



11/2022

SUSTAINABLE VALUE STRATEGY

MPC Energy Solutions

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“Responsible investment is at the core of our company and our investments. We are committed to investing with consideration of our ESG principles, thus delivering a lasting positive impact on the environment and the communities in which we invest. Our ESG principles serve as a guideline to investing sustainably, reflecting our commitment to socially and environmentally responsible actions.”

Ulf Holländer, Chairman of the Supervisory Board

In MPC Energy Solutions our purpose is:

MAKING CLEAN ENERGY HAPPEN!

1 INTRODUCTION

MPC Energy Solutions (MPCES), a global provider of sustainable energy, was launched in 2021. Our company develops, builds, owns, and operates clean and renewable energy projects, including utility-scale solar PV and wind farms, energy storage, co-generation, and infrastructure that helps reduce energy consumption and carbon emissions (energy efficiency). The geographic focus of our operations is in developing countries with a primary core region in Latin America and the Caribbean.

We at MPCES see a world where everyone has access to clean and affordable energy. One where growing energy needs can be fulfilled while preserving resources for future generations.

Our mission is to provide solutions that drive and accelerate the transition towards clean energy and to treat the communities we work in with respect and care.

Given MPCES's presence and strong experience within the Latin America and Caribbean region, we built the first series of projects in this region but have a view on expanding into other parts of the world at a later stage. MPC Energy Solutions was established by MPC Capital AG as a response to the growing demand for sustainable and cost-competitive low-carbon energy infrastructure. The energy transition is a pathway toward the transformation of the global energy sector from fossil-based to zero-carbon by the second half of this century, having at its heart the need to reduce energy-related CO₂ emissions to limit climate change. Decarbonising the energy sector requires urgent action on a global scale, and renewable energy and energy efficiency measures can potentially achieve 90% of the necessary carbon reductions¹.

As a developer, operator, and owner of clean energy assets, we make a valuable contribution towards the global aims of transition to a net zero-emission future. We are aligned with the COP26 targets to secure global net zero by mid-century and keep 1.5 degrees within reach, including also to adapt to protect communities and natural habitats and mobilize finance in climate. Additionally, as the Glasgow Financial Alliance for Net Zero (GFANZ) recommended, the path to achieving net-zero emissions must consider engagement with key sectors and stakeholders and investment in net-zero alignment companies and initiatives.

Before initiating a new project, we review and categorize alternatives based on the location, sensitivity, scale, and the nature and magnitude of the potential environmental impacts. For all underlying projects, our company will prepare a report on the institutional capacity to meet environmental requirements and conduct an environmental and social due diligence.

We are committed to the UN Principles of Responsible Investment (UN PRI) and recognize the United Nations Sustainable Development Goals (SDGs) with the objectives to end poverty, protect the planet, and ensure prosperity by 2030. Gender equality, affordable and clean energy, decent work and economic growth, industry inno-

¹ IRENA, 2021

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vation and infrastructure, sustainable cities and communities, and climate actions are the SDGs we have embraced in our strategy, these SDGs are the most relevant to MPCES and we can actively contribute to these goals with our core business.

All of our projects seek compliance with the IFC Performance Standards on Environmental and Social Sustainability that define responsibilities for managing their environmental and social risks².

The **Sustainable Value Strategy (SVS)** presented here sets out the strategic and long-term oriented framework that we at MPCES use to define and promote actions to create added value from our core business, our commitment to environmental, social, and good governance targets, and engagement with stakeholders. See figure 1.



FIGURE 1 Sustainable value strategy benefits

Succeeding in the implementation of the SVS will produce business benefits and enhance the socio-economic conditions of the areas where our projects are located. We at MPCES take the approach of going beyond minimal compliance with territorial and national legislation. The SVS is intended to be an integral part of the core strategy, which is made operational in practical and proactive ways to achieve positive outcomes.

In developing the SVS, we recognize that we are experiencing a period of the most severe challenges the world has experienced—Since 2020, the COVID-19 pandemic has exposed the fragility of global systems and exacerbated underlying economic and social inequalities. The crisis and disruption of supply chains are unfolding simultaneously as a mounting climate crisis. Leaders in every sector – government, business, civil society – find themselves at a defining crossroads, and it is widely agreed that the private sector has a critical role to play. There is an emerging consensus among companies that long-term value is most effectively created by serving the interests of all stakeholders³. The war in Ukraine led to Europe's most severe energy crisis since the 1970s, with material impacts also on the global energy markets. The shift in the supply chain in the urgent demand for energy resources such as coal, oil, and gas has caused increased price volatility and availability in various developing markets. The energy crisis has established a new paradigm regarding energy independence and security in Europe and globally, including the acceleration of renewable energy generation deployment.

Creating sustainable value is increasingly replacing maximizing shareholder value as the internal logic of business leadership. In the last decade, companies are expected to rethink their duties and responsibilities, focusing on managing to derive benefits for customers, employees, suppliers, communities, the environment, and shareholders. This leadership and business transformation are evidently shifting even more during the global crisis.

In this climate, we at MPCES present our SVS taking its place among businesses leading on the most critical issues of the day. Companies that adopt sustainability have the potential to be in a virtuous cycle that results from adopting sustainable business practices. As a company that is in the early stage of its growth, the SVS is an important tool for aligning with our existing and prospective shareholders that increasingly seek to align their investments with their values.

² Performance Standards (ifc.org)

³ Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, World Economic Forum, 2020.

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2 CONCEPTUAL EVOLUTION

In developing the SVS, we have considered best practice thinking regarding how business integrates with society. Over the past years, various concepts, frameworks, and models for understanding this relationship have evolved. At present, there is an emphasis on how corporations can work to minimize negative impacts and produce positive social and environmental impacts. The social problems of our time are being solved through the collective efforts of governments, NGOs, international organizations, and the private sector. More than ever, the private sector is being called upon to act responsibly and to avoid practices that create harm or exacerbate problems. Businesses are working in coalitions to design and implement solutions for major global crises.

Over the past two decades, the corporate approach has shifted from philanthropy to integration into core business strategy, creating sustainable value by addressing social and environmental risks and engaging with communities. Figure 2 shows the evolution of these ways of thinking about the relationship between business and society. Executives have moved from being motivated by serving charitable causes and improving social standing to incorporating social and environmental aspects into core business strategy, subject to financial evaluation.

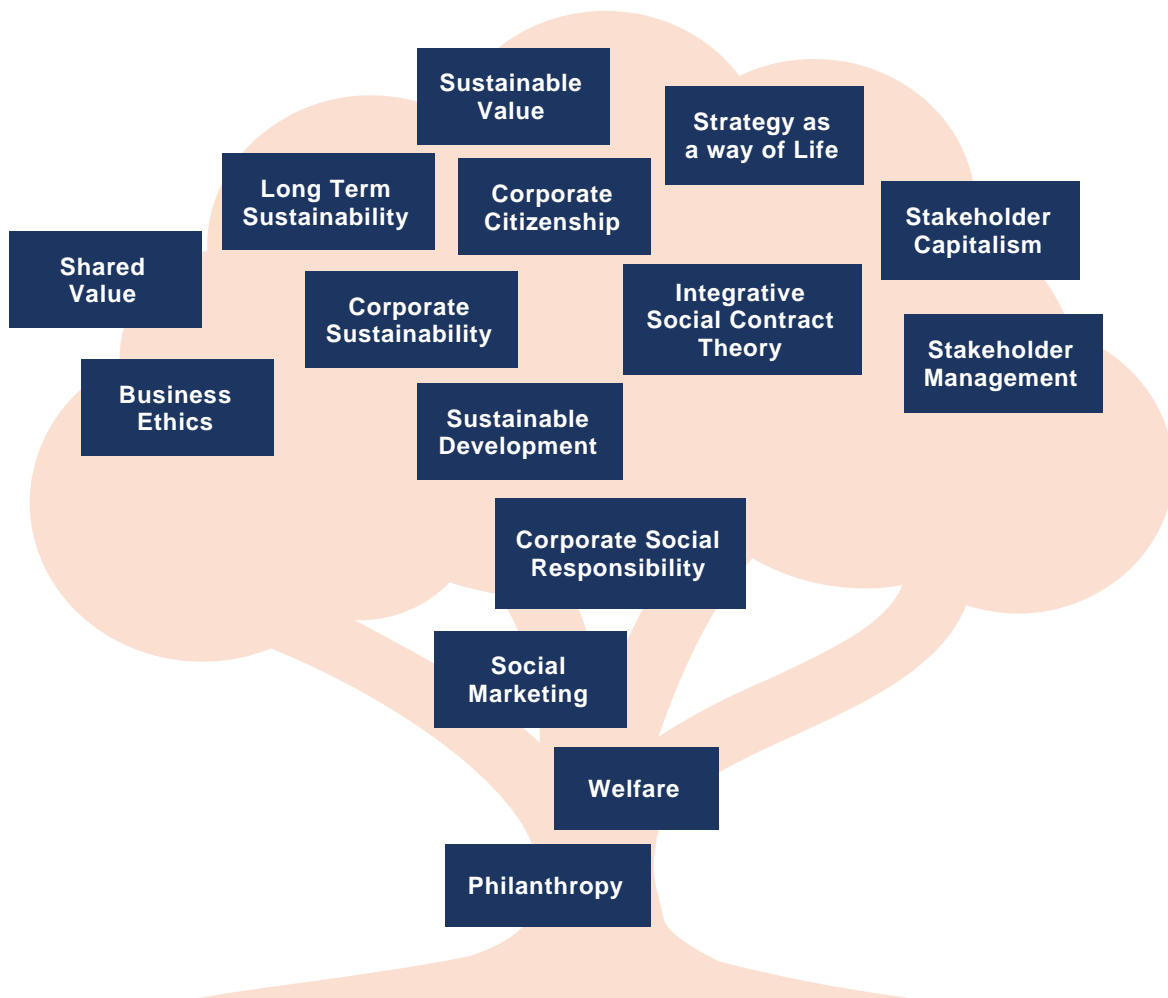


FIGURE 2 Approach to sustainability and value creation

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2.1 FRAMEWORKS

In this section, we summarize the most relevant approaches identified for businesses to address sustainable value and relationships with society. As with other areas of management and strategy, there is little consensus across these concepts; therefore, we have selected the most suitable elements for our organization and business. A key challenge is that even for the same concepts, various authors have developed different interpretations and definitions. We observe this lack of accepted definitions and standards in the academic and management theory as an obstacle to companies' orientation and implementation of best practices. Hence, we have provided sources from which our descriptions are drawn.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is among the most known and routinely employed frameworks. The term CSR usually refers to practices and policies undertaken by corporations that are intended to positively influence the world, emphasizing actions that have a positive effect on social dimensions in the communities where they operate. The key idea behind CSR is that corporations are encouraged to pursue pro-social objectives in addition to maximizing profits. In practice, CSR advances the charitable goals of business but has limited effects on long-term transformation. MPCES is committed to moving its SVS beyond a CSR-focus⁴.

BUSINESS ETHICS (BE)

Business Ethics (BE) developed in the 1970s, became institutionalized in the 1980s and grew in prominence because of the corporate scandals of the early 2000s. Primarily driven by applying moral philosophy to the business field, it is concerned with the ethics of the capitalist system, business organizations, and (especially) the individual morality of individuals who work and manage in corporations. It has been perceived as a normative framework that applies ethical theories such as utilitarianism, moral rights, justice, and virtue ethics to practical business decisions and activities to ascertain if moral standards have been violated or upheld⁴. MPCES is committed to adhering to key business ethics concepts in an effort to preserve the integrity and moral responsibility of our staff and business partners.

STAKEHOLDER MANAGEMENT (SM)

Businesses are interacting with society by taking an approach known as Stakeholder Management (SM), which is primarily concerned with the organization's relationship with various stakeholders and the impact these have on relationships. The approach was presented in 1984 in the publication of Freeman's "Strategic Management: A Stakeholder Approach". For MPCES, the stakeholders of importance include employees, board, suppliers, communities, shareholders, regulators, governments in the countries of operation, professional associations, and educational and training organizations. Stakeholder management is highly important to the company, and we have identified, mapped, and prioritized our key stakeholders. Regular exchanges and communication help the company to improve its engagement, activities, and business strategies⁴.

CORPORATE (OR BUSINESS) SUSTAINABILITY (SUS)

Corporate (or Business) sustainability refers to how a business takes on responsibilities for the natural environment. It is associated with the publication of "Our Common Future" by the Brundtland Commission (1987). Influ-

⁴Are Schwartz & Carroll's 5 Business & Society Frameworks Still Dominant? Working Paper John G. Cullen Maynooth University School of Business 12 September 2017.

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enced by the concept of sustainable development, sustainability has further evolved from its initial focus on sustaining the natural environment to sustaining cultures and communities. SUS is characterized by adopting a holistic approach that emphasizes how nature, culture, and communities interact with economic sustainability⁴.

CORPORATE CITIZENSHIP (CC)

Corporate Citizenship (CC) is considered to have appeared in 2008 and grew quite rapidly in popularity with both corporate and academic communities. Like the other frameworks, CC has been variously defined, but it is primarily concerned with business organizations developing awareness responsibilities to global social, political, and economic spheres, just as private citizens do⁴.

SHARED VALUE (SV)

Michael Porter and Michael R. Kramer developed a particularly influential concept of business and relationship with society, codified in their publication 'Strategy and society: The link between competitive advantage and corporate social responsibility'. This concept led to extensive work and recommendations on how companies could design and manage processes aimed at 'creating shared value'. The frameworks in 'Creating Shared Value' provide policies and practices that enhance a company's competitiveness while advancing social and economic conditions in the communities in which it operates⁵.

Shared Value frameworks suggest that corporations, while striving to maximize economic profits, can create value for society, which can enhance opportunities, increase productivity, and provide them with a sustainable competitive advantage

What was significant is that SV recommends that businesses engage with society not out of a charitable motive but acting as profit-maximizing businesses. The actions suggested by SV frameworks include investments in environmental performance, public health and nutrition, affordable housing and financial security, and other key measures of societal well-being. By meeting the social needs of the communities in which they operate, businesses can promote economic prosperity without compromising profitability.

SV differs from earlier concepts because it is integrated into the core business strategy. The proactive response to societal problems is an additional dimension of strategy. Porter and Kramer suggest that there should be selectivity with companies focusing on societal problems that are relevant to the core value chain.

Even though the SV approach is a step forward in corporate strategy, its recommended focus only on areas relevant to the core value chain has come up for critique. For example, SV provides little advice on how the business would resolve conflicts between profit focus and social and environmental problems.

By maintaining a commitment to capitalism, SV does not include any consideration of environmental and social problems that go beyond the scope of an individual company. SV has also been critiqued for not paying enough normative attention to instances when businesses acting within the logic of capitalism are not always a benign process and could lead to the destruction of resources, affecting biodiversity and climate.

LONG-TERM SUSTAINABILITY

There are calls for businesses to consider creating long-term value rather than a narrow focus only on measurable resource efficiency. In particular, companies are increasingly being encouraged to take steps to promote inter-generational equity. Business leaders can mount strategies to derive benefits from all forms of capital: financial, physical, and intellectual, as well as human, social and natural. Moving beyond the narrow-shared value approach, influential commentators are laying out frameworks where businesses can be part of transformative and systemic

⁵ Michael E. Porter, Mark R. Kramer, "CREATING SHARED VALUE", HARVARD BUSINESS REVIEW, 2011.

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change that responds to society's needs. Long-term sustainability has been identified by MPCES as a key element of our vision and plays a critical role in all our activities.⁶

STAKEHOLDER CAPITALISM

The principle of stakeholder capitalism, championed by the World Economic Forum (WEF), is based on the concept of a stakeholder's approach, which has been around for half a century and recently restated in the Davos Manifesto 2020. It is a very important milestone in this field. The Forum's International Business Council (IBC) is at the forefront of this rebalancing of corporate purpose. In 2017, the IBC spearheaded a commitment from more than 140 CEOs to align their corporate values and strategies with the UN's Sustainable Development Goals (SDGs) to better serve society. There is an emerging consensus among companies that long-term value is most effectively created by serving the interests of all stakeholders and the long-term goals of society. The IBC identified the SDGs as the roadmap for that alignment and organizes its work around four pillars – Principles of Governance, Planet, People, and Prosperity.

- + **Principles of Governance.** The definition of governance is evolving as organizations are increasingly expected to define and embed their purpose at the center of their business. In addition, the principles of agency, accountability, and stewardship continue to be put forward as being vital for truly "good governance".
- + **Planet.** An ambition to protect the planet from degradation, including through sustainable consumption and production, sustainably managing natural resources and taking urgent action on climate change so that businesses can support the needs of the present and future generations.
- + **People.** An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and a healthy environment.
- + **Prosperity.** An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social, and technological progress occurs in harmony with nature.

The WEF Manifesto goes further to recommend that these four pillars and the metrics developed to assess progress should not be seen in isolation. Governance is foundational for a company in setting its purpose and provides oversight for a company's activities that contribute to a prosperous, sustainable society. Without good governance, companies lack the supportive context within which to make progress on the other three pillars. Without a healthy planet to provide clean air, fresh water, agriculture, forests, and fisheries on which human life depends, societies cannot succeed, and companies cannot create long-term value.

People are at the centre of global economic prosperity, driving wealth creation, developing innovative products and services, and supporting the communities in which they live and work. Companies perform better when their employees are well-trained, diverse, and financially secure. The inclusion of prosperity as the fourth pillar takes this project's work beyond simply "ESG", highlighting the importance of prosperous societies and the role of businesses in fuelling economic growth, innovation, and shared wealth.

MPCES recognizes the importance of the Sustainable Development Goals (SDGs) of the United Nations and their target to end poverty, protect the planet, and ensure prosperity by 2030. We have identified the SDGs that are more relevant to our core business and that we can actively contribute to as a company.

⁶ McKinsey Sustainability, "Organizing for Sustainability success: Where, and how, leaders can start" August 10, 2021, | Article, By Aaron De Smet, Wenting Gao, Kimberly Henderson, and Thomas Hundertmark

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STRATEGY AS A WAY OF LIFE

Scholars at MIT argue that the strategy of the companies must be reconceived. In this approach, organizations are living organisms rather than information-processing machines, focusing on continually creating new knowledge grounded in moral purpose and guided by the goals of offering value to customers, contributing to society, living in harmony with nature, and creating a better future⁷.

This work draws on advances in neuroscience research that have shed light on the biological factors driving humans' sense of purpose. This work suggests that humans have a most basic need for social connection with an even stronger motivational pull than food, water, and shelter. These findings suggest that our purpose as human beings are rooted in our universal tendencies to relate to and care for one another. In addition to neuroscience, what distinguishes this work is that it draws on studies of successful Japanese companies and culture.

The same sense of purpose and set of capabilities exist in the living being that is the company. Kazuo Inamori, who founded Kyocera in 1959, believed that a company, as a collection of human beings, should strive to operate in a way that is good and right, just as individuals strive to work hard, think good thoughts, do the right thing, practice self-reflection and self-discipline, refine their minds, and elevate their character in everyday life.

Very recent work on business in society also points to the importance of customers and citizens having changed expectations of businesses. Quoting Benioff⁸:

“Today’s world is so rife with challenging economic, social, and political issues that it’s no longer feasible for a company to turn away and conduct business as usual. (...) Over time, your employees and customers, not to mention investors, partners, host communities, and other stakeholders, will want to know your philosophy for doing business. They want to know if you have a soul.”

Styles of leadership are changing, and organizations are viewed as “living beings with souls” — invested in improving everyone’s prospects, not just their own. Adopting these approaches are considered to improve businesses’ ability to respond to uncertainty and hardship.

This work on strategy as a way of life suggests that successful companies will have and use “brain” referring to the analysis that will help companies operate in a messy world and wend their way through its complexities and ambiguities.

By starting with the soul, companies can crystalize how they are going to achieve their purpose of making a better future for everyone. Drawing on deeply held values, companies can imagine what kind of future they wish to create and then use their brains to make it happen.

Similarly, the framework proposes that companies can adopt six daily practices to elevate strategy to a way of life:

- + Cope with complexity.
- + Adapt to change.
- + Embrace dynamic duality.
- + Empathize with everyone.
- + Tell stories.
- + Live with nature.

This set of practices helps organizations connect to the goal of building better lives and futures for company stakeholders and other members of society.

7 MIT Sloan Management Review “Strategy as a Way of Life”, Ikujiro Nonaka and Hiroataka Takeuchi, 2021

8. Trailblazer: The Power of Business as the Greatest Platform for Change, Benioff, M & Langley, 2019

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In summary, academic and practitioner frameworks provided a rich source of knowledge and insight for the development of the SVS to which we turn our attention.

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3 SUSTAINABLE VALUE STRATEGY

3.1 SUSTAINABLE VALUE STRATEGY

The SVS sets out the company's objectives and efforts to positively contribute to environmental, social, and good governance societal well-being as a responsible business. The SVS aims to generate and protect business benefits through effective handling of sustainability issues and follows an approach that is intended to yield business opportunities as well as respond to changing regulatory and stakeholder requirements.

We at MPCES pay attention to environmental, social, and governance (ESG) issues to produce:

1. Reduction in greenhouse gas (GHG) emissions and other egregious climate effects
2. Positive contributions to the SDGs relating to affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, gender equality, climate action, and sustainable cities and communities.
3. Mutually beneficial relationships with stakeholders guided by ethical and sound practices

Recognizing that taking these actions will also be managed in such a manner as to produce the following positive cash flow benefits:

1. facilitating top-line growth,
2. reducing costs,
3. minimizing regulatory and legal interventions,
4. increasing employee productivity, and
5. optimizing investment and capital expenditures

Each of these five levers forms part of the mental checklist and influences how the company secures ESG opportunities. We are also aware that we can only successfully implement our sustainability and ESG strategy if the corporate culture and personal dynamics change to strengthen this aspect of our strategy. Our SVS is a set of guidelines developed at the corporate level that will apply to employees, managers, and directors at every level of the company and across all phases of the value chain, serving as the strategic framework for project implementation and day-to-day activities.

MPCES is guided by the advice of McKinsey⁹ and other leading advisors who suggest that companies excel when they build business cases for their sustainable programs based on the value that they stand to create (or protect) through their handling of sustainable issues. They set tangible, concrete aspirations for their sustainable programs and convert those aspirations into quantitative performance targets, which reflect their competitive position, their consumers' expectations, and their investors' demands.

Our SVS is designed as a strategic framework providing guidance for the medium- and short-term operational implementation. The implementation into our daily activities is reflected in our management system, policies and processes and by defining tangible, concrete aspirations for sustainable value programs and the measure of the results, with quantitative performance targets, which reflect the company's competitive position, consumers' expectations, and shareholders' demands.

⁹ McKinsey Quarterly "Five ways that ESG creates value", By Witold Henisz, Tim Koller, and Robin Nuttall, 2019 <https://www.mckinsey.com/~media/mckinsey/business%20functions/strategy%20and%20corporate%20finance/our%20insights/five%20ways%20that%20esg%20creates%20value/svg-five-ways-that-esg-ex2.svgz>

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The expected outcomes of the sustainable strategy are:

- + The company aims to grow and develop the sustainable energy market and build up projects in developing countries with the interest of benefiting investors, employees, and other stakeholders.
- + The company will regularly consult with stakeholders to understand their expectations and interest in sustainability to promote actions that incorporate those interests in its activities.
- + The company will also perform risk assessments to support the risk management plan.

The SVS will be implemented as a series of initiatives with the connection of each initiative with the established key areas of value creation. The company is creating a system for organization-wide accountability for results, where performance is tracked and measured at the business and across the entire supply chain in all geographic locations.

Our executives, senior leadership team, and internal and external specialists are responsible for the SVS globally. At the project level, teams are empowered and have the authority to make operational decisions following corporate policy. In keeping with best practices, progress towards creating sustainable value will be included in staff performance targets. In this way, executives can hold senior managers to account for the company’s sustainability achievements.

This SVS requires extensive collaboration and engagement with stakeholders. These vary from employees to community members in the locations where the assets are developed, owned, and operated. MPCES seeks to influence its sustainable value enhancement by forming coalitions with industry peers and working together on setting new standards, promoting technological innovation, or advocating for policy shifts. For instance, through our work with industry associations, development financing institutions, impact investors, and private sector initiatives, as well as with public authorities, government, and the communities. Since supply and value chains produce most of our social impact, we aim to promote and improve local education, labour, and workplace standards as well as technical training and certifications through partnerships and collaborations.

3.2 CONTEXT

Our current geographic focus is Latin America and the Caribbean region. The social and economic context of this region is summarized in Table 1 below. The geographic landscape is truly diverse, with differences in terms of history, politics, culture, languages, foods, customs, religion, and traditions. Considering the different history, migration, culture, and geography of each country and in some countries even within regions, it is a complex environment in which to operate.

Aspect	Characteristics	Source
Economic growth and prospects	<ul style="list-style-type: none"> + The Latin American and Caribbean economies had a strong-post pandemic rebound. The recoveries have varied across the region, but in countries such as Brazil, Chile, Colombia, Mexico, and Peru, the employment and economic activity by January 2022 surpassed pre-pandemic levels. However, Russia's invasion of Ukraine and domestic issues have brought new challenges to the region, such as lower growth, persistent inflation, high policy uncertainty, and increasing social and political tensions due to growing food and energy security. These challenges could further dampen investment and lower long-term potential GDP growth. 	World Economic Forum

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	<ul style="list-style-type: none"> + Growth in the region is expected to slow sharply to 2.5 percent in 2022, following a post-pandemic rebound of 6.7 percent in 2021. Growth is expected to decelerate further in 2023, to just 1.9 percent, before increasing slightly to 2.4 percent in 2024. Regionwide per capita GDP is set to increase only 0.6 percent between 2019 and 2023 	
Economic Growth	<ul style="list-style-type: none"> + The average growth estimate for the region in 2021 is 5.2%, a figure that shows a rebound from the contraction of 6.8% registered in 2020 because of the adverse effects of the COVID-19 pandemic. But according to the same source, this expansion will not ensure sustained growth, considering that the social impacts of the crisis and the structural problems in the region have deepened and will continue to do so during the recovery. 	Economic Commission for Latin America and the Caribbean (ECLAC)
Economic Structure	<ul style="list-style-type: none"> + Some countries, like Guyana, Honduras, Suriname, and Trinidad and Tobago, rely on commodities as their main source of income. Other countries in the region rely on services, some of them in tourism, like Costa Rica, Barbados, Jamaica, and the Bahamas. Tourism activities were among the most impacted sectors over the last years during the pandemic. 	World Bank
Ethnicity and culture	<ul style="list-style-type: none"> + The population is a mixture of different races and ethnicities. The majority identify themselves as “mestizos”, a mixture of European, indigenous, and African ancestors. The region is a combination of European and indigenous customs and practices, along with traditions brought by Africans to the continent during colonial times, especially in the Caribbean region. Until the 19th century, most countries in the region were colonies of Spain and Portugal, and also Dutch and UK colonies. European influence has continued to be very important, contributing to language, as well as the culture and food. There are significant differences among the subregions within Latin America and the Caribbean. 	
Skills and workforce development	<ul style="list-style-type: none"> + According to ILO, by 2030, structural changes in energy and food production and consumption patterns can result in 15 million more net jobs in Latin America and the Caribbean compared to a business-as-usual scenario. + Collaboration between the private sector, the government, and technical and vocational education and training institutions in anticipating the need for green skills can help prepare the workforce for the transition. 	International Labour Organization (ILO)
Poverty	<ul style="list-style-type: none"> + Latin American and Caribbean countries experience persistent poverty even with rising national incomes. Despite the economic recovery from the COVID-19 pandemic in 2021, “the estimated relative and absolute levels of poverty and extreme poverty have remained above those recorded in 2019”; this reflects the ongoing social crisis. Moreover, since 2020 the poverty gap in rural areas and among indigenous peoples and 	Economic Commission for Latin America and the Caribbean (ECLAC)

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	<p>children has persisted. Also, inequality has increased according to the Gini coefficient, used internationally to measure income distribution.</p>	
Crime and violence	<ul style="list-style-type: none"> + Latin America and the Caribbean are the most violent regions in the world, in the absence of war, with the 10 most dangerous cities in the world. 	
Gender	<ul style="list-style-type: none"> + Women’s economic status varies from country to country in the region of interest, but all countries have inequalities. Regarding gender issues, “machismo” is common, with traditional views on the place and role women should occupy in society. + The region has an average remaining gender gap of 27.4% (including labor force recovery, care work, founding business, leadership by industry, political representation, wealth accumulation, tertiary education, life-long learning, and skills prioritization- and stress levels), behind Western Europe and North America and slightly ahead of Eastern Europe and Central Asia. + The difference in gender gap size between the highest-ranked and lowest-ranked countries in the region is about 3.2% in educational attainment and less than 1% in health and survival, with six out of 24 countries fully closing their gender gap in education and 12 out of 24 countries closing their gender gap in health. Three countries—Bahamas, Colombia, and Brazil—have fully closed these gaps in 2021. + Regional differences in gender parity are significantly higher one economic participation and opportunity and, in particular, political empowerment, with, respectively, 30% and 54% differences in gender gaps between the region’s best- and worst-performing countries. Four of the 24 countries have closed at least 70% of their gender gap in economic participation and opportunity. Two of these—Barbados and Bahamas—have crossed the 80% mark and are in the Index’s global top 5 on this subindex. On political empowerment, three of the 24 countries have closed the gender gap by more than 40%, a further ten countries have closed between 20% and 40% of their gender gap, while in 11 countries, less than 20% of the gap has been closed. + According to the World Bank, more than 80 million women in Latin America have joined the workforce since the 1960s, and the percentage of female labour has grown from 34.7% of the total labour force in 1990 to 41.4% in 2018. Only 7.2% of board seats in top firms in Latin American countries are held by women. + According to UNICEF, Latin America and the Caribbean has the world’s highest rate of adolescent pregnancy, 63.1 per 1000 births. 1 in 4 adolescent girls in the region, in rural areas, and poverty, do not study at school and work in domestic and care tasks. The sexual division of labour and stereotypes that adolescents and children face leading to certain studies and jobs, regardless of their abilities or preferences, reduce the study time for girls and reinforce gender roles. 	World Economic Forum, Gender Gap report

TABLE 1 Socio-economic key characteristics

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Other challenges in the region involve (i) the vulnerability to climate change and natural disasters, like most Caribbean countries; (ii) elevated crime and violence, like Honduras, and El Salvador; (iii) weak productive development policies, (iv) strained fiscal institutions and (v) ineffective law enforcement.

In conclusion, the Latin America and Caribbean region represents significant socio-economic challenges, which conversely provide an opportunity for us as a responsible business to provide leadership in contributing to sustainable value. We at MPCES will focus on being a committed developer, owner, and operator of long-term energy infrastructure, providing jobs, improving workforce quality, addressing gender equality, diversity, engagement with local communities and indigenous communities, and reducing climate change vulnerability. This is therefore an excellent example of business leading through its soul and brain.

3.3 SUSTAINABLE STRATEGY PILLARS

Our SVS incorporates the following pillars, building on the work of the WEF International Business Council.

PRINCIPLES OF GOVERNANCE

- + Good governance systems and practices that place responsible business and purpose at the center of the strategy.
- + Incorporating agency, accountability, and stewardship as part of “good governance”.
- + Participate in initiatives and collaborate with regulators and other organisations to promote and disseminate responsible practices.
- + Integrity, as a fundamental ethics action of MPCES, and good relations with all stakeholders, in accordance with our Code of Conduct.
- + Transparency aims to offer access to clear and genuine information.

PLANET

- + Ambition to protect the planet from degradation,
- + including through sustainable consumption and production,
- + sustainably managing natural resources and taking urgent action on climate change so that businesses can support the needs of the present and future generations.

PEOPLE

- + An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and a healthy environment.
- + Gender equality.
- + Education with a focus on clean energy knowledge.
- + Workforce development with an emphasis on technical and vocational skills.
- + Support community development programs and implement social programmes and projects.

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PROSPERITY

- + An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social, and technological progress occurs in harmony with nature.
- + Employment and wealth creation.
- + Innovation of better products and services.

These pillars connect MPCES' business prospects, the economic health of the countries where the firm operates, and societal well-being. Our strategy shall bring MPCES business and society together.

MPCES aims to create economic value in a way that also creates value for society by addressing the needs and challenges identified and summarized above. MPCES is looking to create a positive impact on the lifestyle of the families and communities where the projects are located.

As shown in FIGURE 3, MPCES aims to create economic, social, and environmental value for shareholders, customers, and stakeholders.

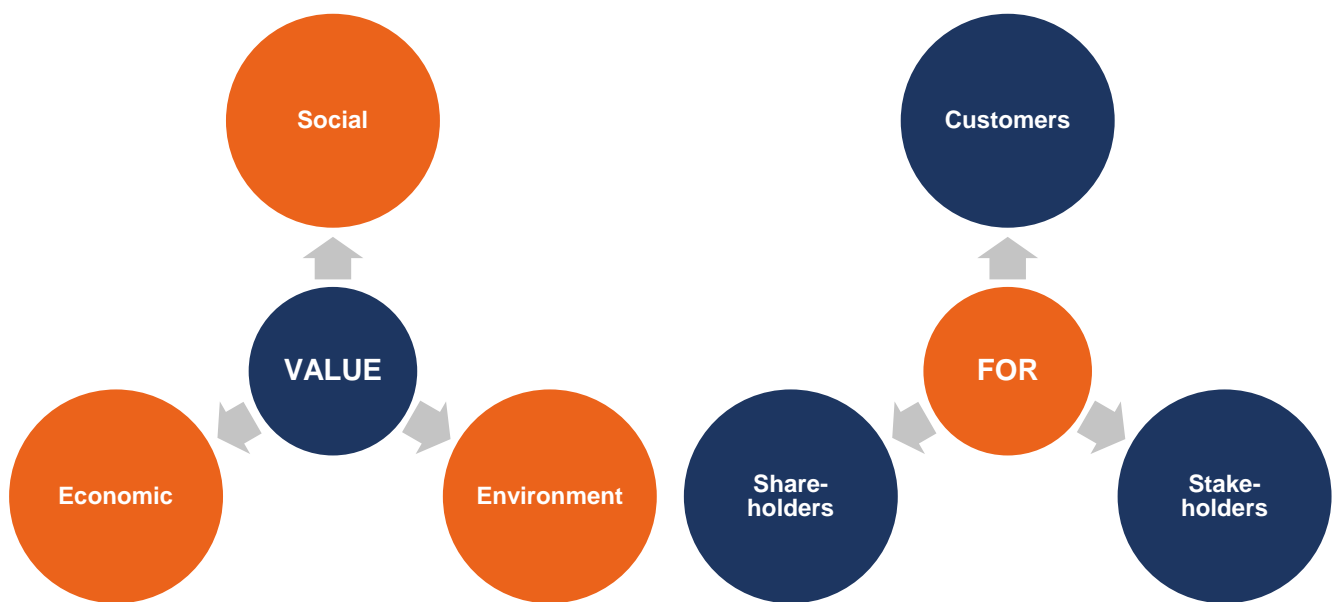


FIGURE 3 Simplified graphic of creating value and the beneficiaries of the value creation

An important matter in the implementation of our SVS is to build on life cycle management. (Figure 4).

The framework developed by McKinsey describes the links between lifecycle management tools and value creation through different steps: toolbox, business implementation, business benefits, value drivers and business value. One proceeds from left to right by asking the question “for what purpose”, or “what do we want to achieve”.

SUSTAINABLE VALUE STRATEGY

From right to left, one can ask the question “how?”. In many cases, the path toward value creation might be longer and more sophisticated than the simplified Figure 4.

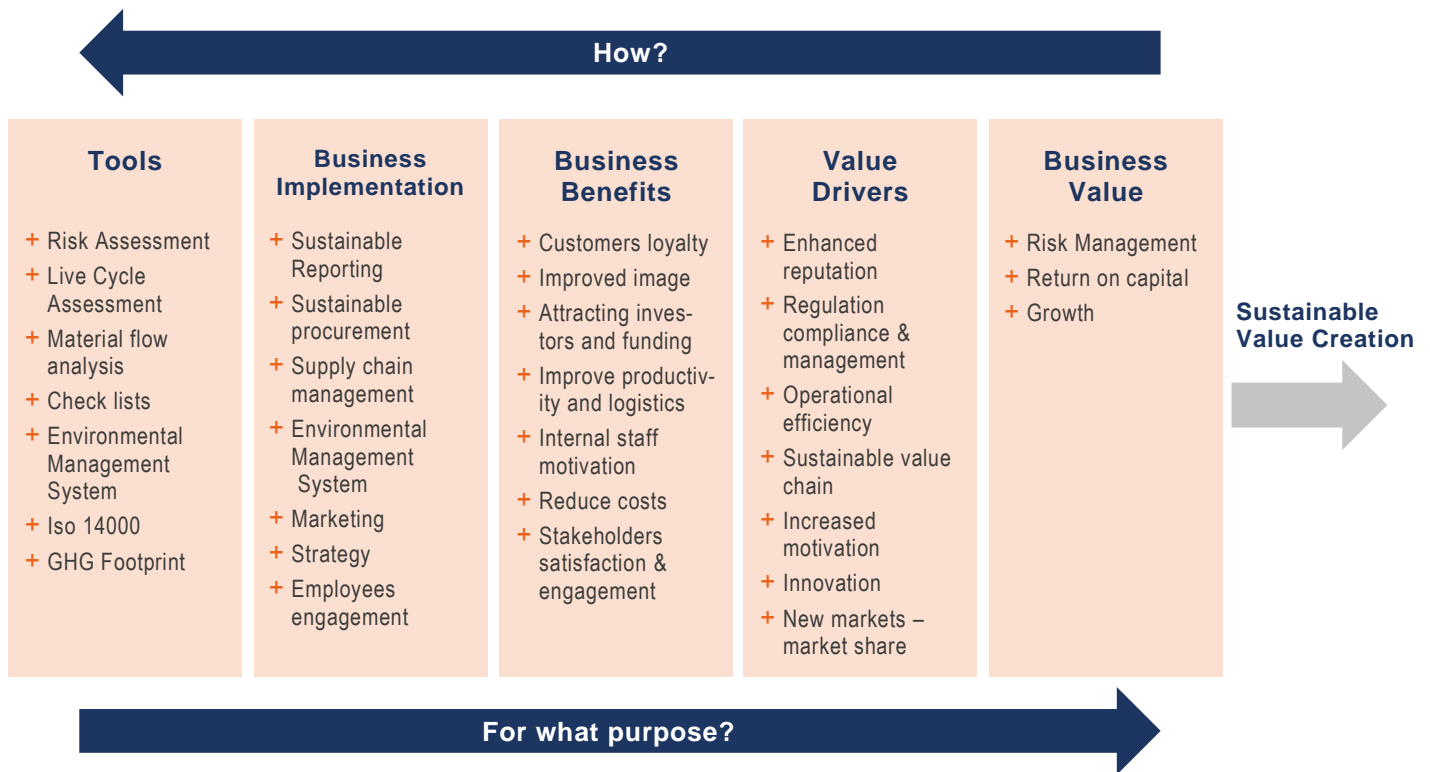


FIGURE 4 Sustainable value creation framework linking life cycle management tools with business value creation of an organization, Source¹⁰

The presented SVS articulates our strategy for creating sustainable value; it sets out the company's actions to proactively engage with stakeholders to contribute to a better society and a cleaner environment while addressing core business goals. Implementing this strategy will require deep integration into the culture of the company. The SVS should be fundamental to daily life, guiding all actions, and is ultimately reflected in our various management systems, processes and policies. The customers, employees, suppliers, communities, and shareholders want relations based on mutual trust and connection, which outlines a path for achieving this goal.

¹⁰ : Adapted from LCA Compendium – The Complete World of Life Cycle Assessment, Series Editors: Walter Klöpffer · Mary Ann Curran, “Life Cycle Management”

SUSTAINABLE VALUE STRATEGY

4 LINES OF ACTION

MPCES is developing and operating projects in renewable and sustainable energy infrastructure. We are committed to the SDGs and the targets to end poverty, promote and develop clean energy and secure this progress through partnerships. The company generally supports all SDGs. The company has committed with major interest to support the achievement of the following:

- + Gender Equality,
- + Affordable and clean energy,
- + Decent work and economic growth,
- + Industry, Innovation, and infrastructure,
- + Sustainable cities and communities,
- + Climate action.

From the above-mentioned goals, the company has prioritized the following aspects:

- + MPCES primarily investing in solar PV and wind, energy efficiency, and energy storage projects,
- + Direct contribution to effective climate change mitigations by investing in renewable energies, and
- + Making positive social and environmental links with the communities and places where the projects will take place.

Opportunities for sustainable value in MPCES activities are shown in Figure 5



FIGURE 5 Areas of opportunity to create sustainable value, Source: Adapted from Harvard Business Review “Creating Shared Value”, 2011

SUSTAINABLE VALUE STRATEGY

Based on this SDG alignment assessment, priority areas that are directly or indirectly related to the company's activities, identified for sustainable value creation are:

- + Employee skills training in renewables, hybrid, and energy efficiency projects
- + Reducing negative environmental impact through GHG emissions and adherence to avoiding biodiversity loss
- + Managing supply chains fairly
- + Investing in education, training, and capacity building
- + Promoting and securing worker health and safety
- + Positively improving living conditions of employees and community members

SUSTAINABLE VALUE STRATEGY

5 CONCLUSION

The SVS is a strategic framework resulting from our vision, mission, and purpose. Our strategy is continuously reviewed to ensure alignment with the key ESG issues affecting business and engagement of stakeholders.

The implementation of this strategy contemplates several stages and phases, rolling out the corporate goals at all company levels. Implementation of this strategy goes together with our Environmental and Social Management System (ESMS) as the operational tool to create sustainable value for all stakeholders.

Currently, the implementation of our strategy is reflected in our Code of Conduct, Business Partner Compliance Check, ESMS, Community Consultations and Programs, ESG reporting, work in industry bodies (for instance, CARILEC), and others.

As part of the continuous review process, some opportunities have been identified:

- + Review and improve the Gender Equality Policy.
- + Review and management of our supply chain. A green procurement policy will be developed to promote sustainable practices in our supply chain.
- + Explore opportunities to allow economic participation of the local communities to create long-term value through community engagement initiatives that could be partially financed by the carbon market.

Workshops and training are conducted to engage internal and external stakeholders with our SVS. This framework has been approved and is signed by the Management Board.

Martin Vogt
Chief Executive Officer

Stefan H.A. Meichsner
Chief Financial Officer