commitments to each material topic. Also in 2023, with our participation in the UN Global Compact Network Canada, we aligned our targets to 15 of the 17 Sustainable Development Goals, affirming our commitment to sustainable and responsible business practices.

I am very proud of the work Polaris has completed thus far, and I believe wholeheartedly that, as a company, we have the right commitments and targets to continue driving excellence in Our Practice, Our People, Our Partners and Our Planet. Most importantly, I am confident that we have the

right people and programs in place to maintain our successful Community Development plans, an achievement I'm most proud of. Our contributions to education, infrastructure, agriculture and wellbeing I know positively impact local communities. It proves that through collaboration and commitment, responsible businesses, can bring about an impactful change in society.

I would like to express my gratitude and appreciation to each and every Polaris employee who has, during the course of the year, worked incredibly hard to propel our sustainability performance forward in a way that positions us for further success. While we are proud of our accomplishments, we are not driven by accolades, benchmarks or status. Inherently, our commitment to sustainability is driven by our I-STAR values and with the best interests of all of our stakeholders in mind.





## ***Message from Marcela Paredes de Vásquez, Chair of the ESG & Human Resources Committee***

For Polaris' Sustainability Strategy, 2023 has been a year of significant progress. It demonstrated our firm commitment to Our People, Our Partners, Our Planet and to Our Practice; while achieving it with the highest levels of ethics, transparency and integrity.

The results are significant to us, showing substantial increases in the training hours of our staff and environmental education. We have increased avoided emissions and expanded our reforestation campaign in Nicaragua, Peru, and Panama. We finished another year without any fatalities in Our Operations.

We enthusiastically joined the Global Compact Network, Canada; and launched an integrated Management System in all of our operations that ensures both Health & Safety and Environmental issues.

I am proud to be part of a company that, in addition to the above noted achievements, believes in and practices gender equality, with a 50% female representation on its Board of Directors while promoting equity at all levels. Polaris continues to be recognized as a "Great Place to Work", now as a collective group in Central America and the Caribbean as well as Ecuador. In addition, our branch in Nicaragua is among

the top 50 companies preferred by young professionals in Central America.

This year the Board established a Statement of Commitment to Human Rights and has updated and expanded the Manual of Conduct for Suppliers, Contractors, and Subcontractors to pursue the same standards throughout the Supply Chain. Additionally, all members of the Board and Staff sign the Code of Ethics and Conduct annually.

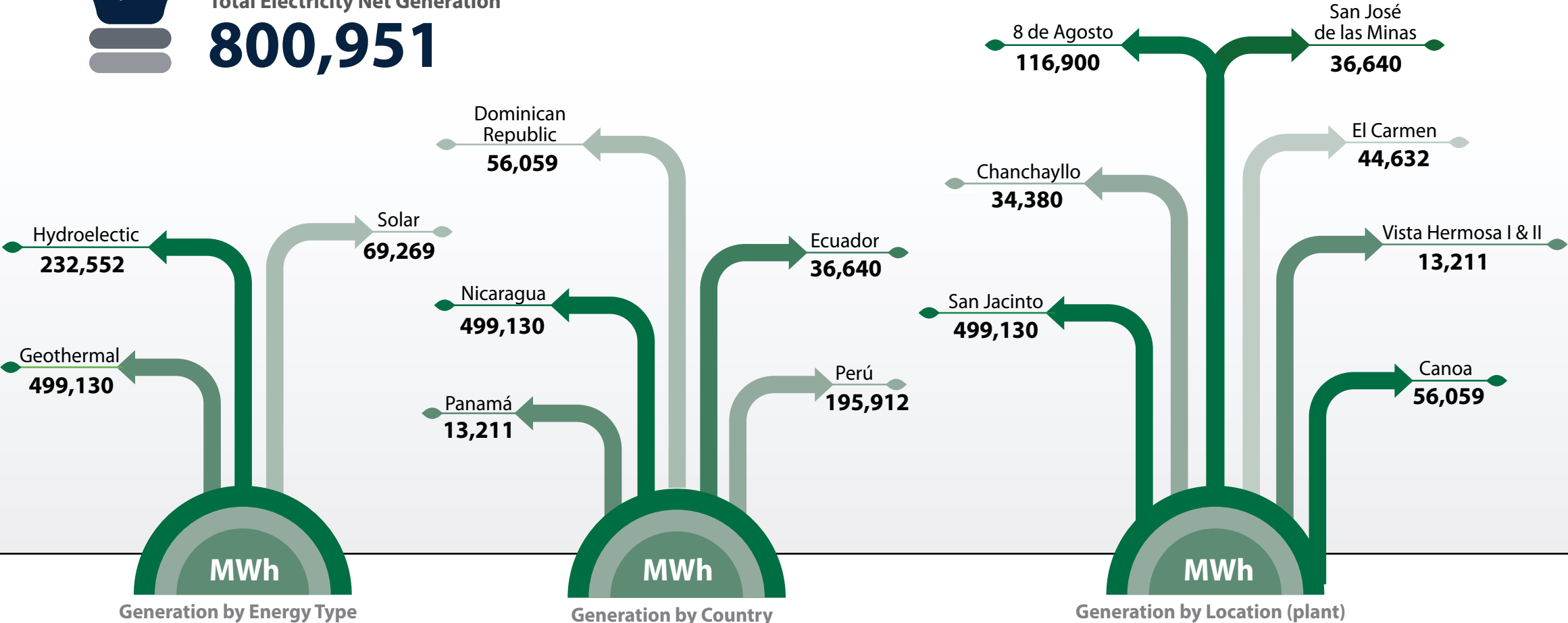
In 100% of the locations in which we operate, we maintain Stakeholder Engagement Plans that facilitate our communication processes with our stakeholders in a way that is accessible and transparent. We are satisfied with the success of the community development projects in education, support for community infrastructure, and agriculture that we develop in our different jurisdictions; also leaving a positive mark on the communities around us.

These achievements have resulted from excellent teamwork, with an aligned vision of the Board of Directors, Senior Executives and all Polaris staff propelled by the motto that motivates us: Renewable Energy. Today, Tomorrow, and for Future Generations.



Total Electricity Net Generation

**800,951**





## 2023 Sustainability Highlights



206  
Employees



2,406  
Hours of employee  
training



1,767  
Hours of Health & Safety  
employee training



1,562  
Hours of environmental  
education



660  
Hours of training for  
third-party contractors



368,305 CO<sub>2</sub>  
per year of avoided emissions



6,490  
Trees planted in Nicaragua,  
Peru & Panama



1,050  
Trees donated and  
planted in the Amazonia



7,514 Kg  
Recyclable materials generated  
and properly disposed of





# Sustainability at Polaris



## Our Sustainability Statement of Commitment

Polaris is committed, through continuous improvement and quality, to ensure that all our business operations are conducted within a framework of sustainability. We define this as a healthy balance among all our stakeholders including employees, lenders, shareholders, customers, the society our business operates in, and the environment.

To this end, we are committed to continually working towards:

1. Empowering our employees and contractors by instructing, training, evaluating and encouraging them as active and participatory agents for the effective implementation of this policy in all our jurisdictions.
2. Pragmatic and achievable strategic plans, objectives and systems that support

the effective sustainability management of our business. In doing so, execute projects that provide adequate rates of returns for lenders and shareholders.

3. Contribute to the neighbouring communities of the projects we operate in, prioritizing those activities and projects of sustainable development and social investment that mean substantive changes in the quality of life and well-being of the entire community. We will strive to foster the local economy by maximizing local employment and procurement opportunities.
4. Promote ethical and transparent behaviour, anti-corruption practices, as well as respect for Human Rights and the interests of all those who work with us.





5. Comply with current local legislation applicable to the organization, as well as the voluntary adoption of complimentary or best practice requirements, applicable to the context and interests of the organization.
6. Preserving and sustainably using natural resources, promoting the protection of biodiversity in our areas of influence, considering the protection of the environment and prevention of pollution in the various stages of the life cycle of the projects.
7. Develop and implement prevention plans and necessary control measures, to eliminate dangers, reduce risks, prevent injuries and general deterioration of health through safe and healthy working conditions for our internal and external stakeholders.
8. Identify and mitigate climate-related risks and create action plans towards a low carbon emissions future.
9. Build trust-based relationships with all stakeholders while maintaining active listening, promoting open channels of consultation and participation.
10. Measure and report transparently on our performance with respect to our commitments.

As Polaris works towards the above, we recognize that these are challenging and multifaceted matters to assess, implement and manage being subject to technical factors, the use of judgement and external factors outside of our control. To that end, Polaris is committed to periodically reviewing and monitoring the effectiveness of this policy, as well as communicating and making it available to all interested parties.



## Our Sustainability Strategy and Commitments

Sustainability management has always been an important pillar of our operations. In 2022, Polaris carried out a materiality analysis, which helped define our Sustainability Strategy<sup>1</sup> that was integrated into our overall corporate strategy.

This process allowed us to have a clearer and more lasting vision of where to focus, how to distribute our resources and the best way to achieve our sustainability goals.

To that end, in 2023, we continued with this endeavor, focusing on meeting targets that align to our Sustainability Strategy. Our management approach to each material topic is reflected throughout this report.

Additionally, for our Company, it has also been particularly important to align our work with the fulfillment of the Sustainable Development Goals “SDGs”.

Polaris’ Sustainability Strategy, as seen in Figure 1, is divided into four key areas, which address social (internal and external), environmental and governance aspects that are relevant to the business as well as to internal and external stakeholders.

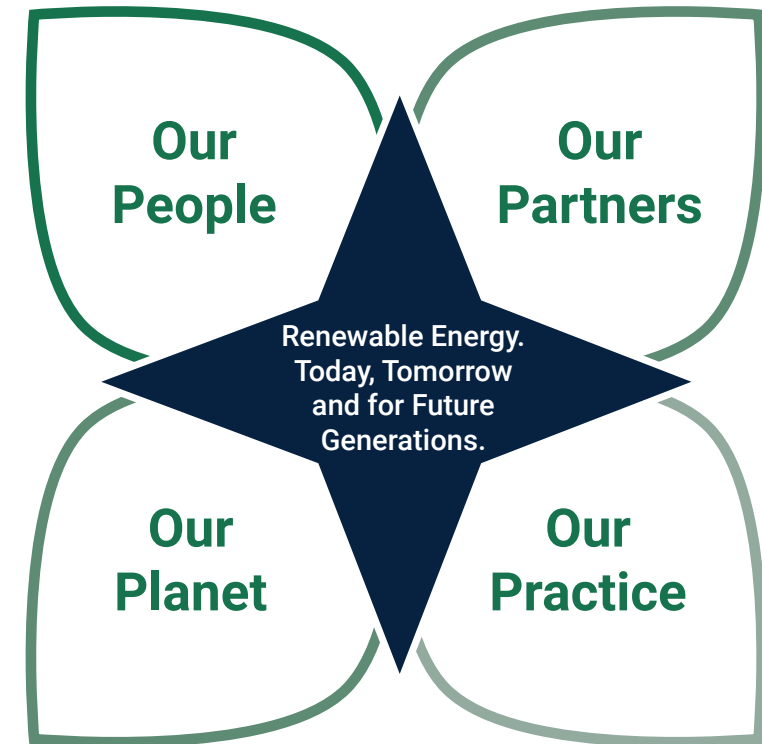






Figure 1: Polaris’ Sustainability Strategy









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<sup>1</sup> For more information, please refer to the 2022 Sustainability Report.

## Turning Ideas Into Reality




### Sustainability Alignment: Our Practice




| Material Topic       | Commitment  | Target  | UN SDG Alignment  | Progress | Comments  | Reference               |
|----------------------|---|---|---|----------|---|-------------------------|
| Ethics               | Ensure an ethics culture that invites our staff to live our values daily with all the stakeholders we engage.   | 100% of staff and board of Directors sign their adherence to the Code of Conduct and Ethics annually. |    | Achieved | All our staff and board of Directors had signed the Code of Conduct and Ethics in 2023. | <a href="#">Page 26</a> |
|                      |   | 100% of staff receive ethics related training annually.   |    | Achieved | All our staff received ethics training in 2023.   | <a href="#">Page 26</a> |
|                      |   | UN Global Compact membership by 2023.   |    | Achieved | We signed with UN Global Compact Network Canada in July 2023.                           | <a href="#">Page 20</a> |
| 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. | Only one member of Board of Directors is non-independent.   |    | Achieved | Our Board is 83% independent.   | <a href="#">Page 29</a> |
|                      |   | At least one member of Board of Directors has experience in sustainability.                           |  | Achieved | 3 members of our Board of Directors have experience in sustainability.                  | <a href="#">Page 29</a> |
|                      |   | Board-level ESG Committee is operating.   |  | Achieved | We have a Board-level HR & ESG committee.   | <a href="#">Page 29</a> |






| Material Topic                           | Commitment  | Target  | UN SDG Alignment  | Progress              | Comments  | Reference               |
|--|---|---|---|-----------------------|---|-------------------------|
| <b>Anticorruption &amp; Transparency</b> | Ensure transparent and respectful relations with government officials, suppliers, and any other stakeholder, facilitating public and truthful information on our operations in a timely manner. | Anti-Bribery and Corruption Policy is signed by senior level positions annually.                |    | Achieved              | Signed by senior level positions, together with the code of conduct.  | <a href="#">Page 32</a> |
|  |   | Sustainability Report published annually.   |    | Achieved and on track | We have published our Sustainability Report, annually, from the year 2020.  | <a href="#">Page 1</a>  |
| <b>Human Rights</b>                      | Respect human rights amongst our relationship with staff and communities.   | Human Rights Statement of Commitment for Polaris developed by 2023.                             | <br><br> | Achieved              | In 2023, Board of Directors approved our Human Rights Statement of Commitment.  | <a href="#">Page 33</a> |
|  |   | 0 complaints about Human Rights' contraventions internally and externally.                      | <br>  | Achieved and on track | Through the internally and externally established channels, no complaints regarding Human Rights' contraventions were received.         | <a href="#">Page 35</a> |
|  |   | 100% of staff and local qualified contractors receive training on Human Rights yearly, by 2025. |    | On track              | In 2024, the Company will roll out the Human Rights Statement of Commitment, with which it will proceed to train its local contractors. | <a href="#">Page 33</a> |

## Sustainability Alignment: Our People











| Material Topic                 | Commitment  | Target  | UN SDG Alignment  | Progress              | Comments   | Reference               |
|--------------------------------|---|---|---|-----------------------|--|-------------------------|
| Occupational Health and Safety | Provide a safe and healthy workplace and continually strengthen physical and mental health culture ensuring our staff return home in the same or better conditions as they arrived at work. | 0 fatalities yearly.  |    | Achieved and on track | In 2023, the Company continued reaching the goal of 0 fatalities in its operations. Likewise, the Near Miss program in Nicaragua was strengthened, where we have the highest number of employees.  | <a href="#">Page 37</a> |
|                                |   | Healthy Staff Program implemented in all jurisdictions by 2024. |    | On track              | We continued working on and strengthening the Healthy Staff Program in Nicaragua. Likewise, a launch of the program was carried out in Peru, with the aim of being able to replicate the good practices developed in Nicaragua throughout our jurisdictions. | <a href="#">Page 41</a> |
|                                |   | 1 session per year of mental health awareness campaign.         |  | On track              | In 2023, we began to reference mental health as a topic of conversation, through our internal bulletins.   | <a href="#">Page 41</a> |

| Material Topic                  | Commitment   | Target  | UN SDG Alignment   | Progress | Comments   | Reference   |
|---------------------------------|--|---|--|----------|--|---|
| Talent engagement & empowerment | Hire, retain, manage, engage, and empower staff to ensure they grow in their personal and professional life. | ≤ 7% staff turn-over yearly by 2025.  |   | On track | We were certified as a Great Place to Work, as a group. We carried out a salary and benefit study in all of our operations and we are continuing to carry out special celebrations with our workers. | <a href="#">Page 42</a>   |
|                                 |  | 5 total training hours per employee per year in average, regarding sustainability issues by 2024. |   | On track | In 2023, we started working on a training program, addressing issues of cyber security, ethics, and the environment.   | <a href="#">Page 25</a><br><a href="#">Page 31</a><br><a href="#">Page 39</a><br><a href="#">Page 44</a><br><a href="#">Page 81</a> |
|                                 |  | 75% compliance with the annual training plan for staff, in all jurisdictions, by 2027.            |  | On track | The training program intended for Nicaragua was completed at 95%. Likewise, in 2023 we began with a plan to monitor engagement needs in each of the jurisdictions where we operate.                  | <a href="#">Page 44</a>   |











| Material Topic        | Commitment   | Target   | UN SDG Alignment  | Progress | Comments   | Reference               |
|-----------------------|--|--|---|----------|--|-------------------------|
| Diversity & Inclusion | 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. | No more than 60% of the members of the board are of the same gender.                 |  | Achieved | Our Board of Directors is diverse, with 50% being female and each board member having a unique cultural or ethnic background.  | <a href="#">Page 28</a> |
|                       |  | Diversity and Inclusion Policy by 2023.  |  | Achieved | The Company' diversity and inclusion policy was improved in 2023, broadening its scope. Now, this policy is applicable to the staff and members of the Board of Directors. | <a href="#">Page 46</a> |
|                       |  | 100% of staff receive diversity & inclusion related training annually starting 2024. |  | On track | The Company is preparing a capabilities plan, which includes aspects related to Diversity & Inclusion.   | <a href="#">Page 46</a> |








## Sustainability Alignment: Our Partners

| Material Topic           | Commitment  | Target  | UN SDG Alignment   | Progress              | Comments  | Reference               |
|--------------------------|---|---|--|-----------------------|---|-------------------------|
| Sustainable Supply Chain | Ensure that our contractors meet price and quality requirements and our sustainability standards.   | 100% of contractors sign the Code of Conduct and Ethics by 2025.                                |    | On track              | In 2023, the Company developed a code of conduct aimed at contractors.  | <a href="#">Page 48</a> |
|                          |   | 100% of contractors are assessed for Environmental and H&S aspects for all operations, by 2025. |    | On track              | In 2023, the Company launched a program for local contractors, on sustainability related issues.              | <a href="#">Page 49</a> |
| Stakeholder Engagement   | 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. | 100% operations have a stakeholder engagement plan (SEP) by 2023.                               |   | Achieved              | The Company is aware of the documents and is implementing the SEP in its jurisdiction.                        | <a href="#">Page 50</a> |
|                          |   | 100% of our projects prioritize the hiring of unskilled local labor.                            |   | Achieved and on track | Local labor is prioritized in all projects (especially when unskilled labor is required).                     | <a href="#">Page 50</a> |
| Community Development    | Impact the communities and territories where we develop projects in a positive way, in partnership with local communities and authorities.  | 100% of operations have a community Contributions Plan.   |  <br>  | On track              | The Company has implemented various community strategies depending on the jurisdictions in which it operates. | <a href="#">Page 52</a> |

## Sustainability Alignment: Our Planet

| Material Topic                | Commitment   | Target  | UN SDG Alignment  | Progress | Comments  | Reference               |
|-------------------------------|--|---|---|----------|---|-------------------------|
| Emissions Avoidance/Reduction | Assess and reduce our carbon footprint as well as measure the emissions compensated or avoided by our renewable energy generation.   | Compensate our emissions (Scope 1 & 2) with carbon credits by 2024.     |       | On track | In 2023, we measured our carbon footprint in all our operations to create a compensation plan with our internal carbon credits. | <a href="#">Page 59</a> |
| Climate Change Strategy       | Factor the effects of climate change into our business decisions and operational plans.  | Our Geothermal facility has a Climate Risk and Adaptation Plan by 2027. |       | On track | In 2023, the Company carried out the climate risk analysis for our operations in Nicaragua.                                     | <a href="#">Page 65</a> |
| Water Management              | Minimize our consumption of water as a non-renewable resource and ensure water quality is not negatively affected by our operations. | 0 yearly incidents of non-compliance.                                   |       | On track | In 2023, we achieved 0 incidents in water management in all our operations.   | <a href="#">Page 70</a> |
|                               |  | 100% of our Projects have water footprint measurement by 2027.          |   | On track | It has been incorporated into the annual plan, starting with Nicaragua in 2024.   | <a href="#">Page 70</a> |



| Material Topic   | Commitment  | Target   | UN SDG Alignment  | Progress | Comments  | Reference               |
|------------------|---|--|---|----------|---|-------------------------|
| 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. | 100% of our Projects have Biodiversity Management Plans by 2024. |    | On track | In 2023, the documentation and implementation of the Biodiversity Management Plan for our operations in Nicaragua, Peru and the Dominican Republic was completed. | <a href="#">Page 72</a> |
| 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 plans implemented in all jurisdictions by 2024. |     | On track | In 2023, the documentation and implementation of the waste management plans was completed for our operations in Nicaragua and Peru.                               | <a href="#">Page 79</a> |
|                  |   | By 2023, promote recycling in 100% of our projects.              |     | Achieved | All our operation achieved the recycling of waste.  | <a href="#">Page 80</a> |



## ***UN Global Compact Membership***

Polaris is pleased to be a participant of the United Nations Global Compact<sup>2</sup>

Network Canada and committed to the Ten Principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption.

We express our commitment to making the UN Global Compact and its principles part of the strategy, culture, and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the SDGs.

This commitment is to operate responsibly, in alignment with universal sustainability principles, take actions to support society, and report annually on our ongoing efforts.

The first progress report of the Company will be published in the first semester of 2024 on the official page of the UN Global Compact.

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2 The United Nations Global Compact is a voluntary initiative that was launched by the United Nations in 2000. Its primary purpose is to encourage businesses and organizations to adopt sustainable and socially responsible policies and practices. For more information, please visit [Homepage | UN Global Compact](#)

## Management System

In 2023, Polaris focused on strengthening its governance structure regarding Sustainability aspects and implemented an Integrated Management System<sup>3</sup>.

The system covers the Occupational Health & Safety of our staff as well as Environmental Management. Guided by ISO 45001<sup>4</sup>, ISO 14001<sup>5</sup> and the IFC Performance Standards<sup>6</sup>, the management system is linked to the KPI's that are part of our Sustainability Strategy.

With the implementation of this management system, our goal is to reduce the risk of occupational accidents and illnesses, reduce

'A Management System aims to enable an organization to provide safe and healthy workplaces, prevent work-related injuries and ill health and continually improve its Health & Safety performance.'

- ISO 45001.

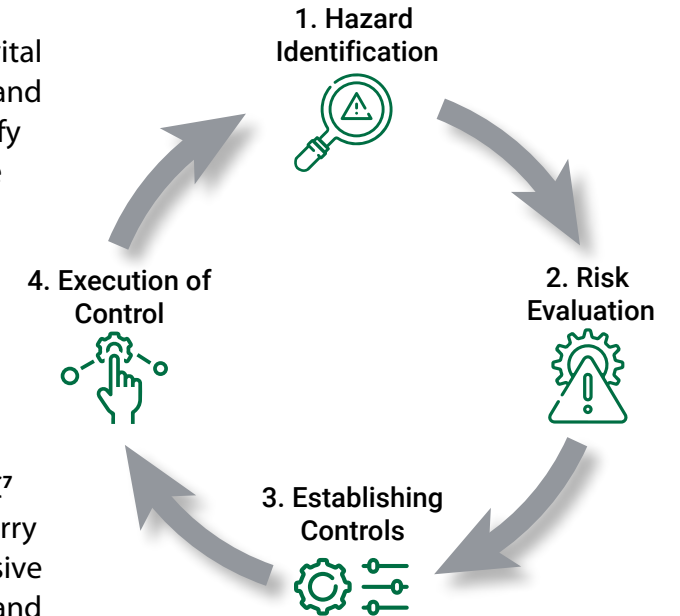
environmental impacts, increase efficiency in our operations and have a collaborative and systematic approach in managing these.

Additionally, adopting this management system is crucial as it plays a significant role in protecting the well-being of our

Staff, the environment, and the overall success of the Company.

This implementation has been vital to standardize our procedures and methodologies, both to identify potential dangers and evaluate risks. It has further added to our identification of environmental factors validating that all procedures in place consider aspects of Sustainability.

For Health & Safety, Polaris has standardized the use of the IPER-C<sup>7</sup> methodology in all operations<sup>8</sup> to carry out risk analysis in a comprehensive manner. This supports a structured and proactive approach to risk management that can lead to improved safety and operational efficiency.



<sup>3</sup> The Company already had a management system as isolated initiatives in some projects. However, given the growth of the company in 2022, it was decided to focus on standardizing a management system that would consider both environmental management and occupational health and safety management. By launching the integrated (regional) management system, we work under the same philosophy and methodology in each jurisdiction in which we operate.

<sup>4</sup> ISO 45001:2018. Occupational Health and Safety Management Systems.

<sup>5</sup> ISO 14001:2015 - Environmental Management Systems.

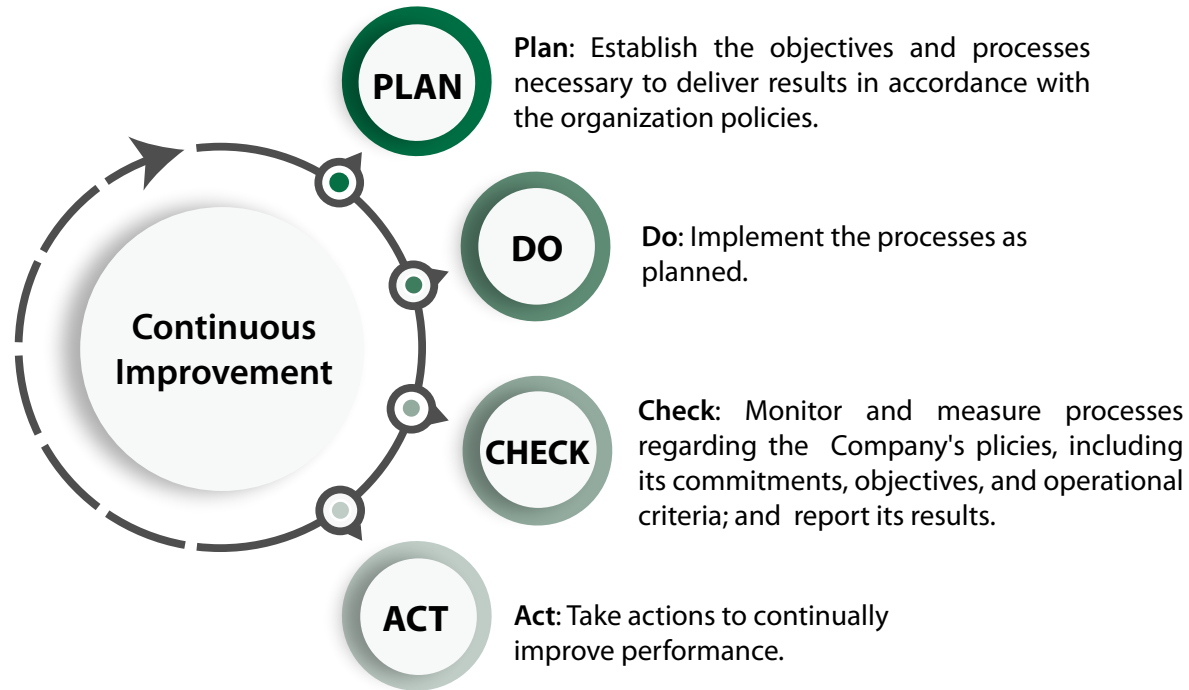
<sup>6</sup> The Performance Standards provide guidance on how to identify risks and impacts and are designed to help avoid, mitigate and manage risks and impacts as a way of doing business in a more sustainable way.

<sup>7</sup> IPER-C stands for "Identify, Predict, Evaluate, Respond, and Control."

<sup>8</sup> Previously, different methodologies were used in the various jurisdictions we operate and to guarantee sustainable growth of the company, it was decided to formalize the methodology to be used.



It also provides a methodical approach through a set of defined policies and processes that are monitored and, if necessary, constantly adjusted. This management system follows a Plan-Do-Check-Act ("PDCA") cycle that establishes continuous improvement processes within the Company.

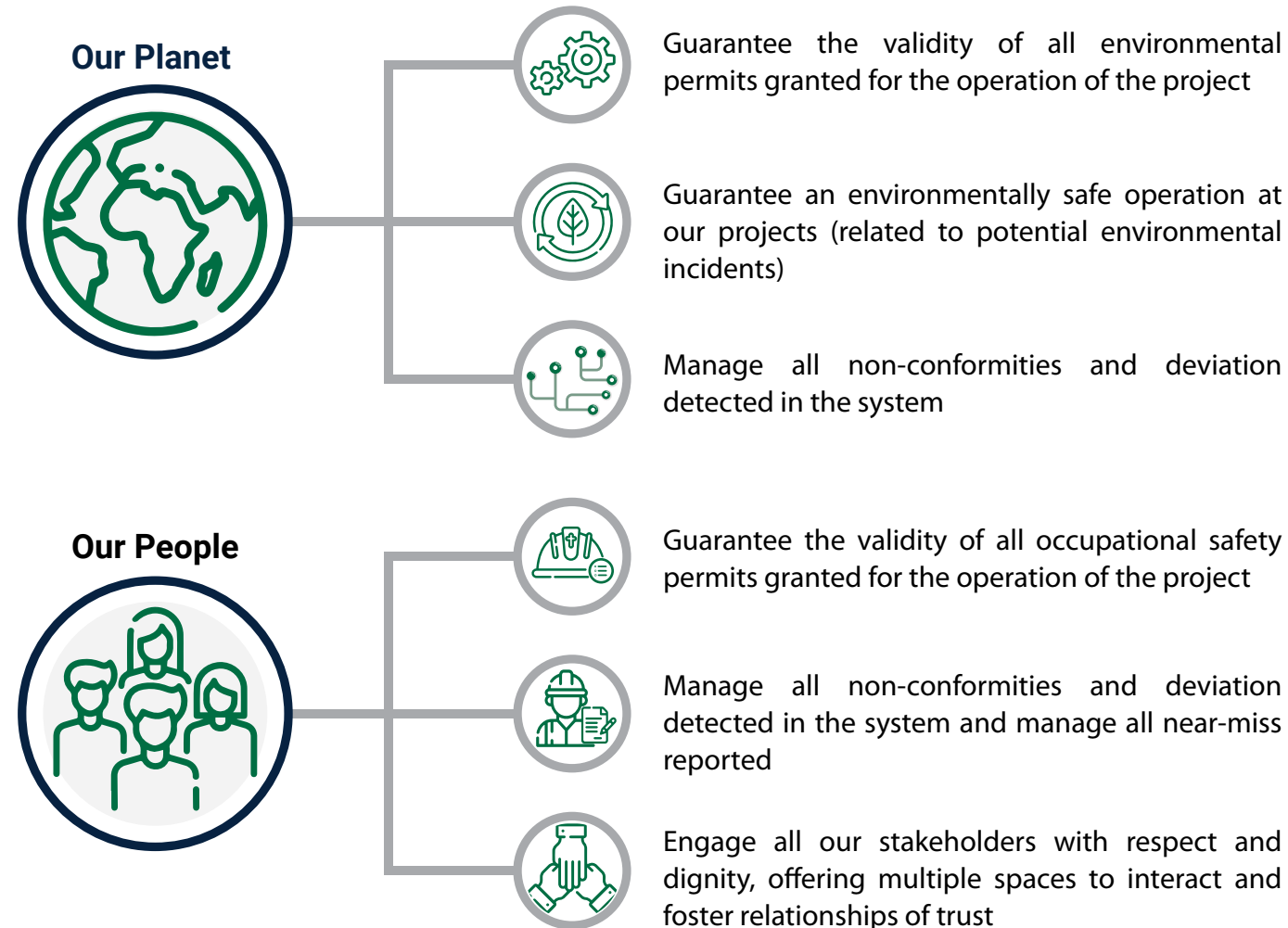


In 2023, we successfully achieved the **Plan and Do** cycles, through comprehensive planning and setting of targets, assigning roles and responsibilities, as well as the establishment of specific plans and programs to achieve our goals and targets, focused on minimizing any negative environmental impact and reducing dangers and risk.

In 2024, we are planning to **Check** through an internal audit process to assess effectiveness by implementing corrections and improvements by **Acting**.

We are committed to continuous improvement to foster an open, dynamic, and responsive system.

Our Management System objectives and goals over the region are linked to our Sustainability Strategy and also includes:



# OUR PRACTICE

Polaris is convinced that achieving high standards in Governance practices are not just moral imperatives; they are integral to our business' success and resilience. Such practices underpin our ability to thrive in the long term and help us make a positive impact on society.

Our practices support our commitment to continuous improvement, as we prioritize the areas of Ethics Corporate Governance, Human Rights, Anti-corruption and Transparency. We are aware that we must constantly monitor and review such topics and principles.

This 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 INVITES  
OUR STAFF TO LIVE OUR VALUES DAILY WITH ALL  
THE STAKEHOLDERS WE ENGAGE.

Our policies and procedures, together, provide a roadmap and establish the ethical culture within which we wish to carry out our day-to-day operations. They ensure compliance with laws and regulations, give guidance for decision-making, and streamline internal processes. These stem directly from our I-STAR<sup>9</sup> values, specifically Integrity.

## ***Our Code of Business Conduct and Ethics***

Polaris' Code of Business Conduct and Ethics (the "Code")<sup>10</sup> emphasizes 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.

We recognize that our staff create the identity that drives us forward, this is why we are committed to providing a fair, respectful, and supportive workplace that promotes high-level 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 wrong doing, unethical behavior, or impropriety and will immediately take the appropriate disciplinary action to correct or remediate any such transgressions.

.....  
9 Polaris' I-STAR Values: Integrity, Sustainability, Transformation, Adaptability and Respect.

10 For more information, please refer to Polaris' Code of Business Conduct and Ethics  
[Polaris Renewable Energy Inc. | About us \(polarisrei.com\)](#)



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, reviewed and monitored by the Board, is applicable to all directors, officers, employees and contractors of Polaris.

### ***Board Commitment to Ethical Practices***

In addition, the Board, CEO and CFO annually sign a Code of Ethics Commitment in which each member acknowledges their role in setting the “tone at the top.” and agrees among other things to always act with integrity, in good faith, responsibly, with due care, competence and diligence, and without misrepresenting material facts or circumstances in accordance with this Code.

### ***Employee Adherence to the Code***

Employees are required annually to sign off on their acceptance and compliance with the Code. Additionally, 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.

In addition to the Code, the Company’s corporate manual also addresses other aspects of ethical business practices including the following:



**Policy Title****General Description****Privacy**

Documents the Company's on-going commitment to those individuals whose personal information the Company may have, such as directors, officers, employees, consultants, and shareholders. This also includes the protection of website visitors.

**Whistleblower**

Outlines the critical tools for maintaining accountability through a communication channel while protecting individuals who report activities believed to be illegal, dishonest, unethical, or otherwise improper.

**Anti-Bribery and Corruption**

Establishes the Company's committed to being in full compliance with all applicable anti-bribery and anti-corruption statutes in those jurisdictions in which the Company operates.

**Gifts**

Regulates and standardizes gifts given or received to or from various institutions or stakeholders.

**Workplace Harassment & Violence**

Emphasizes our commitment to ensuring that all employees are treated fairly in the workplace that is respectful to others, supportive of the dignity and self-esteem of each individual and free of harassment.





### Policy Title

### General Description



#### Working with Third Parties and Integrity Due Diligence Protocol

Establishes ground rules for Integrity Due Diligence and provides guidance on establishing and monitoring relationships with Third Parties, as well as on managing potential bribery, corruption, and economic sanctions risk related to business dealings with Third Parties.



#### Disclosure

Outlines the procedures and practical guidelines for consistent, factual, balanced, and timely disclosure of information about the Company to the investing public, in accordance with applicable legal and regulatory requirements.



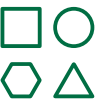
#### Insider Trading

Outlines the legal restrictions relating to the treatment of undisclosed material information.



#### Investment

Establishes guidelines, procedures and policies governing investments of any restricted and unrestricted funds.



#### Diversity

Emphasizes our commitment to operate without discrimination based on race, gender, sexuality, disability, ethnicity, or religion, throughout all levels of the Company, beginning with the Board.



### Whistleblower Policy

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 [www.polaris.ethicsglobal.com](http://www.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 monitors developments in all its applicable jurisdictions with a view to keeping its governance policies and practices current.

The Board of Directors structure is as follows:

| Board of Directors<br>6 members   83% independent   50% female   |   |
|--|---|
| Audit committee:   | HR & ESG Committee  |
| <ul style="list-style-type: none"><li>• Members: Mr. Guillen (Chair), Ms. Fagnan and Ms. Mehta.</li><li>• 100% independent.</li></ul>                | <ul style="list-style-type: none"><li>• Members: Ms. Paredes de Vásquez (Chair), Mr. Lawless and Ms. Fagnan.</li><li>• 100% independent.</li></ul>  |
| The Audit Committee is charged with the main mandate of assisting the Board in overseeing the financial reporting and disclosure of the Corporation. | The HR & ESG Committee is charged with the main mandate of assisting the Board in overseeing the Company's Sustainability and Human Resources Strategy including reviewing risks related to health, safety, cybersecurity, the environment and the procedures management has designed to manage such risks. |

For an additional overview of corporate governance practices, please refer to the most current Management Information Circular available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)

## Equity ownership Policy

The Board believes in aligning the interests of Directors and Executive Officers and its Shareholders. Upon recommendation of the HR & ESG Committee, the Board adopted an equity ownership policy (the “Equity Ownership Policy”) requiring directors to hold at least two (2) times the total value of their annual retainer in Common Shares or DSUs. Directors and officers must meet the requirement within five (5) years from the later of June 23, 2023, or the date of their appointment to the Board.

## Compensation Governance

The HR & ESG Committee is responsible for establishing policies and procedures designed to identify and mitigate risks associated with the Corporation’s compensation policies and practices. The Corporation mitigates executive compensation risk through such corporate governance oversight and policies, as well as the design of executive compensation.

The following is a summary of certain policies and practices that have been adopted by the HR & ESG Committee:

| Policies & Practices                    | Highlights   |
|---|--|
| Risk Assessment of Compensation Program | The HR & ESG Committee annually reviews the Corporation’s compensation program to ensure that it does not encourage excessive or inappropriate risk-taking.  |
| Peer Group Benchmarking                 | Established a peer group against which to benchmark executive compensation decisions.  |
| Anti-Hedging Policy                     | Adopted a policy that prohibits executive officers from purchasing financial instruments designed to hedge or offset a decrease in the market value of shares.   |
| Independent Compensation Consultant     | During the first quarter of 2023, the HR & ESG Committee engaged Willis Towers Watson, a leading independent consulting firm, to assist in the benchmarking of compensation for executive officers and directors of the Corporation. |

Additionally, sustainability metrics are embedded in the Executive Scorecard as one of the primary ways the Company focuses on sustainability by creating an explicit link to compensation. Annually, the Company has Health, Safety and Sustainability objectives that drive improvement in key areas evaluated by both quantitative and qualitative targets.

Such objectives account for a portion of the variable “at risk” performance-based compensation paid to executives including among other things, incident/accident rates; government and community relations (development and implementation of strategy); employee relations, employee retention, training, and corporate sustainability management

## Information Security & Cybersecurity

The HR&ESG Committee is responsible for oversight designed to identify and mitigate risks associated with the Corporation’s Information Security & Cybersecurity practices. Senior Management briefs the committee on information security matters at least on an annual basis unless otherwise required.

The Company mitigates Information Security & Cybersecurity risks by working with external consultants to perform external assessments and implementing recommendations from assessments such as maturity analysis and penetration testing. The Company continues to revise and introduce policies to ensure Security and Cybersecurity form part of our day-to-day work.

Most recently, we introduced an Internet Use policy and a Social Media Use policy. Additionally, throughout



the year, the Company carries out various security training and awareness campaigns including upgrading skills for our internal team. On a monthly and random basis, simulated phishing campaigns target our employees to reinforce awareness and the use of our phishing reporting tool.

Topics covered in the employee training include general security awareness, protecting against ransomware,

internet security when working from home, social media threats, among others. In the past three years, the Company has not experienced an information security breach and recognizes the need to continuously monitor and improve, reflecting the everchanging environment.





## Anti-corruption and Transparency

ENSURE TRANSPARENT AND RESPECTFUL RELATIONS WITH GOVERNMENT OFFICIALS, SUPPLIERS, AND ANY OTHER STAKEHOLDER, FACILITATING PUBLIC AND FACTUAL INFORMATION IN OUR OPERATIONS IN A TIMELY MANNER.

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. Annually, both the Board and Senior officers sign off their acceptance and acknowledgement of this policy.

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 if they are former public officials.



# Human Rights

RESPECT HUMAN RIGHTS IN OUR RELATIONSHIP  
WITH STAFF AND COMMUNITIES.

## ***Human Rights Statement of Commitment***

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.

To this end, our Human Rights Statement of Commitment, as approved by the Board, denotes:

### **Employee rights and fair labour practices**

Our Code of Business Conduct & 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 dignity, integrity and respect.



We promote a work environment consistent with transparency and clear communication. We are an equal opportunity employer and compensate our employees competitively and in compliance with applicable wages, work hours, overtime and benefits laws and

international labour 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.

## Freedom of association and collective bargaining

We respect our employees' right to join, form or not to join a labour union without fear of reprisal, intimidation, or harassment.

## Harassment free workplace

Polaris is committed to maintaining a workplace free of harassment, as stated in our Workplace Harassment and Violence Policy, 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.

## 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. We are committed to providing a safe and healthy workplace and continually strengthening physical and mental health culture ensuring employees return home in the same or better conditions as they arrived at work.

## Modern slavery and child labour

We have zero tolerance for modern slavery, forced and child labour and human trafficking, and will require that our operations and suppliers have processes in place to abstain from these practices. Polaris does not recruit or support child labour and condemns all forms of exploitation of children.



## Diversity and inclusion

As stated in our Corporate Manual, Polaris is committed to equal opportunity for all by providing a work environment that allows qualified candidates to be recruited, promoted, or otherwise pursue their careers, free from any form of unjustified discrimination. We are committed to fostering 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. 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.



## 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. We commit to respect the rights, interests, traditions, cultural and religious values of the communities that host us. We integrate stakeholder engagement into our daily operations and have procedures in place to ensure compliance in our jurisdictions.

## Remedy

We commit to remediate human rights incidents and violations that occur within our operations in the communities in which we operate. Remediation may take many forms including restitution, compensation, rehabilitation, satisfaction and non-repetition or a combination of these. We continue to build the awareness and knowledge of our employees on human rights, encouraging them to speak up, without retribution, about any concerns they may have through our grievance channels. We are committed to increasing the capacity of our management to effectively identify and respond to concerns.



# OUR PEOPLE

Our commitment to our people stems from the conviction that they are the foundation of Polaris, without which we would not be what we are today. We are sure that through continuous improvement of our people strategy, increased employee satisfaction, engagement, and retention and ultimately, better organizational performance will result.

We have focused our efforts on protecting and promoting the health and safety of our staff, talent engagement and empowerment initiatives, while creating an environment where diversity and inclusion prevails.





# Occupational Health and Safety

PROVIDE A SAFE AND HEALTHY WORKPLACE  
AND CONTINUALLY STRENGTHEN PHYSICAL  
AND MENTAL HEALTH CULTURE, ENSURING OUR  
STAFF RETURN HOME IN THE SAME OR BETTER  
CONDITION AS THEY ARRIVED AT WORK.

## Near - miss Program

Safety is something we must all take seriously and with the awareness that what we do is for our own good, our co-workers, and our own families. According to the Occupational Safety and Health Administration (OSHA) and the National Safety Council (NSC), a “Near-miss” is an unplanned event that did not result in injuries, illnesses, or damage. However, it has the potential to do so. It is an incident that was avoided due to favorable circumstances.

From the Domino Effect theory<sup>11</sup>, it is deduced that the reasons that cause an accident are the same as those behind an incident or near-accident. It can be inferred that by studying the factors that lead to an incident we can avoid an accident.

Aligned to this philosophy, we reinforced the Near-miss Program in Nicaragua, where we have the highest number of employees. In doing so, we pay attention to each event that did not result in an accident but had the potential to become one. Working safely and above all, living safely, is not just a cliché, it is a permanent commitment that must be conveyed to all levels of our organization.

“A Near-miss  
reported today is  
an accident that  
will not happen  
tomorrow.”

.....  
<sup>11</sup> Domino Effect Theory of W. H. Heinrich (1931), he proposed a “sequence of five factors that are involved in the accident”, in which each one would act on the next in a similar way as dominoes do. This theory postulates five metaphorical dominoes labeled with the causes of the accident (See Figure 2). These are Social Environment, Failures of the Person, Unsafe Act linked to a mechanical and physical risk and therefore, resulting in Accidents and subsequently, Injuries.





Polaris is committed to reporting all Near-miss events because it allows us to establish safe practices within the workplace, has provided valuable information to employees to avoid and prevent future accidents/injuries and has reduced the risk tolerance.

During the 2023 period, 52 near misses were reported in Nicaragua, of which 36 reports were attended, representing a 69%. Of these, 12 correspond

to infrastructure projects, such as area improvements and design and construction of new structures. Others didn't require any investment, simply improvement in communication and better understanding.

31% of the reported near misses, are still open, in which 50% corresponds to infrastructure matters, therefore, design requirements were associated and are in process of execution.

In 2023, Polaris focused on creating procedures, communication, and reporting channels; as well as the assignment of responsibilities so that the Near-miss program was successful and could allow an expansion to all our operations in the region. Consequently, the Near-miss program was launched in the first months of 2024 at the regional level, which will allow us to have a more

robust Occupational Safety Program throughout our operations.

In 2024, we will continue working and reinforcing the Occupational Safety of our staff under this philosophy and we are certain that this preventive approach will help us achieve continuous improvement in this matter.

## Health & Safety Training Plan

Polaris considers Occupational Health & Safety training as an essential investment in our Staff and our Organization. It helps protect lives, reduce risks, improve workplace culture, and contribute to long-term success.



1,767

Hours of Health & Safety training

This year, as in all previous years, we carried out an internal education program on occupational health and safety. The program's objectives are to strengthen awareness and reinforce potential weaknesses identified.

One of the milestone activities this year was the celebration of "World Day for Safety and Health at Work"<sup>12</sup> to pro-



mote the prevention of occupational accidents and occupational diseases.

With an emphasis on the importance of working under high Occupational Health and Safety standards, Polaris carried out several activities in all our

jurisdictions. Activities ranged from competitions to create Occupational Safety slogans, awareness talks, campaigns using internal communication channels, training of use of protective equipment to contests via videos/drawings.

This initiative provided a key opportunity for all of us to reflect on the importance of maintaining a safe and healthy workplace and environment.

.....  
12 The International Labor Organization (ILO) celebrates World Day for Safety and Health at Work on April 28.





## Report on incidents / accidents

We continue to maintain a record of 0 fatalities throughout our operations. We take pride in maintaining compliance with our stated goals ensuring the safety of our employees.



Despite our best efforts and initiatives to promote the Occupational Safety of our Staff, incidents and accidents did occur during the year, as shown

in Figure 2. Exhibiting transparency in our processes is critical to our ability to continuously improve and learn.

For Polaris, it is particularly important to learn from these experiences and fortify our practices through determination of the causes. Some of the measures we have taken have been the following:

- Educational reinforcement in occupational safety.
- Review of Personal Protective Equipment (PPE) for appropriate use for each task.
- Five-minute talks at the start of day-to-day operations
- Occupational safety campaigns.
- Review of good practices to carry out the activity according to the established procedure.
- Risk matrices review.

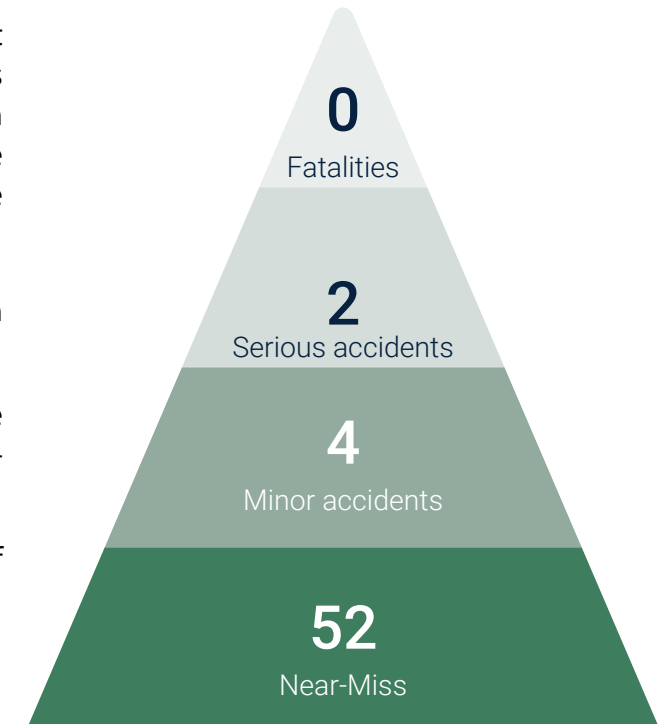


Figure 2. Safety Pyramid

.....  
 13 OSHA (Occupational Safety and Health Administration) Incident Rate.



## Healthy Staff Program

A healthy staff program can lead to a win-win situation where employees enjoy improved well-being, and organizations benefit from healthier, more productive, and more engaged employees.

This program has been operating in Nicaragua for several years. In 2023, we continued carrying out sports activities in our subsidiary in Nicaragua, as well as providing medical/nutritional support to those who signed up for the program. Our

signature event is the Sports Day, in which staff at all levels meet for a friendly softball competition and carry out other physical activities.

This year the Healthy Staff Program was expanded to our other operations, starting with Peru. The program began with medical /nutritional support and some initiatives such as walks with the team to begin promoting a healthier lifestyle.

It is our 2024 plan to expand the program to all of our operations.

## Mental Health Awareness

Polaris has a holistic approach to employee health and well-being which includes mental health and removing the stigma that surrounds it. This is particularly important in modern times in which uncertainty and calamities seemingly dominate all forms of media. Mental health is not only a result of hormonal imbalances, poor diet, and other illnesses. Mental health could be affected by numerous factors in daily life, such as coping with stress or inadequate work-life balance, for example.

During 2023, we began to address this topic with our employees, through newsletters and “conversation-starter” initiatives. In 2024, as part of our people strategy, we have planned to start a mental health program that includes training and coping resources.







# Talent engagement and empowerment

HIRE, RETAIN, MANAGE, ENGAGE, AND EMPOWER STAFF TO ENSURE THEY GROW IN THEIR PERSONAL AND PROFESSIONAL LIFE. BETTER CONDITION AS THEY ARRIVED AT WORK.

The Company established several policies to ensure that we create an environment with an emphasis on diversity and inclusion while being harassment and violence free. Our HR policies are a fundamental element in supporting our talent engagement and empowerment practices.

## Great Place to Work

A “great place” to work is not a place, it’s all about the people that build on one another to make it happen. At Polaris, we are very proud to have achieved certification as a Best Place to Work. This time, as a collective group<sup>14</sup> across all of our jurisdictions. For us, this certification is important since it helps us measure our leadership and, in turn, helps us listen to our most valuable asset, our people.

.....  
 14 Our subsidiary in Nicaragua has been certified as a Great Place to Work since 2017.







We are convinced that obtaining certification is a continuous process that requires constant effort and commitment from Polaris senior management. We do this by living our values, our mission and vision while involving our staff through open and continuous communication.



### Other Third-party Recognitions: Top of Mind™

In 2023, our Nicaragua subsidiary was recognized within the "TOP 50" preferred employers for young professionals (under 35 years) in Central America.





## Fair Compensation Practices

In alignment with our corporate goals on fair compensation, the Company performed compensation studies for both senior management and all roles in the regions. With the assistance of a third-party consultant, Polaris performed job evaluations and salary diagnoses in order to establish a global salary structure and

a supporting policy, given the 2022 jurisdictional expansion. Based on the evaluations and scoring, all positions were assigned salary grades using the Hay Methodology<sup>15</sup> and compared to local salary market expectations. This initiative provided us with the tools to measure compensation objectively, including analyzing internal equity and the alignment of compensation with the complexity and skills required.

## Performance Appraisal

As discussed above, senior management's performance is based on a scorecard with individual goals tied to strategic ones. The Company's performance appraisal, in addition to specific job performance, is also tied to our strategy which includes sustainability and those characteristics that demonstrate the Company's values. To emphasize Polaris' board commitment to our corporate values, a Corporate Values Campaign was carried out in which different board members highlighted each of the I-STAR values via inspirational videos. The campaign also rewarded employees' performance on each of the values each month during the course of the campaign. Award recipients who model each value were nominated and voted on by peers providing feedback to each individual and recognizing their efforts.

## Training & Development

### General training initiatives

The Company believes in training in order to enhance employees' knowledge and general aptitudes. The training program for 2023 in addition to the environmental, health, safety and cybersecurity, included technical and operational management courses.



**2,406**  
 Hours of employee training

In 2023 technical training was carried on throughout the region, taking advantage of the knowledge and experience of Nicaraguan experts and technicians who developed internal training in mechanical, electrical and instrumentations disciplines for all operators and technicians in the region.

15 The Hay Method of job evaluation is a gender-neutral evaluation system that assesses a job based on skill (know-how), effort (problem solving), responsibility (accountability) and working conditions.





## Development opportunities

As part of our investment in our most talented employees, Polaris provides opportunities for cross office/departmental knowledge sharing. During the year, several employees were provided with the opportunity to visit other subsidiaries in different countries to share best operational practices and to develop internal networks of communication and support.

.....  
16 Maxwell Leadership.

## Youth Leadership Initiative

During 2023, in alignment with the Global Youth Initiative<sup>16</sup>, Polaris facilitated a leadership seminar in Nicaragua. This initiative was directed at employees under 30 years old. The aim was to equip them to be a positive influence and increase confidence, which will allow them to better perform in their professional and personal lives and to develop leadership skills. The development of such soft skills is crucial for their advancement in the professional world and to prepare the next generation of leaders.

## Other Employee Celebrations & Activities

Supplementary to all the physical activities hosted such as Sports Day and the festivities at the end of each calendar year, some operations also celebrate monthly birthdays, Women Day, Father's Day, and Mother's Day. In Canada, an annual family "Olympics" day event was held and in Nicaragua,

Christmas was celebrated with the employees' children, where toys were gifted 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 continuing to work on standardizing such practices throughout its operations.

Communication and relationship building with our employees is part of our People Strategy. In 2023, the Company initiated a corporate wide communication strategy. The strategy included holding company-wide town halls in which employees can

ask questions, receive company-wide Teams updates and news bulletins. Our periodic bulletins include relevant information about our projects, countries in which we operate, our achievements, health and wellness articles, work anniversaries and new employee additions. To further build on connections, senior members of the team held site visits to certain operations to learn and share with employees at all levels.

## Freedom of association

The Company does not preclude its employees from associating.









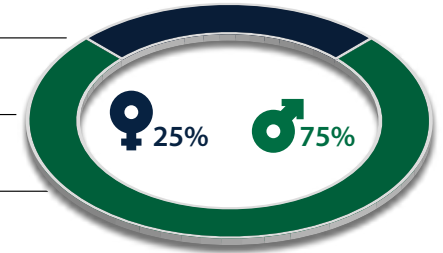




## Diversity & Inclusion

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.

|            |   | Polaris Male Participation (%) | Polaris Female Participation (%) |
|------------|---|--------------------------------|----------------------------------|
| CANADA     |  | 56                             | 44                               |
| NICARAGUA  |  | 69                             | 31                               |
| PANAMA     |  | 73                             | 27                               |
| ECUADOR    |  | 83                             | 17                               |
| PERU       |  | 88                             | 12                               |
| DOMINICANA |  | 82                             | 18                               |



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 employs workers of many nationalities, which makes its corporate culture rich and diverse.

In addition to our policies supporting diversity and inclusion, the Company also hosts other activities that promote these in our day-to-day experiences. As an example, on International Women's Day, the Company hosted a virtual discussion with Marcela Paredes, who shared her valuable experiences about being a successful career woman in the engineering

field while juggling a family. Participants were encouraged to share their experiences of work-life balance and suggestions on what the Company can do to support.

Additionally, as part of our training program to all employees, the Company facilitated a session that explained unconscious bias and provided helpful tips to learn how to manage bias-thinking. In this module, participants were presented on how unchecked unconscious bias can lead to stereotyping and prejudice and how it can be detrimental to an inclusive workplace.

## OUR PARTNERS

We are committed to our Partners, and we consider it important that the values we embrace are reflected by their commitment to those same values.

We are focused on achieving the creation of a Sustainable Supply Chain, positive Stakeholder Engagement and Community Development. In this way, we are confident that by operating our business, we are creating a positive impact with our Partners.





# Sustainable Supply Chain

ENSURE THAT OUR CONTRACTORS MEET  
PRICE AND QUALITY REQUIREMENTS AND OUR  
SUSTAINABILITY STANDARDS.

## Code of Conduct

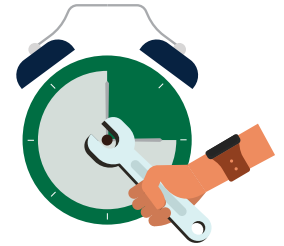
Polaris believes that operating with high standards is a shared responsibility not only of our staff, but also of those with whom we do business.

Polaris expects its suppliers, contractors, and subcontractors to be committed to open, honest, transparent, fair, and ethical business conduct in all business dealings. We also expect them to be aligned with our Code of Business Conduct and Ethics and other Corporate Policies.

In 2023, the Company updated the Manual of Conduct for Suppliers, Contractors and Subcontractors (the “Manual”), in order to establish the minimum guidelines that they must maintain for the proper completion of their activities. This expresses our commitment to fundamental principles of ethics, professional conduct, human rights and sustainability.

Updating and expanding this Manual has been a priority in 2023, since it ensures a standardization of the fundamental basic requirements for doing business with third parties in all of our operations. Acceptance of the manual demonstrates the commitment of continuous improvement by third parties.

Our policies are based on trust and responsibility. For Polaris, it is not possible to maintain quality and productivity without committing to the environment, our communities, and the health and safety of those who work for and with Polaris. For this reason, Third Parties must share this commitment by applying safe work practices in all their activities, complying with all legal requirements and applicable Polaris Sustainability indicators.



# 660

Hours of training for  
third-party contractors



## Bill S-211

In 2023, the Canadian Parliament passed a bill called “*Fighting Against Forced Labour and Child Labour in Supply Chains Act*” to protect vulnerable populations from human rights abuses and exploitation. The bill imposes strict reporting requirements on Canadian and Canadian-owned businesses. The bill will take effect January 1, 2024, with the first report required to be filed on or before May 31, 2024. This bill requires us to report on forced labour and child labour in supply chains. It outlines the steps organizations must take to prevent and reduce the risk that operations make use of forced and/or child labour, including those of third parties within its supply chain. Polaris is working with a third-party consultant to assist us with the implementation and in the coming months, will review opportunities to improve our procedures.



## Environmental and Health & Safety Assessment

Our strategy is focused on taking preventive actions to eliminate or reduce any adverse impact on the environment and people; thus, sustaining our commitment to ensuring that contractors and suppliers meet our sustainability

standards, starting from the selection process to the execution of the service. In this way, the measures are aimed at:

1. Regulatory compliance associated with environmental and safety permits, licenses, and authorizations.
2. Regulatory compliance associated with labor rights requirements.

3. Ensuring safe and healthy working conditions, such as, but not limited to, proper waste management, signage, and appropriate personal protective equipment, according to the activity to be carried out.

After selecting the contractor, our Staff performs proper training on labor rights, ethics, health, safety, and environment for the contractor's staff. Once the service has started, contractors are subject to monitoring and evaluation to ensure compliance.

Our Company also has in place the External Grievance Mechanism that can record any comment and or grievance that involves a third party. We will persist in strengthening our practices and procedures associated with third parties, in order to ensure continuous improvement.



# Stakeholder Engagement

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.



A Stakeholder Engagement Plan (SEP) is a valuable tool for seeking to build positive relationships, manage risks, and achieve our goals in a socially responsible and sustainable manner.

In 2022, we took on the task of standardizing all plans<sup>17</sup> and in 2023 we updated them for each operation, ensuring their commitment and implementation.

We have complaint mechanisms, which provide transparent means by which we receive communication from affected parties. Mechanisms are accessible such that stakeholders can easily provide comments or complaints and assist us in continuing to improve our management practices.

Concurrently, as part of our plan, we prioritize hiring local labour in the activities that are required, if possible. Below is the number of local staff in our operations.

.....  
<sup>17</sup> For more information, please see 2022 Sustainability Report.



This also applies for contractor we hire locally, the number per month hired were:

| Social indicator <sup>18</sup>              | Nicaragua | Peru | Ecuador | Panama | Dominican Republic |
|---|-----------|------|---------|--------|--------------------|
| Number of persons hired through contractors | 42        | 18   | 21      | 16     | 8                  |
| Number of women hired through contractors   | 1         | 1    | 3       | 1      | 0                  |
| Number of men hired through contractors     | 41        | 17   | 17      | 15     | 6                  |
| Contractors from surrounding communities    | 42        | 9    | 8       | 10     | 3                  |

.....  
18 Average data per year and country







# Community Development

IMPACT THE COMMUNITIES AND TERRITORIES WHERE WE DEVELOP PROJECTS IN A POSITIVE WAY, IN PARTNERSHIP WITH LOCAL COMMUNITIES AND AUTHORITIES.

Being able to invest in and collaborate with the communities surrounding our operations is integral for the aligning of our Company's projects with the sustainable development goals, mitigating risks, building positive relationships, and ultimately making a meaningful and lasting impact on the communities in which we operate.

We created our community development program in alignment with the following principles:

We are aware that communities can have many needs. However, for us it is essential to manage clear expectations of how we can intervene, together with them and other actors.

We aim to design projects that can have an impact that continues long after our involvement.



This applies from the formulation of each project, but also for the implementation of social investment projects.

For us this is an essential part of the work we do in the communities. Good faith and transparency in our processes has been essential to creating and maintaining that trust.

## Our Community Development Action Lines

For many years, we have focused our community development efforts on five areas that we consider fundamental to achieving progress and positive impact in our communities.

### Education

Quality education is a catalyst for individual and community development, poverty reduction, improved health, gender equality, and overall societal progress. It is a key investment in the future well-being of both individuals and societies.

We are proud of the 2023 contribution to education impacting various areas. For example, through our support to the Robotics Clubs<sup>19</sup>, one of these clubs won third place in a national



competition, competing with some of the most prestigious schools in that country. This is significantly important, since the results confirm that such projects create lasting impacts.

This year we hosted our first vocational fair targeting seniors at a local school in Nicaragua. The purpose of this activity was to facilitate the exchange of experiences among students and

members of our team. This provided students the opportunity to obtain clearer expectations regarding their professional future. Members of our team participated voluntarily. Furthermore, we provided leadership courses to the same group in order to inspire them to be a positive influence and increase their confidence. The objective is to allow them to perform better in their studies and in other



areas of professional and personal life. The session was facilitated by a Leadership Certified Coach.

Moreover, in Peru, we continued to provide academic reinforcement

.....  
<sup>19</sup> Robotics educational Program – Nicaragua, launched in 2019 by Polaris and expanded through the following years in the local rural school.

workshops and donate school kits. Likewise, the Company continues to support the best students at the local school with university scholarships<sup>20</sup>. These small contributions are key to enhancing the quality of education in rural public schools by addressing specific challenges, fostering a positive learning environment, and contributing to the overall development of students. We have been working with this approach for several years in the Community near the Canchayllo Hydroelectric Plant. The Company covers the costs of these workshops up to and including the materials used.

We also donated school kits to students who live near the El Carmen & 8 de Agosto Hydroelectric Plants. This helps them start their school year in a positive manner. These are simple contributions, but they generate long-term impact. The Company is committed to education and plans to continue making these types of contributions when possible.



.....  
20 Canchayllo Hydroelectric Plant, Peru.





## Community Infrastructure

Community infrastructure projects play a pivotal role in breaking the cycle of poverty by addressing basic needs, promoting economic development, and empowering communities to build a sustainable and resilient future.

We are aware that quality access roads are a foundation of rural development, influencing economic and social aspects. Therefore, this year, our contribution was through the remodeling of an access road<sup>21</sup> near our Vista Hermosa Project in Panama, this included construction of drains and general improvements of the entire road.

A similar project was completed in Nicaragua, where the community communicated the need of installation of sewers and a bridge to guarantee access in the rainy season<sup>22</sup>. The community provided the labor, and Polaris provided the materials. Likewise, one of our

engineers volunteered his time to guide and supervise the community in the construction work, resulting in a successful project.

At a local school near our projects in Panama, we installed a water filter and fountain to guarantee quality drinking water for students. We consider this, an essential aspect for the well-being of students and the overall functioning of educational institutions.

Likewise, in the closest school to our project in Ecuador, materials were donated in order to paint the educational center.

In addition to our impact on education, every year we celebrate Christmas with students from educational centers. In some cases, we donate toys to children ages 0-10, and in others we donate packages with treats. By hosting these events we integrate with the community and share moments of cultural importance together.

21 In 2022, the company carried out basic maintenance of the access road, prior to starting construction work on the Vista Hermosa I & II Solar Parks.

22 Previously if there was heavy rain, the community was isolated.



## Agriculture

The importance of agriculture for rural development goes beyond the production of food. It is a key driver of economic growth, employment, and social well-being in rural communities. Sustainable and inclusive agricultural development strategies ensure the overall prosperity of rural areas. For several years, we have worked on agricultural projects with this premise. At the moment, we have implemented programs with the communities that surround our projects in Nicaragua and Peru.

Near our Geothermal Power Plant in Nicaragua, this year we supported 30 small producers for watermelon production. The project consisted of technical assistance, training, donation of inputs, monitoring of the harvest process and commercializing of the produce. Likewise, we continued with the Biodigesters project, benefiting 5 more producers assisting in the



elimination of firewood, generation of gas for consumption by each family and the environmental impact due to reduction in CO<sub>2</sub> emissions.

Similarly, in 2021 Polaris started a beekeeping project near our El Carmen and 8 de Agosto Run-of-River hydro plants, and from that point on, we expanded the number of beneficiaries. In 2023, we benefited 30 producers, who are now packaging and selling their product with local branding. The

project consists of providing technical assistance, necessary inputs for honey production, including special suits, hives, etc. In the same community, Polaris began working on a Coffee Project in 2022. This project was designed in such a way that existing crops would not be altered, but would rather optimize each plot, with new production options that do not generate competition for nutrients or space. As part of this project, technical assistance was provided during the

project and post-harvest assistance with the installation of solar dryers, to reduce humidity and increase the quality of their products. Further value was added to the operation via threshing, roasting, grinding, and packaging, under the name 'Aromas de Monzón', which has allowed them to price their product competitively. A micro coffee plant is in the process of being inaugurated, with the purpose of processing the product.

## Sports

Sports promotion in rural communities has far-reaching effects on the social, economic, and cultural aspects of community life. Creating opportunities for sports participation can contribute significantly to the overall well-being and development of rural areas.

With the participation of Sports Clubs from nearby communities to our El Carmen and 8 de Agosto Hydroelectric plants, the first men's and women's soccer championship 'Polaris Cup

2023' was held. An important achievement of this competition was continuing to integrate the Company with the various communities, as well as with each other; promote the sport of soccer and healthy recreation and increase local business.

Likewise, in other jurisdictions, such as Nicaragua and Ecuador, Polaris donated sports supplies to continue promoting sports in the nearby communities.



## Health

Contributing to the local Ministry of Health to assist in meeting important goals in aspects of community health, is essential for a well-coordinated, informed, and effective approach to epidemic prevention. The collaboration ensures that efforts are aligned with national health priorities, utilize existing infrastructure,

and benefit from the expertise of healthcare professionals and public health officials.

In Nicaragua, we participated in a dengue disease prevention campaign in collaboration with local authorities. In Panama, we donated to the health clinic near our solar parks.



# OUR PLANET

We are committed to playing a shared role in ensuring the global transition to clean energy. Through our operations, we are committed to maintaining environmental standards and applying its related procedures in all our operations.

We focus on five material areas, Emissions Avoidance/Reductions, Climate Change Strategy, Water Management, Biodiversity and Waste Management.





## Emission Avoidance / Reduction

ASSESS AND REDUCE OUR CARBON FOOTPRINT  
AS WELL AS MEASURE THE EMISSIONS AVOIDED  
BY OUR RENEWABLE ENERGY GENERATION.

### ***Carbon Footprint measurement***

Changes in climate pose a significant challenge to the environment and biodiversity in general. Climate change constitutes long-term impacts to expected weather patterns in a particular region for a specified period<sup>23</sup>. Recent catastrophic events around the world demonstrate that there is an urgent need to develop global strategic measures in the protection and conservation of the environment.

“Thousands of scientists and government reviewers agreed that limiting global temperature rise to no more than 1.5°C would help us avoid the worst climate impacts and maintain a livable climate”<sup>24</sup>.

Knowing the substantial impact on climate change due to emissions and the importance to act urgently, since 2015 Polaris has been working to reduce its carbon footprint and is committed to continue mitigating climate change, especially as we play an important role in the energy transition.

In 2022, Polaris performed the carbon footprint baseline measurement for Nicaragua operations with results that indicate that 97.8% of our emissions correspond to the generation of geothermal energy (scope 1)<sup>25</sup>; these emissions are compensated through the carbon credits methodology defined by UNFCCC<sup>26</sup>, with the remaining 2.2% associated with fossil fuel consumption (1%), energy consumption (scope 2, 0.2%), waste generation, business travel and local staff transportation (scope 3, 1%).

.....

<sup>23</sup> Urry, 2015.

<sup>24</sup> United Nations

<sup>25</sup> For more information, please refer to the 2022 Sustainability Report.

<sup>26</sup> United Nation Framework Convention on Climate Change- Methodology-ACM0002 Version 20.0 “Large-scale Consolidated Methodology - grid-connected electricity generation from renewable sources.

Our carbon footprint measurements continued in 2023<sup>27</sup>, based on the methodology described in ISO 14064:2018<sup>28</sup>, which included an updated methodology, requiring additional categories than what was initially measured in 2022. Such items now include:

- 1** **Category**  
 Direct emissions and GHG removals
  - Fossils fuels
  - Refrige rant leaks
  - Direct emissions by soil used.
- 2** **Category**  
 Indirect emissions from imported energy
  - Purchased energy
- 3** **Category**  
 Indirect emissions from transportation
  - Business travel
  - Local staff travel
  - Refrigerant leak in transportation
- 4** **Category**  
 Indirect emissions from products used
  - Transmision line
  - Waste water
  - Solid waste
  - Cleaning products
- 5** **Category**  
 Indirect emissions (other products used)
  - Products used by the organization
  - Products used by the organization Lifecycle of used products and/or generation
- 6** **Category**  
 Indirect emissions (other sources)
  - Defined by each company
  - Products or services that generate emissions



The 2023 carbon footprint for our operation in Nicaragua is equivalent to 23,046.46 tCO<sub>2</sub>e, of which, 97.15% (22,390.15 tons) are related to our energy generation process, in accordance with ISO 14064:2018 those are biogenic<sup>29</sup> emissions source.

Excluding these biogenic emissions, our total emissions are equivalent to 656.31 tCO<sub>2</sub>e, of which 70.43% correspond to direct emissions (category 1) and 29.75% correspond to indirect emissions (category 2 to 5). The following graph represents the emissions by category.

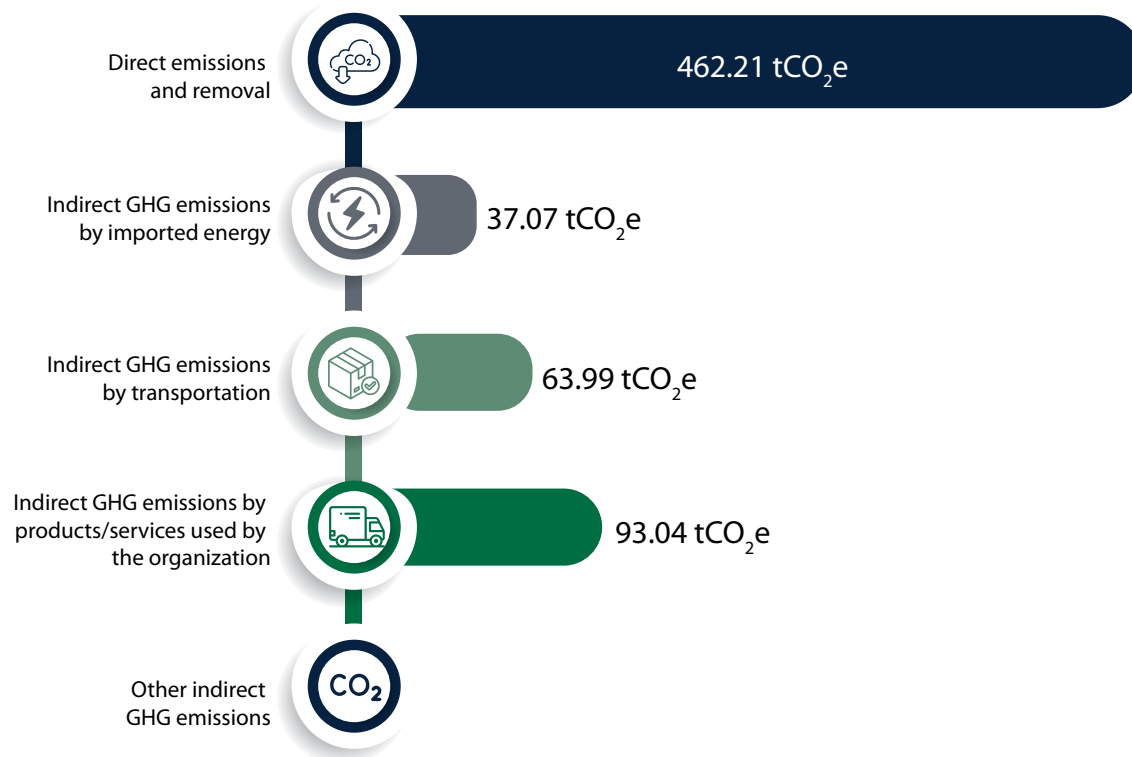
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<sup>27</sup> For our operations in Nicaragua, we measure the carbon footprint through an external consultant. For the rest of our operations, we measure our footprint internally, using the same methodologies applied to Nicaragua.

<sup>28</sup> 14064:2018. Greenhouse Gases.

<sup>29</sup> Biogenic CO<sub>2</sub> refers to carbon in wood, paper, grass trimmings, and other biofuels that was originally removed from the atmosphere by photosynthesis and, under natural conditions, would eventually cycle back.



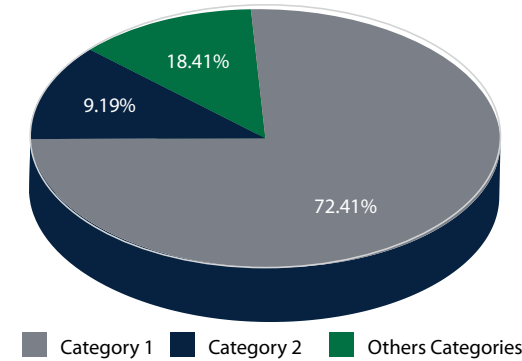
### Emissions distributions- Nicaragua 2023



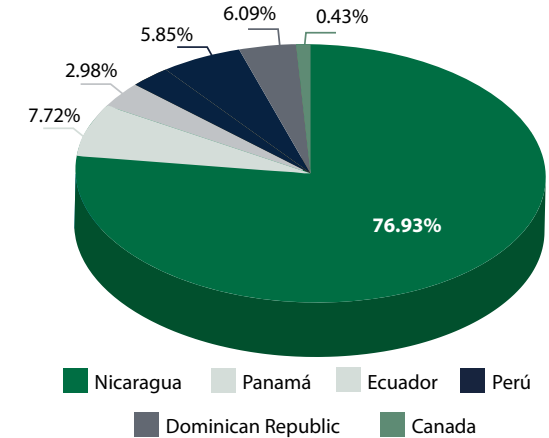
For the remaining of our operations, category 1 and 2 was measured, which represents a total of 192.867 tCO<sub>2</sub>e.

The overall emissions<sup>30</sup> for Polaris in 2023 represents 849.176 tCO<sub>2</sub>e. 72.71% (617.47t CO<sub>2</sub>e) of our total emissions are from category 1; 18.49% are categories 3 and 4 (Nicaragua); and 8.79% category 2.

### Emissions by Categories



### Emissions by Country



The country with the biggest number of emissions is Nicaragua, which represents 77.29% of the total emissions, followed by Panamá (7.76%), Dominican Republic (6.09%), Perú (5.87%) and Ecuador (2.99%), as is show in the following graphics.

Aiming to reduce our carbon footprint, for the Vista Hermosa 1 and 2 projects, that were recently built in Panama, energy efficiency practices were integrated into the construction of the main offices; given this is essential for addressing environmental challenges and fostering the sustainability of our projects. Therefore, all installed equipment complies with high energy efficiency standards. Our emissions by energy consumption are 11.272<sup>31</sup> tonCO<sub>2</sub>e/year making our resulting emissions minimal compared with the overall emissions of the company.

<sup>30</sup> These emissions consider categories 1 to 4 for Nicaragua (excluding biogenic emissions). In addition, 1 and 2 for the remaining of our operations.

<sup>31</sup> Scope 2 (energy consumption) total carbon footprint for Panamá operation is 13.867t CO<sub>2</sub>e which includes Panamá city corporate office and solar park. Energy consumption at night in the park is connected to the national net because projects doesn't have batteries storage.

## Carbon Credits

Energy is at the heart of climate challenges, yet it is also the key solution to mitigate the worst impacts of climate change, through alternative sources of energy that are clean, accessible, affordable, sustainable, and reliable in accordance with SDG 7<sup>32</sup> and SDG 13<sup>33</sup>.

As a renewable energy company, we are contributing towards overcoming this substantial challenge, while leveraging nature. Our generation emits zero Greenhouse gasses into the atmosphere as it is partially offset by the methodology<sup>34</sup> of carbon credits.

*"Carbon pricing can be an effective way to incorporate the cost of climate change into economic decision making, thereby incentivizing climate action".*

**Global Director for Climate Change at the World Bank.**

Polaris, with the generation of renewable energy and certification of carbon credits, is assisting others to achieve their climate change goals in offsetting emissions.

.....  
32 Sustainable Development Goal 7. Affordable and Clean Energy.

33 Sustainable Development Goal 13. Climate Action.

34 AMS-I D "Grid-connected renewable electricity generation".





In 2023, we continued the process to certify our projects within various internationally recognized mechanisms. The following table summarizes the progress made per project:

| Project   | Standard*                           | Progress   |
|---|-------------------------------------|--|
| San Jacinto Tizate U3 and U4 (condensation process) | UNFCCC- Clean Development Mechanism | Certification of 315,036 credits, starting June 1st 2019 until December 31st 2020.   |
| 8 de agosto   | UNFCCC- Clean Development Mechanism | Emission reductions and certification starting 2021 and beyond, depends on UNFCCC to define the new methodology to be applied. |
| Canchayllo  | UNFCCC- Clean Development Mechanism | Emission reductions and certification starting 2021 and beyond, depends on UNFCCC to define the new methodology to be applied. |
| San Jacinto Tizate U5 (Binary process)              | CERCARBONO                          | Registration and Validation  |
| Canoa   | CERCARBONO                          | Registration and verification<br>A total of 104,507 credits to be certified  |
| El Carmen   | CERCARBONO                          | Registration and verification<br>A total of 48,720 credits to be certified   |
| San José de Minas                                   | CERCARBONO                          | In process of registration   |
| Vista Hermosa I and II                              | I-REC <sup>35</sup>                 | Registration<br>A total of 13,178 REC to be certified for 2023 period  |

The methodology used for the project's Registry in CDM and CERCARBONO as defined by UNFCCC<sup>36</sup>.

.....  
<sup>35</sup> "A REC (Renewable Energy Certificates) is a type of Energy Attribute Certificate (EAC) that represents the environmental attributes of the generation of a one-megawatt hour (MWh) of energy produced by renewable resources" The International REC Standard.

<sup>36</sup> Large-scale and small-scale Clean Development Mechanism AMS-I D "Grid-connected renewable electricity generation".





The estimated emissions reductions of our operations, not yet certified, is 368,305<sup>37</sup>.

## Did you Know?<sup>38</sup>

That in 2023, the energy we generated contributed to offsetting CO<sub>2</sub> emissions from other sources, as an example:

# 368,305

 tCO<sub>2</sub>e per year

Of avoided emissions is equivalent to:



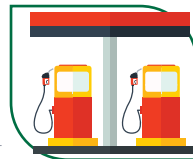
**81,969**

Gasoline-powered  
Passenger vehicles  
driven for one year



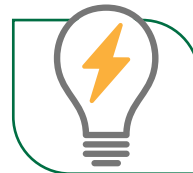
**127,441**

Tons of waste recycled  
instead of landfilled



**41,443,119**

Gallons of gasoline  
consumed



**71,663**

Home' electricity  
use for one year



**439,210**

Acres of U.S.  
forests in one year

<sup>37</sup> These estimations include the projects registered in CDM and CERCARBONO not the ones in I-RECs.

<sup>38</sup> EPA. United States Environmental Protection Agency.





# Climate Change Strategy

FACTOR THE EFFECTS OF CLIMATE CHANGE INTO  
OUR BUSINESS DECISIONS AND OPERATIONAL  
PLANS.

## *Climate Change Risk Assessment – San Jacinto, Nicaragua*

Risk refers to the potential for consequences where something of value is at stake and where the outcome is uncertain, recognizing the diversity of values. Risk is often represented as probability of occurrence of hazardous events or trends multiplied by the impacts if these events or trends occur.<sup>39</sup> Climate risk is caused by harmful climate events which have negative impacts for human or ecological systems from the impacts of climate change.

Extreme weather events and natural disasters are becoming more frequent and intense, and the climate policy landscape is evolving quickly. A study completed World Meteorological Organization concluded that “80% of natural disasters between 2005 and 2015 were related to climate change.”<sup>40</sup> In addition, these natural disasters are associated with economic losses and damage.

Polaris has a firm commitment to create a path to resiliency in a decarbonizing world in support of the goals adopted under the Paris Agreement and other international climate meeting and agreements. Polaris mission is to be a leader in the renewable energy industry, contributing to a greener future, driven by our values.

In addition, we also contribute to other sustainability goals through environmental attributes like carbon offset and renewable energy credits.

.....  
<sup>39</sup> Fifth Assessment Report (AR5), Intergovernmental Panel on Climate Change (IPCC).

<sup>40</sup> Report Highlights Climate Change Risk Faced by Insurance Sector.



In support of our path to climate resilience, we have initiated carbon footprint measurements to take further steps to reduce our carbon footprint in the next years and develop a Climate Change Risk Assessment (“CCRA”) to identify the likelihood of future climate-related hazards and their potential impacts in the organization, cities, and their communities. This is fundamental for the prioritization of climate action and investment in the required adaptation.

The CCRA objective for our operations in Nicaragua, is to best understand how to deal with climate and environmental challenges associated with geothermal energy generation located in the San Jacinto community and its surroundings. The assessment includes a Climate Risk Management Plan designed to strengthen Polaris’ climate change resilience, which also addresses risk from threats of natural and human-related origin.

The CCRA was created following the Inter-American Development

Bank (IDB) methodologies. These methodologies facilitate 1) the identification and evaluation of risk of disasters and climate change, 2) the opportunities in terms of resilience and, 3) allow alignment with policies, procedures, and methodologies to generate tangible benefits to the project.

The CCRA forms a concrete baseline for understanding the level of climate risks across the project. This ensures that appropriate actions are developed to build resilience of our project personnel and communities.

Based on those methodologies, the assessment includes the following approach:

1. Conceptual initial analysis and baseline scenarios, including historical data, climate models and potential impacts identified in previous research in the studio area.

2. Methodological process.
3. Climate models and climate analysis specific for Polaris’ concession and influence area.
4. Quantitative and qualitative results from natural disasters and anthropogenic risk of Polaris’ concession and influence area.
5. Identification of climate opportunities.
6. Climate Risk Management Plan including governance and climate mitigation and adaptation measures to strengthen Polaris’ resilience.
7. Strategic action plan in short, medium, and long term to contribute creating a planification that allows us to respond appropriately to climate change threats.

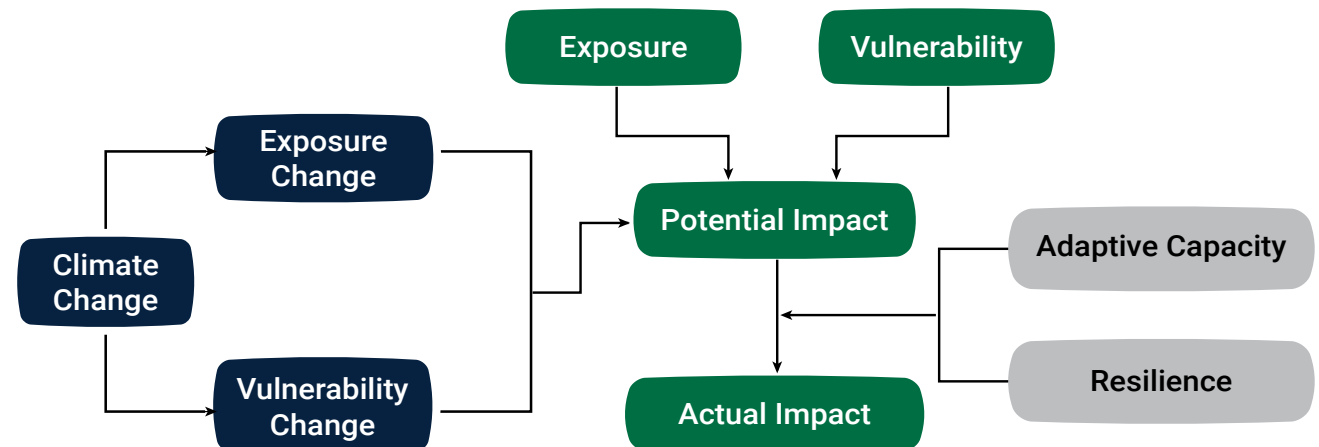




First, it is necessary to define the terminology used in the assessment:

- Climate risk: caused by harmful climate events which have negative impacts on organizations and cities worldwide.
- Impacts: sometimes referred to as consequences, are a result of the interplay between hazards and what is being referred to as components of exposure and vulnerability.
- Hazard: the threatening event, including its probability and geographical extent.
- Exposure: the elements present in affected areas, such as personnel, inhabitants, flora and fauna, buildings, or infrastructure.
- Vulnerability: the resistance or lack of resistance of those exposed elements to the hazard.

The following chart helps to clarify this terminology:





Following the previous illustration, the results of the identification and qualitative analysis for hazards, natural disasters and anthropogenic risks include:

| Low Hazard | Medium Hazard | High Hazard                       |
|------------|---------------|-----------------------------------|
| Floods     | Drought       | Wildfires                         |
|            |               | El Niño phenomenon                |
|            |               | La Niña phenomenon                |
|            |               | Temperature increase (heat waves) |
|            |               | Drought                           |
|            |               | Water scarcity                    |



## Project area risks



### Climate projections

- Temperature increase
- Drought
- Water scarcity
- El Niño and La Niña phenomenon

### IPCC Climate projections

- Heat wave

### National Weather Institution

- Hurricanes

**Low vulnerability and criticality**

According to various climate scenarios climatic projections for the most pessimistic scenario will not affect the operations and functioning of Polaris' Geothermal Power Plant; some consequences due to climate risk could be: freshwater



scarcity (consumption by plant and communities), reduced equipment efficiency due to temperature increases, access to power plant installation during hurricanes and La Niña phenomenon and increase in wildfires resulting from increases in temperature and drought. *Readers are encouraged to refer to the Company's most recent Annual Information Form to review the risks the Company is exposed to.*

After identifying Polaris' climate risks, a Climate Risk Management Plan (CRMP) was proposed, which reflects some of the best practices the Company have already been implementing and new activities that can be developed, aiming to:

1. Build resilience in Polaris' employees and surrounding communities.
2. Enable Polaris to allocate available resources more effectively.



3. Adapt to and respond appropriately when facing climate change risks.

In addition, the CRMP includes metrics, goals, and timelines to achieve the actions described in the plan to

mitigate and adapt to climate change. Polaris will begin its implementation in 2024 and the results will be presented in future reports. As with every plan, this will be in continuous improvement and will be updated when and as necessary.

Polaris is committed to mitigating climate change and reducing any risks in our operations, while providing relevant support in the communities surrounding our operations.





# Water Management

MINIMIZE OUR CONSUMPTION OF WATER AS A NON-RENEWABLE RESOURCE AND ENSURE WATER QUALITY IS NOT NEGATIVELY AFFECTED BY OUR OPERATIONS.

## Water Quality

Polaris is committed to contribute with SDG 6<sup>41</sup>, which is the reason why all our operations in the region have water quality monitoring plans to verify there are no negative impacts on water quality due to our operations and to ensure water from wells are safe to use by our personnel.

The monitoring results comply with the national regulations in each operation. In our Geothermal operation, we continue to reinject all the brine and steam into reinjection wells to protect water wells and eliminate environmental impacts.

For our hydroelectric power plants, we have identified a positive impact in water quality, due to the collection of solid waste in our intake systems and the reduction of total suspended solids in the river after going through the generation process. In addition, we work to achieve target 6.6<sup>42</sup> of the SDGs, by implementing a hydrobiology monitoring plan that aims to prevent and mitigate the generated impacts on aquatic fauna.

In our Environmental Impact Assessment baseline studies<sup>43</sup>, an ecological flow was defined to make sure that the impacts on aquatic fauna were reduced. Additionally, a hydro-biological analysis was developed in 2023 for the 8 de Agosto and El Carmen Hydroelectric Power Plants in Peru in order to verify that the ecological flow that is being implemented, in the rainy and dry

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41 Sustainable Development Goal 6. Clean Water and Sanitation.

42 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

43 All our projects have Environmental Instruments.



seasons, are maintaining the integrity of the ecosystems or ecological<sup>44</sup> status of the rivers.

The above is evidenced in the comparative results of the monitoring carried out in the years 2020 to 2023, relative to the values of the 2012 baseline, including quality of surface water, sediment, and biological parameters such as: phytoplankton, zooplankton, Phyto periphyton, zoo periphyton, benthic macroinvertebrates and nekton (fish).

We also are contributing to the achievement of the target 6.3<sup>45</sup>, given that in all our operations we have a wastewater treatment system that complies with the legislation of each respective country.

At the San Jacinto project, a chemical cleaning protocol of geothermal wells was carried out. Instead of using fresh water to reduce geothermal wells pressure, condensate steam was used for this purpose, saving an amount of water equivalent to approximately 270 m<sup>3</sup>/well.

.....

44 The ecological status is an indicator of the state (condition) of the ecosystem and is evaluated at the water body scale by independent national experts.

45 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.





# 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 Management Plans***

Most of our operations have implemented Biodiversity Monitoring Plans.<sup>46</sup> The aim is to conserve and protect biodiversity while mitigating any potential environmental impact during the project's execution and operations, safeguarding the conservation of the flora and fauna identified initially during the biological baseline.

Our Biodiversity management plans aim to achieve SDG 15<sup>47</sup> and we are mainly focused on contributing to achieving the target 15.8<sup>48</sup>, given all our programs promote endemic, endangered, and native species reproduction or recovery, previously identified in the baseline studies for each location to encourage sustainable use and management of natural sources.

The objectives of our biodiversity management plans are to:

- Promote environmental awareness among employees, contractors, and community members through environmental activities.
- Promote the sustainable management and use of natural resources.
- Increase plant coverage with species typical of the ecosystems present in each project location.
- Improve the conditions of the natural habitat for the conservation of fauna.

.....  
<sup>46</sup> Our Project in Panama is in process to have a Biodiversity Management Plan.

<sup>47</sup> Sustainable Development Goal 15. Life on Land.

<sup>48</sup> Introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems, and control or eradicate the priority species.



- Evaluate the specific diversity, equity and similarity of the flora and fauna (amphibians, reptiles, mammals, birds, and fish -when applies-) corresponding to each location.
- Determine the existence of threatened and endemic plants and animal species in the influence area of the project, as well as the conservation status according to National Legislation and International Organizations (IUCN, CITES, Red Book of Endemic Plants of each country).

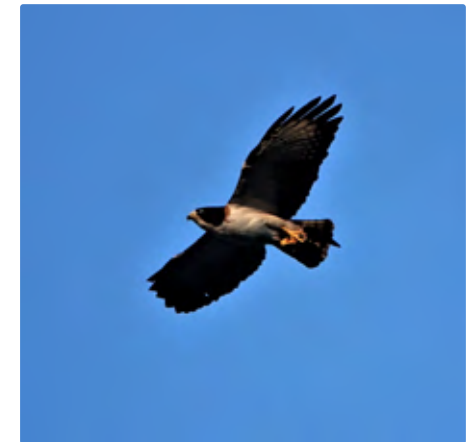
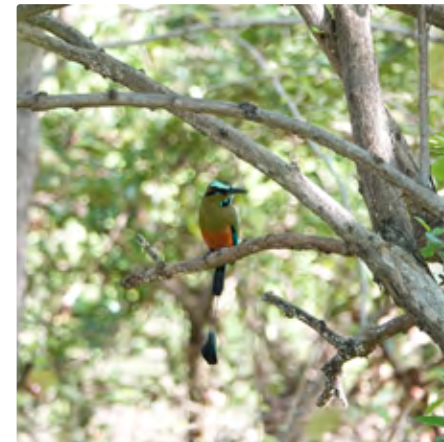
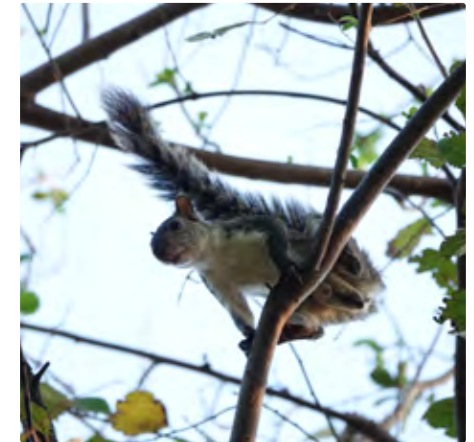
Our reforestation plan and environmental education efforts help us achieve positive results in such biodiversity protection.

In Nicaragua, biological indicators have also increased for mammals and amphibians, which means that reforestation (internal and

external) activities undertaken by Polaris have improved the biological conditions. The following table shows biological monitoring results in the project's area making a comparison between 2015 versus 2023.

| Specie (individuals)     | 2015 | 2023 |
|--------------------------|------|------|
| Amphibians <sup>49</sup> | 0    | 32   |
| Reptiles <sup>50</sup>   | 22   | 16   |
| Mammals <sup>51</sup>    | 61   | 86   |
| Birds                    | 226  | 215  |

Despite the reduction in birds in 2023 versus 2015, it was possible to determine nine (9) species<sup>52</sup> of fauna that are indicative of the quality of the ecosystems, their functionality and importance for the permanence of biodiversity, these species are susceptible to



.....

49 Amphibians: Any organism that can live both on land and in water. especially any of a class of cold-blooded vertebrate animals (as frogs and salamanders).

50 Reptiles: A vertebrate animal of a class that includes snakes, lizards, crocodiles, turtles, and tortoises. They are distinguished by having a dry scaly skin and typically laying soft-shelled eggs on land.

51 Mammal: A warm-blooded vertebrate animal of a class that is distinguished by the possession of hair or fur, the secretion of milk by females for the nourishment of the young, and (typically) the birth of live young.

52 *Amazona albifrons* (loro frentiblanco), *Brotogeris jugularis* (chocoyo barbinaranja), *Erusitula canicularis* (perico frentinaranja), *Beteogallus urubitinga* (gavilán negro), *Buteo plagiatus* (gavilán gris), *Buteo jamaicensis* (gavilán colirrojo), *Falco sparverius* (cernícalo americano), *Rupornis magnirostris* (gaviñán chapulinero), *Ctenosaura similis* (garrobo negro).

variations in natural conditions and require favorable scenarios for their permanence.

In Ecuador, the biodiversity monitoring shows that, despite the project's construction and execution, there are no negative impacts on biodiversity. As shown below, a greater number of species were identified in 2023, compared to the baseline scenario in 2012.

| Specie (individuals) | 2012 | 2023 |
|----------------------|------|------|
| Amphibians           | 0    | 0    |
| Reptiles             | 1    | 2    |
| Mammals              | 3    | 10   |
| Birds                | 23   | 38   |
| Fish                 | 0    | 1    |



In the Dominican Republic, we have the same scenario for biodiversity, an increase in the total amount of biodiversity was identified in the last monitoring executed in 2023. Our biodiversity action so far has been mainly focused on environmental awareness and reforestation, which has resulted in as follows:

| Specie (individuals) | 2010 | 2023 |
|----------------------|------|------|
| Amphibians           | 0    | 2    |
| Reptiles             | 1    | 6    |
| Mammals              | 0    | 0    |
| Birds                | 11   | 17   |

In Peru, there has been an increase in biodiversity indicators since 2012 (baseline scenarios) versus 2023, mainly on fish, mainly on fish, meaning there are no impacts on ichthyofauna<sup>53</sup> due to our hydro operations. The following table shows

53 Ichthyofauna refers to assemblages of fish in a waterbody or zoogeographic region.

the results of the fish species and quantities identified in the monitoring taken place following our Environmental Monitoring Plan in Peru (Monzon).

| Family                     | Gender/specie                | Baseline 2012 | dic-21   | jun-22    | dic-22    | jun-23    |
|----------------------------|------------------------------|---------------|----------|-----------|-----------|-----------|
| Loricariidae               | Chaetostoma lineopunctatum   | 0             | 0        | 0         | 0         | 0         |
|                            | Chaetostoma sp.              | 0             | 3        | 0         | 0         | 0         |
|                            | Chaetostoma stroumpoulos     | 0             | 0        | 1         | 3         | 0         |
| Characiformes Parodontidae | Parodon buckleyi (yulilla)   | 1             | 0        | 1         | 5         |           |
| Characiformes Characidae   | Moenkhausia sp. (sardinitas) | 8             | 0        | 0         | 0         | 0         |
| Characiformes Characidae   | Hemibrycon huambonicus       |               | 3        | 27        | 14        | 25        |
| Characidae                 | Astyanax maximus             |               | 0        | 1         | 0         | 0         |
|                            | Astroblepus sabalo           |               | 0        | 0         | 0         | 6         |
|                            | Characidium fasciatum        |               | 0        | 0         | 0         | 4         |
| <b>Total</b>               |                              | <b>9</b>      | <b>6</b> | <b>30</b> | <b>22</b> | <b>35</b> |

Our Biodiversity monitoring plan results demonstrate that Polaris operations have no negative impacts on biodiversity, on the contrary it is helping to improve biodiversity conditions.





## Biodiversity initiatives

### Reforestation

We continue our efforts to reforest the areas previously affected by our construction, and in some cases are reforesting beyond legal requirements.

In Panama, a total of 1,250 trees were planted in an internal reforested area as compensation for our construction environmental impact; at this moment, we have a 95% survival rate. The species used for this first campaign were native species identified in baseline studies and with good adaptation rates.

In Nicaragua, a total of 1,270 trees were planted in our reforested areas plus a total of 2,795 trees were donated to staff, students, and community members.



In Peru, a total of 1,175 trees were planted by our personnel and community members that were invited to participate in our 3 hydro operations.



A total of 6,490 trees were planted in internal and external areas of Polaris all over the region. Reforestation activities are aimed at:

- 1) Compensating biodiversity impacts generated by our construction projects.





In 2024, we will expand our reforestation efforts over the region including Dominican Republic and Ecuador, based on the experience gained in the other projects.

- 2) Recovering biodiversity value in the locations we operate.
- 3) Reducing/mitigating climate risk in the region.
- 4) Generating food security through the delivery of fruit trees to our personnel and communities.

Additionally, in celebration of the 2023 International Day of Forests, Polaris supported the “One Tree Planted” organization by donating 5 trees for every employee as of March 2023 for a total of 1,050 trees in the Amazonia.





## Wildfire prevention

Due to the proximity of our operations to heavily forested areas, wildfires are a hazard we face yearly during the dry seasons, particularly in Nicaragua, Panama, and Peru. In particular this year, a serious wildfire advisory was communicated by Peruvian institutions.

At a global level, human practices have worsened the impacts of wildfire, while doubling the land area burned by wildfires compared to natural levels. Humans have impacted wildfire through climate change, change in land-use, and wildfire suppression. The increase in severity of fires creates a cycle by releasing naturally sequestered carbon back into the atmosphere, increasing the atmosphere's greenhouse effect thereby further contributing to climate change.

Polaris prepares yearly before dry season begins. In Nicaragua, we work together with local institutions and community's members through:

1. Awareness campaigns.
2. Preparation of wildfire brigades (internal and external).
3. Preparation of re-forested areas with buffer firebreaks
4. Enabling firefighting equipment.
5. Plant fire protection system maintenance.







# 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 Plans

Our operations' Waste Management Plans outline organizational and operational criteria to carry out comprehensive management of the waste generated in the organization in accordance with current regulations, while minimizing risks to community health and environment.

Each plan includes the following topics:

- Responsibilities.
- Temporary waste handling and storage.
- Code of color for recycling effort.
- Classification and identification of each waste generated.
- Identification of treatment and final disposition per waste.
- Transportation.
- Training.
- Formats.
- Internal audits.



Internally, we promote a circular economic model which involves sharing, re-using, repairing, refurbishing, recycling, and composting existing materials and products as long as possible, to extend the life cycle of the products and materials. A circular economy tackles climate change and other global

challenges, like biodiversity loss, waste, and pollution, by de-coupling economic activity from consumption of finite resources. Nevertheless, our process and awareness campaigns are focused on reducing waste generation, re-using, composting, and recycling.

## Recycling efforts

Our recycling effort is extended to all of our operations achieving 7,514 kg/year of recycling in our seven operations. Specific initiatives at each jurisdiction include:

- Panama:** During construction, all the wood from solar panels packaging was recycled and delivered to an authorized company by the Ministry of the Environment. Also, a warehouse was built to properly manage the waste generated during the operation of the plant.
- Ecuador:** At the beginning of 2024, the waste warehouse, which complies with our standard design, will be built accompanied with personnel training. For now, the recycled material is donated to a community member who makes a living selling crafts from recycled materials.
- Peru:** All non-hazardous waste is handled through a landfill that is authorized by the Environmental Ministry.
- Nicaragua:** We continue using the warehouse built for hazardous, non-hazardous, and recycling materials and have strengthened the environmental education about the proper classification of waste in all areas.
- Dominican Republic:** At the beginning of 2024 the waste warehouse, which complies with our standard design, will be built accompanied with personnel training.

## Environmental Education

Polaris continues its efforts with respect to environmental education, both internal and external, because of the relevance and positive impact that results from these types of action. The topics were focused on biodiversity, waste management, water management and energy efficiency, all of which are material topics for our environmental management.

The total amount of hours dedicated to environmental trainings is 1,562 work-hours/year in all our operations. This environmental awareness has helped us achieve our internal goals and to have better practices in place, but also, taken it beyond our operations to the home of each employee.

Many initiatives have been taken place this year including:



1. **An Organic garden:** In an area of 40m<sup>2</sup>, an organic garden was created to supply the San Jacinto cafeteria with produce such as tomatoes, cucumbers, peppers, eggplants, bananas, papayas, basil. This small garden was created in collaboration with our staff and is maintained by

these same staff as a volunteer initiative. This small but impactful activity helps staff eat healthier by consuming organic produce and encourages replicating this activity in each employee's home, through hands-on learning.

2. **Biodiversity awareness signage:** In Nicaragua and Peru, biodiversity signage with awareness messages about care and protection of biodiversity were installed in areas of our operations frequented by community members and workers.





3. **Biodiversity training:** In Peru, personnel were trained to identify local snakes to reduce the risk of bites and to protect the species. In Nicaragua, a total of 70 students were taught about the importance of biodiversity including its identification through stories and games, in association with a local Youth Network.

4. **Energy efficient training:** Throughout the regions, the Company has highlighted that efficiency means using less energy to get the same job done, with equal or better: comfort, quality, reliability, production, produce with less cost and minimum environmental impact. Our aim is to promote an efficient use of energy in all of our operations and individual's lifestyle

through different measurements that can be applied without affecting results. In Peru, an energy efficiency competition was completed in November, while celebrating the month of World Energy Efficiency, the competition involved the creation of a project to reduce energy consumption without affecting the operations.

In addition, we commemorated important environmental days in the region together with students in the surrounding communities:





## Earth Day

All our operations undertook cleaning activities, with the participation of all our personnel who dedicated 2 to 3 hours of working hours to clean the surroundings areas including rivers. A total of 308 kg of garbage was collected and disposed of appropriately.

In Nicaragua, a recycling competition was developed to promote good recycling habits in our operations. This activity consisted of maintaining all the operations within standards while collecting and properly classifying recyclable material.

A competition for Company employees was also completed in Nicaragua,

given recycling is not a common practice yet. The competition consisted of collecting recycling at home and delivering it to Polaris offices, for subsequent recycling through a Ministry of the Environment authorized organization<sup>54</sup>. The person who delivered the largest quantity was the prize winner. Additionally, the Company promoted a vegetarian day to reduce the environmental impact of eating meat, and a total of 40 employees participated in these initiatives.

Peru held a contest with personnel to make sculptures from recyclable materials generated in their work area. In the contest, the staff participated in the creation of 4 sculptures at the Canchayllo Hydroelectric Plant and 10 sculptures at the El Carmen and 8 de Agosto plants, two winners were chosen for each plant. By doing this, the staff recognized that materials often have other uses and are not



necessarily garbage, but that they can also potentially be used for profit or even to complete their children's homework, for example.

In Ecuador, we carried out an awareness campaign with environmental training about Water's Importance and Waste Management together with the staff and students of 8<sup>th</sup> grade from the local School. In addition, a drawing contest was held with the 8<sup>th</sup> grade students and the best three were awarded prizes.

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 54 Organization dedicated to working with children with disabilities. Through its "Recycle for Life and Hope" Program, funds are generated that contribute to the sustainability of the habilitation and rehabilitation processes of children and youth with disabilities.



## Worldwide Environmental Day

**1. Nicaragua:** For eight consecutive years, an environmental fair was held in June in celebration of Worldwide Environmental Day. Like other years', local environmental problems were presented together with solutions, the topics presented by students from middle and high school were climate change, waste management, forest importance, organic garden, biodigester, beekeeping and silvopastoral<sup>55</sup> systems. The elementary level students also participated in environmental awareness drawings and flow-erpots made from recyclable materials (mainly plastic and aluminum) and creating different sculptures.



**2. Peru:** A procession was held in the streets of Maravillas town center where middle and high school students and teachers from the local schools participated along with Company staff and parents. During the procession, the students carried banners with phrases, drawings and messages alluding to Environment Day. Subsequently, a ceremony for



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<sup>55</sup> Silvopastoral systems are those that combine tree growing with the production of livestock. These systems typically include pasture systems containing trees that are widely spaced or planted in clusters throughout the pasture.





World Environment Day was held whereby the parade, contest and awards of costumes made from recycling materials were held, in the contest two winners were chosen from middle school and two from high school.

**3. Panamá and Dominican Republic:** Polaris carried out an awareness campaign with training for all staff and contractors focused on pollution prevention and the non-use of plastics, accompanied by a cleaning activity.



**4. Ecuador:** A recycling contest was held by work area divided between the staff of Quito offices, maintenance, intake and powerhouse areas; such a contest promoted the collection of the largest number of plastic bottles in their areas of work and surroundings for recycling.

In the same way, training was carried out with all the plant staff regarding the theme of the year #Noplasticcontamination.



## World Habitat Day

At Polaris we have celebrated Habitat Day with an ecological focus, recognizing the different habitats/ecosystems that exist in Panama through an environmental science fair, and in Nicaragua and Peru, re-forestation campaigns carried out to strengthen the natural habitats of the areas of influence of our operations.

Nicaragua held a re-forestation of 250 plants together with the Company's staff in a way that allows us to strengthen the habitat and biodiversity of the area.

In Peru, we participated in the Great Business Green Crusade promoted by the Environmental Ministry. On this day we managed to re-forest 800 branches of tinsel as living fences in our re-forestation areas, plus 100<sup>56</sup> bolaina<sup>56</sup> plants together with our personnel and people from the surrounding communities.



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<sup>56</sup> Native tree of Peru.





Panama held its First Environmental Fair at the local school Center. The Fair hosted 160 enthusiastic students from fourth to ninth grade, technical personnel from the Environmental Ministry, Ministry of Education, and parents. During the event, participants presented models, highlighting

the creativity and originality in the use of recycled materials. Each young student demonstrated their skills by building colorful models that reflected their vision of a sustainable habitat. The event was a success, providing an educational and creative opportunity to raise awareness of the importance of

a habitable and sustainable environment. The motto of the fair was "Our Habitats" based in Panama, so that students could learn about the importance of each of these and how to conserve them.



# 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 31<sup>st</sup>, 2023. 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.

## 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

For additional information, refer to:

2023 Annual Financial Statement and Management Discussion & Analysis (MD&A), for Polaris' financial performance, including general corporate information and current developments.

[Polarisrei.com](https://polarisrei.com), for the above, including general corporate information and current developments.

[sedarplus.ca](https://sedarplus.ca), for all the above

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 any 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; the risk of severe climate change; 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



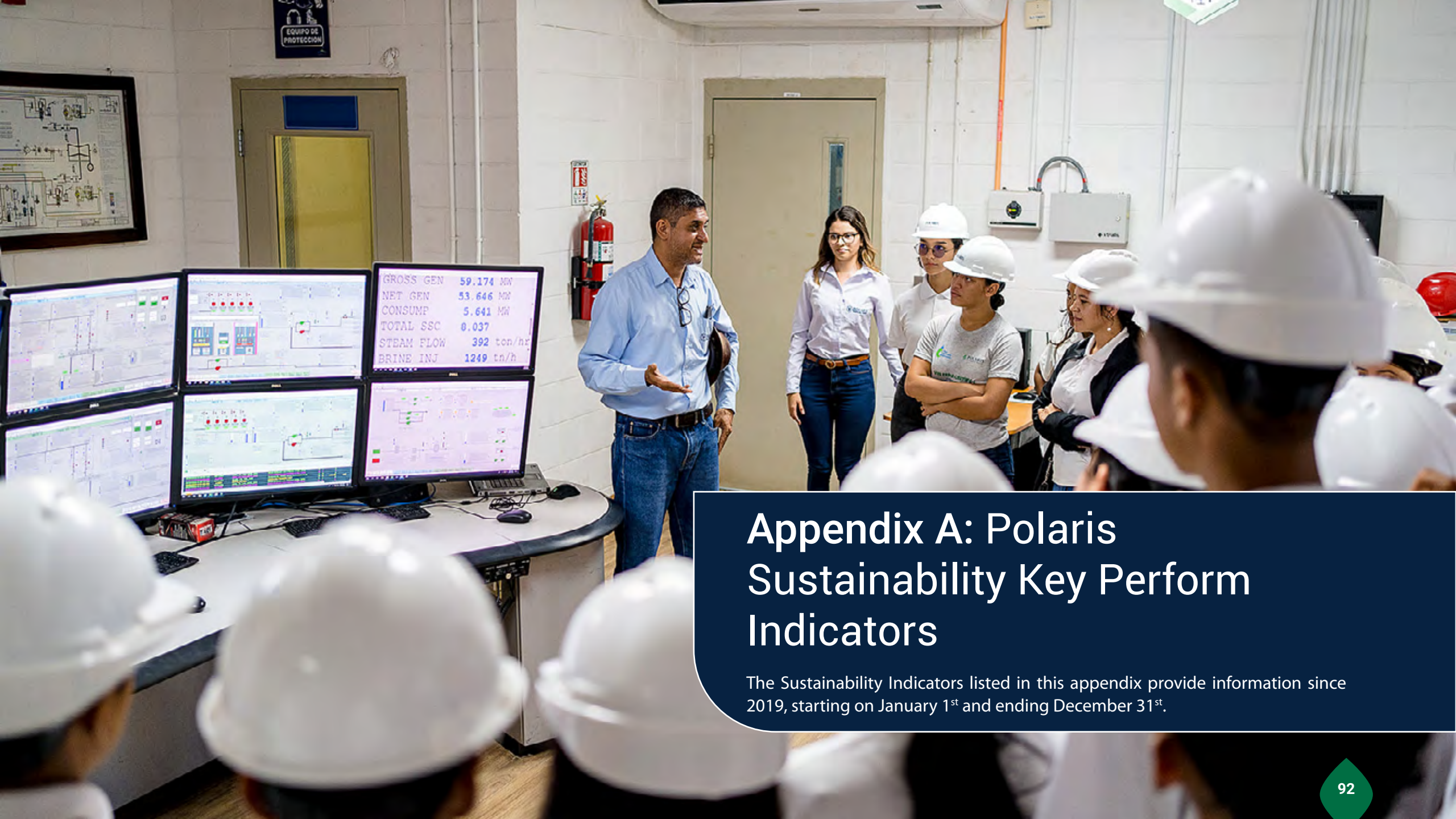
well as significant decline in general economic conditions; uncertainty of political stability in Nicaragua, Peru, Ecuador, Dominican Republic and Panama; uncertainty of the ability of Nicaragua, Peru, Ecuador, Dominican Republic and Panama to sell power to neighboring countries; economic insecurity and political unrest in Nicaragua, Peru, Ecuador, Dominican Republic and Panama; 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.

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 Perform Indicators

The Sustainability Indicators listed in this appendix provide information since 2019, starting on January 1<sup>st</sup> and ending December 31<sup>st</sup>.



## Polaris environment, social and governance (ESG) scorecard

| Priority Topic  | 2023           | 2022           | 2021                 | 2020           | 2019           |
|---|----------------|----------------|----------------------|----------------|----------------|
| <b>Operations</b>   |                |                |                      |                |                |
| <b>Electricity Net Generation (MWh)<sup>57</sup></b>        |                |                |                      |                |                |
| <b>Geothermal</b>   |                |                |                      |                |                |
| San Jacinto Tizate  | 499,130        | 439,090        | 465,935              | 511,702        | 532,987        |
| <b>Hydroelectric</b>  |                |                |                      |                |                |
| Canchayllo  | 34,380         | 26,854         | 28,084               | 33,832         | 30,234         |
| 8 de Agosto   | 116,900        | 105,010        | 103,440              | 93,289         | 1,848          |
| El Carmen   | 44,632         | 40,983         | 46,064               | 24,070         | 5,865          |
| San Jose de Minas   | 36,640         | 9,418          | 0                    | 0              | 0              |
| <b>Solar</b>  |                |                |                      |                |                |
| Canoa I   | 56,059         | 28,401         | 0                    | 0              | 0              |
| Panama  | 13,211         | 0              | 0                    | 0              | 0              |
| <b>Total</b>  | <b>800,951</b> | <b>649,756</b> | <b>643,523</b>       | <b>662,893</b> | <b>570,934</b> |
| <b>Environment</b>  |                |                |                      |                |                |
| <b>Greenhouse Gas (GHG) emissions</b>                       |                |                |                      |                |                |
| Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>58</sup> | 22,917         | 27,576         | 52,002 <sup>59</sup> | 33,721         | 52,584         |

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<sup>57</sup> For more information, check de Management Discussion and Analysis (MD&A) Report.

<sup>58</sup> The presented emissions correspond to Geothermal generation (San Jacinto Tizate). It represents a partial value of Scope 1. According to the ISO 14,064 - 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 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 emissions reported are exclusive for geothermal energy generation (partial scope 1).

<sup>59</sup> The GHG emissions and GHG emissions reduction for 2019 and 2020 were validated and verified during the 2023 Monitoring Report (to certify credits starting June 1st, 2019, until December 31st, 2020). In

| Priority Topic   | 2023    | 2022    | 2021                 | 2020                | 2019                |
|--|---------|---------|----------------------|---------------------|---------------------|
| Carbon Footprint (tCO <sub>2</sub> e) <sup>60</sup>        | 853     |         |                      |                     |                     |
| GhG Emissions Reductions (CER) <sup>61</sup>               |         |         |                      | <b>427,290</b>      | <b>345,709</b>      |
| San Jacinto Tizate ton CO <sub>2</sub> /Year <sup>62</sup> | 213,745 | 171,156 | 134,027              | 197,875             | 188,597             |
| Canchayllo ton CO <sub>2</sub> /Year <sup>63</sup>         | 15,207  | 15,871  | 16,598               | 19,995              | 17,868              |
| 8 de Agosto ton CO <sub>2</sub> /Year <sup>64</sup>        | 80,167  | 70,357  | 69,305               | 63,031              | 4,608               |
| El carmen ton CO <sub>2</sub> /Year <sup>65</sup>          | 18,402  | 16,897  | 19,586 <sup>66</sup> | 9,902 <sup>67</sup> | 2,451 <sup>68</sup> |

this process, there were some changes due to an error applied to CO<sub>2</sub> and CH<sub>4</sub> concentrations. There was a data correction from 2019 to 2020 in emissions and reductions, linked to the certification process.

60 The carbon footprint measurement considers Nicaragua (scope 1, 2 and partially, scope 3) and was executed by a third-party consultant, following ISO 14,064:2018 methodology. Additionally, it considers Peru, Ecuador, Dominican Republic, Canada and Panama (Scope 1 and 2), that was measured internally, following the same methodology.

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

62 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 tCO<sub>2</sub>e/MWh, and then subtracting the baseline GHG emissions from the project activity. The GHG emissions and GHG emissions reduction for 2019 and 2020 were validated and verified during the 2023 Monitoring Report (to certify credits starting June 1st, 2019, until December 31st, 2020). In this process, there were some changes due to an error applied to CO<sub>2</sub> and CH<sub>4</sub> concentrations. There was a data correction from 2019 to 2020 in emissions and reductions, linked to the certification process. For the period 2021-2023, the emissions and reduction are estimated following the same methodologies than in the 2019 and 2020 certification process. In 2023, the U5 - Binary project data, which emissions factor is 0.5766 tCO<sub>2</sub>e/MWh, is already included in the calculation.

63 Estimated annual CERs for "Canchayllo" project were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.591 tCO<sub>2</sub>e/MWh, (based on last Monitoring Report Form for Canchayllo CDM project). Emission reductions and certification starting 2021 and beyond, depends on UNFCCC to define the new methodology to be applied.

64 Estimated annual CERs for "8 de Agosto" project for the years 2019 and 2020, were directly taken from the last monitoring report form for 8 de Agosto CDM project (monitoring period: Jan 2016 -Dec 2020). Based on this methodology, CERs for the years starting 2021 to 2023 were calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.67 t CO<sub>2</sub>e/MWh. Emission reductions and certification starting 2021 and beyond, depends on UNFCCC to define the new methodology to be applied.

65 Estimated annual CERs for "El Carmen" project were updated based on validation and verification process to be certified with CERCABONO standard. The emissions factor was updated and calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.4123 tCO<sub>2</sub>e/MWh). This emission factor applies starting from 2022 until 2029.

66 Based on the verification and validation report, the emission factor was 0.4252 tCO<sub>2</sub>e/MWh.

67 Based on the verification and validation report, the emission factor was 0.4114 tCO<sub>2</sub>e/MWh.

68 Based on the verification and validation report, the emission factor was 0.4179 tCO<sub>2</sub>e/MWh.



| Priority Topic   | 2023           | 2022           | 2021           | 2020           | 2019           |
|--|----------------|----------------|----------------|----------------|----------------|
| San Jose de Minas ton CO <sub>2</sub> / Year <sup>69</sup> | 6,885          | 7,243          | 0              | 0              | 0              |
| Canoa I ton CO <sub>2</sub> / Year <sup>70</sup>           | 33,899         | 37,062         | 0              | 0              | 0              |
| <b>Total GhG Emission Reductions</b>                       | <b>368,305</b> | <b>318,586</b> | <b>239,516</b> | <b>290,803</b> | <b>213,524</b> |

| Energy Management <sup>71</sup>                          |               |                           |               |               |               |
|--|---------------|---------------------------|---------------|---------------|---------------|
| Total energy consumed                                    | 62,990        | 46,562                    | 45,819        | 47,067        | 46,439        |
| <b>Percentage renewable energy consumed</b>              | <b>82.94%</b> | <b>92.30%</b>             | <b>99.54%</b> | <b>99.52%</b> | <b>99.47%</b> |
| Energy intensity   | 0.167         | 0.017                     | 0.066         | 0.066         | 0.074         |
| Water consumed in electricity generation <sup>72</sup>   |               |                           |               |               |               |
| Water withdrawn (m <sup>3</sup> ) <sup>73</sup>          | 668,554,127   | 545,126,611 <sup>74</sup> | 548,418,853   | 497,386,881   | 189,419,247   |
| Water returned to source (m <sup>3</sup> ) <sup>75</sup> | 668,527,965   | 545,098,401               | 548,404,118   | 497,372,543   | 189,394,537   |

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69 Estimated annual CERs for "San Jose de Minas" project was updated and calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.1879 tCO<sub>2</sub>e/MWh, (based on Project Design Document, following CERCARBONO methodologies).

70 Estimated annual CERs for "Canoa" project was updated and calculated by multiplying the annual energy delivered to the grid and the baseline emission factor of 0.6047 tCO<sub>2</sub>e/MWh, (based on Project Design Document, following CERCARBONO methodologies).

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

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

73 99% of water is used by our Hydroelectric facilities, "Canchayllo", "El Carmen", "8 de Agosto" located in Peru; and "San Jose de Minas" located in Ecuador. The water is diverted from a flowing river and guided down a channel, which leads to a generating house. The water is released unaffected back into the stream.

74 This amount has been updated adding the "San Jose de Minas" projects located in Ecuador.

75 The measurement unit was corrected, from millions of m<sup>3</sup> to m<sup>3</sup>.

| Priority Topic  | 2023         | 2022         | 2021  | 2020  | 2019   |
|---|--------------|--------------|-------|-------|--------|
| <b>Waste Management</b>                                 |              |              |       |       |        |
| Total amount of hazardous waste (Kg/Year) <sup>76</sup> | 6,005        | 5,765        | 7,029 | 9,917 | 10,067 |
| Total amount of recycled waste (Kg/year)                | 7,514        | 8,578        | 1,406 | 3,016 | 1,165  |
| <b>Sustainability education (Hours / Year)</b>          |              |              |       |       |        |
| Environmental education (Hours / Year)                  | 1,562        | 519          | 0     | 0     | 0      |
| <b>Health and safety education (Hour/year)</b>          | <b>1,767</b> | <b>3,752</b> |       |       |        |
| Environmental and safety induction (Hour/year)          | 660          | 1,352        |       |       |        |
| <b>Social</b>   |              |              |       |       |        |
| <b>Safety</b>   |              |              |       |       |        |
| OSHA Injury Rate <sup>77</sup>                          | 2.34         | 3.50         | 1.60  | 1.62  | 2.62   |
| Employee fatalities                                     | 0            | 0            | 0     | 0     | 0      |
| Contractor fatalities                                   | 0            | 0            | 0     | 0     | 0      |
| <b>Polaris Team</b>                                     |              |              |       |       |        |
| Number of Employees Permanent                           | 199          | 174          | 70    | 115   | 120    |
| Number of Employees Temporary                           | 7            | 34           | 2     | 34    | 34     |
| Total employees ( Permanent & Temporary)                | 206          | 208          | 72    | 149   | 154    |

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<sup>76</sup> Hazardous waste refers to contaminated yarns, contaminated soil, used oil filters, used oil, aerosols, empty chemical containers, grease tubes, empty paint containers, thinners, etc.

<sup>77</sup> 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.



| Priority Topic                                   | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------|------|------|------|------|
| <b>Number of employees by Gender (Permanent)</b> |      |      |      |      |      |
| Male   | 149  | 108  | 53   | 81   | 82   |
| Female   | 50   | 42   | 17   | 34   | 37   |
| % of women (Permanent)                           | 25%  | 24%  | 24%  | 30%  | 31%  |

| <b>Governance</b>                               |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
| <b>Board of Directors</b>                       | <b>6</b> | <b>5</b> | <b>5</b> | <b>5</b> | <b>5</b> |
| Percentage Independent directors                | 83%      | 60%      | 60%      | 60%      | 83%      |
| Percentage Women on Polaris' Board of Directors | 50%      | 40%      | 40%      | 40%      | 17%      |
| <b>Age</b>                                      |          |          |          |          |          |
| Percentage of Directors under 50                | 17%      | 20%      | 20%      | 20%      | 20%      |
| Percentage of Directors 50-60                   | 33%      | 60%      | 60%      | 60%      | 40%      |
| Percentage of Directors 60+                     | 50%      | 20%      | 20%      | 20%      | 40%      |



## 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

Sustainability Accounting Standard

### Industry standard |version 2018-10

Table 1. Sustainability Disclosure Topics & Accounting Metrics

|   |   |                                    |              | Disclosure Description and/or Location                             |        |                      |        |        |
|---|---|------------------------------------|--------------|--|--------|----------------------|--------|--------|
| TOPIC   | SASB ACCOUNTING METRIC  | UNIT OF MEASURE                    | CODE         | 2023   | 2022   | 2021                 | 2020   | 2019   |
| Greenhouse Gas Emissions & Energy Resource Planning | Gross global Scope 1 emissions. <sup>78</sup>   | Emissions (tCO <sub>2</sub> )/year | IF-EU-110a.1 | 22,917   | 27,576 | 52,002 <sup>79</sup> | 33,721 | 52,584 |
|   | Carbon Footprint (tCO <sub>2</sub> e) <sup>80</sup>   | tCO <sub>2</sub> e                 | IF-EU-110a.1 | 853  |        |                      |        |        |
|   | 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: Addressing Climate Change |        |                      |        |        |

78 The presented emissions correspond to Geothermal generation (San Jacinto Tizate). It represents a partial value of Scope 1. According to the ISO 14,064 - 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 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 emissions reported are exclusive for geothermal energy generation (partial scope 1).

79 The GHG emissions and GHG emissions reduction for 2019 and 2020 were validated and verified during the 2023 Monitoring Report (to certify credits starting June 1st, 2019, until December 31st, 2020). In this process, there were some changes due to an error applied to CO<sub>2</sub> and CH<sub>4</sub> concentrations. There was a data correction from 2019 to 2020 in emissions and reductions, linked to the certification process.

80 The carbon footprint measurement considers Nicaragua (scope 1, 2 and partially, scope 3) and was executed by a third-party consultant, following ISO 14,064:2018 methodology. Additionally, it considers Peru, Ecuador, Dominican Republic, Canada and Panama (Scope 1 and 2), that was measured internally, following the same methodology.



Table 1. Sustainability Disclosure Topics &amp; Accounting Metrics

|                     |   |   |              | Disclosure Description and/or Location  |             |             |             |             |
|---------------------|---|---|--------------|---|-------------|-------------|-------------|-------------|
| TOPIC               | SASB ACCOUNTING METRIC  | UNIT OF MEASURE                               | CODE         | 2023  | 2022        | 2021        | 2020        | 2019        |
| 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 <sup>81</sup>   | Thousand cubic meters (m <sup>3</sup> )/ year | IF-EU-140a.1 | 668,554,127   | 545,126,611 | 548,418,853 | 497,386,881 | 189,419,247 |
|                     | 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 |   |             |             |             |             |

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81 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 our subsidiaries. 99% of water is used by our Hydroelectric facilities located in Peru and Ecuador. The water is diverted from a flowing river and guided down a channel, which leads to a generating house. The water is released unaffected back into the stream. In 2023, water withdrawal is greater than 2022 hydroelectric located in Ecuador was acquired in September 2022 (4 month operation) in 2023 whole operation year is included.

Table 1. Sustainability Disclosure Topics &amp; Accounting Metrics

|                           |   |                        |              | Disclosure Description and/or Location                           |      |      |      |      |
|---------------------------|---|------------------------|--------------|--|------|------|------|------|
| TOPIC                     | SASB ACCOUNTING METRIC  | UNIT OF MEASURE        | CODE         | 2023   | 2022 | 2021 | 2020 | 2019 |
| 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 on 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) <sup>82</sup>   | OSHA Rate              | IF-EU-320a.1 | 2.34   | 3.50 | 1.60 | 1.62 | 2.62 |
|                           | Fatality rate   | OSHA Rate              | IF-EU-320a.1 | 0.00   | 0.00 | 0.00 | 0.00 | 0.00 |

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82 The total recordable accident rate is a result of the generation all over the region including corporate offices.

Table 1. Sustainability Disclosure Topics &amp; Accounting Metrics

|                                       |   |                                      |              | Disclosure Description and/or Location  |      |      |      |      |
|---------------------------------------|---|--------------------------------------|--------------|---|------|------|------|------|
| TOPIC                                 | SASB ACCOUNTING METRIC  | UNIT OF MEASURE                      | CODE         | 2023  | 2022 | 2021 | 2020 | 2019 |
| 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 2023 Sustainability Report and other Polaris's disclosures that align with parts of the GRI framework.

| GRI Standard                           | Disclosure Title   | Disclosure Description and/or Location                               |
|--|--|--|
| General Disclosures                    |  |  |
| <b>GRI 102: Organizational Profile</b> |  |  |
| 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                                      |
| 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                                   | Enhancing Community Relations  |

| GRI Standard                | Disclosure Title  | Disclosure Description and/or Location                         |
|-----------------------------|---|--|
| General Disclosures         |   |  |
| 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  | Letter from Marc Murnaghan                                     |
| 102-15                      | Key impacts, risks and opportunities  | Our ESG Commitment and Commentary from Marcela Paredes         |
| GRI 102: Ethics & Integrity |   |  |
| 102-18                      | Governance structure  | Corporate Governance and Board of Directors                    |
| 102-19                      | Delegating authority  | Letter from Marc Murnaghan and Commentary from Marcela Paredes |
| 102-20                      | Executive-level responsibility for economic, environmental and social topics      | Letter from Marc Murnaghan and Commentary from Marcela Paredes |
| 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                    |



| GRI Standard        | Disclosure Title  | Disclosure Description and/or Location                                      |
|---------------------|---|---|
| General Disclosures |   |   |
| 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              | Corporate Governance and Commentary from Margot Naudie                      |
| 102-33              | Communicating critical concerns   | Corporate Governance  |
| 102-34              | Nature and total number of critical concerns                            | Corporate Governance, Proxy Statement, Annual Information Form              |

| GRI Standard                    | Disclosure Title   | Disclosure Description and/or Location                           |
|---------------------------------|--|--|
| 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                         |
| 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   |
|-------------------------------------|--|--|
| <b>General Disclosures</b>          |  |  |
| 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 2023, except where otherwise noted   |
| 102-51                              | Date of most recent report                               | March 2023   |
| 102-52                              | Reporting cycle  | Annual   |
| 102-53                              | Contact point for questions regarding the report         | Investors Relations: info@polarisrei.com<br>Tel: +1 647 - 245 7199<br>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.                         |
| <b>GRI 103: Management Approach</b> |  |  |
| 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                    |  |





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Today, Tomorrow and for Future Generations.™