



AS OF DECEMBER 31, 2021 AND 2020

# Annual Report, Financial Statements and Informative Summary

Together with the Auditor and the Supervisory  
Committee's Reports.

edenor<sup>o</sup>

## LETTER FROM THE CHAIRMAN

To the Shareholders:

I hereby submit for your consideration the Annual Report, the Financial Statements and other documentation relating to the fiscal year ended December 31, 2021, which the Board of Directors sends for its discussion to the Company's Annual General Meeting. The referred to documentation reflects the Company's performance in its twenty-ninth fiscal year.

As outlined throughout this Annual Report, 2021 was a challenging year in every aspect of the country's political, economic and social life.

As could be expected, the events that continued to unfold throughout the year were also fully reflected in all aspects of the energy sector's activity. In particular, faced again with the challenges of a new wave of COVID-19 that hit our community and our customers, we encountered new challenges with the service to the user, essential prism to evaluate the service we provide.

EDENOR plays a pivotal role in the homes of the province and the city of Buenos Aires, and has had to manage the previously described process with the permanent commitment to preserving the three main components of its capital: users, assets and human resources. For such purpose, we continued to increase productivity and efficiency in field actions through the training of the work teams with audiovisual methodologies, and the automation of activities that allowed us to increase efficiency despite staff absence caused by the pandemic.

Additionally, we continued with the development of our activities, in this new real, which allowed us, among other actions, to:

- Change 62,500 line poles.
- Install 409 new remotely controlled points in the medium-voltage network, with 1 out of 3 switching operations being carried out remotely.
- Check about 26 thousand kilometers of networks.
- Comply with the preventive maintenance plans in accordance with regulations.
- Deal with more than 400 thousand power supply interruptions.
- Carry out about 500 thousand energy recovery-related inspections.
- Incorporate 77 thousand new customers.
- Increase the use of the digital channels available to our customers, reaching more than 13 million interactions/year.
- Reduce energy losses to 17.62 %.

The presentation of the Annual Report and Financial Statements is an opportune moment to provide all those who are related in one way or another to Edenor with a glimpse of what took place during the year from our perspective and, based on what is known to date, with our vision of the context in which the Company's activities will have to be developed in the near future.

Edenor is in the midst of a process aimed at obtaining recognition of the great disparity between its costs and the approved electricity rates. In 2021, it obtained the approval of a new electricity rate schedule relating to the Transitional Tariff System set forth in DNU (Executive Order issued on the grounds of Necessity and Urgency) No. 1020/2020, effective as from May 2021, with a 20.9% adjustment of the Distribution Own Cost (which results in a final increase in rates of 9%). It recently obtained an additional 8% average recognition in the CPD.

With the recent increases in the seasonal price, transmission and the distribution own cost, the variation recorded in the residential category amounts to 19%, on average, as compared to the previous electricity rate schedule.

Such recognition is far from meeting that which had been requested by EDENOR in the report sent to the ENRE that justified the need of funds for the year 2022 and constituted the revenue requirement, which amounts to a total of 56.8 billion to cover the deficit for the period. Such revenue requirement was also presented at the Public Hearing held on February 17, 2022.

This 8% latest increase adds up to the 20.9% granted as from May 2021, with Edenor's revenues having been granted a total adjustment of 30.6% in the last 3 years; however, it should be pointed out that the inflation rate for the same period amounted to 216%. In this context, it is fair to note that the recognized adjustment is insufficient to cover the increases in both the operating costs of the service recorded in this period and the investments necessary to maintain the service quality achieved.

The difference between the adjustments made to Edenor's revenue in relation to the other variables that have a direct impact on costs, produces an imbalance that is difficult to sustain over time, for which reason it is necessary to achieve a balance through a major adjustment of rates or by means of an alternative solution that will allow for the compliance with this Distribution Company's obligations and rights within the applicable regulatory framework in pursuit of the objectives declared by the national authorities, but ensuring the sustainability of the public service, object of the concession. As always, we are at the disposal of the authorities to discuss ideas and projects aimed at improving this distribution.

We do of course understand social concerns about the level of electricity rates. In this regard, I believe that it is important to highlight that, at the date of this Annual Report and including the previously mentioned increases, 82% of Edenor's customers pay a bill that, on average, and including taxes, amounts to ARS 1,123, an amount that is much lower than that paid for other services with almost the same penetration in households such as cable TV, mobile telephony and Internet.

On top of that, the maximum demand for power continues to increase year after year, with the record power demand amounting to 5,571 MW in June 2021. This situation requires that the planned investments be carried out, to which end the Distributor's economic and financial equation needs to be restored and given predictability, especially to continue moving along the path of service quality improvement we have followed since 2014. We are very proud of the improvement achieved in service quality; on average, the duration of power cuts went down from 33 hours in 2014 to fewer than 11 hours per year per customer, i.e. we were able to reduce the duration of power cuts by 68% in the last 7 years.

And, with respect to the number of power cuts suffered by our customers throughout a year, we also achieved a significant reduction thereof, from 9.5 power cuts in 2014 to 4.1, i.e. a decrease of 57%.

Of course, there is still a long way to go and much to improve, but the results speak for themselves, that the path chosen to improve both the quality of the service and the quality of life of our customers is the correct one, but this does not depend exclusively on us, as we need to have the necessary resources in place in order to continue with the improvement process we have begun.

To achieve that, in Edenor, we have continued to invest the totality of the available funds as no dividends have been distributed by the Company since 2001.

The ambitious investment plan launched by Edenor in 2013 and the sustained improvements in our management activities, allowed us to achieve the best customer satisfaction index of the last 10 years. Such index, which stood at 85.9%, constitutes an achievement of each and every member of Edenor and a recognition of this effort by our customers.

I would also like to refer to the loss for the year, which amounts to ARS 21,344 million, and which, if we add the loss for fiscal year 2020 at December 2021 values, results in a cumulative loss in the last two years of more than ARS 48,000 million.

Such loss recorded in the last two years as a consequence of the lack of adjustment of revenues has led us to partially postpone payments to CAMMESA for energy purchased in the MEM as from the maturity taking place in March 2020 for a total of ARS 40.7 billion, without including penalties. However, the revenues not collected due to the non-application of the regulatory framework in effect for these periods amount to ARS 85.2 billion. Therefore, the amount of 44.5 billion is owed to us.

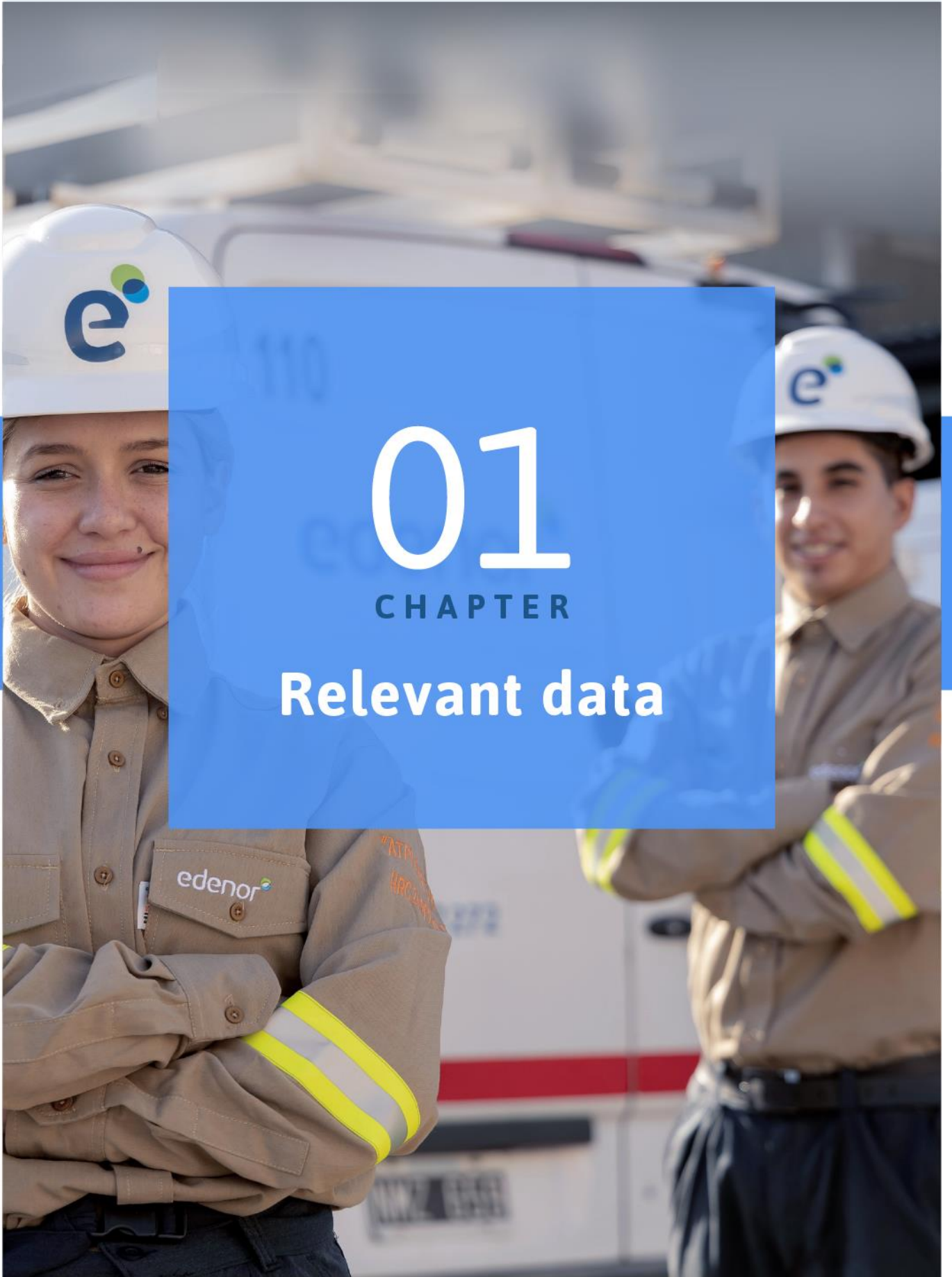
Finally, I would like to express my recognition to the entire Edenor team for its professionalism, effort and cooperation in the development of operation and support tasks that allowed us to successfully meet the demand and the many new challenges taken up during these last few challenging and particular years, and to the Board of Directors' and the Supervisory Committee's members as well for always accompanying us along this path in a proactive manner.

Neil Bleasdale  
Chairman

## GLOSSARY

ADEERA	Association of Electric Power Distributors of the Argentine Republic
ADR	American Depositary Receipt
AMBA	Buenos Aires Metropolitan Area
ASPO	Mandatory and Preventive Social Isolation
BCRA	Central Bank of Argentina
BUSHING	Transformer terminals
ByMA	Bolsas y Mercados Argentinos (Buenos Aires Stock Exchange)
CABA	City of Buenos Aires
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico (the company in charge of the regulation and operation of the wholesale electricity market)
CNV	National Securities Commission
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPD	Distribution Own Cost
DISPO	Mandatory and Preventive Social Distancing
EDELCO	Empresa de Energía del Cono Sur S.A.
<b>edenor</b>	Empresa Distribuidora y Comercializadora Norte S.A.
EDESUR S.A.	Empresa Distribuidora Sur S.A.
E FACTOR	Stimulus Factor
ENRE	National Regulatory Authority for the Distribution of Electricity
GWh	Gigawatt hour
HV	High voltage
INDEC	National Institute of Statistics and Census
IRAM	Argentine Standardization and Certification Institute
ITF	Tax on financial transactions
IVR	Interactive Voice Response
kV - V	Kilovolt - Volt
kW	Kilowatt
LLW	Live-Line Working
LV	Low voltage
MEM	Wholesale Electricity Market
MERVAL	Mercado de Valores de Buenos Aires (Buenos Aires Securities Market)
MIDE	Energy Integrated Meter
MINEM	Energy and Mining Ministry
MULCON	Multiple Concentric
MV	Medium voltage
MVA	Megavolt-ampere
MVA <sub>r</sub>	Megavolt-ampere reactive
MW	Megawatt
MWh	Megawatt-hour
NYSE	New York Stock Exchange
PBA	Province of Buenos Aires
PEN	National Executive Power
PVA	Small oil volume
QR	Quick Response
RTI	Tariff Structure Review
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index

SEC	Securities and Exchange Commission
SEE	Electric Power Secretariat
SOX	Sarbanes-Oxley Act
SSEE	Substations
TAM	Mobile Annual Rate
TCP	Transfer Control Protocol
TFC	Control Fee
TSH	Safety and Hygiene Inspection Fee



# 01

CHAPTER

## Relevant data

## CORPORATE PURPOSE AND CONCESSION AREA

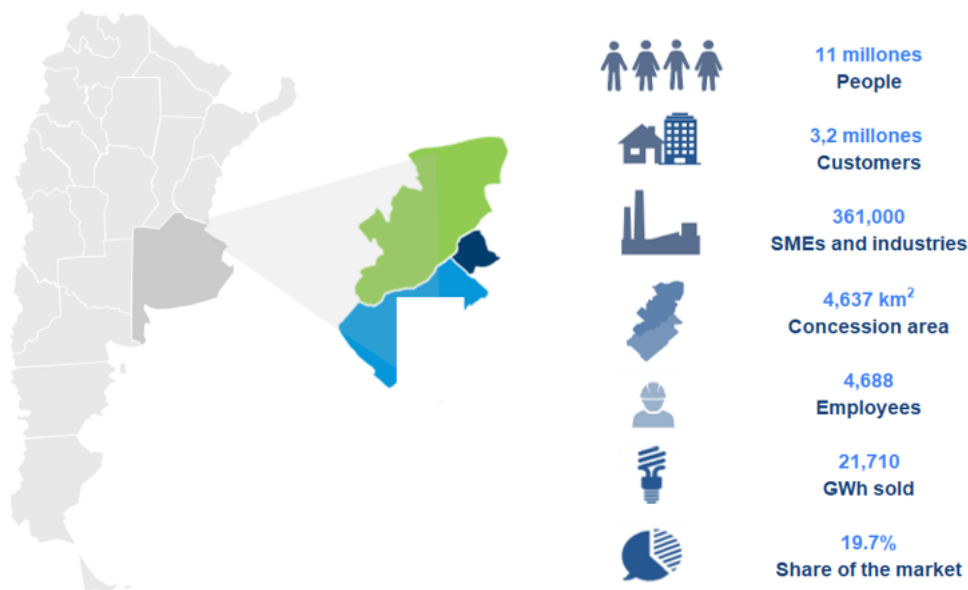
**edenor's** corporate purpose is to provide electricity distribution and sale services within the concession area and under the terms of the concession agreement, as well as to invest in other electricity distribution companies and render consulting and advisory services related to its business.

The electricity distribution and sale service is provided on an exclusive basis to all the customers connected to the grid within the area comprised of the following:

**Region I:** City of Buenos Aires, the area encompassing Dock "D", unnamed street, path of the Autopista Costera (coastline highway), extension of Pueyrredón Ave., Córdoba Ave., Ferrocarril San Martín railway tracks, General San Martín Ave., Zamudio, Tinogasta, General Paz Ave. and Río de La Plata river, and Province of Buenos Aires, the districts of San Martín, Tres de Febrero, San Isidro and Vicente López.

**Region II:** Province of Buenos Aires, the districts of Morón, Ituzaingó, Hurlingham, Merlo, Marcos Paz, Las Heras and La Matanza.

**Region III:** Province of Buenos Aires, the districts of San Fernando, Tigre, Escobar, Malvinas Argentinas, San Miguel, José C. Paz, Pilar, Moreno and General Rodríguez.





## OUR SHAREHOLDERS

The share capital of **edenor** is represented by a total of 906,455,100 common, registered, non-endorsable shares, with a par value of ARS 1 each and the right to one vote per share, divided into three classes: the class A shares owned by the Controlling Group, the class B free float shares held by the market, and the class C shares that remain from the Employee Stock Ownership Program.

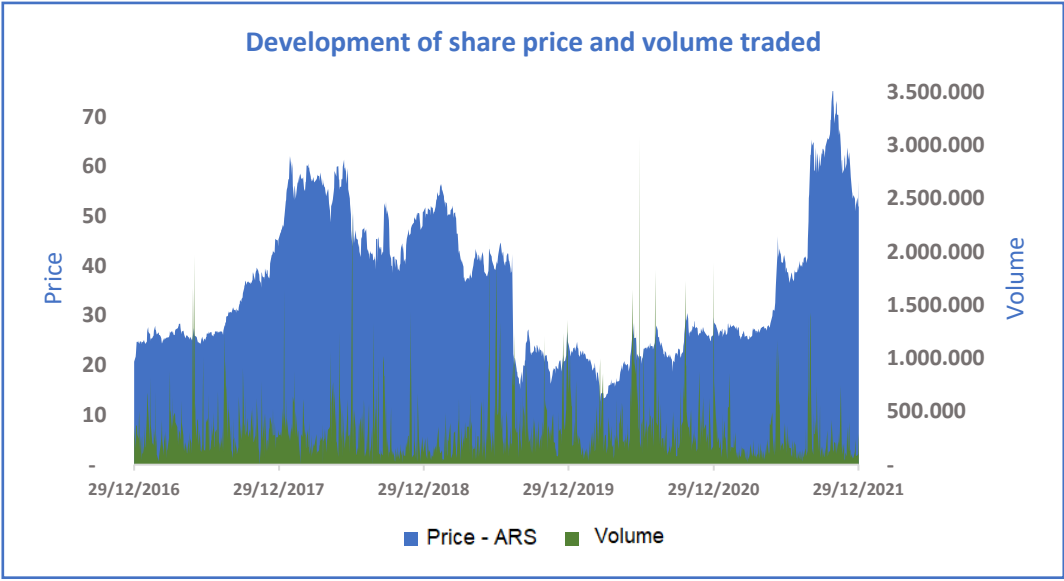
The ownership of the Company's common shares as of December 31, 2021 is as follows:

Shareholders	Class	Number of shares	Percentage of votes and results
Empresa de Energía del Cono Sur SA (EDELCO)	A	462,292,111	51%
Sustainability Guarantee Fund/ANSES	B	242,999,553	26.80%
Market	B	168,076,412	18.54%
Treasury Stock	B	31,134,420	3.43%
ESOP	C	1.952.604	0.22%
<b>TOTAL</b>		<b>906,455,100</b>	<b>100%</b>

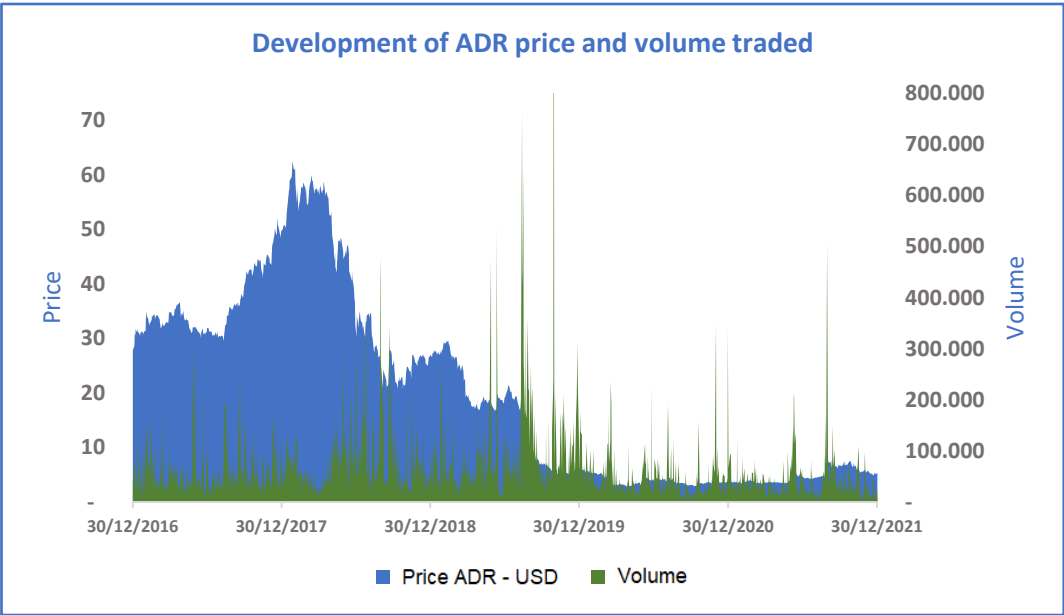
## Stock performance

**edenor** is listed on ByMA, being one of the Argentine companies comprising the S&P Merval index, with a weighting of 0.72% as of December 31, 2021. Furthermore, it has a Level-II ADR program in place, allowed to be listed on the NYSE, with each ADR representing 20 common shares.

The following chart shows the development of **edenor**'s share price and volume traded on ByMA over the last five years:



The following chart shows the development of **edenor's** ADR price and volume traded on the NYSE over the last 5 years:



# 02

## CHAPTER

# Managing and Supervisory boards

## BOARD OF DIRECTORS

The business of **edenor** is managed by the Board of Directors, which, in accordance with the Bylaws, is comprised of twelve directors and up to the same number of alternate directors, who hold office for a term of one year with the possibility of re-election. The holders of “Class A” common shares will be entitled to elect seven directors and seven alternate directors, whereas the holders of “Class B” and “Class C” common shares will be entitled to jointly appoint five directors and five alternate directors.

In turn, the Board of Directors delegates specific functions to an Executive Committee, which, as the Audit Committee, is comprised solely of regular Board members. As for the Audit Committee, it is entirely comprised of directors who qualify as independent.

The Annual General Meeting held on April 27, 2021 appointed the members and alternate members of the Board of Directors for fiscal year 2021. However, due to the change of control of the Company, on August 10, 2021, the Ordinary Shareholders’ Meeting appointed once again the members of the Board of Directors elected by the Class A shareholders.

Furthermore, in 2021 (in addition to the resignations tendered as a result of the change of control) Mr. Diego Leandro Rozengardt resigned his position as Alternate Director.

The Board of Directors’ composition at the date of issuance of this Annual Report is as follows:

Name	Position	Class	Independence
Bleasdale Neil Arthur	Director	A	Non-independent
Macek Esteban Gabriel	Director	A	Independent
Mallo Huergo Ricardo Nicolás	Director	A	Non-independent
Vila Eduardo Marcelo	Director	A	Non-independent
Volosin Edgardo Alberto	Director	A	Non-independent
Zin Federico Claudio	Director	A	Independent
Lucero Mariano Cruz	Director	A	Independent
Ferrera Hernán	Director	B/C	Independent
Bernal Federico	Director	B/C	Independent
Fraschina Juan Santiago	Director	B/C	Independent
Navarro Benjamín Andrés	Director	B/C	Independent
Ramírez Maximiliano	Director	B/C	Independent
Quevedo Victor Hugo	Alternate Director	A	Non-independent
Cuneo Libarona Mariano	Alternate Director	A	Non-independent
Pino Diego Hernán	Alternate Director	A	Non-independent
Álvarez Sebastián	Alternate Director	A	Non-independent
Grieco María Teresa	Alternate Director	A	Independent
Maletta Mirta Silvia	Alternate Director	A	Independent
Mazer Pedro Iván	Alternate Director	A	Independent
Grosso María Josefina	Alternate Director	B/C	Independent
Juárez Emilse Alejandra	Alternate Director	B/C	Independent
Carmona Facundo	Alternate Director	B/C	Independent

Furthermore, included below is the list of the directors who held office in 2021 and tendered resignation after the change of control of the Company.

Name	Position	Class	Independence
Salaverri Diego Martín (1)	Director	A	Non-independent
Sigwald María Carolina (1)	Director	A	Non-independent
Wetzler Malbrán Germán (1)	Director	A	Non-independent
Hitce Victoria (1)	Director	A	Non-independent
Perez Bello Carlos (1)	Director	A	Independent
Iglesias Carlos Alberto (1)	Director	A	Independent
Wuille Bille María José (1)	Director	A	Independent
Montero Leandro Carlos (1)	Suplente	A	Non-independent
Flaks Daniel eduardo (1)	Alternate Director	A	Non-independent
Maggi Eduardo Abel (1)	Alternate Director	A	Non-independent
Tabakman Gerarfo Rubén (1)	Alternate Director	A	Non-independent
De La Fuente Mariana (1)	Alternate Director	A	Non-independent
Paz Gerardo Carlos (1)	Alternate Director	A	Non-independent
Penta Mauricio (1)	Alternate Director	A	Non-independent
López Osornio Santiago (2)	Director	B/C	Independent
Rozengardt Diego (3)	Alternate Director	B/C	Independent

(1) Position held until 06/30/2021

(2) position held until 08/22/2021

(3) position held until 12/16/2021

## EXECUTIVE COMMITTEE

**edenor's** executive committee is comprised of Messrs. Neil Arthur Bleasdale, Eduardo Marcelo Vila and Edgardo Alberto Volosín.

## SUPERVISORY COMMITTEE

**edenor** has a Supervisory Committee in place, which is responsible for overseeing compliance with the Bylaws, the shareholders' resolutions and the applicable laws. Furthermore, and without prejudice to the function developed by the External Auditor, the Supervisory Committee must submit to the Annual General Meeting a written report on the reasonableness of the information included in the Annual Report and the Financial Statements submitted by the Board of Directors.

In accordance with the Bylaws, the Supervisory Committee is comprised of three members and up to three alternate members elected by the shareholders at an Ordinary Shareholders' Meeting for a term of one year and the right to re-election. The holders of "Class A" common shares will be entitled to elect two members and two alternate members. The holders of "Class B" and "Class C" common shares will be entitled to jointly appoint one member and one alternate member.

The Annual General Meeting held on April 27, 2021 appointed the members and alternate members of the Supervisory Committee for fiscal year 2021. However, due to the change of control of the Company, on August 10, 2021, the Ordinary Shareholders' Meeting appointed once again the members of the Committee elected by the Class A shareholders.

The Supervisory Committee's composition at the date of issuance of this Annual Report is as follows:

Name	Position	Class
Cvitanich Carlos Esteban	Member	A
Errecondo Javier	Member	A
Pardo Jorge Roberto	Member	B/C
Borgatello Carlos	Alternate Member	A
Ortega Armas Federico Matías	Alternate Member	A
Auditore Sandra	Alternate Member	B/C

Furthermore, included below is the list of the Supervisory Committee's members who held office in 2021 and tendered resignation after the change of control of the Company.

Name	Position	Class
Abelovich José Daniel (1)	Member	A
Fuxman Marcelo (1)	Member	A
Fernández Dussaut Martín (1)	Alternate Member	A
Cohn Noemí (1)	Alternate Member	A

(1) position held until 08/10/2021

## AUDIT COMMITTEE

Pursuant to Law No. 26,831 on Capital Markets, all listed companies are required to have an Audit Committee comprised of at least three Board members, a majority of whom must be independent, in accordance with the criteria set forth by the CNV. Furthermore, the bylaws provide that for as long as the Issuer makes a public offer of its shares, it must have an Audit Committee in place comprised of, at least, the majority of its independent members. The same criterion is reflected in section I of the Audit Committee's Internal Regulations, likewise, the Issuer is subject to compliance with the Sarbanes-Oxley Act and the SEC's regulations, which impose that all Audit Committee members must be independent. In this regard, all the members comprising the Audit Committee are independent.

The members of the Audit Committee are appointed by the Board of Directors and elected from among Board members who have the highest level of experience in business, financial or accounting matters. In compliance with the SEC's regulations, an "Audit Committee financial expert" must be appointed from among the members of the Committee.

At present, the Company's Audit Committee is comprised of Messrs. Esteban Gabriel Macek and Federico Claudio Zin, by the Class A, and Mr. Benjamín Andrés Navarro, by Classes B and C. Additionally, Mr. Macek also holds the positions of financial expert and Chairman of the Company's Audit Committee.

Furthermore, the Audit Committee was comprised of Messrs. Carlos Alberto Iglesias and Carlos Perez Bello, both of them by the Class A, who held office until June 30, 2021.

## REMUNERATION POLICY

The total remuneration for the Board of Directors and the Supervisory Committee is fixed annually by the Annual General Meeting. For such purpose, the Board of Directors makes a proposal following the provisions of the Business Organizations Law and the CNV's Regulations. Additionally, in accordance with the provisions of Law No. 26,831 on Capital Markets, the Board of Directors fee proposal is evaluated by the Audit Committee for the purposes of issuing an opinion on the reasonableness thereof.

Upon approval of the total remuneration by the Annual General Meeting, the Board of Directors, exercising the authority delegated by the Shareholders' Meeting, assigns the remuneration of each director.

Furthermore, it is the Shareholders' Meeting that has the authority to authorize the Board of Directors and/or the Executive Committee to pay directors and Supervisory Committee members advanced fees, subject to the approval of the Annual General Meeting that approves the financial statements for the fiscal year in question.

The remuneration policy for executive directors and managers provides for a fixed remuneration system related to both the level of responsibility required for the position and their competencies as compared to similar positions in the market; and a variable remuneration system associated with the business objectives and the degree of achievement of such objectives.

The Company's Board of Directors has not appointed a Remuneration Committee, delegating to the Human Resources Department the approval of the general policy on the remuneration of employees, as well as the duty to propose options and subsequently implement the specific decisions and policies on these issues.

# 03

CHAPTER

## Economic and social context



## GENERAL CONTEXT

### ECONOMIC ACTIVITY

In accordance with the latest available data, as of the third quarter of 2021, the economic activity recorded a cumulative rise of 10.8% as compared to the same period of the previous year -a trend that seems to have continued until December 31, 2021-, due mainly to the normalization of the economic activity after an atypical 2020 severely affected by the COVID-19 pandemic. Private consumption, public consumption, and investment increased by 8.6%, 6.3% and 41.9%, respectively. Those hikes were partially offset by net imports as of the third quarter of 2021, in contrast to net exports of 2020, due mainly to the recovery of the economy throughout 2021.

The expansion in the activity reached 15 of the 16 economic sectors, with community, social and personal-related services being the most benefited sector, along with construction (37.1%), fishing (25.6%), manufacturing industry (18.6%), and wholesale and retail trade and repairs (15.5%).

### DEVELOPMENT OF PRICES

With regard to the development of prices, in 2021, the Consumer Price Index published by the INDEC showed a variation of 50.9%. The greatest variations were recorded in the restaurants and hotels (65.4%), clothing and footwear (64.6%), and transport (57.6%) categories. The categories affected to a lesser extent were housing, water, electricity and other fuels (28.3%), communications (35.8%), and miscellaneous goods and services (38.8%). As for wages, measured by the Average Taxable Remuneration of Stable Workers (*Remuneración Imponible Promedio de los Trabajadores Estables* - RIPTE) record, they recorded a year-on-year increase of 53.4% at December 2021, compared to the same month of 2020.

### FISCAL SITUATION

Furthermore, at December 2021 the Non-Financial Public Sector's fiscal accounts recorded a cumulative primary and total deficit of 3.0% and 4.5% of GDP, respectively. The total annual variation of tax revenues, measured in Argentine pesos according to the figures published by the Federal Administration of Public Revenues (AFIP), closed with a year-on-year increase of 65.9%. Additionally, primary expenditure recorded in 2021 by the National Treasury showed a year-on-year variation of 45.9%.

With regard to the financial situation, the US dollar wholesale rate of exchange according to Communication A3500 of the BCRA at December 31, 2021 was ARS 102.75/USD, recording a cumulative increase of 22.11% as compared to the end of 2020 and a year-on-year average variation of 23.30%. The BCRA's international reserves at the end of the year totaled USD 39.59 billion, down by USD 195 million compared to the level reached in the previous year. As for the monetary base, it amounted to ARS 3,923 billion at the end of 2021, reflecting a 47.9% increase compared to the previous year. Furthermore, the BCRA's stock of debt on account of bills issued totaled at the end of the third quarter of 2021 4,751,950 million in Argentine pesos, showing a year-on-year increase of 67.1%.

## FOREIGN TRADE

Finally, with regard to foreign trade, and according to the INDEC's latest available data for the year, the cumulative current account surplus as of the third quarter of 2021 reached USD 6.3 billion. This is mainly explained by the trade balance surplus, in which Free on Board value exports totaled USD 71.3 billion, whereas the Cost, Insurance and Freight value of imports was USD 56.9 billion in the first eleven months of the year. The increase in exports as compared to the same period of the previous year was due to the recovery of industrial manufacturing exports, which grew by 50.1%, the exports of fuel and energy, which increased by 44.9%, the increases in agricultural manufacturing exports by 38.4% and in primary exports by 29.7%. As for imports, the expansion compared to the same period of 2020 is explained by recoveries in the following categories: fuel and lubricants (105.7%), parts and accessories for capital goods (58.2%), capital goods (37.2%), consumer goods (18.4%), and automotive (9.1%).

## SANITARY SITUATION

Unlike 2020, which was strongly affected by the COVID-19 disease that had a high social, economic and financial impact, 2021 was a year of economic recovery thanks to the rapid distribution of vaccines and implementation of vaccination programs all over the world, which allowed for a return to some greater normalcy in terms of activity.

In 2021, the Federal Government launched an intensive vaccination campaign in order to control the pandemic, which allowed for a return to normal and thereby for a strong rebound in economic activity throughout the year.

# 04

CHAPTER

## Argentine electricity market

## LEGAL AND REGULATORY FRAMEWORK

### CONCESSION

The Concession was granted in 1992 for a term of 95 years that may be extended for an additional maximum period of 10 years. The term of the concession is divided into management periods, the first of which had a duration of 15 years and subsequent periods of 10 years each. At the end of each management period, the Class “A” shares representing 51% of the Company’s share capital, currently owned by EDELCOS, must be offered for sale through a public bidding.

It is worth pointing out that as a consequence of the Renegotiation of the Concession Agreement, in the framework of Law 25,561 on Economic Emergency and Foreign Exchange System Reform, and complementary ones, the ENRE provided that the first management period set forth in the concession agreement will be regarded as fulfilled with the ending of the five-year rate period that began on January 1, 2017 when the Tariff Structure Review established in the Renegotiation Agreement became effective.

**edenor** has the exclusive right to distribute and sell electricity within the concession area to all the customers who are not authorized to obtain their power supply from the MEM, thus being obliged to supply all the electric power that may be required in a timely manner and in accordance with the established quality levels. In addition, the Company must allow free access to its facilities to any MEM agents whenever required, under the terms of the Concession Agreement.

**edenor**’s performance is subject to the terms and conditions of its Concession Agreement and the provisions of the regulatory framework comprised of Federal Laws Nos. 14,772, 15,336 and 24,065, resolutions and regulatory and supplementary regulations issued by the authorities responsible for this matter.

In this context, **edenor** is responsible for the provision of the public service of electricity distribution and sale with a satisfactory quality level, complying for such purpose with the requirements set forth in both the Concession Agreement and the regulatory framework, and carrying out the works and investments it deems suitable.

Failure to comply with the established guidelines will result in the application of fines, based on the economic damage suffered by the customer when the service is provided in an unsatisfactory manner, the amounts of which will be determined in accordance with the methodology set forth in such Agreement and subsequent resolutions. The ENRE is the authority in charge of controlling strict compliance with the pre-established guidelines.

### CHANGE OF CONTROL

On December 28, 2020, Pampa Energía S.A., the holder of 100% of **edenor**’s Class A shares, representing 51% of **edenor**’s share capital, entered into a share purchase and sale agreement, as the seller, with EDELCOS.

By virtue of such agreement, Pampa Energía S.A. agreed, subject to certain conditions precedent such as the approval of both its shareholders’ meeting and the ENRE, to sell control of **edenor** by transferring all the Class A Shares and votes in **edenor**.

In this regard, on February 17, 2021, the Shareholders’ meeting of Pampa Energía approved the referred to transaction.

On June 23, 2021, by means of Resolution No. 207/2021, the ENRE authorized Pampa Energía S.A. to transfer all the Class A shares, representing 51% of the Company's share capital and votes, to EDELCOS in accordance with the share purchase and sale agreement entered into on December 28, 2020.

The transfer of all the Class A shares, representing 51% of the Company's share capital and votes owned by Pampa Energía S.A., in favor of EDELCOS was completed shortly afterwards on June 30, 2021,

Within this context, after the aforementioned transfer, the Class A Directors tendered resignation; therefore, to fill the vacancies, the Company's Supervisory Committee appointed Messrs. Neil A. Bleasdale (Chairman), Esteban Macek (Vice-Chairman); Nicolás Mallo Huergo, Eduardo Vila, Edgardo Volosin, Federico Zin and Mariano C. Lucero as Directors and Messrs. Hugo Quevedo, Mariano C. Libarona, Daniel O. Seppacuercia, Diego Hernán Pino, Sebastián Álvarez and María Teresa Grieco as Alternate Directors.

Finally, as required by the regulations in force and within the time periods set forth therein, EDELCOS announced the launching of a mandatory Public Tender Offer addressed to all the holders of Class B and Class C common shares issued by the Company, including the holders of ADS in respect of the underlying Class B common shares, in accordance with the provisions of General Resolution No. 779/2018 of the National Securities Commission. Upon the expiration of the offer period, and as no shares had been tendered, the offeror announced the completion of the tender offer.

## ELECTRICITY RATE AND REGULATORY SITUATION

### a) Electricity rates

In the context of Law 27,541 on Social Solidarity and Production Reactivation, whereby the public emergency was declared in economic, financial, tax, administrative, social security, rates, energy, health and social matters, in December 2020, the PEN was authorized to maintain edenor's electricity rates and initiate a renegotiation process of the tariff structure review in effect with the aim of reducing the real burden on households, shops and industries. Furthermore, the PEN was authorized to assume the administrative control of the ENRE and it was provided that such regulatory authority would retain the jurisdiction over the public service of electricity distribution provided by **edenor**.

Furthermore, by means of Executive Order No. 1020/20 of December 16, 2020, the PEN provided for the commencement of the Tariff Structure Review (RTI) renegotiation in accordance with the provisions of Law 27,541, providing that such negotiation may not exceed two years and suspending until then the Agreements relating to the respective Tariff Structure Reviews in effect, with the scope to be determined in each case by the Regulatory Authorities, providing as well that Interim Renegotiation Agreements, which may modify to a limited extent the particular conditions of the tariff review imposing a Transitional Tariff System, may be entered into until a Definitive Renegotiation Agreement is reached. In this framework, the freeze on electricity rates was extended until March 31, 2021, or until the new transitional electricity rate schedules resulting from the aforementioned Transitional Tariff System came into effect.

Additionally, by means of Executive Order 871/2021, the ENRE's administrative intervention was extended until December 31, 2022.

In this regard, on January 19, 2021, the ENRE issued Resolution No. 16, providing for the commencement of the transitional tariff adjustment procedure, with the aim of setting up a Transitional Tariff System until a Definitive Renegotiation Agreement is reached, and inviting **edenor** to participate in it in accordance with the provisions of Executive Order No. 1020/20. Furthermore, on March 30 and 31, 2021 a Public Hearing called by the ENRE was held in order to make known and listen to opinions on **edenor**'s Transitional Tariff System.

Notwithstanding the foregoing, the Transitional Agreement between the Grantor of the Concession and **edenor** in the terms of DNU 1020/2020 was not signed, and by means of resolution No. 107/2021 of April 30, 2021, the ENRE set the new values of the electricity rate schedule effective as from 12:00 AM on May 1, 2021 with a 9% average adjustment. This resolution was challenged by the Company.

Finally, by means of Resolution No. 25/2022, the ENRE called a Public Hearing to be held on February 17, 2022 to make known and listen to opinions on the following:

- the treatment for the determination of Power seasonal reference prices and the Stabilized Price of Energy in the WHOLESALE ELECTRICITY MARKET (MEM);
- the distribution companies' proposals aimed at obtaining a transitional adjustment of rates, with such public hearing being held within the RTI renegotiation process and prior to defining the electricity rates to be applied by concession holders.

Within this framework, on February 25, 2022, by means of Resolution No. 76, the ENRE approved the new electricity rate schedules applicable as from March 1, 2022, which incorporate the new seasonal prices defined by SE Resolution No. 105, providing for a 20% average increase for Transmitters and an 8% increase of the distribution own costs (CPD) for **edenor**.

The previously mentioned adjustment represents an increase in the Company's revenues for fiscal year 2022 of 2,915 million, which is below the 56,800 million revenue requirement that had been requested by **edenor** to cover the deficit for the period.

## **b) System for the regularization of payment obligations**

Furthermore, by means of Resolution 40/2021, supplemented by resolution No. 371/2021, the Energy Secretariat established the "Special System for the Regularization of Payment Obligations" of Electricity Distribution Companies that are agents of the MEM for the debts held with CAMMESA and/or the MEM, whether on account of the consumption of energy, power, interest and/or penalties, accumulated as of September 30, 2020, provided for in section 87 of Law No. 27,591 on FY2021 National Government Budget. It also established a "Special System of Credits" for those Electricity Distribution Companies that are agents of the MEM and have no debts with CAMMESA and/or the MEM or whose debts are regarded as being within reasonable values vis-à-vis their levels of transactions as of September 30, 2020. Finally, on February 22, 2022, by means of DNU No. 88, the Executive Power extended until December 31, 2022 the implementation of the "Special System for the Regularization of Payment Obligations" provided for in Section 87 of Law 27,591.

### **c) Electricity supply to vulnerable neighborhoods**

In the understanding that it is a priority to ensure the supply of electricity in satisfactory conditions to the Vulnerable Neighborhoods of the Buenos Aires Metropolitan Area (AMBA), the Company is implementing the AGREEMENT ON THE DEVELOPMENT OF THE PREVENTIVE AND CORRECTIVE MAINTENANCE WORK PLAN FOR THE ELECTRICITY DISTRIBUTION NETWORK OF THE AMBA entered into on December 22, 2020 by the National Economy Ministry, the ENRE, **edenor** and Edesur, pursuant to which the Federal Government agreed to transfer to **edenor** the amount relating to the electric power supplied from October 2017 until December 2020 to those Vulnerable Neighborhoods.

In the framework of such agreement, the Distribution companies agreed to apply the amount receivable to the carrying out of a Preventive and Corrective Work Maintenance Plan of the Electricity Distribution Network specifically designed to improve the service. Such contribution will be made in accordance with a disbursement schedule stipulated in the agreement, only after the ENRE has certified compliance with the aforementioned Work Plan by the distribution companies.

### **d) Agreement on the Regularization of Obligations**

On May 10, 2019, **edenor**, Edesur S.A. and the National Energy Secretariat entered into an Agreement on the Regularization of Obligations for the Transfer of Concession Holders to the Local Jurisdictions, whereby, prior to the transfer of the respective concessions to the jurisdictions of the Province of Buenos Aires (PBA) and the City of Buenos Aires (CABA), respectively, (i) the existing debts and credits are mutually offset; (ii) a term and modality of payment of the penalties payable to users and the Government are agreed-upon, in three and five years, respectively; (iii) settlement of the penalties payable to the Federal Government is allowed to be made through investments in specific works to improve the service; and (iv) it is agreed that any legal actions against the Federal Government for damages caused by the freeze on rates since 2017 will be abandoned.

On January 19, 2021, the Federal Government, the PBA and the CABA entered into a new Agreement according to which the Federal Government retains the capacity as Grantor of the Concession in relation to the concession agreements (Executive Order No. 292/2021 and SE Resolution No. 16/2021).

On September 21, 2021, the National Ministry of Economy issued ME Resolution No. 590/2021 declaring the Agreement contrary to the public interest and instructing its internal departments to prepare a legal action to have it declared null and void. It also provided for the suspension of the administrative procedures relating to the fulfilment of the obligations arising from such Agreement.

Notwithstanding the above, at the date of issuance of [this Annual Report](#), the Company has not been served notice of the filing of any legal action in order for the Agreement or the acts resulting therefrom to be declared null and void. The resolution in question did not provide for the suspension of the legal effects of said Agreement, which is, therefore, in full force and effect. Against this resolution the Company filed an appeal (*recurso jerárquico*) to the Office of the Head of the Cabinet of Ministers (higher administrative authority) and a motion for clarification with the Ministry of Economy, which was granted and answered by ME Resolution No. 656/2021, notified on October 20, 2021, whereby said Ministry confirms that the above-mentioned Agreement has not been suspended.

## WHOLESALE ELECTRICITY MARKET

In 1991, the Energy Secretariat creates the MEM, whose participants are the Distribution, Generation and Transmission companies, and Large Users, Agents of the electricity market.

Additionally, the need to instantly match supply with demand and the impossibility of storing electricity leads to a centralized dispatch that determines where, who and how much will be generated at the same time. It is for this purpose that in July 1992, CAMMESA, the entity responsible for the wholesale market, is created.

Over the last few years, the Federal Government modified the conditions originally established by means of different resolutions, thus having nowadays a significant and decisive participation in the functioning of the MEM.

In that regard, by means of Resolution No. 1085 of 2017, the SEE modified the allocation of costs of the High Voltage and Extra High Voltage Transmission systems. The changes implemented were the following:

- MEM generators no longer pay for the use of the transmission networks, except for the connection equipment entirely destined for each Generator;
- the total cost of each Transmitter is distributed among the users in its network, in proportion to their demand for energy, no longer applying the calculation methodology based on equipment use.

Furthermore, and with regard to renewable energy sources, by the end of 2021 they accounted for 13% of the total energy demand matrix as a result of the National Program for the Promotion of Renewable Energy Sources, whose framework was established in 2015 by Law No. 27,191.

In this regard, by the end of 2017 Law No. 27,424 on Distributed Generation was published, which provided for the legal and contractual conditions for the generation of renewable energy by the users of the distribution network, for self-consumption, and eventual injection of surplus energy produced into the grid. This law was regulated in November 2018.

All these measures made it possible to meet the SADI's record demands for power that have been repeatedly surpassed over the last few years. In 2021, the SADI's record demand was 27,088 MW, 991 MW of which were imported from Brazil and Paraguay. These imports were mainly due to contracts for the exchange of energy generation surplus rather than to a domestic generation deficit. The system's spinning reserve during the peak demand amounted to 1,950 MW (7.2%).

## CAMMESA

The operation of the MEM is managed by CAMMESA, the body in charge of the dispatch organized as a corporation (*sociedad anónima*), in which the Federal Government, through the SEE, owns 20% of its share capital. The remaining 80% is owned, in equal proportions, by the associations that represent MEM participants: Generators, Transmitters, Distributors and Large Users.

CAMMESA is a non-profit corporation that is responsible, since its creation, for the technical operation of the electricity system and the management of MEM transactions, in accordance with the electricity regulatory framework and related regulations, which include, among other responsibilities, the following:

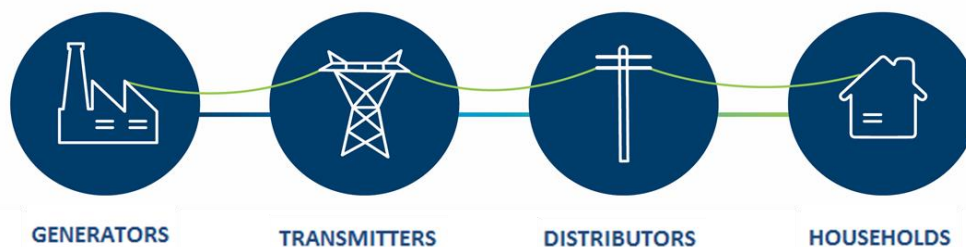


- determining the technical and economic dispatch of electricity in the national interconnection system (production schedule of all power generation plants of the power system to meet the demand),
- planning energy capacity needs and optimizing energy use pursuant to the regulations periodically issued by the SEE,
- acting as agent of the different MEM participants,
- purchasing from or selling electricity to other countries by performing the respective import/export operations,
- managing the availability of the generation system,
- supervising the operation of the term market and managing the technical dispatch of electricity in conformity with the agreements entered into in that market;
- managing the supply and trust agreements for the new thermal and nuclear power plants, especially for non-conventional sources of energy or those works within the National Hydroelectric Works Program.

The MEM's costs managed by CAMMESA are covered by mandatory contributions made by all MEM participants. In the last few years, due to the imbalance between production costs disbursed and the amount collected from the Agents for their demand through prices that do not cover said costs, the MEM lost its economic self-sustainability. The operating deficit of the MEM's power and energy compensation funds and accounts was financed by the Federal Government through non-refundable contributions from the Unified Fund managed by the SEE to the Sustainability Fund managed by CAMMESA.

## MEM PARTICIPANTS

The main MEM participants are the companies engaged in the generation, transmission and distribution of electricity, and, to a lesser extent, large users and electricity brokers.



### - Generators

In Argentina, there are more than one hundred generation companies, there are fewer auto-generation companies, and just a few co-generation companies, most of which operate more than one generation plant. As of December 31, 2021, the installed capacity amounted to 42,849 MW, 58.9% of which derived from thermal generation, 25.3% from hydraulic generation, 11.7% from renewable energy sources, and 4.1% from nuclear generation.

#### - **Transmitters**

Electricity is transmitted from power generation plants to distribution companies through the high voltage electricity transmission system. Transmission companies do not engage in purchases or sales of electricity, their service is governed by the Electricity Regulatory Framework and related regulations issued by the competent authority. The majority of the system is owned by Transener S.A. Regional transmission companies own the remaining portion of the sub-transmission.

#### - **Distributors**

Each distribution company supplies electricity to customers and operates the related distribution network in a specific geographic area pursuant to a concession agreement, which provides, among other things, for the concession area, the quality of service required, the electricity rates to be paid by customers for the distribution service and the obligation to satisfy the demand. The ENRE monitors compliance by distribution companies, **edenor** and Edesur S.A. with the provisions of the respective concession agreements and with the Regulatory Framework Law No. 24,065.

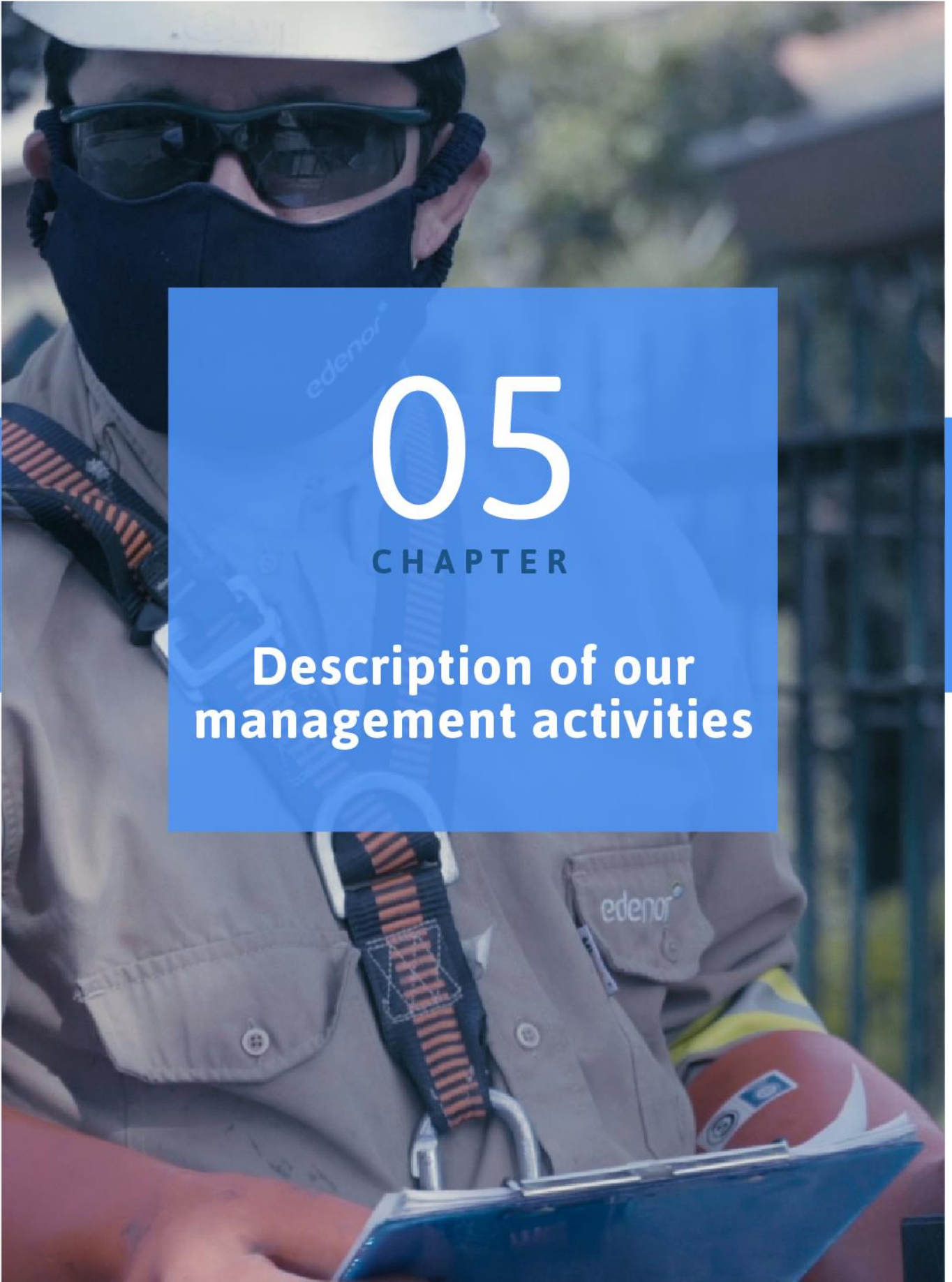
#### - **Large users**

The MEM classifies Large Users of energy into three categories: Major Large Users (GUMA), Minor Large Users (GUME) and Particular Large Users (GUPA). At present, each of these customer categories purchases its energy demand directly from CAMMESA. Agreements between parties (Generator and Large User) are only limited to the Energy Plus<sup>1</sup> segment with respect to the demand exceeding the base demand, i.e. the amount of energy the customer consumed back in 2005.

In 2017, by means of Resolution No. 281-E/17, the MINEM laid down the Regulations for the Renewable Energy Term Market, which establish the commercialization and administration charges payable by Large Users who opt for the joint purchase of renewable energy managed by CAMMESA. The Large Users who choose to meet their renewable energy consumption quota directly through a generator, are allowed to enter into a supply contract without having to incur the expenses of the joint purchases system.

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<sup>1</sup> **Energy Plus** is a contracting modality whose aim is to have additional generation in place in order to properly meet the demand for electricity.



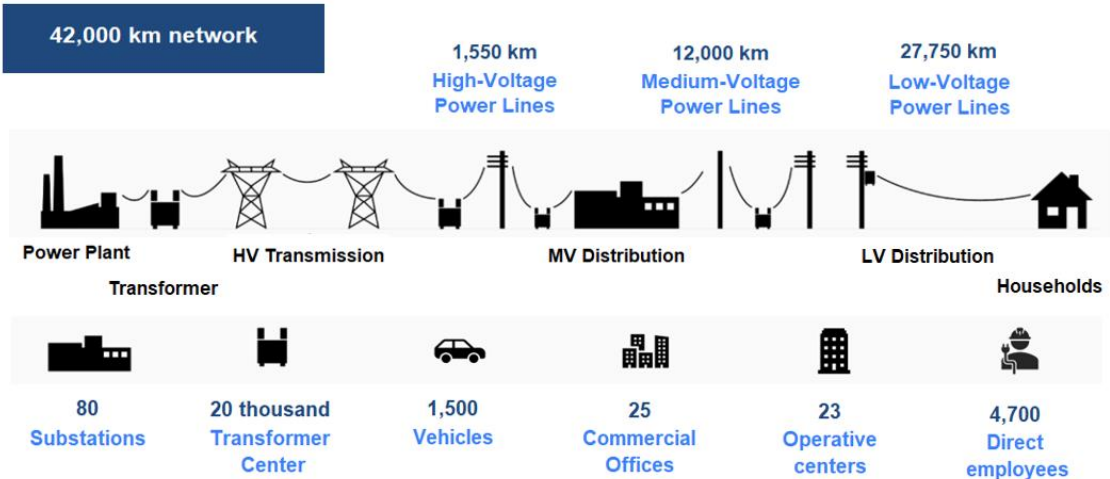
edenor

# 05

CHAPTER

**Description of our  
management activities**

In the following graph we detail the main indicators of our management activities:



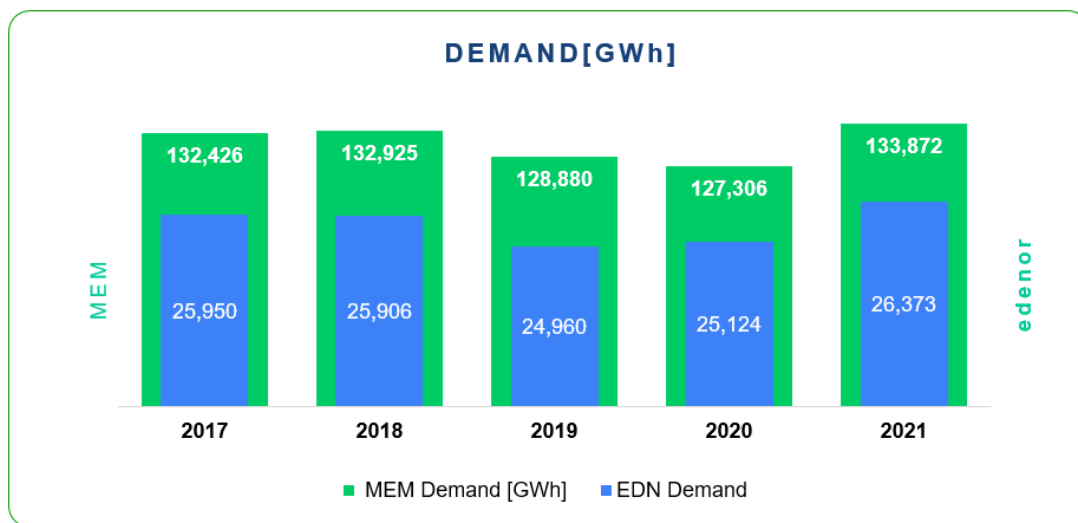
Furthermore, in this chapter we will comment on the main new developments, progress and achievements made throughout 2021, which were developed according to the priorities established for all our activities:



## BUSINESS MANAGEMENT

### DEMAND FOR ELECTRICITY

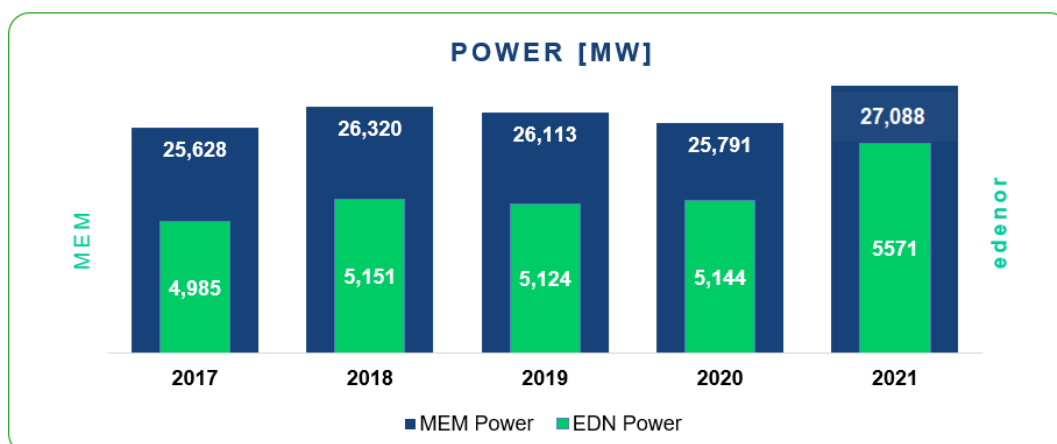
**edenor's** demand for electricity in 2021 amounted to 26,373 GWh, which represents a 5% increase as compared to that of 2020. The MEM's demand for electricity amounted to 133,872 GWh, recording also a 5% increase as compared to 2020.



Additionally, in 2021 the maximum value of power reached by **edenor** amounted to 5,571 MW, 7.7% above that of 2020, whereas the maximum peak recorded by the MEM was 27,088 MW, showing a 5% increase as compared to the previous year.

Furthermore, according to the data provided by CAMMESA, the MEM's installed capacity as of December 31, 2021 amounted to 42,849 MW.

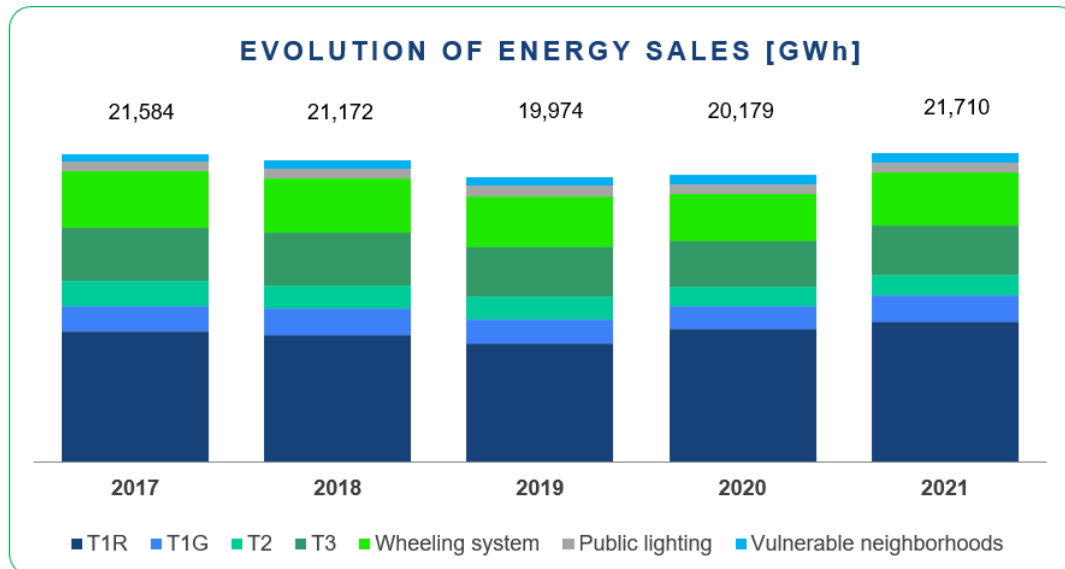
The development of power is the following:



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## ENERGY SALES

The amount of energy sold in 2021 totaled 21,710 GWh, which represents a 7.6% increase as compared to 2020. The graph below shows the development of sales over the last 5 years.



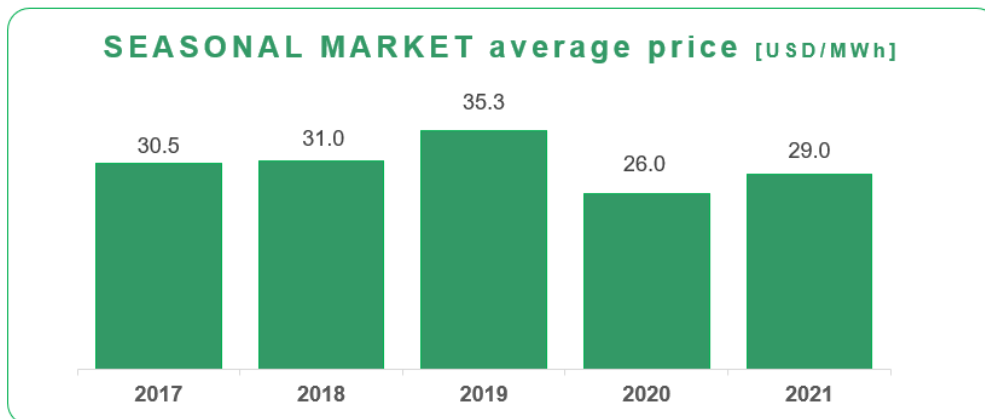
## ENERGY COST

In Argentina, most of the electricity generated is of thermal origin. The energy consumed during 2021 was supplied by the following sources: fossil fuels (oil, natural gas and coal) 63.2%, hydroelectric 16.9%, renewable sources, wind and solar photovoltaic 13%, and nuclear 7.1%. The remaining 0.6% came from imported energy. The lower hydro-power dispatch due to the low level of water availability in all the basins, was covered by greater thermal and renewable generation.

With a greater thermal-power dispatch (due to the shortage of water and the agreements on the export of energy to Brazil), there was an increased consumption of all types of fuels as a primary source for electric power generation. In 2021, the consumption of fuel oil was 29.4% higher than in 2020, that of diesel fuel 137.1% higher, that of coal 82.3% higher, and the consumption of Natural Gas only 0.6% higher than that of 2020. Furthermore, there was a slight increase in natural gas supply, which grew by 0.08%, and a 2.2% increase in imported Natural Gas.

In 2021, **edenor** purchased the total amount of energy in the market at an average annual monomic price of ARS 2,437.74/MWh.

The development of the average purchase price over the last few years is shown in the following graph:



## ENERGY LOSSES

The TAM of total losses<sup>2</sup> for 2021 amounted to 17.62%, which represents a decrease compared to the 19.61% of the previous year.

In Regions II and III, new vulnerable neighborhoods continue to appear, along with the growth of the existing ones. This happens mainly in the third section of Greater Buenos Aires, where the theft of energy is one of the main factors behind the increase in total losses.

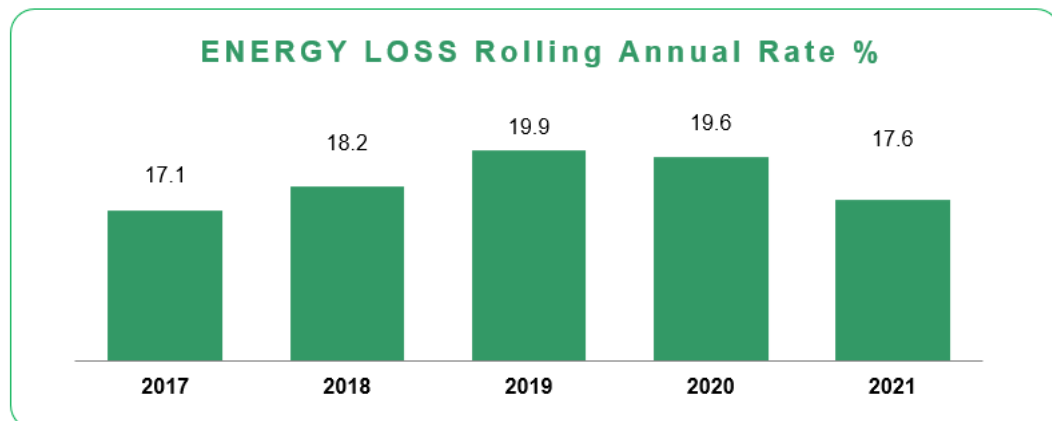
In 2021, the plan launched in previous years, which consisted in the installation of 250,000 MIDE self-managed meters, continued to be implemented. The plan aims to increase electricity access by normalizing clandestine consumers, inactive customers and chronic delinquent customers, in order to allow for the safe and efficient use of the network, and with a differentiated service to this customer segment. In 2021, 42,449 MIDEs were installed, 41,381 of which are currently enabled.

The installation of the new type of MULCON network continued, using the MIDE meter's functionalities, such as its invulnerability. Additionally, analytical and artificial intelligence tools, aimed at improving effectiveness in the routing of inspections to reduce energy theft, continued to be further developed.

In 2021, approximately 465,000 inspections of Tariff 1 meters were carried out with a 49.3% effectiveness. In the last five years, more than 300,000 irregular connections were normalized, although a rate of repeat fraud practices is noticed.

<sup>2</sup> Technical losses: those that are the necessary consequence of electricity transmission and distribution.

Non-technical losses: those due to theft, defective installation or metering flaws that prevent the correct metering of customer consumption.



The TAM of losses decreases in 2021 by an absolute factor, the losses in GWh, and a relative factor, caused by the increase in the billing of Large Users, in which fraud is minimal.

## ENERGY RECOVERY

Fraud and energy theft, such as meter tampering or clandestine connections, represent one of the Company's most problematic issues, whose impact is estimated at ARS 9 billion per year.

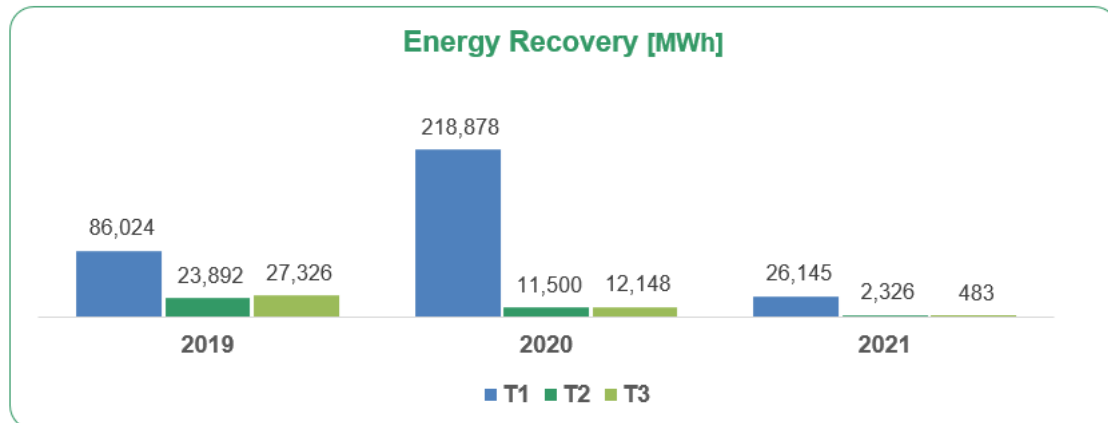
As a consequence of the inspections carried out, and according to the type of fraud, an analysis of the billing is performed, followed by negotiations conducted prior to the billing and collection management processes.

The pandemic and the economic and social context impacted this process considerably. To mitigate this situation, as from 2020 we implemented flexible policies, which allowed for the improvement of collections, without resorting to the disconnection of the electricity supply. Additionally, the segmentation of cases to be recovered was strengthened and new communication channels were developed.

In 2021, the application authority (ENRE) issued regulatory resolutions that significantly impacted the management of energy recovery and led us to redefine the entire process. In February, ENRE Resolution 37 suspended the activities aimed at the analysis and recovery of unrecorded energy consumption until new definitions were provided for in that regard. In April 2021, the ENRE issued Resolution 95, setting the new interpretative guidelines on the regulatory framework for the management of unrecorded consumption, and stating that activities could be resumed in the last quarter of 2021 after the necessary works to adapt the processes and systems had been carried out.

In the fiscal year, the Company recovered unbilled consumption of energy from customers with fraud or technical anomalies, billing for these concepts an amount of ARS 208 million. Billed energy in MWh, broken down by rate category was as follows:





## ELECTRICITY RATES

With regard to ENRE Resolution No. 107/21, it provided for an electricity rate schedule, within which all the CPD's unit values were increased so that the increase in the average bill to users would amount to approximately 9%. This is estimated to generate an increase in the CPD's valuation previously in effect of approximately 20.9%. Furthermore, this resolution eliminated the unit value of the ex-post adjustment, without including a new value that would update the differences generated in previous months. At the same time, the unit values that recovered concepts such as "adjustments for ITF, TSH and TFC differences" were eliminated, along with the "adjustment for deferral of application of CPD from February 2019 to March 2019".

As for the other adjustments applied throughout the year, they do not represent an improvement in the Company's revenues and were applied in accordance with the following regulations:

- April 2021, by means of ENRE Resolution No. 78/21, and within the framework of the seasonal prices established by Resolution No. 2021-131-APN-SE#MEC for the period between March 2021 and April 2021, an electricity rate schedule was set, within which:
  - a category was created within the demand greater than 300 kW/month segment, called "Public Agencies and Entities that provide public Health and Education services" ("OPES"). The Seasonal Price of Energy for these customers is lower than that for the other customers whose demand for electricity is greater than 300 kW/month.
  - the following variations were generated:
    - 100% variation for all customers in the value of the National Fund of Electricity, amounting to ARS160/mWh;
    - 98.5% variation in the Seasonal Price of Energy of the Large Users  $\geq$  300 kW/month category;
    - 7% variation in the Seasonal Price of Energy of the Non-Residential category;
    - 5.1% variation in the Seasonal Price of Energy of the new OPES category;
    - the Residential category suffered no variations.
  
- ENRE Resolution No. 490/21 approves the injection rates for Users-Generators in accordance with the values set by Resolution No. 2021-131-APN-SE#MEC;

- August 2021, ENRE Resolution No. 262/21 sets an electricity rate schedule in which the only modification was the 23.9% increase in the Seasonal Price of Energy of the category of customers whose demand for electricity is greater than 300 kW/month. Additionally, distribution companies were instructed to include in the bills to users the subsidy amount, identified as “Subsidy from the Federal Government”. Such subsidy is to be calculated as the difference between the applicable electricity rate schedule and the one with unsubsidized power reference prices and stabilized prices of energy;
- Resolution No. 2021-748-APN-SE#MEC sets the seasonal prices for the period between August 2021 and October 2021; implemented by means of ENRE Resolution No. 491/21, which approves the injection rates for Users-Generators;
- November 2021, ENRE Resolution No. 487/21 sets the values of the electricity rate schedule with no subsidy. They derive from the Seasonal Price of Energy set by Resolution No. 2021-1029-APN-SE#MEC for the period between November 2021 and April 2021.

Additionally, in 2021, the Province of Buenos Aires and the City of Buenos Aires bore the amounts relating to the Social Tariff discounts, the Social Tariff caps and the discounts applicable to neighborhood sports clubs that must be financed by both jurisdictions.

In addition to the detailed account of the electricity rate-related measures actually applied to customers throughout 2021, we believe it is important to point out that the Company made different claims aimed at obtaining the electricity rate adjustments that are necessary to improve the deterioration of **edenor**'s current economic and financial equation. The presentations made were as follow:

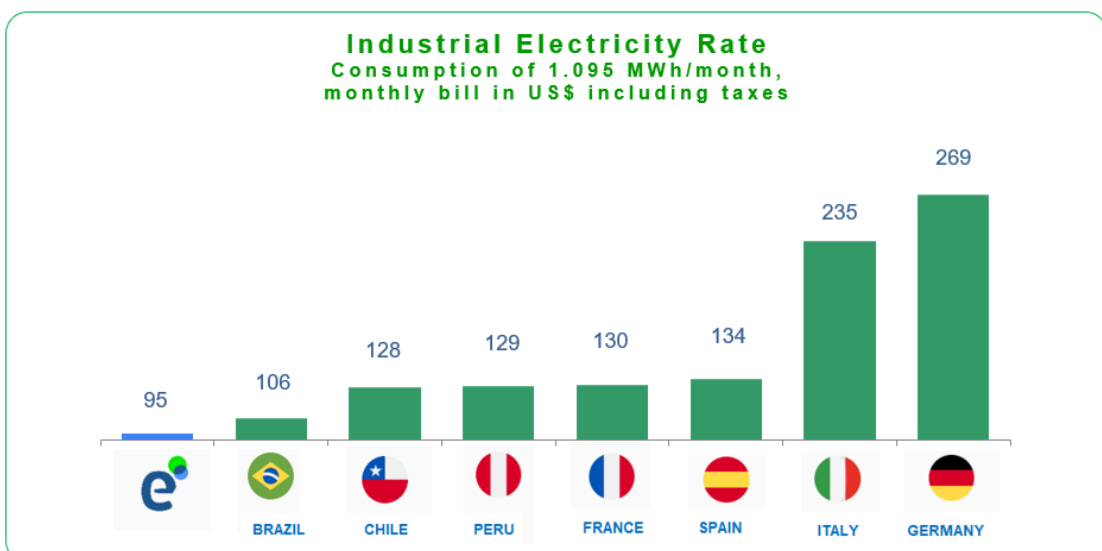
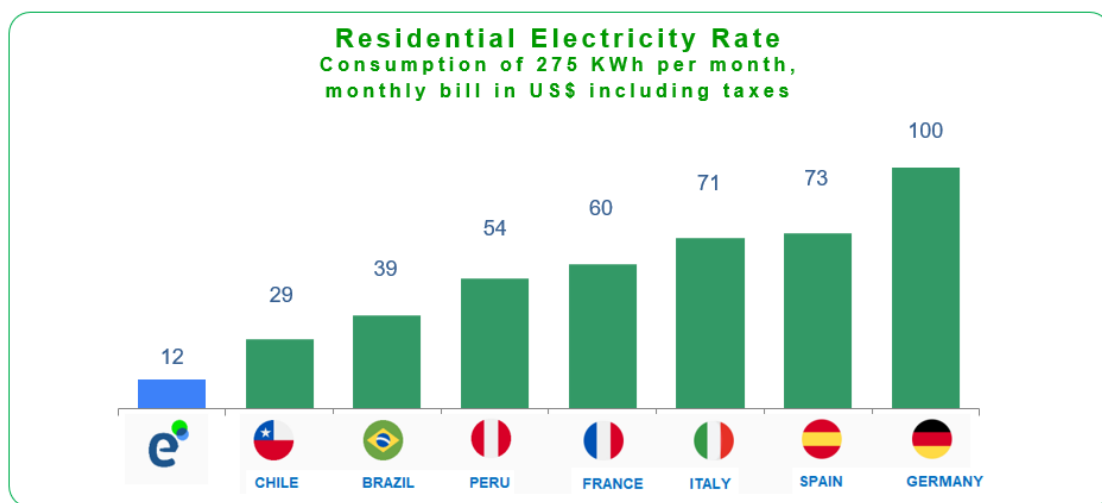
- February and March 2021: calculation of the electricity rate schedules that were to be applied;
- May 2021: ex-post adjustments that were to be applied to the electricity rate schedule as from that month, relating to pass-through deficiencies between November 2020 and January 2021;
- June 2021, calculation of the electricity rate distortion caused by the decrease in the physical demand in relation to the demand projected for the 2017-2021 RTI, requesting the incorporation thereof within the next electricity rate schedule approved by the ENRE;
- August 2021: calculation of the electricity rate schedule that was to be applied as from such month, including ex-post adjustments owed from the electricity rate schedule of May 2021, along with those relating to August 2021. In addition, the debts for pending CPD adjustments, as well as other concepts pending application were set out in detail.

In this regard, by means of Resolution No. 41/2022 dated February 3, 2022, the ENRE approves the values of the Company's electricity rate schedule, effective from the billing relating to the reading of meters subsequent to 12:00 AM on February 1, 2022, applying to the aforementioned period the Power Reference Prices (PRP) and the Stabilized Price of Energy (EPE) set by SE Resolution No. 40/2022.

Finally, and as already mentioned in the heading ELECTRICITY RATE AND REGULATORY SITUATION, under Electricity rates, by means of Resolution No. 25/2022, the ENRE calls a Public Hearing to be held on February 17, 2022, and within this framework, on February 25, 2022 by means of ENRE Resolution No. 76, approves an 8% increase in the distribution own cost.

**Position of the electricity rate in the international market:**

The following histograms show a comparison of **edenor's** electricity rates with those in effect in the international market:

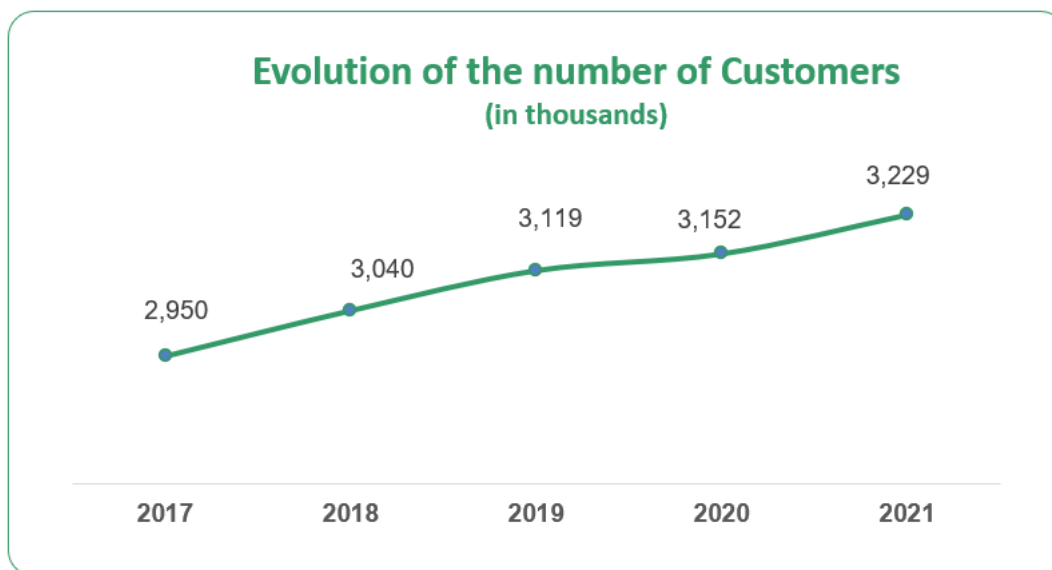


## CUSTOMER SERVICE

### CUSTOMERS

Although in 2021 the pandemic, as well as the measures associated with this context, continued, the customer service management continued focusing on the customer experience after the improvements made to the processes with the aim of increasing the satisfaction and loyalty of the 3,229,000 million customers of the concession area.

The development of the number of our customers over the last few years is as follows:



In 2021, different actions were planned in order to achieve the proposed goal:

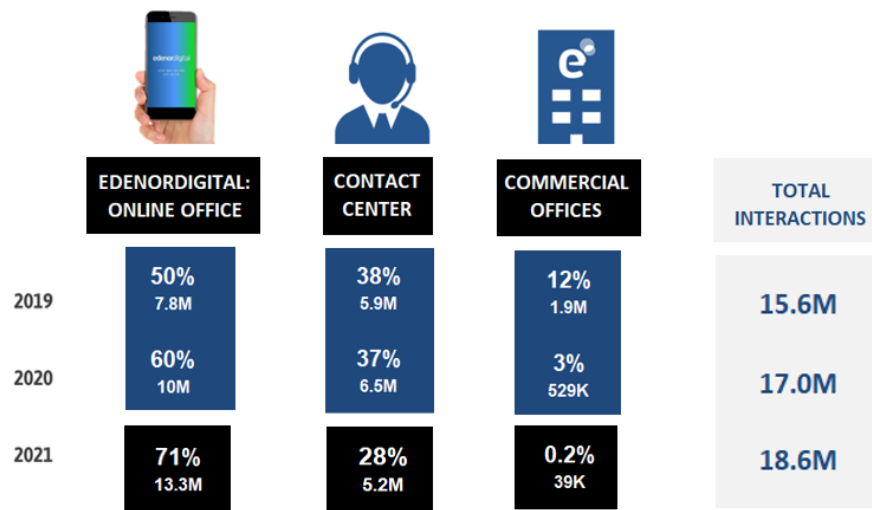
- Improvements in **edenordigital**, by incorporating **automations and new procedures**, such as the management of new supplies;
- Incorporation of **satisfaction surveys** in the contact center and social networks;
- Development of communication campaigns to promote the **digitization** of customer management;
- Implementation of new customer service channels: **WhatsApp**;
- Implementation of the interoperable QR code, with **edenor** being the first public service company in the country to implement it.

It is important to point out that, within the context of the Mandatory and Preventive Social Distancing (DISPO) measures, the digitization process as well as the activities aimed at both making more flexible and adapting all the processes that facilitate the company/customer relationship, continued to be crucial.

Some of the DISPO's direct impacts on **edenor's** relationship with its customers were:

- Suspension of delinquent payment-related electric actions, with the ban on electricity shut-offs and disconnections due to non-payment.
- Closure of commercial offices, which reopened to the public by the end of September through an appointment scheduling system.

The development of customer interactions broken down by channel is as follows:



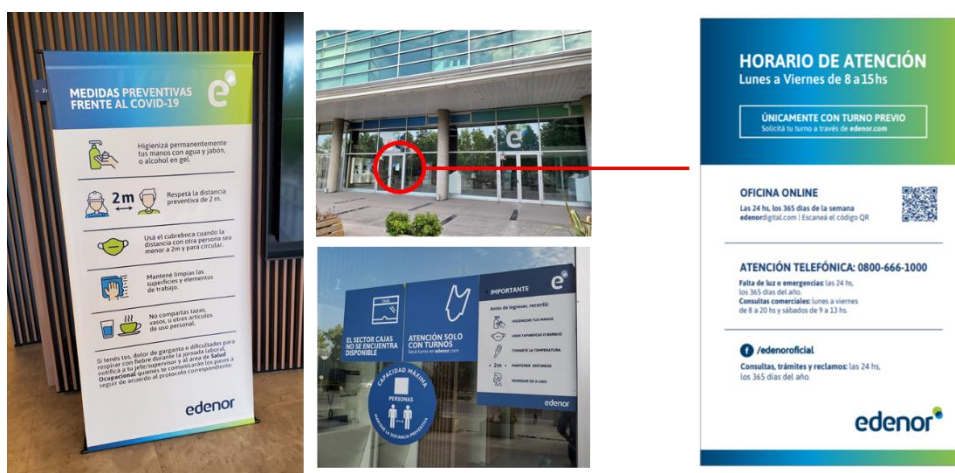
## CUSTOMER SERVICE

### Commercial offices

During most of 2021, the commercial offices remained closed and the staff on the “work from home” modality developed different customer service-related tasks.

Additionally, the “**Call manager**”, which not only allows customers to schedule online the day and hour at which they will be contacted by phone, but also provides them with an e-mailbox to attach the documentation required in each case, continued to be available. In 2021, between 600 and 1,000 daily contacts were managed, with requests for new meters being one of the main required procedures.

Finally, on September 20, the Commercial Offices reopened and began providing customer service solely to those who had scheduled an appointment through [www.edenor.com](http://www.edenor.com). For such purpose, the commercial offices were adapted to comply with the protocols established within the context of the pandemic in order to ensure the safety of employees and customers.



Additionally, and in order to discourage customers from going to the commercial offices and also to continue with the digitization and the carrying out of procedures remotely, a new customer service-related process was initiated, which consists in making a phone call to those who have scheduled an in-person appointment so as to begin dealing with their requirements and thereby reduce customer attendance.

Furthermore, the management of our **Large accounts** continued to be focused on attending to the needs of the different customer segments virtually, and in the month of September with the opening of the commercial offices, we began to provide in-person customer service, while keeping the possibility of scheduling an appointment through the “call manager” available. Therefore, this segment has a mixed customer service format according to the particular needs of each customer.

In 2021, and with the aim of speeding up the commercial procedures through the digital channel, the new meter request for tariff 2 customers was incorporated in **edenordigital**.

As a result of this digitization process, which has gained momentum since 2020, 85% of customers of the Large Accounts segment have adhered to our **edenordigital** channel, 40% opted to receive their bills in electronic format, and 65% of procedures are carried out through this channel.

Additionally, we strengthened the differentiated customer service channel for the real estate developers and investors segment with both a dedicated customer service team and a direct channel in the call center.

### Contact center

In 2021, the Contact Center continued to be one of the most used customer service channels. This led us to work on the implementation of improvements that impacted customer satisfaction positively.

At the same time, satisfaction surveys were incorporated into the (commercial, technical and Large Accounts) telephone customer service channels, social networks and e-mail. This allows us to become aware of our customers’ opinion and develop actions aimed at improving weaknesses.

Additionally, in the month of December we incorporated **WhatsApp** as a communication channel in order for customers to change the registered user’s name in an easy, fast and simple manner, by just entering the ID number and the e-mail address. More than 30,000 procedures have been carried out since the launching and we expect to expand the supply of procedures through this channel.

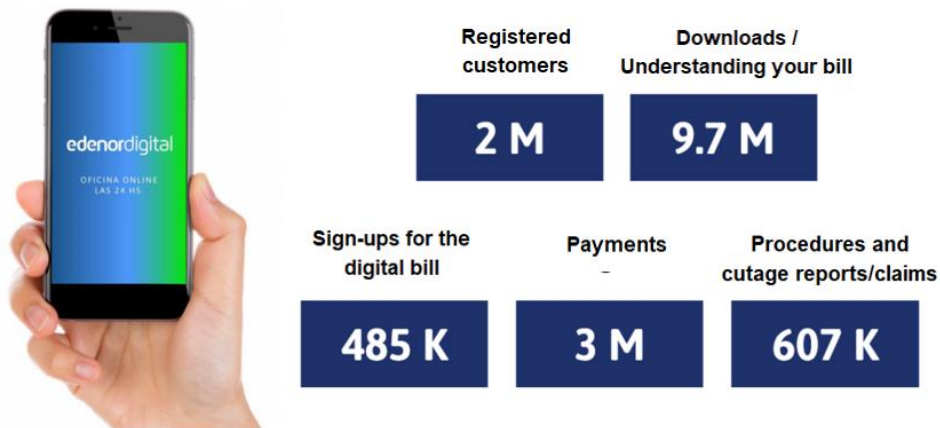
### edenordigital

In 2021, the migration process of our customers to digital channels continued. The Company accompanied this process by making improvements in both **edenordigital** and the 24 hour online office.

In this year, the most significant improvements were:

- Automation of management procedures;
- Notification of estimated restoration time via e-mail and in alerts;
- “Understand your bill”, step by step explanatory information of the customer’s bill;
- Chosen name (gender identity);
- Simplification of procedures.

The total number of transactions throughout 2021 was:



Furthermore, we launched the “beta” version of the “**edenordigital premium**” project, a management and consultation tool for the exclusive use of customers with Smart technology meters. A group of customers of the government, industrial and commercial segments agreed to use the application as beta testers, receiving from them positive feedback as well as suggestions that were taken into account to improve the development of the tool.

Moreover, surveys continued to be made in edenordigital with the aim of becoming aware of **customer satisfaction and navigation experience** with the app, **accessibility to finding what is being looked for** and **user-friendliness** of the app on a scale of 1 to 5, where 5 is the maximum satisfaction.

Customer satisfaction with edenordigital is as follows:



## MIDE

The use of energy integrated meters (MIDE) allow customers with irregular income to adjust their electricity purchases and improve the management of their consumption.

In 2021, the “SOS recharge” continued to be available to those customers who had difficulties making the recharge during the lockdown, thus ensuring the availability of their electricity supplies during the mandatory and preventive social isolation without leaving their homes.

In 2021, virtual recharges were made by more than 50% of MIDE customers, evidencing a year-on-year growth, which indicates the agility, convenience and safety of this channel.

At the same, and in order to become aware of this segment's perception and level of satisfaction, customers with self-managed meters were surveyed to find out about their user experience. The results show that **65% of customers are satisfied or very satisfied with MIDE meters**. Additionally, among the most relevant aspects, it stood out that 75% of customers believe that the MIDE meter is easy to use, and 64% affirmed that it allowed them to control their consumption and reduce electricity costs.

## DELINQUENT PAYMENTS

The effect of the pandemic and the impossibility of carrying out field actions (service suspension and cutoffs) impacted the Company's delinquent payment indexes negatively.

Delinquent payment values in Argentine pesos grew 19.7% as compared to 2020. Once again, the steps taken by collection agencies were of crucial importance, inasmuch as through them constant communication was maintained with delinquent customers through the different channels with the aim of informing them about their outstanding balances and the authorized payment locations. Additionally, a new collection agency was added, totaling five agencies for the management of Tariff 1 accounts.

With regard to the Large Accounts, Tariff 1 multi-accounts, Tariff 2, Tariff 3 private and governmental segments, the e-mail marketing proactive campaigns addressed to customers with early delinquent payment continued, implementing as well e-mail campaigns with debt notices between the first and second due dates of the bill. The communication channels adopted for these campaigns were WhatsApp, SMS, electronic mail, IVR calls, and delinquent customer recovery specialized agents.

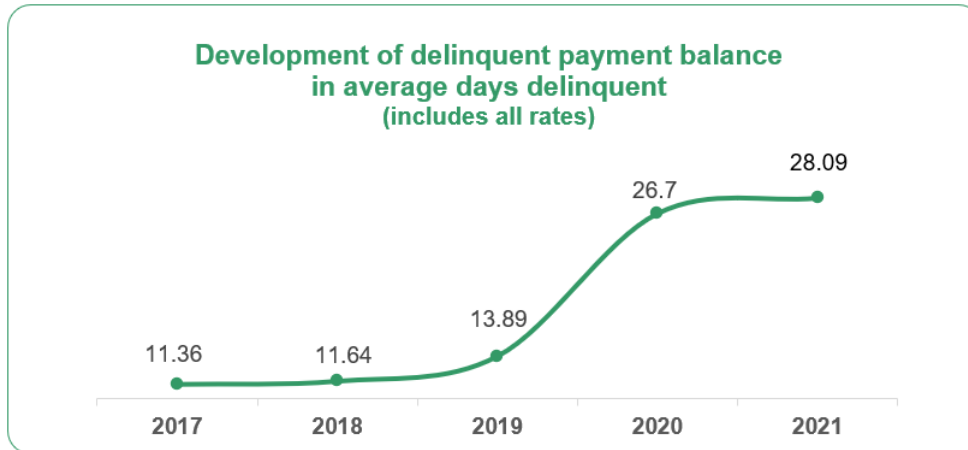
Furthermore, as from the month of March delinquent payment-related campaigns addressed to new customers and customers with no debt prior to February 28, 2021 were launched with suspension notices and suspension of supplies. In this regard, after the publication of ENRE note No. 1080/2021, the debt generated in the ASPO and DISPO periods by all the inactive customers began to be managed with the usual treatment.

Additionally, the e-mail marketing proactive campaigns addressed to customers with early delinquent payments continued. Such campaigns were redesigned by incorporating new payment options and a tutorial on how to make payment from home through **edenordigital**. With regard to Large Accounts, more than 57 thousand personalized calls were made, which prompted payment by thousands of customers of this segment.

Moreover, taking into consideration our customers' economic situation as a consequence of the pandemic, we offered more flexible methods of payment and extended debt financing possibilities.



We detail below the development of the delinquent payment balance in average days delinquent:



## READING

In 2021, approximately 18 million readings of electricity meters were taken. The indicators show that, despite the difficulties affecting the process, only 0.2% of such readings were estimated.

In this regard, and focusing on the improvement and digitization process, the meter reading application, which was gradually implemented in December, was streamlined, making it possible to geo-reference the reading process, capture images associated with field observations and manage a more portable application based on Android platform.

## BILLING

In 2021, in the **billing** area, processes and teams were reviewed and reorganized so that the Company could adapt to the ENRE's new regulations, which impacted the unrecorded energy billing recovery process.

Furthermore, we developed an intensive campaign to promote sign-ups for the digital bill, which resulted in more than 468 thousand Tariff 1 customers signing up for the digital bill and more than 14 thousand Tariffs 2 and 3 customers receiving their bills by e-mail on a monthly basis.

## COMMUNICATION

In **edenor**, our customers are at the center of our activities, maintaining with them a constant and proactive communication, while offering content that may contribute to improving the relationship with the Company.

During these two years of pandemic, communication has played a pivotal role, mainly to keep our customers informed about the changes that have taken place in relation to customer service and payment channels, requirements for the carrying out of procedures, and new regulations.

Furthermore, in the month of December we received the Golden Eikon award in both the "Best Institutional Advertising, General Campaign" and the "Best Digital, Internet, Social Media and Mobile Digital Communication General Campaign" categories for our "The best energy" and "edenordigital" campaigns, respectively.

It is important to point out that our main communication channels are: e-mail marketing, SMS, website [www.edenor.com](http://www.edenor.com), social networks, edenordigital, and also the mass media for institutional campaigns.

The main campaigns launched this year were:

### The Lamparinis | We Care for Energy



With the aim of raising awareness of the factors that impact energy consumption, we developed a communication campaign featuring The Lamparinis.

The Lamparinis are an Argentine family –exclusively created for the campaign- specialized in smart consumption that cares for energy with good consumer habits and shares them with the Company’s customers.

The campaign was supplemented with interactive proposals that were incorporated into [www.edenor.com](http://www.edenor.com) with the aim of attracting customer interest. One of those proposals was a **trivia** so that the users, in a playful way, could incorporate and learn key concepts to optimize electricity consumption.



The trivia received the UN’s institutional sponsorship and, if all the trivia questions were answered correctly, the customers were awarded a certificate of efficiency:



## Digitization

In 2021, the use of digital contact channels continued to be promoted. Different communication campaigns were launched, among which the following are worth mentioning:

**Promotion of the digital bill**, a simple, fast and sustainable way to access to the bill.

**Understand your bill**, a functionality implemented in edenordigital with the aim of helping our customers understand their bills.

**Haven't you transferred the service to your name?**, a communication action developed in order for our customers to keep the registered user's name always updated. They can carry out this procedure quickly through edenordigital or WhatsApp.

## Press

The main objective of the Press area in 2021 was to continue with both edenor's positioning in the media as a model of excellence in the provision of public services, and the improvement of its corporate image.

The topics of the year focused on the electricity rate-related public hearings, the level of investments, the change of shareholders and the regulatory decisions related to tariff segmentation, delinquent payments and the updating of the database. In all the cases a reactive and proactive approach was taken to deal with the inquiries of the press, seeking to sustain, amplify and reinforce the corporate message.

Additionally, and in accordance with the devised communication plan, great efforts were made to strengthen the Company's image, presenting it as a socially responsible and innovative company that gives employment.

## Alliances

### Innovation as a roadmap:

For the past few years, **edenor** has been on the path to digital transformation and intensification of cutting-edge technology infrastructure. To continue with **edenor**'s positioning as a technology-driven company, throughout 2021 information about the different pilot tests of IoT-based remote meters, which made it possible to continue providing the power grid with intelligence, was disseminated through specialized news portals and the media.

On this path to innovation, the implementation of the interoperable QR in customer bills and the installation of optical fiber in the grid stand out as an exponential leap in service quality improvement.

### Employment giver | Employer Brand

In the pandemic, technology became an ally of different human resources-related processes, such as training activities and work recruiting/job searches. Therefore, during the year different talent attraction actions were disseminated through the social media and in mass events with the aim of enhancing the Company's reputation and image.

In 2021, the Company participated in the 13<sup>th</sup> Human Resources Forum and the Innovation Summit organized by the daily *El Cronista* and *La Revista Apertura* magazine. At these events, the messages communicated by each of the speakers representing the Company were dealt with. Furthermore, the Company published more than 80 contents related to work recruiting, job fairs, talent attraction programs and actions that show **edenor**'s culture of work.

### Safety

In 2021, an action plan was developed, which consisted of preparing engaging communications aimed at informing and warning customers about the main public safety risks and issues in general, as well as at providing them with recommendations in the event of weather alerts. The communications were provided throughout the year in social networks, the media and the Company's institutional website.

### Combating fraud in social networks

In 2021, different profiles of the social network Facebook were reported as they promoted, through Facebook Marketplace, methodologies for reducing consumption or altering electrical power installations.

The reporting of fraud practices was made by **edenor** jointly with Adeera, with the aim of fighting fraud, which resulted in the removal of more than 445 publications.

Furthermore, the different control operations carried out in gated communities throughout the year to accompany the fraud practices reported in the social networks were disseminated on television, radio, the printing press, the Internet, and the social media.

### Social networks

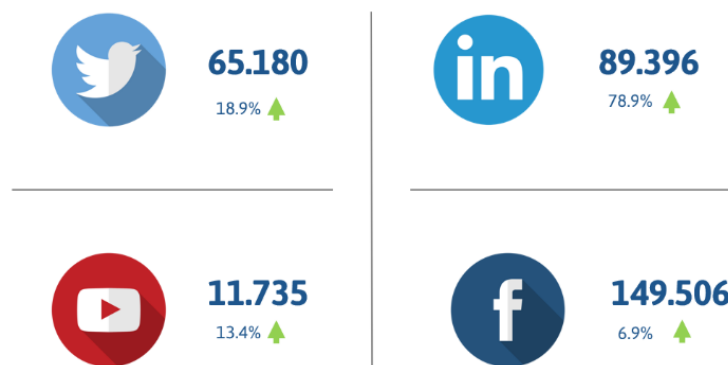
The Company's social networks continued to intensify as strategic contact channels. The Company's profile in LinkedIn strengthened its institutional presence and promoted **edenor** as employer brand.

Furthermore, Facebook consolidated as the contact channel with customers. In addition to responding to the wide range of enquires and claims, commercial information was provided along with recommendations on the smart use of electricity, sustainability, and public safety, and weather alerts.

With regard to Twitter, the Company took steps and succeeded in changing its domain from @edenorclientes to @edenor in order to strengthen it as the direct channel with the media and other followers. Furthermore, the profile was used to improve the dissemination of strategic topics through journalists, institutions with which the Company forged alliances, influencers and strategic contacts.

Finally, YouTube's role, both as the audiovisual content channel for the general public and in leveraging the institutional website, continued.

By the end of 2021, **edenor's** contents reached more than 11.8 million users on the four social networks. Moreover, it had a total of 315,817 followers, to wit:



## CUSTOMER SATISFACTION

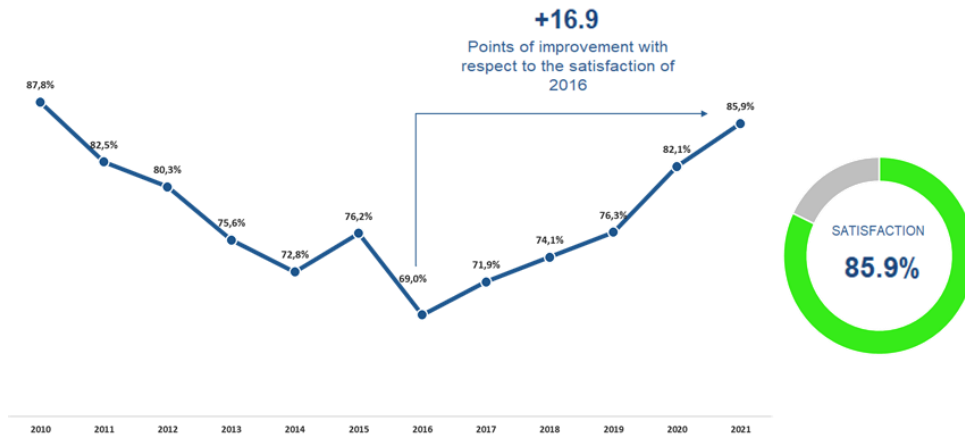
With the aim of identifying customer needs and expectations and assessing the organization's global performance, putting the customer at the center, different studies were conducted about the service and customer service. In this regard, the following surveys were conducted:

### General Satisfaction Survey

The General Satisfaction survey is conducted annually, since 1993, with the aim of becoming aware of the customers' opinion, taking into account that they could have or could have not actually have any interaction with the Company. It is the way they perceive the different aspects of the service.

In 2021, residential customers' satisfaction stood at 85.9%, which represents the highest value since 2011, with a positive increase of 3.8% as compared to 2020.

- General Satisfaction Level

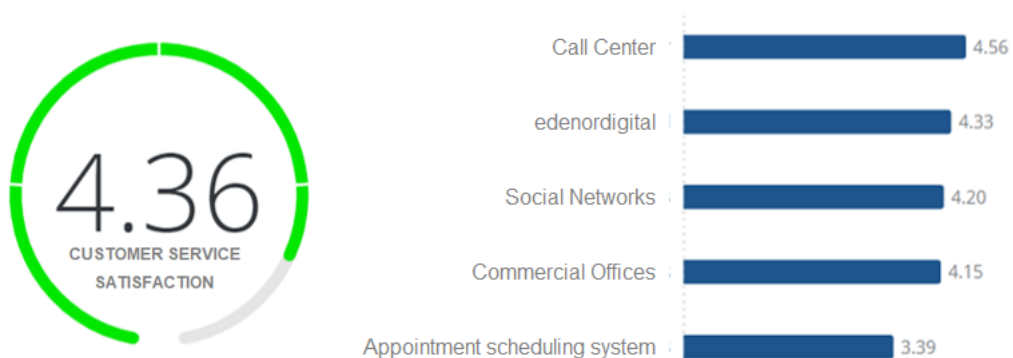


### Transactional Studies

To know the voice of the customer and become aware of his/her experience with the Company are our main objectives. Based on this premise, we were able to incorporate surveys, as described in previous headings, into all the channels or points of contact with our customers, so as to continue growing in line with customer expectations, having a global vision of our channels and of the customers' experience in each of them.

The first step we took was to become aware of customer satisfaction after an interaction with the **commercial offices**, the second was to incorporate transactional surveys in **edenordigital**, and in the month of June, we succeeded in achieving a new goal by implementing in the **contact center** satisfaction surveys addressed both, to the customers who contacted the Company through the **call center** and, from September, to those who did it through **social networks** and by **e-mail**.

The average satisfaction value with customer service channels in 2021 was:

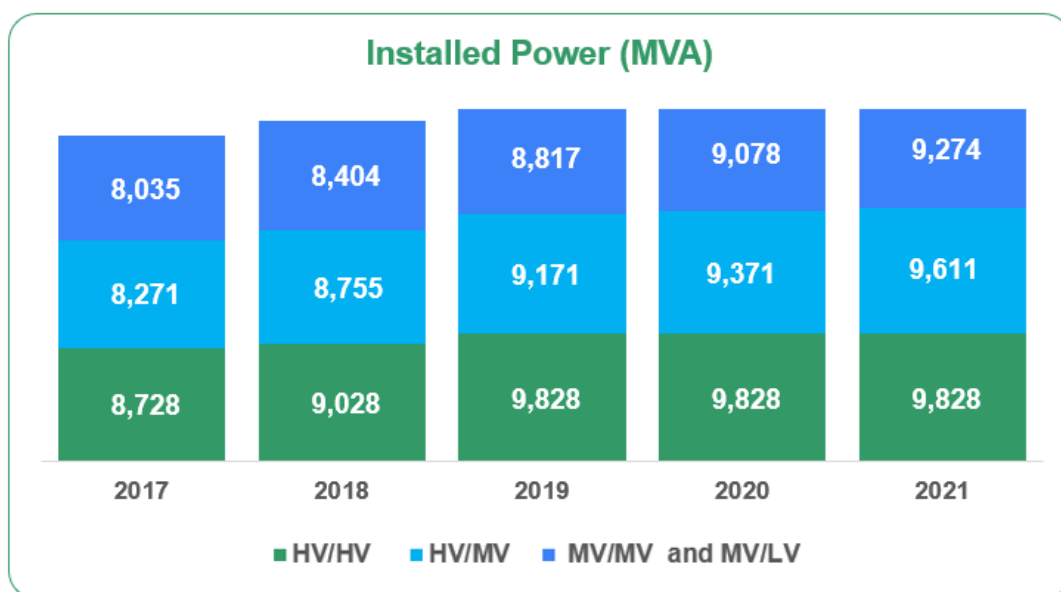
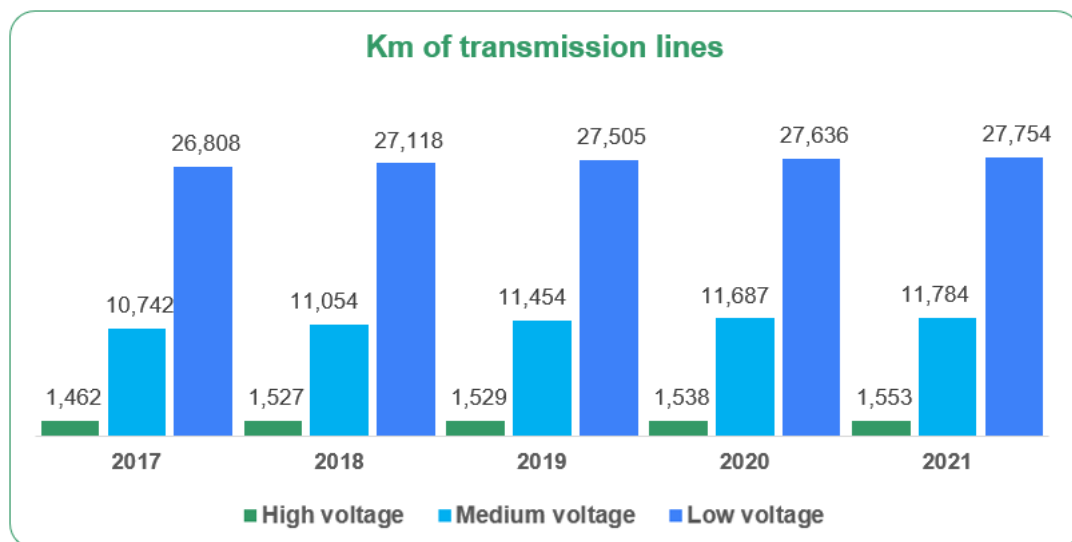


## TECHNICAL MANAGEMENT

### EDENOR'S NETWORK

The system through which we supply electricity is comprised of 80 HV/HV, HV/HV/MV and HV/MV transformer substations and interconnections with HV customers, which represents 19,439 MVA of installed capacity and 1,553 kilometers of 220 kV, 132 kV and 27.5 kV high-voltage networks. The MV/LV and MV/MV distribution system is comprised of 18,607 transformers, which represents 9,274 MVA of installed capacity, 11,784 kilometers of 33 and 13.2 kV medium-voltage lines, and 27,754 kilometers of 380/220 V low-voltage lines.

The table below shows the most significant data related to the transmission and distribution system for the last few years:

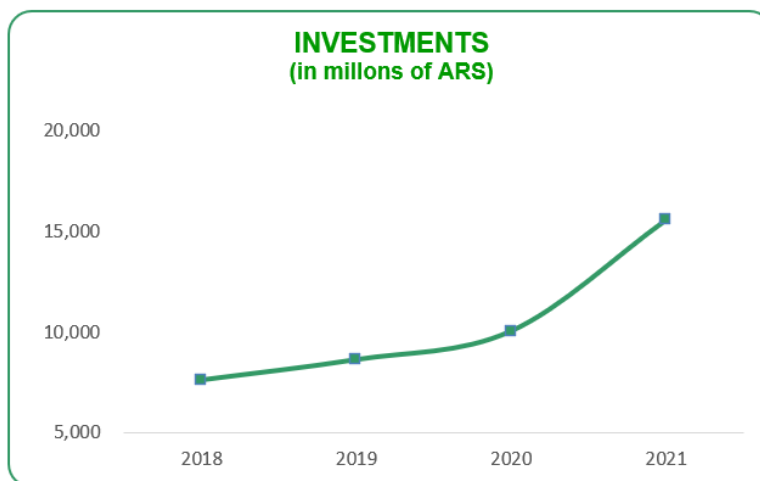


## INVESTMENTS

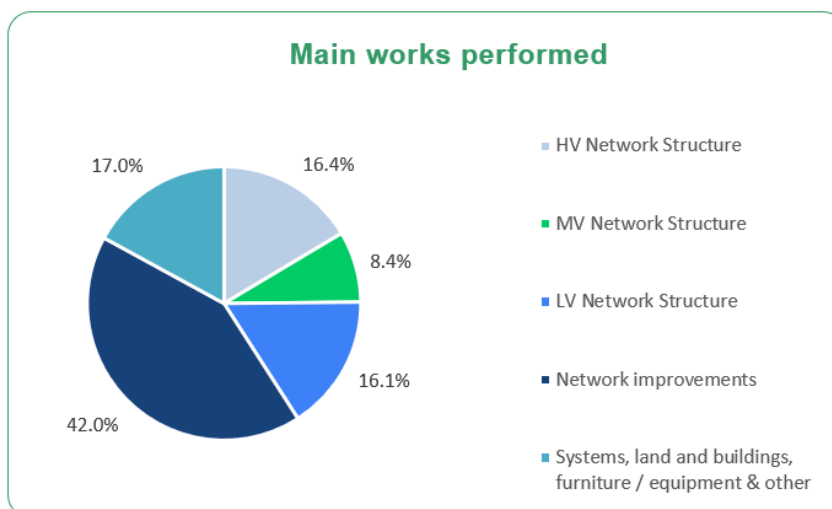
Investments made in 2021 amounted to ARS 16,246 million in constant currency. The execution of investment projects was given priority over any other disbursements as a way to maintaining the provision of the public service, object of the concession, under reliable conditions. In order to achieve them, different protocols and organizational forms had to be adapted as a consequence of the COVID situation.

In order to meet the demand, improve the quality of the service and reduce non-technical losses, the majority of the investments were aimed at the increase of capacity, the installation of remote control equipment in the medium-voltage network, the connection of new electricity supplies, and the installation of self-administered energy meters. All the investments are made prioritizing environment protection and public safety.

In comparative terms, the level of investments has increased in the last few years, in nominal currency. The development thereof is detailed in the following graph:



In 2021, investments went to the following accounts:





Throughout the year, an additional investment plan was developed, the projects of which form part of Agreement on the Development of the Preventive and Corrective Maintenance Work Plan for the Electricity Distribution Network of the Buenos Aires Metropolitan Area, signed in December 2020 between the Economy Ministry, Energy Secretariat, the Regulatory Authority (ENRE) and **edenor**. The investment made within this Plan amounted to ARS 2,205 million in 2021, comprising 342 works carried out and the improvement of supply in 64 neighborhoods within the concession area, thereby benefitting 399,577 users connected to the grid. Through these projects, the assembly of the following facilities was carried out:

- High Voltage Networks: 2.97 Km
- Medium Voltage Networks: 103.5 Km
- Low Voltage Networks: 132.4 Km
- MV/LV Transformer Centers: 80
- Remote control points in the Network: 125

## TRANSMISSION STRUCTURE

Our HV transmission network takes energy mainly from the Argentine Interconnected System through the Rodríguez and Ezeiza Substations, and the Puerto Nuevo, Nuevo Puerto, Costanera, Matheu II, Matheu III, Parque Pilar and Zappalorto local thermal power plants; additionally it exchanges energy with other companies at transmission, distribution and distributed generation levels.

With the aim of improving the quality of the service and meeting the growth in demand, we made significant investments in the HV network, among which the following are worth mentioning:

- Replacement of a 6.74 km-long section of a 132 kV oil-paper cable with an XLPE-type dry cable in the power line that links Puerto Nuevo and Austria Substations.
- Putting into service of the second stage of the works to link José C. Paz Substation through 132 kV power lines for a total of 12.2 km between Morón and Matheu Substations.
- Carrying out of works to link the 5x1.4 MW San Martín NIID Power Plant with Suárez Substation.

## SUBTRANSMISSION STRUCTURE

Some of the main works performed were:

- Completion of the new 132/13.2 kV 2x80 MVA ARA San Juan Substation with its 132 kV power lines that link this substation to Morón and José C. Paz Substations;
- Replacement of two 132/13.2 kV - 40 MVA transformers in Nordelta Substation with two 132/13.2 kV - 80 MVA transformers;
- Putting into service of:
  - four 13.2 kV, 6 MVAr each, power compensation capacitor banks in José C. Paz Substation;
  - two 13.2 kV, 6 MVAr each, power compensation capacitor banks in Aeroclub Substation;
  - two 13.2 kV, 6 MVAr each, power compensation capacitor banks in Libertad Substation;
  - two 13.2 kV, 6 MVAr each, power compensation capacitor banks in Victoria Substation;

The works related to the new 132/13.2 kV 2x40 MVA Oro Verde Substation continue and are expected to be put into service in 2022.

## DISTRIBUCION STRUCTURE

Works performed:

- Installation of 69 new feeders in new and existing Substations;
- Closure between MV feeders of Substations and installation of 328 new MV/LV transformer centers and 471 power increases, which resulted in a net increase of installed capacity of 246 MVA.

## NETWORK IMPROVEMENTS

The improvements made comprised all voltage levels. The most significant ones are detailed below:

- HV network: replacement of bushings in 500/220 kV, 220/132 kV and 132/MV kV transformers. Continuation of the adjustment plan of power transformers and of the replacement of medium-voltage transformers. Replacement of 132 kV and 220 kV circuit breakers/disconnectors, and of 132 and 220 kV line protection switchboards.
- MV network: replacement of disconnectors in substations and installation of internal arc protections in switchboards. Significant replacement of old technology underground network, change of medium and low-voltage transformers, and change of pieces of equipment in transformer centers.
- LV network: replacement of underground and overhead network. Reinforcement of network with product quality problems.

## DISTRIBUTION TECHNICAL MANAGEMENT

In 2021, and as already mentioned in the different captions of this chapter, it was possible to improve the quality of the service while continuing with the plans and projects implemented in prior years. The results obtained represented a significant improvement in SAIFI and SAIDI service quality indicators.

Among the main operation and maintenance-related activities carried out throughout the year, the following are worth mentioning:

## DISTRIBUTION

- **Special Maintenance plans: change and adjustments of line poles**
  - ✓ 3,500 MV line poles, 23% of which were replaced by reinforced concrete columns.
  - ✓ 59,000 LV line poles.
- **Pruning plan in MV network**
  - ✓ Consolidation of the procedure consisting of three inspections per year with the related adjustments, which contributed to reducing faults created by vegetation contact on power lines.
  - ✓ In the year, 172,617 trees were pruned or trimmed.

- **Inspections in distribution networks**

- ✓ 4,483 Km of MV networks.
- ✓ 21,361 Km of LV networks.
- ✓ 5,856 inspections of Transformer Centers.
  
- ✓ 2,466 thermographic inspections.
- ✓ Complete census of “Not Measured” equipment installations (Public lighting, traffic lights, cable television equipment, etc.).

- **Leveraging MV planned installation procedures**

When a facility is put out of service on a scheduled basis, a complete examination is made along with the necessary adjustments to take advantage of the power cut. Through this procedure, more than 4,300 tasks, which include 1,190 replacements of MV line poles, were carried out in the year.

- **Tasks performed by distribution mobile teams:**

- ✓ 60,997 grouped LV interruptions
- ✓ 343,316 responses to individual LV claims
- ✓ 49,226 installations of new electricity supplies
- ✓ 464,432 energy recovery-related inspections in T1 customers
- ✓ 28,171 energy recovery-related inspections in T2 and T3 customers;
- ✓ 254,327 switching operations in the MV network during planned works
- ✓ 71,119 switching operations in the MV network during forced events
- ✓ 2,969 LV underground splices
- ✓ 2,736 MV underground splices

- **Operational adjustments due to the pandemic**

Compliance with maintenance and investment plans, maintaining the operational capacity despite the restrictions and limitations caused by the pandemic.

- **Implementation of the new SCADA**

In 2021, the replacement of the SCADA system was completed. This brought a solution to the impossibility of expanding the real-time database, allowing us to add new remote control points, most of which relate to MV distributed equipment. This new situation allows us to design more distributed automation functions that will make it possible to reduce service restoration times.

- **Diagnosis center**

Analysis of the location, and whether it agrees with the technical documentation, of all the customers who are dependent on electricity for medical reasons, and vaccination centers.

In this regard, steps, similar to those followed with customers who are medically dependent on electricity, were taken for low-voltage Tariff 3 customers, contacting them and prioritizing their normalization.

- **Response to claims/outages reported at night**

Increase of operational capacity at nighttime hours during low and high temperature seasons to minimize response times to specific claims of our customers.

- **Vehicles managed by the mobile teams themselves**

Increased use of the Company's self-managed vehicles by the operational staff, reducing readiness and transfer times from their domiciles to places of work on streets and public spaces.

- **Energy theft**

- ✓ 240,314 MIDE meters enabled.
- ✓ Continuation of specific control operations in some residential neighborhoods and gated communities.

## REMOTE CONTROL AND REMOTE SUPERVISION

In 2021, the Remote control plan continued to be carried out and the Substations' remote control equipment was improved. With regard to the latter, we must inform that, as in the case of the SCADA, we are implementing a next-generation remote control equipment model.

- ✓ 409 new remote control operational points in the MV distribution network, achieving a total of 2,703 over the existing 1,670 MV feeders.
- ✓ Incorporation of 181 remote supervision points in the MV network.
- ✓ Continuation of the inspection of protections in the MV distribution network (outside Substations), which enabled the planning of adjustments for 2022.
- ✓ With the remote control implementation achieved both in substations and the MV distribution network, one out of three switching operations was performed from a distance by remote controls.
- ✓ Extension of the application of IT Security concepts to the remote control networks of three HV/HV, HV/MV and MV/MV substations. At present, 47 remote control pieces of equipment in substations are protected against cyber-attacks.
- ✓ Putting into service of the first remote control installation under IEC-61850 standard.
- ✓ Technology renewal of the remote control equipment in four substations.

## TRANSMISSION

- Compliance with the Preventive Maintenance Plan of HV facilities and Substations in accordance with regulations.
- Further extension of LLW (Live line working) capacity. Six (6) new LLW light teams, comprised of two members, were added in order to avoid interrupting the electricity supply due to maintenance tasks in the MV network. It is expected that in 2022 twelve more teams will be added, increasing LLW capacity.
- Use of the "Section isolation" technique in MV lines for the carrying out of works without cutting off the supply of electricity to customers.
- Carrying out of tests to design the replacement technique of line poles and/or columns using LLW techniques.
- Commencement of activities to develop LLW in 132 Kv and 220 Kv High Voltage Substations jointly with Transba/Transener. The training will be developed in 2022 in Morón Substation.
- Commencement of the thermography plan in MV overhead line with LLW. Inspection of a 750 km-long section in order to detect hot spots in network equipment and carry out preventive adjustments.

- Moving of the LLW Insulation Testing Laboratory (ITL) to the Moreno Alcorta building. The lab once again received ISO 17025 accreditation as the country's only insulation equipment laboratory after the audit conducted by the OAA (Argentine Accreditation Agency).
- Maintenance of the interdisciplinary working group for the "Follow-up of status and identification of fault patterns in HV metering transformers" with the aim of routing maintenance and replacement tasks based on results. This group, jointly with Transener's technical staff, incorporated under its control the risk matrix of HV transformers' bushing insulators.
- Replacement of 87 HV metering transformers, surpassing the goal set for 2021 by 45%.
- Replacement of the totality of bushings in seventeen (17) transformers, (5 in  $\geq 300$  MVA transformers and 12 in 40 to 124 MVA transformers), being worth mentioning the work performed in the TR4 of Rodríguez Substation (800 MVA – 500 kV Bank).
- Replacement of 50 MV disconnectors, in line with the objective of completely removing PVA technology from our facilities.
- Replacement of 45 48Vdc battery banks. The replacement of 48V batteries is crucial to ensure power supply to remote control and communications equipment. Priority was given to the Substations that serve as "communications nodes", inasmuch as any failure in these nodes implies the loss of communication and remote control of a group of substations.

## LOGISTICS AND SERVICE MANAGEMENT

### FLEET

In 2021, changes were introduced to the vehicle maintenance application, which make it possible to rate the repairs, generate requests for hydraulic equipment, have information and fueling keys available on the mobile phone, thus improving user experience and offering a channel for making requests customized to the internal customers' needs.

Furthermore, 12 insulated bucket trucks with a working height of 15 meters were acquired for transmission purposes. By redesigning the truck's features, it was possible to get greater loading volume, better tooling arrangement in order for the user to have a safe equipment adapted to his/her operational tasks.

Additionally, two hydraulics shops were incorporated, which made it possible to increase both the number of bucket trucks and cranes in service and the speed of response.

In this regard, two pickup bucket trucks were incorporated, thus having equipment in place with a working height of up to 11 meters, which allows for the carrying out of operations in places that cannot be reached with a ladder nor by the pole-climbing technique, minimizing work hazards and increasing productivity.

Finally, jointly with Mercedes Benz we provided training on the use of trucks to 18 people, addressing topics such as economic and dynamic driving techniques, driving during the economic spam, correct engine braking application, and maintenance.

### REAL PROPERTY

In 2021, we were able to carry out the development and construction of several works that were necessary and a priority for the Company. Among them, the following are worth mentioning:

- Completion of works to enable a new TCP sector in Moreno Alcorta building.
- Azcuénaga building adaptation for the assembly of the meter laboratory.
- Civil engineering works in Casanova, Vidal, Güemes, Castelar, Austria, Boulogne, Villa Adelina, Nogues and Villa Adelina Substations.
- Lighting works in Bancalari, Del Viso, V López, Malaver, Edison, Ramos Mejía, Las Heras, Malvinas and José C Paz Substations.
- Building of female dressing rooms in González Catán, San Justo, José C Paz, Rolón and Merlo buildings.

## QUALITY MANAGEMENT

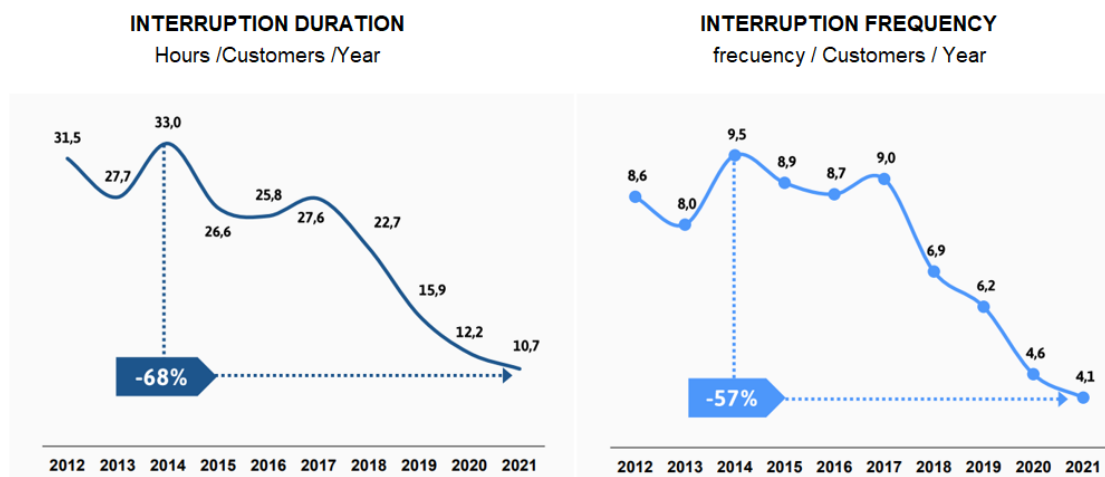
### SERVICE QUALITY

The ninth and penultimate six-month period of the 2017-2021 five-year period, which is governed by the new Sub-Appendix IV to the Concession Agreement established by the RTI, began in March 2021.

In addition to incorporating district and commune-based service quality controls, a quality improvement path with increasing requirements is implemented, regarding not only interruption frequency limits and admissible interruption duration but also the cost of non-delivered energy. Additionally, an automatic penalty mechanism was implemented in order that the discounts on account of deviations from the established limits may be credited to customers within a term of 60 days as from the end of the controlled six-month period. As for the values of the definitive penalties, the ENRE's decision concerning the information submitted for each six-month period is required.

The system of supplementary penalties established by ENRE Resolution No. 198/2018 has been maintained. According to such Resolution, supplementary penalties of 300 or 600 kWh per consumer based on the Feeder Six-month Period Path Factor (*Factor de Sendero Semestral del Alimentador - FSSA*) and the Consumer Six-month Period Path Factor (*Factor de Sendero Semestral del Usuario - FSSU*) were established as from the fourth six-month period of the RTI five-year period, which commenced in September 2018. The penalties that may eventually apply will have to be calculated and reported to the ENRE in a term of 120 calendar days as from the end of the six-month control period and deposited in an escrow account, whose treatment is also regulated by the Regulatory Authority.

The interruption frequency and the total interruption duration over the last five years are detailed below:



As can be seen in the annual development of these indicators, the trend towards improvement of the interruption frequency indicator as compared to the previous year continued, which was reflected in a similar proportion in the total interruption duration indicator, with a slight improvement in average interruption duration. As it has already been mentioned in other occasions, investment actions in distribution networks, and their ripening over time, often lead in the first place to a decrease in the frequency indicator.

## PRODUCT QUALITY

With regard to product quality, the regulations that established a quality path for the RTI five-year period (2017-2021) continue to be in effect, setting voltage deviation limits for MV and LV supplies at a unified value of 8%, 5% exclusively for HV, and the cost of energy delivered in poor condition at incremental values throughout the path for both voltage levels and disturbances.

Voltage and disturbances measuring campaigns that had been suspended by the end of March 2020, by virtue of the provisions of ENRE Resolution No. 3/2020 in the framework of section 1 of DNU 297/2020, which had provided for the “Mandatory and Preventive Social Isolation”, were resumed as from March 2021 per instruction of the same Regulatory Authority.



## TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY MANAGEMENT

In 2021 progress was made towards the area's goal of being a strategic pillar of the Company's transformation by accelerating changes in technology, processes and the culture of work triggered by the "New Real".

Furthermore, digital capabilities were developed and progress was made towards the consolidation of a flexible and robust technology architecture with a "cross-company" vision of the processes, taking into consideration a new era for the Company that creates opportunities and poses a challenge to development in order to continue providing quality and efficient service.

### DIGITAL ARCHITECTURE

Throughout recent years, the Computer Technology and Telecommunications Department has been developing and implementing a new data management strategy. On that path, in 2021, data management and governance tools began to be implemented. These tools make it possible to solve certain existing issues and support the process of making consolidated decisions at all the Company's levels through consistent processes and tools. We will apply this methodology to Asset Base and Regulatory Capital-related aspects.

Additionally, new operational and commercial circuits continued to be migrated to the Red Hat technology, which allows us to unify integration services, interface reengineering and interface reuse.

At the same time, we began to design an agile architecture of online services in a single platform, which not only makes it possible to accelerate the development of digital channels but will also provide greater speed for the business, requiring a new working approach geared towards agility and operational scalability and security.

### INNOVATION, PROCESSES AND INTEGRATED MANAGEMENT SYSTEM

In 2021, the practice of Management by Processes was further strengthened with the implementation of 16 analysis and redesign projects, among which the following stand out: New Supplies phase II, Supply Management, Meter Management, Collection Management phase II, and Remote Management. All of them were accompanied by the required technology components and by role and organization adjustments.

Furthermore, the Company was successfully certified to the ISO 9001 (Quality Management System), and ISO 14001:2015 (Environmental Management System) standards, as well as to the ISO 45001:2018, Occupational Health and Safety standard, which replaced the OSHAS 18001:2007.

With regard to process automation, new transactional robots (RPA) continued to be added for the management of recoveries, readings, billing, collections, delinquent payment and customer service.

Moreover, the "Café en red" (Online Café) program, which brings technology closer to our employees to put it to best use, continued to be developed. In this year, 20 meetings were held with the participation of 1,800 employees.

As we are convinced that collaborative and multidisciplinary methods accelerate the production of "value deliverables", we launched three projects based on agile methodologies.

Finally, in order to increase the interaction with users, a chatbot was incorporated into the “edenor Soluciones” portal, a space of interaction that allows technology users to channel and follow up their requirements and services.

## COMMERCIAL PROCESSES

In 2021, the commercial system was adapted due to the different regulatory regulations issued.

Additionally, the implementation of a concentration – reconciliation system of the Company’s collections was consolidated, incorporating best market practices to the process and making it possible to speed up payment traceability from the moment a payment is made to the recording thereof.

Furthermore, the delinquent payment management process was optimized by means of a “Flex” system that allows for the integral management of delinquent payment at the different stages of the process. This system allows for the integration of the different actions performed to control delinquent payments, such as campaigns, collection actions with external agencies and out-of-court actions.

Finally, a technology development project was initiated to improve the meter reading process, which includes the updating of the reading data portal and the devices used in the field, the incorporation of Bluetooth communication technology and an image capture module.

## TECHNICAL AND OPERATIONAL SUPPORT PROCESSES

The smart electricity grid is another of the axes of the Company’s Digital Transformation. In this regard, we continued to carry out the technology replacement plan of smart meters with more than **4,800** meters having been installed in the medium and large customer segments, using components of the current smart metering architecture.

Among the other Smart technology applications, we can mention the following use cases that allow us to extend the advantages of the smart grid to other customer segments, such as: **286** Customers who are dependent on electricity for medical reasons, **1,700** Residential customers, and **199** Distributed Generation customers.

It is important to mention that internal remote metering was carried out, such as **380** measurements in HV/MV Substations, **182** measurements of internal boundaries, **190** measurements of low-voltage energy balance, among others.

Furthermore, in December 2021, the new Company’s own Metering Laboratory was acquired and put into service. The Company decided to have this laboratory in place because such meter specialist type of facilities are an essential element to any Electricity Distribution company that seeks to be at the forefront of Smart Grid technologies. Among the lab’s main functions, we can mention the following: centralized management of meter testing and meter programming, fraud analysis, verification of new metering equipment, as well as facilitation of controlled environment testing of different smart devices.

The Lab is located in the Azcuénaga building and is equipped with:

- A test bench with rack for 10 single/three phase meters and its electronically controlled current and voltage generation module. The energy pattern has been metrology-certified by the National Institute of Industrial Technology (INTI);
- A voltage and current generator for meter testing, with a rack for five single/three phase meters;
- Additional instruments for verification tasks of Smart Grid devices and meters: portable grid analyzer, digital oscilloscope, function generator, direct current power supply, VARIAC transformers, phantom loads, among others.

Additionally, we implemented both the energy purchase system in order to reduce process times, minimizing errors and storing information in centralized databases, and the FAE module in GELEC System, which facilitates the management of alternative energy sources for customers who are dependent on electricity for medical reasons.

In order to help reduce energy losses, the tag register was implemented, thus taking advantage of the technical visit to detect eventual cases of fraud.

Finally, in 2021, a tool aimed at bringing the latest technology innovation to the field service management process began to be implemented. In fact, the incorporation of Geocall, one of the market's leading tools, will make it possible to have an updated system with better performance in terms of response times, stability and speed of responses to customers' claims. The tool's release to production is planned for 2022.

## DATA

Moving forward in our strategy of being a data-driven company, in 2021 we began the implementation of the new Big Data & Analytics architecture, which includes new components that will allow us to meet the different data processing and usage needs. It seeks to ensure the generation of timely and adequate information and allows us to take advantage of the benefits of advanced analytics, self-service data and data democratization.

Furthermore, the Data Lab -multidisciplinary team that seeks to answer business questions working on different use cases- continued to consolidate, applying new data Discovery as well as predictive and prescriptive analytics methodologies.

In this regard, the ETR (Estimated time to restoration) based on machine learning techniques was implemented for MV and LV outages. The same technique was used for making demand projections and at a collectibility rate that is currently at a testing stage.

Descriptive analytics was also used, generating different dashboards concerning training, purchases, reworks, supply follow-up, among others.

## CYBERSECURITY

In 2021, stage 2 of the cybersecurity response program was completed. At such stage, security events detection was improved by increasing logging capabilities of the security event manager. Work was carried out to regularize enveloping and/or safeguarding of high-privileged accounts. Different surveys were conducted to improve the strategy and design of the recovery plan in the event of disasters.

In addition to the improvements made in the physical and logical security of the OT network, and as part of the new Scada-IDMS solution implementation, a network segmentation process was carried out with the aim of reducing the probability of attacks on such network.

Furthermore, a new cybersecurity control process for third parties was implemented, which provides greater visibility in the management of information owned by **edenor** and used by critical suppliers. Additionally, we have a new digital certificate control in place that makes it possible to minimize service interruptions generated by the certificates' expiration, achieving proactive control 30 days prior to their expiration dates.

Moreover, KPI's were developed for information systems access management, reducing processing time of access requests made by internal customers, as well as the number of cancelled orders from 12% to 5%.

Finally, the Raising Cybersecurity Awareness annual program continued to be implemented. Phishing Drills, Newsletters and Interactive Modules were used for raising employee awareness about different topics concerning information security and safeguarding.

## INFRASTRUCTURE

A new infrastructure was implemented under the cybersecurity standards issued by the NIST, in which the new Scada-IDMS solution was deployed along with the other OT systems. This new infrastructure and the systems are all monitored, which allows for the real-time measurement of performance and availability of the Company's critical systems. To support the implementation, an exclusively dedicated team specialist in the infrastructure and the applications comprising the solution was formed, providing 24x7 coverage.

While adapting ourselves to the new hybrid work modality (remote and in-person), we continued to equip the Company with more video conference rooms, which not only allow for the better interaction of our employees but also increase communication quality considerably in order for them to come up with the best ideas, adopt the best decisions and find the best solutions. We also equipped more than 1,500 employees with state-of-the-art notebooks to contribute to the better performance of their activities.

Furthermore, the ITIL (Information Technology Infrastructure Library) processes for IT&T management, which impact the management of **edenor's** technology assets, continued to be implemented.

## TELECOMMUNICATIONS

In 2021, it was possible to remotely control 2,744 transformer centers, 1,150 of them through Optical Fiber. A new Base Radio was added for better coverage in the concession area, thus totaling 12 Radio Bases. 225 km of Fiber-optic cable was laid to improve user communication between the buildings and the substations.

The Contact Center Platform continued to be deployed with the aim of improving customer experience. All active digital channels, such as Twitter, Facebook and e-Mails were integrated. WhatsApp was added as a new channel. The customer satisfaction survey was also added for voice and/or digital channels.

Furthermore, an operational communications system was implemented through the Company's own DMR II Trunking system. This system covers mobile communication needs for the Company's operations within the concession area, adding 11 repeater sites and 610 pieces of equipment distributed in the area.

Throughout the year, new sites with electronic security system continued to be installed, including the integrated IP video surveillance system, thus adding 320 video cameras, access control and perimeter intrusion detection.

Additionally, the corporate network capacity was extended with a state-of-the-art roster up to 10 times its speed in a 10 GB network ring. Improvements were made in the WIFI network at different sites of the Company, installing 25 Access Points, thereby improving the wireless network's coverage and performance.

Regarding the network of meters, boundary meters (*medidores frontera*) were installed in 20 Substations, and a pilot test of IP-meters was carried out.

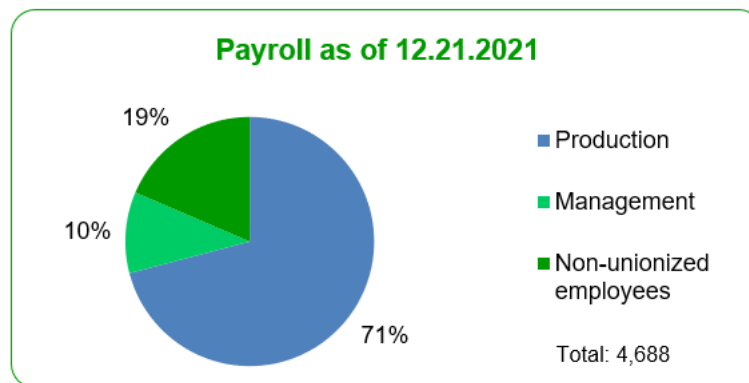
Furthermore, the 24x7 NOC 24 was implemented to monitor Telecommunications.

Finally, improvements were made in the safe supply system in the Delta area and in the new Agronomía CCR, carrying out electrical adjustments with UPS systems and generators to provide greater autonomy in the event of power failure.

## HUMAN RESOURCES MANAGEMENT

### OUR EMPLOYEES

**edenor's** payroll at the end of 2021 amounted to 4,668 employees. The following graph shows the breakdown thereof:



With regard to the incorporation of personnel, in 2021 we continued to adapt ourselves to and improve our recruitment, selection and onboarding process under the virtual modality, supplementing it with the in-person modality while complying with the protocols in force. We externally covered more than 59 vacant positions. In this year we have incorporated a significant number of technology profiles that joined the Company to promote the digital transformation process.

In turn, through our Programs, we incorporated more than 100 Young Technicians and 18 Interns, who have begun their professional development path in **edenor**.

Furthermore, 25 positions were filled through the Internal Recruitment Program, with which we continued promoting internal mobility, to invest in our employees' development and their integrated perspective.

Additionally, we continued to implement our plan aimed at building relationships with universities and high schools that are key to our positioning as employer brand, and to strengthen alliances that would allow us to invest in technical training and offer labor opportunities. In this regard, we conducted workshops on first employment, addressed to students in the final year of schools within our concession area; participated in digital job fairs; and offered talks with experts to students and university graduates, reaching more than 10,000 people.

### LABOR RELATIONS

The Company's labor relations with its employees are built around constant dialogue, which is reflected in the collective bargaining agreements entered into with the Sindicato de Luz y Fuerza (Electric Light and Power Labor Union) (production personnel) and the Asociación del Personal Superior de Empresas de Energía (Association of Energy Companies' Supervisory Personnel) (supervision personnel).

Those Collective Bargaining Agreements (CCTs) are approved by the competent authorities, and the working conditions arising therefrom continue to apply until the signing of a new agreement by virtue of the provisions of Section 12 of Law No. 14,250, pursuant to which a collective bargaining agreement shall remain valid after its expiry if it is not renewed.

Furthermore, the Company continues to enter into several Memoranda of Understanding with the aforementioned unions with the purpose of improving productivity, efficiency, and integral application of the multi-tasking and multi-professional approach in the development of the tasks of personnel posts to increase the quality levels of the service provided to customers.

Adding to these aspects are the incorporation and adoption of new technologies and the introduction of changes in organizational structures, work plans and management systems, including the realignment of positions, duties, work shifts and integration of different workplaces, thus allowing for the optimization of the Company's human resources in the different operation areas.

With regard to the changes generated by the COVID-19, **edenor** complies with all the measures set forth by the different governmental bodies, developing and applying the required work protocols.

## COLLECTIVE BARGAINING NEGOTIATIONS

With regard to wage agreements, there was a collective bargaining agreement in place entered into in December 2020 and effective from January 2021 through March 2021. In April 2021 a new agreement, effective until January 2022, was signed. This agreement was reviewed in October 2021 and is now in effect until March 31, 2022.

At the date of issuance of this Annual Report, there is no certainty about future collective bargaining agreements.

## CONTROL OF SUPPLIER COMPANIES

In **edenor**, we are committed to monitoring compliance with labor, social security and safety and health-related obligations by the companies that provide services under the terms of section 30 of law 20,744.

In order for this objective to be achieved, the service companies hired by **edenor** must submit on a monthly basis the documentation that proves their compliance in due time and proper manner with the requirements imposed by the law in relation to their business activities and personnel.

Furthermore, we continued to improve and streamline the technology tools, such as the digital platform, in order for the companies to provide information on a daily basis about the tasks assigned to their staff, together with the names thereof and the place within the concession area where such tasks will be carried out.

The contracting companies submitted the protocols and follow-up information of COVID-19 cases. At **edenor's** request, they continued training their staff to minimize risks and continue providing the services safely. Moreover, they were asked to provide additional training on safe working.

## TRAINING AND DEVELOPMENT

In 2021, the design of the **Operation Knowledge Management** continued, developing the TO BE a technician of 20 new tasks. The different training courses were attended by 1,401 people from the Distribution areas. 5,454 people have participated in the project since it was launched.

This high added value project contributes to the building of standards of excellence for the service provided by **edenor** to its customers. Getting the tasks done right the first time, with quality, with confidence and efficiently, in the end translates into a better service for our customers. The tasks comprise the preventive and corrective maintenance and operation of the Company's low, medium and high voltage network.

A key achievement of the project is to have coordinated efforts among the different areas in order to share, transfer and get feedback on technical knowledge, ensuring a process of improvement and sustainability.

Additionally, the “**Customer Service Knowledge Management**” project continued, working with experts on the field to design and facilitate different contents. The project is comprised of 94 designs distributed in the following modules:

- ✓ Protocol
- ✓ Regulatory Aspects
- ✓ Digital Media
- ✓ Customer Service
- ✓ Indicators Management
- ✓ Billing
- ✓ Technical Aspects
- ✓ Soft Skills
- ✓ New Supplies

At the same time, 47 designs were made, providing training to more than 450 people from different sectors. This initiative comprised more than 7.500 hours of training provided through Webinars and e-learning formats.

After 14 months, the **Knowledge Management – “Substations Design”** project was organized and finally given. 114 employees from the Technical and the Operations Departments participated in the project, totaling 220 hours of live meetings. Furthermore, the Technical Department completed 12,430 hours of training with the participation of more than 240 people. It was thus possible to capture in one single program all the know-how about Substations acquired in the last 30 years, and with a supporting document that will allow for its updating and extension as new paths are followed.

We continued with the **Completion of Education** proposal jointly developed with the EPPA Educational Institute of the Province of Buenos Aires. Of the employees identified in 2021, 15 attended the program, and 8 participants graduated in December 2021.

With regard to training activities in general, in 2021, the hours of training received by our own personnel, including the training given to new technicians and engineers, amounted to more than 110,000.

With regard to **Promotions**, in 2021 we continued making development-related interviews promoting the filling of positions that imply a more complex role and with greater responsibility than the positions held by prospective candidates, with internal candidates. The objective is to generate opportunities for employee development based on merit and professional excellence, with the aim of achieving organizational objectives through motivation and job satisfaction. 49 employees were promoted.

For the seventh consecutive year, we carried out, virtually, the “**Leaders Program**” jointly with UCEMA University. The program consisted of a Certification in Management for all leadership levels, and a Graduate course in Management addressed to Managers. Additionally, a seminar addressed to the same audience was given with the participation of a speaker who based his talk on Neurosciences applied to Leadership. Furthermore, we carried out the third edition of the Program “Leading our Self-development”, jointly with the consulting firm Kiwi Devices, addressed to the organization’s Specialists and Analysts. A total of 480 participants attended these training activities.



Among other development-oriented initiatives, we conducted 10 virtual workshops on “**Development Experiences**”, which were attended by 100 Analysts/Specialists from different Departments, and whose main objective was to create spaces for conversation about development and self-development in the Company, as well as to share the existing projects and practices in connection therewith.

As for the “**Performance Management Process**”, Chiefs and Supervisors participated in the elaboration of Performance Improvement Plans 2020 for the employees incorporated through the Young Engineers or Young Technicians Program.

Finally, we carried out a **talent identification and action plan definition** process to accompany the transformation of some members of the Customer Service Department. We surveyed competencies through group interaction dynamics, development interviews, and an online assessment, reaching more than 35 employees.

## HUMAN RESOURCES MANAGEMENT PLATFORM

In 2021 we continued to improve and incorporate new functionalities to the “integrated” human resources management platform, launched in 2017. It is an open and collaborative platform that not only combines and integrates several information systems into one single management space, but also seeks employee self-management and decentralization to enhance the performance of leaders over their work teams.

## OCCUPATIONAL HEALTH

In the context brought about by the health emergency due to the Covid-19, the Human Resources Department and, particularly, the Occupational Health area, worked on different actions aimed primarily at taking care of our employees.

The Crisis Committee remained operative throughout the year. Its objective was to permanently assess the measures to be taken and define plans to ensure the continuity of operations. The Committee was advised by medical experts in the field, who validated and continually reviewed different protocols, measures and recommendations for all staff members, which were also submitted to the relevant regulatory bodies.

For staff members who had to continue carrying out on-site tasks in the electricity network, actions were taken in order to guarantee compliance with the different organizational and health and safety prevention measures that had been implemented since the previous year.

Furthermore, the series of talks on topics of interest in the current context, aimed at keeping our population informed and accompanied, was completed. In March, 2021, the Healthy Energy program came to an end. It consisted in the development of weekly workshops to improve the quality of life, focusing on education and the adoption of healthy habits, covering from food aspects to the incorporation of physical activity habits, seeking to reduce and even avoid the risk of infection of COVID or other related diseases.

To support all these initiatives, the use of the Medical Epidemiological Assessment Questionnaire to be uniformly used within the medical services and to set the parameters of virtual or in-person interviews of staff members with suspected symptoms or with close contact was intensified. Additionally, the COVID platform that was developed in-house was used internally in order for the different leaders to be able to not only report to the medical service the cases with symptoms and contacts in their teams, but also follow up the development of each of the reported cases in the same portal.

Finally, the use of the workspace booking application for the Company's different buildings was made mandatory throughout the year. The booking in advance not only ensures the minimum distancing required but also offers the possibility of following up the possible close contacts of any positive or suspected case that might arise.

## INTERNAL COMMUNICATION AND WORK ENVIRONMENT

In 2021, our priorities were to keep personnel informed of the measures to be taken into account to protect themselves against the COVID-19 and of our role as an essential service, to strengthen the sense of belonging, the proximity between the different areas and organizational levels through different communication spaces and channels, such as.

- The digital relationship, communication and management platform “edenorcercas”, accessible from a mobile application, PC/notebook or any other digital device. The aim of this platform is to provide employees with a space for simplifying their daily management, as well as to facilitate real-time access to the Company's information, relevant news for the internal public and information to promote integration, among other functionalities.
- The digital billboards located in our buildings, ensuring that they are clearly visible to all the staff as they broadcast information during the whole day.
- The Active Network: it is a group of employees, whose function is to share information, be the nexus with those people in the Company that have no access to digital channels, be multipliers of ideas and contents, form bonds and create spaces for dialogue, perform an active listening and contribute innovative ideas to improve on a daily basis the way in which we communicate in **edenor**.

Furthermore, and in this regard, we conducted the “Pulse Survey” addressed to the staff that began working under a mixed modality, which allowed us to continue thinking about initiatives to help us adapt to the new context.

Additionally, we worked on the development of our employer brand, strengthening the ties with the internal and external public and attracting new talents, in order for the business to continue growing and thereby consolidate **edenor** as a Company that stands out for the efficiency of its service and the excellence of its people.

## SAFEGUARDING OF ASSETS

In 2021, the Security Operational Center (*Centro Operativo de Seguridad* – “COS”) continued to increase its operative capacity and action protocols through the carrying out of different monitoring activities and procedures that allow for the optimization of the activity.

## PROCESSES AND CONTROL

### CODE OF ETHICS AND CORPORATE GOVERNANCE

In 2021, the Code of Ethics was updated and the Code of Corporate Governance was incorporated, with the acknowledgement process by all the Company's employees having been developed digitally. The Code provides a roadmap to how we are expected to conduct ourselves and lays the foundation for delivering the service of excellence we set out to achieve.

The Ethics Committee was renamed the Ethics and Corporate Governance Committee. It is comprised of the Chairman and Chief Executive Officer, and the Human Resources and the Legal and Regulatory Affairs Departments. Furthermore, the Committee's Regulations that govern its functioning were approved.

Furthermore, different internal communication campaigns were conducted in order to consolidate the employees' knowledge of its contents. The channels used were publications in "edenorcerca", trivia contests, e-mails, and digital billboards.

With regard to contractors, the activities aimed at strengthening their Ethical Commitment and that of their personnel continued to be carried out. This included requiring that contractors adopt different measures or reinforce existing ones, such as having their own Codes to which their employees must adhere, conducting dissemination campaigns of the values included therein, and making changes to their human resources selection and management processes.

### INTERNAL CONTROL SYSTEM

Due to the fact that the Company's securities are traded in the United States, we had to make sure that the business processes and the financial information are in line with the control framework required by domestic and international regulations. Within these regulations, compliance with the Sarbanes-Oxley Act ("SOX") passed in 2002 and regulated by the Securities Exchange Commission (SEC) is deemed essential. Therefore, **edenor** has in place a continuous process for risk surveying, documentation and controls that allows us to assess the effectiveness of the internal control system over economic and financial reporting, issuing the related certification on an annual basis.

As of December 31, 2021, Management has assessed the effectiveness of the internal control system, using the criteria set forth in the conceptual framework defined by the COSO (2013), and concluded that an effective internal control on the issuance of the financial statements has been maintained.

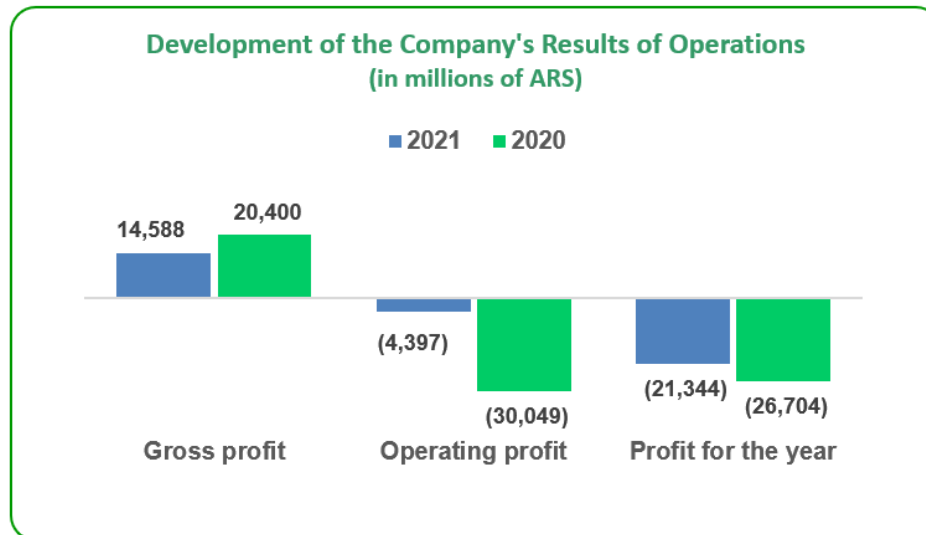
# 06

CHAPTER

## Fiscal year results

## ANALYSIS OF ECONOMIC RESULTS

In fiscal year 2021, the Company posted a loss of ARS 21,344 million as compared to the ARS 26,704 million loss recorded in fiscal year 2020. We disclose below the development of the Company's results:

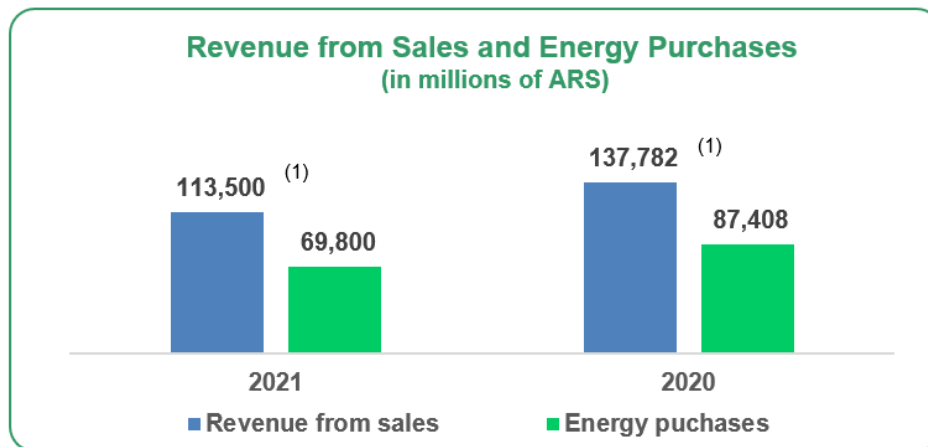


The operating loss for fiscal year 2021 amounts to ARS 4,397 million, as compared to the ARS 30,049 million operating loss recorded in the previous fiscal year. This is due mainly to the recognition of the impairment in the Company's Property, plant and equipment (PP&E) for ARS 26,248 million in fiscal year 2020, according to the analysis performed by management in accordance with IAS 36.

Furthermore, the operating loss was impacted by the non-adjustment of electricity rates, as a consequence of the freeze on rates provided for by the Federal Government, given the constant increase in the operating costs -necessary to maintain the level of service- and the Argentine economy's inflationary context. The gross margin in 2021 and 2020, including transmission and distribution expenses, was 13% and 15%, respectively.

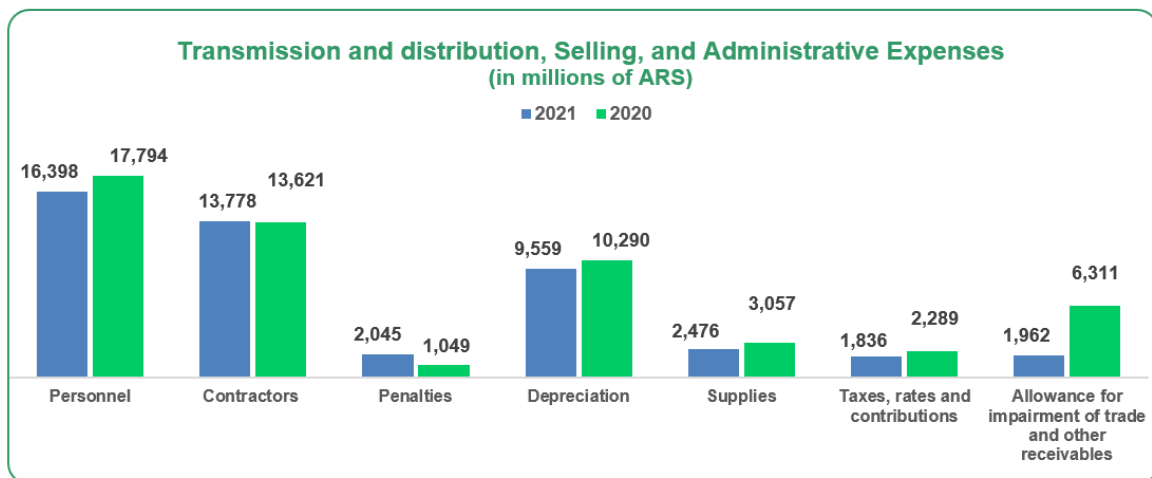
The loss for the year 2021 shows a decrease of 20% as compared to the previous year. This is due mainly to the fact that fiscal year 2021 is not affected by the impact of the previously mentioned impairment of PP&E, partially offset by greater financial costs as a consequence of interest accrued on the debt held by Edenor with CAMMESA, and by the greater impact on the income tax line item of the adjustment of the fixed assets account deferred liability, which meant determining the liability at a rate of 35% rather than at an average rate between 25% and 27% due to the changes introduced in income tax rates, as well as by the impact in fiscal year 2021 of the recorded tax inflation adjustment.

By means of resolution No. 107/2021, the ENRE set new transitional rate schedules, effective as from May, which include a partial 9% average adjustment of rates for users. This increase implied a 20.9% increase of the CPD. The Company's revenue decreased 18%, from ARS 137,782 million in 2020 to ARS 113,500 million in 2021. Furthermore, electricity purchases in 2021 amounted to ARS 69,800 million, decreasing by 20% as compared to the previous year. The demand for electricity increased 5% in GWh, whereas energy losses decreased in the order of 6%.



(1) Includes right to use poles for ARS 702 million and ARS 635 million and connection and reconnection charges for ARS 73 million and ARS 81 million for 2021 and 2020, respectively.

With regard to operating costs, they recorded a decrease of approximately 12% as compared to fiscal year 2020, mainly due to the decrease in the charge for doubtful accounts, which in fiscal year 2020 was affected by the uncertainty caused by the COVID-19 pandemic.



Furthermore, Other operating income and expense (including the impairment of Property, plant and equipment), amounted to a loss of ARS 45 million in 2021, as compared to the loss recorded in 2020 for ARS 26,012 million. Without taking the impairment into consideration, Other operating income and expense for 2020 would amount to a gain of ARS 236 million, with net loss increasing by ARS 281 million, due to the increase in the charge for the provision for contingencies and in retirement bonuses.

In 2021, net finance costs amounted to ARS 25,155 million, as compared to the ARS 16,765 million recorded in 2020. This 50% increase in net finance cost is mainly related to the increase in commercial interest of the debt held by **edenor** with CAMMESA as a consequence of the lack of adjustment of the electricity rate and the financial difficulties meeting operating costs, partially offset by a lower exchange difference loss and the gain on changes in the fair value of financial assets.

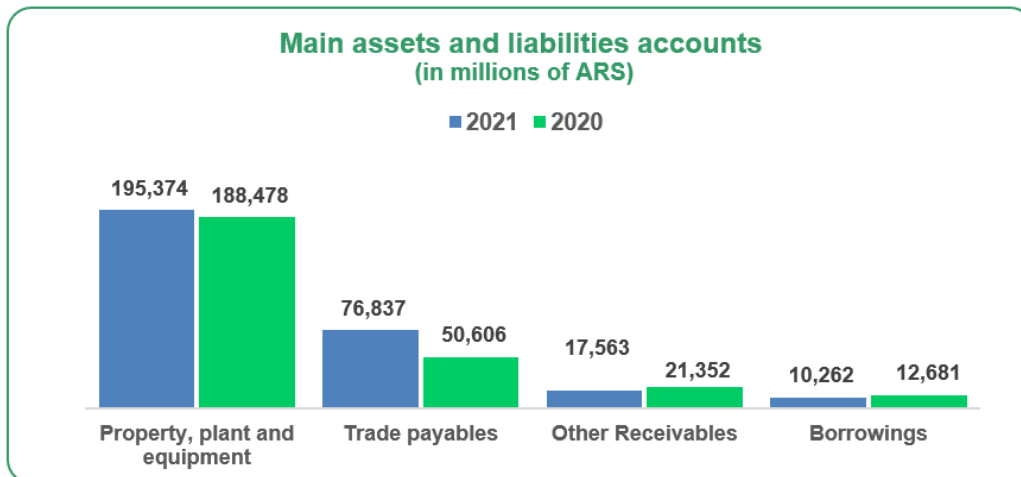
Financial Income and Expense in millions of ARS	2021	2020
Financial income	4,615	2,201
Financial expense	(29,770)	(18,966)
<b>Financial expense, net</b>	<b>(25,155)</b>	<b>(16,765)</b>

## ANALYSIS OF THE FINANCIAL AND CASH POSITION

### FINANCIAL POSITION

	(in millions of ARS)		Variation	
	At December 31, 2021	2020	\$	%
<b>ASSET</b>				
Non-current assets	195,820	189,343	6,477	3%
Current assets	42,003	35,167	6,836	19%
<b>TOTAL ASSETS</b>	<b>237,823</b>	<b>224,510</b>	<b>13,313</b>	<b>6%</b>
<b>LIABILITIES</b>				
Non-current liabilities	66,613	65,984	629	1%
Current liabilities	97,516	63,624	33,892	53%
<b>TOTAL LIABILITIES</b>	<b>164,129</b>	<b>129,608</b>	<b>34,521</b>	<b>27%</b>
<b>EQUITY</b>	<b>73,694</b>	<b>94,902</b>	<b>(21,208)</b>	<b>(22%)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>237,823</b>	<b>224,510</b>	<b>13,313</b>	<b>6%</b>

The variations recorded in the main assets and liabilities accounts as of December 31, 2021, as compared to the previous year, were as follow:



- **Property, plant and equipment:** The account shows a 3% increase due mainly to the Board of Directors' express decision to prioritize the execution of investment projects with the aim of maintaining the provision of the public service, object of the concession, under reliable conditions.
- **Trade payables:** its increase is due mainly to both the postponement of payments to CAMMESA for energy purchased in the Wholesale Electricity Market ("MEM") as from the maturities taking place in March 2020, and the increase in accrued interest, as a consequence of the lack of adjustment of the electricity rate and the financial difficulties meeting operating costs.
- **Trade receivables:** its decrease is due, on the one hand, to the improvement in collectibility as a result of the removal of the uncertainty generated by the pandemic, and, on the other hand, to the lack of adjustment of the electricity rate as the balances are disclosed in constant currency.
- **Borrowings:** its decrease is mainly due to the disclosure of borrowings balances in constant currency.



## CASH FLOWS

In 2021, the level of cash and cash equivalents decreased as compared to fiscal year 2020. Cash flows provided by operating activities amounted to ARS 21,348 million, which were mainly used for the financing of the investment plan for ARS 14,725 million, for the payment of debt principal and interest for ARS 912 million, and for the purchase of financial assets.

	(in millions of ARS)			
	At December 31,		Variation	
	2021	2020	\$	%
Net cash flows generated by operating activities	21,348	26,149	(4,801)	(18%)
Net cash flows used in investing activities	(25,544)	(18,787)	(6,757)	36%
Net cash flows used in by financing activities	(1,438)	(9,283)	7,845	(85%)
<b>Decrease in cash and cash equivalents</b>	<b>(5,634)</b>	<b>(1,921)</b>	<b>(3,713)</b>	
Cash and cash equivalents at the beginning of year	6,582	6,572	10	
Exchange differences in cash and cash equivalents	2,228	1,386	842	
Result from exposure to nflation	(4)	545	(549)	
Decrease in cash and cash equivalents	(5,634)	(1,921)	(3,713)	
<b>Cash and cash equivalents at the end of the year</b>	<b>3,172</b>	<b>6,582</b>	<b>(3,410)</b>	

## COMPARISON OF VALUES IN NOMINAL AND CONSTANT CURRENCY

The table below details the comparative values of the statement of income, both in nominal and constant currency:

	(in millions of ARS)			
	2021		2020	
	Nominal currency	Functional currency	Nominal currency	Functional currency
Revenue	95,223	113,500	77,896	137,782
Electric power purchases	(58,589)	(69,800)	(49,394)	(87,408)
<b>Subtotal</b>	<b>36,634</b>	<b>43,700</b>	<b>28,502</b>	<b>50,374</b>
Transmission and distribution expenses	(19,799)	(29,112)	(13,306)	(29,974)
<b>Gross gain</b>	<b>16,835</b>	<b>14,588</b>	<b>15,196</b>	<b>20,400</b>
Operating expenses	(13,990)	(18,985)	(12,815)	(50,449)
<b>Operating profit (loss)</b>	<b>2,845</b>	<b>(4,397)</b>	<b>2,381</b>	<b>(30,049)</b>
Net financial expense	(21,556)	(25,155)	(9,641)	(16,765)
Gain on net monetary position	-	23,844	-	14,734
<b>(Loss) Profit before taxes</b>	<b>(18,711)</b>	<b>(5,708)</b>	<b>(7,260)</b>	<b>(32,080)</b>
Income tax	(475)	(15,636)	(123)	5,376
<b>(Loss) Profit for the year</b>	<b>(19,186)</b>	<b>(21,344)</b>	<b>(7,383)</b>	<b>(26,704)</b>

## MAIN FINANCIAL RATIOS

	2021	2020
<b>Current liquidity</b>	0.43	0.55
Current assets / Current liabilities		
<b>Immediate liquidity</b>	0.40	0.51
Cash and banks plus credits / Current liabilities		
<b>Solvency</b>	0.45	0.73
Equity / Total Liabilities		
<b>Asset immobilization</b>	0.82	0.84
Non-current assets / Total assets		
<b>Equity ratio</b>	0.31	0.42
Equity / Total assets		
<b>Profitability before taxes</b>		
(Loss) profit before taxes / Equity excluding profit or loss	(0.06)	(0.26)



07  
CHAPTER  
Sustainability

## SUSTAINABILITY

### SUSTAINABILITY REPORT

In 2021, we issued the seventh sustainability report, which covers the 2019-2020 biennium. The report details the actions, challenges and goals in economic development, environmental care, customer management and employee development-related topics. All of them aligned with the Sustainable Development Goals promoted by the United Nations.

The aforementioned report, which is approved by the Company's Board of Directors, is published on **edenor's** website ([www.edenor.com](http://www.edenor.com)).

At the date of issuance of this Annual Report, the Company's Management is preparing the 2021 Sustainability Report, which will begin to be published on an annual basis.

### INDUSTRIAL SAFETY

In 2021, the COVID protocols continued to be applied to all the tasks performed, maintaining the operative functions and supporting the Company's operational areas in the development of their activities.

Furthermore, the organizational chart of the Occupational Safety team was reconfigured, increasing proximity to and efficiency in occupational safety topics.

With regard to the Occupational Health and Safety management programs, in the month of August we satisfactorily passed the ISO 45001 STANDARD certification audit conducted by the IRAM, reaffirming the Company's commitment to Occupational **Risk** Prevention.

To achieve the goals set, we performed several activities, whose results were reflected in the improved accident indicators of the last few years.

The frequency and severity rate of accidents over the last few years is as follows:

Accidentology	2017	2018	2019	2020	2021
Frequency rate	32.51%	30.18%	21.52%	12.90%	12.10%
Severity rate	1.01%	1.14%	0.76%	0.58%	0.73%

### EDENOR IN THE COMMUNITY – SUSTAINABILITY AND CSR

Based on edenor's mission "To deliver a socially responsible electricity distribution service, leading the energy transition that would contribute to improve people's quality of life, the development of business and the community, as well as that of our employees and shareholders", the Company plays a major role in the provision of an essential service in the framework of a new energy paradigm and in the fight against climate change, seeking to lead such transition by doing its best to have a smart network in place, promoting energy efficiency and electricity access programs, and helping develop the electric mobility industry in the country.

**edenor** is committed to the development of the community in which it serves, with electricity access, smart consumption, education and fair and quality employment comprising its sustainability strategy, adopting the best environmental, social and governance practices. In 2021, we continued with the programs that we have been implementing for the last few years, to wit:

- Electricity access and smart consumption, aligned with SDG 7 that seeks to ensure access to affordable, reliable, sustainable and modern energy.
- Quality Education, aligned with SDG 4, promotes equality of opportunities for young people and their employability by means of professionalizing practices and workshops on first employment, in addition to scholarships and tutoring in technical schools and universities.
  - Gender Equality
  - Responsible Production and Consumption
  - Alliances to achieve the goals set

In this regard, the following plans and programs were developed:

- Comprehensive relationship building plan with educational institutions,
- Scholarship and mentoring program,
- Soft Skills Program,
- Electricity access and smart consumption program,
- “edenorchicos” educational program,
- Volunteering program.

Finally, we carried out the “Women with Energy” initiative, whose aim is to achieve greater gender equality and encourage women to pursue careers in technical fields.

## PUBLIC SAFETY

In 2021, the annual audit conducted by the IRAM on the Public Safety System (PSS) was successfully passed, thus maintaining the related certification.

With regard to third party accidents, 29% of them occurred in third-party facilities, such as inside houses or street lighting columns. Although these accidents occur in facilities that are not under the responsibility of **edenor**, they must be recorded and reported in accordance with the Regulatory Authority’s requirements.

According to the analysis of the accidents recorded in 2021, 65% of them are the result of vandalism and third party negligence.

Furthermore, we continued to hold periodic meetings with contractors to discuss public safety-related issues. At such meetings, the results of the inspections performed, the goals achieved, the analysis of deviations found, and the street accidents suffered by their staff are presented to the contractors, who are also provided with guidelines for the training to be given to their workers.

Additionally, information about public safety issues in general and recommendations in the event of weather alerts continued to be provided, using for such purpose the social networks.

Finally, induction courses were given to the municipalities' staff, firefighters and members of the Civil Defense, putting emphasis on the precautions that should be taken when working near **edenor's** facilities.

## QUALITY

As a fundamental pillar of the Integrated Management System (IMS), all the processes have been implemented and are certified under the ISO 9001:2015 Quality Management Systems international standard. The implementation began in 1999, in the meter-reading, billing, collection, procurement and logistics processes, and, as from 2005, was extended to all the Company's processes.

In July 2021, the external maintenance audit of the Integrated Management System (IMS) -ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems- and the ISO 45001:2018 Workplace Health and Safety Management System (replacing OHSAS 18001:2007 Occupational Health and Safety System) certification audit were successfully passed, satisfactorily complying with the objectives set.

The certifying entity IRAM highlighted as strengths the use of an application that not only allows for the digital recording of the inspections carried out but also, based on the information directly entered into the device, makes it possible to generate inspection reports, including photographic records, thus enabling fast access to online information, avoiding the use of paper.

The main innovations incorporated into the Quality Management System (ISO 9001:2015 standard) were: customer-focus; leadership; people's commitment; process approach; better evidence-based decision making; relationship management; risk and opportunity analysis; change planning; and context and stakeholder analysis.

The purpose is to secure the individuals' involvement in the compliance with the Integrated Management System (IMS) Policy, which was adjusted, disseminated and understood by the staff in 2021 in order to adapt it to the requirements of ISO 45001:2018 Occupational Health and Safety Systems, implemented by the Company.

At the same time, we actively participated in the Argentine Standardization and Certification Institute (IRAM); the Argentine Society for Continuous Improvement (SAMECO); the Quality, Continuous Improvement and Environment-related sharing experience commissions; the Ibero-American Foundation for Quality Management (FUNDIBEQ), the National Quality Award (PNC) and the Argentine Professional Institute for Quality and Excellence (IPACE).

## COMMUNICATION ON PROGRESS (COP) - GLOBAL COMPACT

In accordance with the policy of transparency in our operations, the Company submitted its Communication on Progress to the UN Global Compact, reporting progress made in each of the 10 principles promoted by this initiative. These principles cover topics such as environment, human rights, labor regulations and anti-corruption. The report details the actions, challenges and goals assumed by the Company and the work performed to meet them.

The Global Compact Communication on Progress is available on both the Company's official website and the internal network "edenorcercas".

Furthermore, we entered into a strategic alliance with the UNO, with the aim of raising awareness among customers and the general public about the importance of a smart electricity consumption to help care for the environment. This action contributed to strengthening **edenor**'s commitment to complying with the Sustainable Development Goals.

## ENVIRONMENTAL MANAGEMENT

**edenor** is ISO 14001:2015 certified since 1999.

### ENVIRONMENTAL AUTHORIZATION

In 2021, **edenor** received the Environmental Clearance Certificate granted by the Provincial Agency for Sustainable Development of the Province of Buenos Aires for the following works projects: "Power line new William Morris substation", "New No. 367 Tesei substation and power line", New No. 454 Garín substation and power line", and "Power line Munro – Malaver Substations".

Furthermore, the "Power line linking Puerto Nuevo – Colegiales - Melo substations" and the "Expansion of Newbery Substation" projects were granted the Environmental Clearance Certificate by the Environmental Protection Agency of the City of Buenos Aires.

Additionally, with the guiding principle of contributing to the quality of life of our customers, the Special Authorization Certificates were obtained for each of the Company's warehouses, ensuring proper management in the handling and final disposal of hazardous waste.

The aforementioned certificates were granted by the Provincial Agency for Sustainable Development of the Province of Buenos Aires and the National Environment and Sustainable Development Ministry.

### MONITORING PROGRAM

In 2021, level of noise and electromagnetic field measurements were made in 12 substations; electromagnetic field measurements were also made in 14 High-voltage lines/cables and in 93 transformer centers. The results obtained complied with the limits required by the regulations for this type of facilities.

Furthermore, electromagnetic field measurements were made in order to be granted the administrative easement of the Company's transformer centers; with the results of each of such measurements being in compliance with the legislation. Not only was compliance with regulations in accordance with the Energy Secretariat's requirements analyzed but the use given to the premises adjacent to centers was also taken into account in order to determine the possibility of current or future incidence of the electrical equipment's electromagnetic emissions.

### TRAINING

In 2021, the following Environment-related training activities were developed: "Environmental Awareness", "Waste Management" and "Environmental Pollutants Management". A total of 840 participants attended these training activities.

## CONTINUOUS IMPROVEMENT

We actively participated in the Argentine Business Council for Sustainable Development (CEADS), the Argentine Society for Continuous Improvement (SAMECO) and the Electric Power Distributors Association of the Argentine Republic (ADEERA) in working meetings and Environment-related sharing experience commissions.



# 08

CHAPTER

## Board of Directors' Proposal

## BOARD OF DIRECTORS' PROPOSAL

### APPROVAL OF FINANCIAL STATEMENTS

As required by section 234 of Business Organizations Law No. 19,550, we hereby inform that the Financial Statements for fiscal year No. 29 ended December 31, 2021 will be submitted for approval purposes to the next Shareholders' Meeting.

### ALLOCATION OF RESULTS

In compliance with current legal regulations, the Company's Board of Directors proposes that the Annual General Meeting allocate the loss for the year to the Retained Earnings account.

### ACKNOWLEDGEMENTS

Finally, we would like to thank all our employees, who make of **edenor** the country's largest electricity distribution company. To all of them, to our shareholders, advisors, suppliers and, mainly, to our customers, our deepest gratitude for having accompanied us during 2021.



Appendix I  
Corporate  
Governance Code

## APPENDIX I: CODE OF CORPORATE GOVERNANCE REPORT

With the aim of strengthening the Code of Corporate Governance as a tool to promote a culture of good governance, taking into account the OECD-G20 corporate governance principles and the best international practices, on June 19, 2019 the National Securities Commission (“CNV”) issued General Resolution No. 797/19, which updated the Code of Corporate Governance submitted annually by the entities authorized to make a public offer of their securities. In this regard, the Code incorporates educational content that instructs companies on the benefit and the importance of adopting the principles and practices of good corporate governance, providing guidelines that justify those practices and transmit their purpose.

In that regard, on October 20, 2021 the Company approved its own Code of Corporate Governance, taking into account the set of principles and rules that regulate the design, composition and functioning of the Company’s governing bodies, as well as the three powers within the Company: the Shareholders, the Board of Directors and the Senior Management (i.e., the members of the highest level of Management –Chief Executive Officer and direct reports-). Therefore, this Code is an instrument pursuant to which the Company is managed and controlled, and its structure determines both the distribution of the rights and responsibilities among the different participants and the other economic agents having an interest in the Company, and the rules to be followed for decision making.

For the preparation of this report, the Board of Directors followed the sample attached as Appendix to the Corporate Governance Code approved by the CNV’s General Resolution No. 797/19.

### A) THE ROLE OF THE BOARD OF DIRECTORS

#### Principles

- I. The Company must be led by a professional and qualified Board of Directors that will be in charge of laying the necessary foundations to ensure the company’s sustainable success. The Board of Directors is the guardian of the company and of the rights of all its Shareholders.
- II. The Board of Directors must be in charge of determining and promoting the corporate culture and values. In its actions, the Board of Directors must ensure compliance with the highest standards of ethics and integrity based on the company’s best interests.
- III. The Board of Directors must be in charge of ensuring a strategy inspired in the company’s vision and mission and aligned with its values and culture. The Board of Directors must constructively engage with the management to ensure the proper development, implementation, monitoring and modification of the company’s strategy.
- IV. The Board of Directors will exercise a permanent control and supervision over the company’s management, ensuring that the management takes measures towards the implementation of the strategy and the business plan approved by the Board.
- V. The Board of Directors must have the necessary mechanisms and policies in place to exercise its and each of its members’ duties in an efficient and effective way.

1. **The Board of Directors generates an ethical work culture and sets out the company’s vision, mission and values.**

The Company complies with the principles and applies the recommended practice. In this regard, the Board of Directors undertakes the administration in a diligent and prudent manner, permanently supervising the management of the Company. The Board is comprised of professional and qualified members to lay the necessary foundations to ensure the Company's sustainable success, guaranteeing to that effect the highest standards of ethics and integrity, ensuring the Company's vision, mission and strategy.

The Company has an Integrity Program in place pursuant to the provisions set forth in Law No. 27,401 on Criminal Liability of Legal Entities and the guidelines issued in this regard by the Anti-Corruption Office, comprised of a set of internal mechanisms and procedures for promoting integrity, supervision and control, aimed at preventing, detecting and rectifying irregularities and illegal acts.

In this framework and in line with good corporate governance policies, on October 20, 2021 the Board of Directors approved a new Code of Ethics and Corporate Governance, applicable to all the employees, Board of Directors and Supervisory Committee members, contractors, subcontractors and suppliers, in order to update the general guidelines that must govern the Company's and all its employees' conduct in the performance of their duties and in their business and professional relationships. Any amendment to the Code, as well as any waiver or exception to compliance with its provisions, must be approved by the Board of Directors. Furthermore, the Board of Directors approved, on the same date, the Company's Code of Corporate Governance, which is a dynamic body of documents that provides a comprehensive overview of the way in which the Company's Board of Directors and Senior Management manage and direct the activities and business of the Company with respect to -among other aspects- the setting of corporate objectives, the carrying out of operations, the responsibilities to shareholders and the consideration of other third parties' interests, the giving of assurance that the organization's activities and conduct meet the safety and soundness standards that are expected from it and comply with the law and current regulations, and the protection of the interests of both its members and investors.

Furthermore, the Board of Directors has Internal Regulations in place, the purpose of which is to define its powers and responsibilities. Directors must perform their duties with due diligence, care and discretion and pursuant to the provisions of Business Organizations Law No. 19,550 as amended, the regulations of the CNV and those of the markets in which the Company's securities are listed, helping promote transparency and always ensuring that the best interests of the Company and its shareholders as a whole are preserved.

**2. The Board of Directors sets the company's general strategy and approves the strategic plan developed by the management. In so doing, the Board of Directors takes into consideration environmental, social and corporate governance factors. The Board of Directors oversees its implementation using key performance indicators and taking into consideration the best interest of the company and all its shareholders.**

The Company applies the recommended practice as the Board of Directors is in charge not only of the business management, but also of formulating and approving the Company's general policies and strategies, as well as the management objectives and annual budgets; all of that taking into consideration the Company's particular circumstances and the environmental, social and corporate governance factors.

The Board of Directors meets periodically, participating actively and with a high degree of involvement in the management of the Company. Furthermore, on an annual basis, the Board approves the investment budget and the financial budget, providing throughout the fiscal year a detail of the degree of compliance thereof.

In order for the Board of Directors to exercise permanent control and supervision of the management of the Company, at Board meetings the Finance and Control Director presents a summary of the monthly Management Report, showing the income statement for the period and accumulated comparatively to the previous year and the cash flow statement.

That information is supplemented with periodic reports made by the Senior Management on compliance with, deviations from, and/or adjustments to both the annual budget and the Company's business plan, analyzing their progress and proposing adjustments taking into consideration the Company's particular circumstances. In so doing, the Board of Directors ensures that the Senior Management takes measures toward the implementation of the strategy and the business plan.

**3. The Board of Directors oversees the management and ensures that it develops, implements and maintains a proper internal control system with clear reporting lines.**

The Company applies the recommended practice. In this regard, the Company has a policy in place that defines the components and principles of its internal control system, as well as the responsibilities for its proper functioning.

In compliance with current regulations, the Company has selected as control framework the criteria set forth in the document "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report), 2013 version.

The internal control system is designed by setting strategic compliance items and establishing mechanisms for detecting deviations in order to evaluate and correct them, observing and complying with the legal framework, the corporate governance rules, codes and policies to which the Company is subject.

The Senior Management, under the supervision of the Board of Directors, sets the Company's objectives, which must be aligned with its mission, vision and strategies. These high-level objectives reflect how the Company seeks to create and preserve value for its shareholders. The setting of objectives is key in the Company's strategic planning process.

Furthermore, the Board of Directors sets the policies and provides and approves the rules and regulations.

Finally, the Company has a Policy in place with respect to fraud prevention that facilitates the reporting of alleged irregularities inside the Company.

The Senior Management is responsible for the internal control. All the internal control-related regulations are supervised by the Audit Committee and the General Management, being in all the cases approved by the Company's Board of Directors.

**4. The Board of Directors designs the corporate governance structures and practices, designates the person responsible for their implementation, monitors their effectiveness and suggests changes if necessary.**

The Board of Directors approves the Code of Corporate Governance Report along with the Annual Report for each year. The Code is prepared in accordance with current regulations and adopts the corporate structures and practices set forth in the Company's Code of Corporate Governance and those recommended by the CNV, the Securities and Exchange Commission ("SEC") and the self-regulating markets in which the Company's securities are listed. Furthermore, the Board of Directors approves the different corporate governance policies applicable to the entire Company. In this regard, the Board of Directors has approved the following policies: Code of Corporate Governance, Code of Ethics and Corporate Governance, Best Stock Market Practices, Related-Party Transactions, among others.

The Management follows up on each of the above-mentioned policies to ensure effective compliance thereof.

In the way described, the Company applies the recommended practice.

**5. The members of the Board of Directors have sufficient time to exercise their duties in a professional and efficient manner. The Board of Directors' Committees have clear and formalized rules for their operation and organization, which are disclosed in the company's website.**

The Company applies the recommended practice given that each member of the Board of Directors performs his/her duties with due diligence, care and discretion and pursuant to the provisions of Business Organizations Law No. 19,550 as amended, Capital Markets Law No. 26,831, the regulations of the CNV and those of the markets in which the Company's securities are listed.

The Board of Directors has Internal Regulations in place that describe the duties of both the office of director individually and the Board of Directors as a whole, detailing the frequency of meetings, the form in which meetings are convened and the mechanism for attending the meetings. The office of director is personal and cannot be delegated; the director must always act in the best interests of the Company and its shareholders as a whole. The Directors who are appointed for the first time are instructed on their powers, responsibilities, regulations and internal policies, the characteristics of the business, the market in which the Company operates and the regulations on the functioning of the Company's bodies.

The Board of Directors' members are obliged to keep the Company's business and information to which they have access confidential, and to comply specifically with the Company's rules, regulations and policies in order to exercise their duties professionally and efficiently.

As for the Committees, they are where the Board of Directors' members make direct contact with different issues and monitor the effective application of the strategic guidelines in order to achieve the Company's objectives.

Each committee has its own regulations that govern its functioning, which have been updated and restated in the fiscal year ended December 31, 2021. The oversight, reporting, advisory and proposal-making duties arise from the regulations and the legislation and regulations in force.

Furthermore, the participating directors draw on the information about the day-to-day management, eventually recommending adjustments to the strategic guidelines, new policies or amendments to those in force.

**B) THE CHAIRMANSHIP IN THE BOARD OF DIRECTORS AND THE CORPORATE SECRETARIAT**

#### Principles

**VI.** The Board of Directors' Chairman is responsible for ensuring the effective fulfillment of the Board of Directors' duties and for leading its members. The Chairman must generate a positive work dynamics and promote the constructive participation of Board members, as well as ensure that the members have the necessary elements and information for decision making. This also applies to the Chairmen of each of the Board of Directors' committees regarding their duties.

**VII.** The Board of Directors' Chairman must lead processes and establish structures seeking the Board of Directors' members commitment, objectivity and competence, as well as the best possible performance of the board as a whole and its development according to the company's needs.

**VIII.** The Board of Directors' Chairman must ensure that the entire Board of Directors is engaged and is responsible for the Chief Executive Officer's succession.

- 6. The Board of Directors' Chairman is responsible for the proper organization of Board meetings, prepares the agenda ensuring the cooperation of the other members, and ensures that they receive the necessary materials sufficiently in advance so as to participate in the meetings in an efficient and well-informed manner. The Chairmen of the committees have the same responsibilities for their meetings.**

The Company applies the recommended practice. In this regard, the Board of Directors' Chairman, jointly with the Corporate Secretariat in charge of the Legal and Regulatory Affairs Department, ensures the effective fulfillment of the Board's duties and the participation of all its members in decision-making.

The Company guarantees the availability of relevant information in a safe, equal manner and sufficiently in advance for decision-making of the Board of Directors, in accordance with the provisions of regulations in effect, its Bylaws and the Board of Directors' Internal Regulations.

For that purpose, the meetings are called within the legally established time periods and sufficiently in advance via e-mail, in line with the Company's "Zero Paper" Policy, attaching to the Agenda of the meeting the information and documentation relating to each of the items to be discussed, in order to be duly analyzed by all the Board of Directors' members prior to the meeting.

Furthermore, both the Board of Directors' Chairman and the Secretariat are available to deal with all the inquiries and/or needs the Directors and/or Supervisory Committee members may have in the fulfilment of their duties, made either via email or by telephone, for arranging meetings and/or preparing reports.

In turn, if applicable, the Executive Directors in charge of the different areas participate in the Board of Directors' meetings, in order to make the pertinent presentation on the issues that are the subject of the meeting and answer any inquiries that may arise.

- 7. The Board of Directors' Chairman ensures the proper internal functioning of the Board of Directors through the implementation of formal annual evaluation processes.**



The Company applies the recommended practice as the Board of Directors' Chairman ensures the proper functioning of the Board and the implementation of formal processes for its evaluation. In so doing, the Board's performance in managing and directing the Company is evaluated through the approval of the actions taken by each of the directors throughout the fiscal year.

It is the Annual General Meeting of each year that has the authority to evaluate the actions taken by the Board of Directors, in accordance with the provisions of Business Organizations Law No. 19,550.

The Board of Directors' members comply with the provisions set forth in the Bylaws and in the Board of Directors' Internal Regulations. Furthermore, all of the Board of Directors' resolutions are recorded in the minute book of such body and give an account of its performance. In this regard, the last Shareholders' Meeting that approved the actions taken by the Directors was held on August 10, 2021, on which occasion the actions taken by the Company's Directors and Alternate Directors that had been appointed by the former controlling shareholder of the Company were approved. On such occasion, the current composition of the Board of Directors was also completed. The evaluation of the actions taken by the current members of the Board relating to the year ended December 31, 2021 will be considered by the next Annual General Meeting to be called in a timely manner.

**8. The Chairman generates a positive and constructive work environment for all the Board of Directors' members and ensures they receive continuous training to keep up to date and be able to fulfill their duties properly.**

The Company applies the recommended practice. The Board of Directors' Chairman, jointly with the Corporate Secretariat, includes in the Agenda of the Board's meetings the topics of interest to keep the Board of Directors' members continuously informed and up to date to properly fulfill their duties. In this regard, updates regarding relevant regulations have been performed throughout the year. Furthermore, the Audit Committee's Annual Plan includes a Training Plan for the Directors who are members of such Committee.

Furthermore, with regard to the Directors exercising executive functions, the Company, through the Human Resources Department, develops training plans throughout the year in accordance with the needs where applicable. They are regularly invited to lead training experiences related to their functions and other business requirements. The Company has an annual training plan in place that aims to support the professional development and facilitate the recruitment, development and retention of its human resources, in addition to being oriented to respond to the technical-functional needs detected in the annual review. The Training Plan includes activities and topics aimed at developing a positive and constructive work environment for all the members of the Board of Directors, both for operational and management tasks. In doing so, they receive continuous training to keep up to date and be able to properly fulfill their duties. Such activities are taught through in-house courses or external courses in different educational institutions and recognized organizations in the market.

**9. The Corporate Secretariat supports the Board of Directors' Chairman in the effective administration of the Board and cooperates with the communication among the shareholders, the Board of Directors and the management.**

The Company applies the recommended practice. The Legal and Regulatory Affairs Department serves as the Corporate Secretariat. It assists and supports the Board of Directors' Chairman in the performance of his duties and ensures the proper functioning of the Board of Directors' meetings and the Shareholders' Meeting. It is responsible for providing Board members and shareholders with the necessary information, supervising the proper recording of corporate documentation, assisting the Board of Directors' Chairman in preparing and complying with the Agenda at Board meetings and Shareholder Meetings, distributing to the Directors all the relevant information concerning the holding of Board meetings and the documentation to be considered therein, and duly reflecting in the minute books the development of the meetings of the managing body.

In so doing, through the Legal and Regulatory Affairs Department, and the Divisions and Subdivisions comprising it, the formal and material legality of the actions taken by the Board of Directors are ensured.

**10. The Board of Directors' Chairman ensures the participation of all Board members in the development and approval of a succession plan for the company's Chief Executive Officer.**

Although there is no specific plan regulating the CEO's line of succession, the Company complies with the principles and applies the recommended practice because the Regulations of the Company's Executive Committee, recently amended and restated on 10/20/2021, set out among the Committee's powers the authority to approve the Company's organizational chart at the Senior Management level. Furthermore, the Human Resources Department is in charge of assigning the responsibilities, elaborating the succession plans, and programing and scheduling the competencies and training of the main executives, including the Chief Executive Officer, with a succession plan not being currently deemed necessary.

**C) COMPOSITION, NOMINATION AND SUCCESSION OF THE BOARD OF DIRECTORS**

Principles

**IX.** The Board of Directors must have adequate independence and diversity levels allowing it to make decisions in the company's best interests, avoiding group thinking and decision-making by dominant individuals or groups within the Board of Directors.

**X.** The Board of Directors must ensure that the company has formal procedures in place for the proposal and nomination of candidates to hold positions in the Board of Directors under a succession plan.

**11. The Board of Directors has at least two members who meet the independence requirement in accordance with the current criteria set forth by the National Securities Commission.**

The Company applies the recommended practice since the Board of Directors has adequate independence and diversity levels in accordance with the Company's Bylaws, the criteria set forth by the regulations of the CNV and the SEC, and the applicable regulations.

The Board of Directors is comprised of twelve Regular Directors and up to twelve Alternate Directors appointed by the Shareholders' Meeting. Ten Regular Directors are external, i.e. they are not Company employees, and eight of them are also independent.

The Board of Directors believes that it has the appropriate number of members for the proper performance of its functions in accordance with the complexity of the Company and the size of the businesses it carries out, allowing the Board to make decisions in the Company's best interest.

Furthermore, the Bylaws provide that for as long as the Company makes a public offer of its shares, it must have an Audit Committee in place comprised of, at least, a majority of independent members. The same criterion is reflected in section I of the Audit Committee's Internal Regulations, likewise, the Company is subject to compliance with the Sarbanes-Oxley Act, which imposes that all Audit Committee members must be independent. In this regard, all the members of the Audit Committee are independent.

**12. The Company has a Nomination Committee in place that is comprised of at least three (3) members and is chaired by an independent director. If the Nomination Committee is chaired by the Board of Directors' Chair, he/she will refrain from participating in the discussions for the appointment of his/her own successor.**

The Company believes that the recommended practice does not apply inasmuch as the shareholders at the Annual General Meeting appoint the directors, relying for such purpose on the proposal made by the Board of Directors, which ensures that the general independence guidelines are set and that the nomination of candidates will guarantee greater efficiency and transparency in the compliance with their duties.

Furthermore, it is important to point out that the Company has two shareholders who hold more than 75% of the share capital and appoint all the members of the Board of Directors; all that in conformity with the provisions of current regulations and observing the limits set forth in the Bylaws.

**13. The Board of Directors, through the Nomination Committee, develops a succession plan for its members that guides the pre-selection process of candidates to fill vacancies and takes into consideration the non-binding recommendations made by its members, the Chief Executive Officer and the Shareholders.**

The Company complies with the principles and although it does not have a Nomination Committee, applies the recommended practice, as the Board of Directors itself, when issuing its proposal for the appointment of authorities, takes into consideration the requirements set forth in the Bylaws and the current regulations, and evaluates the proposed Directors' résumés in order to ensure the highest quality standards. In this regard, it strongly promotes a composition with a combination of experience and skills aligned with the Company's needs.

Furthermore, the Executive Committee, comprised of Board members, approves the Company's organizational chart in relation to the line of succession of managers and its related changes, which are timely informed to the Board of Directors based on the requirements of the position concerned. The Executive Directors of the areas and the person in charge of the Human Resources Department are in charge of the assignment of first-tier managers' responsibilities, the succession plans and the programming of their competencies, taking into account the non-binding recommendations made by the Executive Committee, the Chief Executive Officer and the Shareholders.

**14. The Board of Directors implements an onboarding program for its new elected members.**

The Company applies the recommended practice. In this regard, the Board of Directors' Internal Regulations provide that the Directors appointed for the first time are to be instructed on their powers, responsibilities, internal regulations and policies, the characteristics of the business, the market in which they operate and the rules on the functioning of the Company's bodies.

The Chief Executive Officer, who may be assisted by other managers of the Company, is in charge of the onboarding. The onboarding process begins with a meeting with the Directors elected for the first time to be held not later than 30 days after they have been appointed, and is supplemented with the sending of the material and documentation about the Company, as well as with meetings with other managers in order for them to have all their doubts cleared up and become familiar with the Company's business.

## D) REMUNERATION

### Principles

**XI.** The Board of Directors must generate incentives through the remuneration to align the management -led by the Chief Executive Officer- and the Board of Directors itself with the company's long-term interests, so that all the directors may comply with their obligations towards all shareholders on an equitable basis.

### **15. The company has a Remuneration Committee in place comprised of at least three (3) members, all of whom are independent or non-executive.**

Even though the Company does not have a specific Remuneration Committee in place, it complies with the principle and applies the recommended practice as described below.

In that framework, different short- and long-term incentive programs have been created for its executives in order to align them with the Company's objectives and encourage them to fulfill their obligations on an equitable basis. The Human Resources Department and the General Management approve in an integrated and coordinated manner the remuneration setting process by which all the employees, including the Managers, are evaluated in relation to the performance of their duties on an annual basis. The Company has established a fixed and variable remuneration system that is associated with the achievement of previously set objectives and the degree of achievement of such objectives.

Furthermore, the remuneration of Board members is approved annually by the Annual General Meeting, relying for such purpose on the prior opinion of the Company's Audit Committee, comprised entirely of Independent Directors.

### **16. The Board of Directors, through the Remuneration Committee, establishes a remuneration policy for the Chief Executive Officer and the Board of Directors' members.**

The Company complies with the principle and applies the recommended practice as described below.

The Audit Committee, in fulfilment of its responsibilities and as provided for in caption V of its Regulations, renders an opinion on the reasonableness of the proposals for Company directors' and managers' fees and stock option plans formulated by the Board of Directors, among other responsibilities.

The Committee will try to guarantee that such fees are for amounts similar to those of other people in similar positions in domestic companies, taking into consideration several factors, such as the Company's general financial position and the results of its operations. To this end, it may consult with experts on remuneration matters, either by itself or through counselors.

Regarding the Chief Executive Officer's remuneration, due to the fact that he is a related party, his remuneration is approved by the Company's Board of Directors with the Audit Committee's prior opinion.

## E) CONTROL ENVIRONMENT

### Principles

**XII.** The Board of Directors must ensure the existence of a control environment -consisting of internal controls developed by the management, internal audit, risk management, regulatory compliance and the external audit-, which establishes the necessary lines of defense to ensure integrity in the company's operations and financial reports.

**XIII.** The Board of Directors must ensure the existence of an overall risk management system that allows the management and the Board of Directors to efficiently guide the company towards its strategic objectives.

**XIV.** The Board of Directors must ensure the existence of a person or department (according to the size and complexity of the business, the nature of its operations and the risks to which it is exposed) responsible for the company's internal audit. In order to evaluate and audit the company's internal controls, corporate governance processes and risk management, the internal audit must be independent and objective, and have clearly defined reporting lines.

**XV.** The Audit Committee of the Board of Directors will be comprised of qualified and experienced members, and must fulfill its functions in a transparent and independent manner.

**XVI.** The Board of Directors must establish appropriate procedures to ensure the External Auditors' independent and effective performance.

**17. The Board of Directors determines the company's risk appetite and also supervises and guarantees the existence of an overall risk management system that identifies, evaluates, makes decisions on the course of action and monitors the risks faced by the company, including, but not limited to, environmental and social risks and those inherent in the business in the short and long term.**

The Company applies this recommended practice. It has risk management rules, which describe the enterprise risk management (ERM) process implemented, presenting the methodology used for identifying and periodically updating the risks that could affect the Company.

The rules are aligned with the Company's internal control policy and use the reference framework set forth in the document "COSO Enterprise Risk Management - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in June 2017.

The ERM is implemented by the Company's Senior Management. The Internal Audit Department is in charge of providing the necessary support to keep the document of risks updated, collaborating with the Senior Management in the identification and evaluation thereof.

Additionally, the Company has a policy on the internal control system, which describes the different components of its control system and the responsibilities for its proper operation, as already described in Recommended Practice No. 3.

Furthermore, once a year or whenever required by the circumstances, the Internal Audit Department submits the risk management map and management results to the Audit Committee. Additionally, the Company discloses the risks in its Financial Statements ("FFSS") in accordance with the provisions of the International Financial Reporting Standards. In the notes to the FFSS, the Company discloses the "Financial Risk Management" detailing the associated risks, and expressing in each case the position adopted. It also makes, a detailed risk analysis in the annual report filed with the SEC on form 20F.

In relation to fraud prevention, the [Company](#) has a policy in place to facilitate the reporting of alleged irregularities within the Company.

In this regard, the Audit Committee, in fulfilment of its responsibilities and as provided for in caption V of its Regulations, oversees the application of the Company's information policies on risk management, reporting thereon in its annual report. The Committee is comprised of experienced and qualified members to audit and assess the risks faced by the Company, the internal controls and the corporate governance processes to competently direct the Company towards its objectives.

**18. The Board of Directors monitors and reviews the effectiveness of the independent internal audit and guarantees the resources for the implementation of an annual risk-based audit plan and a direct reporting line to the Audit Committee.**

The Company applies the recommended practice since the Internal Audit Department reports functionally to the Audit Committee and administratively to the Chairman. At the beginning of each fiscal year, the Internal Audit area must submit the proposed annual audit plan, which provides for the operating audits, the planning of the SOX Testing and the anti-fraud program (investigation and follow-up of allegations), to the Audit Committee for its evaluation and approval. Meetings are regularly held between the Committee and the Department to discuss progress on the annual plan and any matter resulting from the reporting channels.

On an annual basis, the Audit Committee assesses the independence level and performance of the Internal Audit in matters within its authority, and discloses its assessment in the Annual Report.

Thus, the Board of Directors monitors and reviews the effectiveness of the internal audit and guarantees the resources for the implementation of an annual risk-based plan and a direct reporting line to the Audit Committee.

The Internal Audit works in accordance with the International Professional Practices Framework (IPPF), issued by the Institute of Internal Auditors (IIA).

According to the "General Internal Audit Rule", the Internal Audit Department's mission is to improve and protect the organization's value, providing risk-based analysis, advice and assurance.

**19. The internal auditor or the members of the internal audit department are independent and highly qualified.**

The Company complies with the principles and applies the recommended practice since, as already mentioned in the previous practice, the Internal Audit Department reports directly and functionally to the Audit Committee and, administratively, to the Chairman. Thus, Internal Auditing is an independent, objective, assurance and consulting activity, designed to add value and improve the organization's operations. It helps accomplish the objectives by bringing a systematic, disciplined approach to assess and improve the effectiveness and efficiency of business, risk management, control and governance processes.

Furthermore, the members of the Internal Audit Department have policies and rules in place that set the parameters to carry out their work with the required objectivity and transparency.

The rules apply to all the activities carried out by the Internal Audit team and are mandatory for its members.

The Internal auditors apply the necessary knowledge, skills, and experience when performing internal audit services. Therefore, the internal audit team's members:

- (i) participate only in those services for which they have sufficient knowledge, skills and experience.
- (ii) strive to continually improve their skills and the effectiveness and quality of their services.

To this end, the Internal Audit Department develops an annual training plan in order for its members to gain the technical knowledge of the area and the industry, the necessary soft skills and the tools to perform their duties in the most effective and efficient way.

Finally, it is worth noting that the Internal Audit Department's mission is to improve and protect the organization's value, providing risk-based analysis, advice and assurance.

**20. The Board of Directors has an Audit Committee in place that acts based on its regulations. The committee is entirely composed of and chaired by independent directors and does not include the Chief Executive Officer. The majority of its members has professional experience in financial and accounting areas.**

The Company applies the recommended practice since it has an Audit Committee in place that acts based on its regulations, which establish its functions and the main operating rules. It is entirely comprised of independent Directors in compliance with the CNV's regulations and the US regulations, which include the Sarbanes-Oxley Act and other provisions required by the SEC for foreign companies listed on the NYSE.

Among its main duties, we can mention, among others, the following: (i) Supervising the operation of the internal control systems and the administrative-accounting system, and of all the financial information or other significant events submitted to the regulatory authorities in compliance with the applicable reporting requirements; (ii) Expressing an opinion on the Board of Directors' proposal for the appointment of the external auditors to be hired by the Company and ensuring their independence; (iii) Reviewing the external auditors' plans, supervising and evaluating their performance and issuing an opinion thereon when the annual financial statements are submitted and published; (iv) Supervising the application of the Company's risk management information policies; (v) Providing the market with complete information on operations in which there is a conflict of interest with members of the corporate bodies or controlling shareholders; (vi) Expressing an opinion on the reasonableness of the proposals for Company directors' and managers' fees and stock option plans put forward by the Board of Directors; (vii) Expressing an opinion on the compliance with legal requirements and on the reasonableness of the conditions for the issuance of shares or securities convertible into shares, in the event of a capital increase excluding or limiting the preemption right; (viii) Rendering a well-founded opinion on related-party transactions in the cases provided for by the Law; and (ix) Providing any report or opinion required by current regulations, with the scope and frequency set forth therein and their eventual amendments.

When electing Audit Committee members, the Board of Directors evaluates their professional experience along with independence factors, skills, knowledge of the Company's business and the industry, among others, in order for them to exercise their duties in a transparent and independent manner.

The Committee is comprised of experienced and qualified members to audit and assess the risks faced by the Company, the internal controls and the corporate governance processes to competently direct the Company towards its objectives.

**21. The Board of Directors, with the Audit Committee's opinion, approves a policy for the selection and monitoring of external auditors, which sets forth the indicators that are to be considered when submitting to the Shareholders' Meeting a recommendation on the retention or replacement of the external auditor.**

In compliance with the provisions of Section 18, Title V, Chapter III of the CNV's regulations and the Audit Committee's Internal Regulations, upon the presentation and publication of the annual FFSS, the Committee in its annual report, assesses the external auditor's independence, planning and performance under objective parameters and issues a well-founded opinion thereon.

Therefore, the indicators to be considered to submit to the Shareholders' Meeting the recommendation on the retention or replacement of the external auditor are determined in the above-described way.

Furthermore, throughout the fiscal year, the Committee holds meetings with the external auditors, at least quarterly, when the Company's interim FFSS are reviewed and whenever deemed necessary.

In view of the above, the Company complies with the principles and applies this recommended practice.

## **F) ETHICS, INTEGRITY AND COMPLIANCE**



### Principles

**XVII.** The Board of Directors must design and establish appropriate structures and practices to promote a culture of ethics, integrity and regulation compliance that prevent, detect and address serious corporate or personal misconduct.

**XVIII.** The Board of Directors will ensure the implementation of formal mechanisms to prevent or otherwise deal with conflicts of interest that may arise in the administration and management of the company. It must have formal procedures in place that seek to ensure that related-party transactions are conducted in pursuance of the company's best interest as well as the equal treatment of all its shareholders.

**22. The Board of Directors approves a Code of Ethics and Conduct that reflects the company's ethical and integrity values and principles, as well as its culture. The Code of Ethics and Conduct is informed to and binding on all the company's directors, managers and employees.**

The Company complies with the principles and applies the recommended practice. The Company has a Code of Ethics and Corporate Governance in place that describes the principles and practices to which the Company is committed. They serve as a guide in the daily actions of its employees and contractors, and reaffirm the Company's ethical conduct guidelines, aligned with those of its controlling shareholder.

The Code of Ethics and Corporate Governance is publicly available on the Company's website, additionally it is informed to and binding on all the employees and members of both the Board of Directors and the Supervisory Committee, and governs the conduct and relationships in the Company's workplace. Furthermore, the Code is included in the general contracting conditions, and to the extent that its principles are compatible with the nature and modalities of each business relationship, such principles are to be applied to the Company's relationship with contractors, subcontractors, suppliers and consultants, according to laws in effect.

Failure to comply with the terms of the Code may result in the application of disciplinary sanctions and/or corrective measures, including the termination of the employment relationship. Without prejudice to the foregoing, Code violations may also constitute violations of the applicable law and result in the application of administrative, civil and/or criminal penalties to both the staff and the Company.

None of the people subject to compliance with the Code may claim ignorance of the Code, or authorize, consent to or tolerate Code violations.

The Human Resources Department will be in charge of assessing the seriousness of the violation and determining the sanction to be applied, according to the current internal regulations. Furthermore, it may request that the issue be dealt with by the Ethics and Corporate Governance Committee comprised of:

- The Chairman and Chief Executive Officer.
- The Human Resources Director.
- The Legal and Regulatory Affairs Director.

The Company also has a Policy on Best Stock Market Practices in place, which regulates the trading of the Company's securities. This policy has been implemented in order to avoid the use of privileged information by the Company's employees or Board of Directors or Supervisory Committee members who, by reason of their duties and/or position, may have access to material non-public information, and use it to trade securities, in order to gain an advantage for themselves or for others, either directly or indirectly.

The terms of such policy agree with the guidelines prescribed by section 117 of Law No. 26,831 on Capital Markets, all rules issued for its implementation in section 1, Title XII, Chapter III, Part I of the CNV's Regulations (TR 2013), the SEC's provisions, the federal laws of the United States of America on financial instruments, and the Sarbanes-Oxley Act (the "Regulatory framework").

**23. The Board of Directors sets up and periodically reviews an Ethics and Integrity Program, based on risks, dimension and financial capacity. The plan is visibly and unequivocally supported by management, which appoints an in-house officer to develop, coordinate, supervise and periodically evaluate the effectiveness of the program. The program provides for: (i) periodic training for directors, managers and employees on ethics, integrity and compliance issues; (ii) internal channels for reporting irregularities, which are open to third parties and properly communicated; (iii) a policy against retaliation protecting whistle-blowers, and an internal investigation system that respects the rights of the individuals under investigation and imposes effective sanctions for violations to the Code of Ethics and Conduct; (iv) policies on integrity in bidding procedures; (v) mechanisms for the Program's periodic risk analysis, monitoring and evaluation; and (vi) procedures ensuring the integrity and background of third parties or business partners (including due diligence procedures to verify the absence of irregularities and illegal acts or the existence of vulnerabilities in corporate transformation and acquisition processes), including suppliers, distributors, service providers, agents and brokers.**

The Company applies the recommended practice as it has an Integrity Program in place pursuant to the provisions of Law 27,401 on Criminal Liability of Legal Entities, comprised of a set of internal mechanisms and procedures for the promotion of integrity, supervision and control, aimed at preventing, detecting and rectifying irregularities and illegal acts. The main rules and regulations comprising it are: (i) the Code of Ethics and Corporate Governance; (ii) Internal Control System Policy; (iii) Delegation of Authority Policy; (iv) EDENOR S.A. Best Stock Market Practices Policy; (v) Policy to facilitate the reporting of possible irregularities within the Company; (vi) Policy for Entering into Contracts; (vii) Information Security Policy; (viii) General Internal Audit Rules; (ix) Risk Management Rules; (x) General Contracting Conditions; (xi) Code of Corporate Governance; (xii) Ethics and Corporate Governance Committee's Regulations; (xiii) Procedures associated with the aforementioned rules, among others.

The rules are based, among other things, on the following basic premises: (i) obligation to protect whistle-blowers and prohibition against retaliation; (ii) ensuring open and competitive procedures in the selection of suppliers; (iii) zero tolerance of bribery or improper payments made in the name or the interest of the Company; (iv) prohibition against giving gifts and/or making small amount payments to public officers, and reporting these situations; (v) prohibition against receiving gifts for amounts greater than 50 dollars as a business courtesy, with the Ethics and Corporate Governance Committee's prior authorization being required if such amount is surpassed.

Throughout 2021 the Company worked on the review and adaptation of the Company's internal policies and procedures, and on the preparation and implementation of a training program addressed to the Company's different levels based on their roles and responsibilities. In this regard, in the month of October the Code of Ethics and Corporate Governance was updated and the Code of Corporate Governance was approved. Additionally, each of the Company's areas is actively working on the review and update of the internal policies, as a consequence of the change of control of the Company, in order for them to reflect the values and principles of the Company and its controlling group.

The Company continues working on this matter to periodically provide new training activities, which are necessary to raise awareness at the different levels of the Company.

Furthermore, the Company has a policy in place to facilitate the reporting of alleged irregularities within the Company as well as the protocols to deal with them. Both documents aim to implement mechanisms that allow for the adequate reception, treatment and follow-up of reported allegations, among other issues, of questionable accounting practices, corruption, embezzlement and misuse of assets, and other possible violations to the Code of Ethics. Additionally, it describes the different reporting channels available, including the Ethics Hotline, consisting of a series of anonymous channels operated by an external provider, which makes it possible both to guarantee the reporter's anonymity and that the information reported meets the highest standards of integrity and confidentiality. The entire process is supervised by the Audit Committee, which, at least quarterly, is informed by the Internal Audit Department of all the cases received, analysis carried out and resolutions adopted.

**24. The Board of Directors ensures that formal mechanisms are in place to prevent and deal with conflicts of interest. In the case of related-party transactions, the Board of Directors approves a policy that sets out the role of each corporate body and defines how to identify, manage and disclose transactions that are detrimental to the company or only to certain investors.**

The Company complies with the principles and applies the recommended practice. The Board of Directors ensures that formal mechanisms are in place to prevent and deal with conflicts of interest.

The Company has internal policies in place that reaffirm the guidelines of ethical conduct. In fact, the Code of Ethics and Corporate Governance expressly regulates the principles and conduct guidelines on the relationship with customers, suppliers, shareholders and investors, as well as with the public sector.

With regard to related-party transactions, the Board of Directors, in accordance with the provisions of Law No. 26,831 on Capital Markets, approves and reports to both the CNV as a "relevant event" and the markets where the Company is listed, those related-party transactions that exceed the established limits on the Company's shareholders equity. In compliance with the provisions of the aforementioned Law, the Audit Committee issues an opinion on such transactions prior to the treatment of the issue by the Board of Directors.

In addition, the Company discloses its agreements with related parties in the interim and annual FFSS in accordance with current regulations in this regard and in compliance with the provisions of section 72 of Law No. 26,831 on Capital Markets.

With the aim of ensuring that related-party transactions are conducted in pursuance of the Company's best interest and the equal treatment of all its shareholders, the Company complies with the annual publication of its controlled and related companies through the Financial Information Highway, detailing the degree of control and percentage interest held.

Additionally, the Company has an internal procedure in place for entering into contracts, which includes the defined mechanism to identify related parties. This seeks to reasonably ensure that "related-party" transactions are conducted on an arm's length basis, for which purpose they must be subject to this specific prior authorization and control procedure that is carried out under the coordination of the Company's Legal and Regulatory Affairs Department and which involves the participation of both the Board of Directors and the Audit Committee.

Furthermore, the internal controls, the risk management and the internal audit activity are part of the mechanisms to identify and avoid detrimental conflicts of interest, by means of specific controls on such transactions.

Finally, the Audit Committee is responsible, among other duties, for providing the market with full information on transactions in which there is a conflict of interest with members of the corporate bodies or controlling shareholders and issuing a well-founded opinion on related-party transactions in the cases provided by the Law.

## G) SHAREHOLDER AND STAKEHOLDER PARTICIPATION

### Principles

**XIX.** The company must give equal treatment to all the Shareholders. It must guarantee equal access to non-confidential information that is relevant for decision-making at the company's shareholder meetings.

**XX.** The company must promote the active participation of all Shareholders based on appropriate information, especially regarding the composition of the Board of Directors,

**XXI.** The company must have a transparent Dividend Distribution Policy aligned with the strategy.

**XXII.** The company must take into account the interests of its stakeholders.

### **25. The company's website discloses financial and non-financial information, providing timely and equal access to all Investors. The website has a specialized section to address Investors' inquiries.**

The Company applies the recommended practice. In this regard, all shareholders are given equal treatment, and mechanisms are established to guarantee equal access to non-confidential information that is relevant for decision-making. For this purpose, the Company has a public access website, where market, financial and non-financial information is gathered and disseminated, providing access to all interested parties, investors and shareholders, as well as a channel that allows them to interact with **each other**. The site not only provides relevant information on the Company (Bylaws, economic group, composition of the Governing Body, FFSS, Annual Report, etc.) but also gathers customer concerns in general.

As for investors, the Company has information mechanisms in place for them and a specialized area to receive and manage their inquiries and concerns, which should not imply the disclosure of confidential information or information not previously disclosed to the public. The website contains the contact information of the Investor Relations Division, which is in charge of providing information and answering inquiries from potential investors, analysts and shareholders.

Additionally, the Company has presence in social media (Facebook, Instagram, Twitter and LinkedIn), through which it not only publishes relevant information on the organization but also interacts with its followers.

The Company guarantees that the information conveyed through electronic means complies with the highest standards of integrity and confidentiality, seeking to preserve the data and information. The systems used safeguard and protect the information and its reliability, having strong safety mechanisms in place and complying with the data protection regulations that prevent unauthorized persons from having access to, modifying, deleting and/or damaging the information provided.

**26. The Board of Directors must ensure that there is a process in place for the identification and classification of its stakeholders and a communication channel for them.**

The Company complies with the principles and applies this recommended practice. In this regard, the Board of Directors ensures that specific policies and procedures are in place for the identification, classification, management and resolution of conflicts that may arise among the members of the Managing Body, First-tier Managers and Supervisory Committee members in their relationship with the Company or people related thereto.

The Company has specific procedures set out in the Code of Ethics and Corporate Governance, the Policy for entering into Contracts, the Best Stock Market Practices Policy and the Disclosure Committee's Regulations that are applicable to the Board of Directors, employees, contractors, subcontractors, suppliers, etc.

Furthermore, the Company ensures the existence of communication channels to be in contact with its stakeholders. For this purposes, the stakeholders can access the Company's website where they can find public information and express their concerns and make inquiries through the Investor Relations Division, which is in charge of providing information and answering the inquiries of potential investors, analysts and shareholders.

Additionally, and as already mentioned in the previous practice, the Company has official accounts in the most popular social media (LinkedIn, Facebook, Twitter, YouTube) allowing customers to send their concerns and inquiries through them, thereby maintaining a continuous communication with the community.

The Company also has a mobile application (edenordigital) for customers to carry out procedures and make inquiries in a fast and simple way. Among the app's functions, customers can visualize their bills and pay them with a credit or debit card, make claims, calculate the approximate value of their next bills, receive service interruption notices, request technical support, among other procedures and operations. The tool provides a direct communication channel between the Company and the customers.

- 27. The Board of Directors submits to the Shareholders, prior to the holding of a Shareholders' Meeting, a "provisional information package" that allows Shareholders -through a formal communication channel- to make non-binding comments and to share dissenting opinions on the recommendations made by the Board of Directors, with the latter having to expressly pronounce on the comments received that it deems necessary when the final information package is sent.**

The Company applies the recommended practice as indicated below.

The Board of Directors, through the Corporate Secretary, ensures that the relevant and/or required information is available to the shareholders, sufficiently in advance for decision-making and proper analysis.

The Company's Shareholders are called to participate in Shareholders' Meetings through the publication of legal notices and in the CNV's Financial Information Highway in the form and for the period set forth in the applicable current regulations along with the relevant documentation and the recommendation of the Board of Directors as provided for in the Bylaws, Business Organizations Law No. 19,550 and Law No. 26,831 on Capital Markets. In addition, for further information purposes, the Company's website has an investor relations channel available, which includes all types of relevant information (FFSS, filings before regulatory authorities, relevant events, etc.) and where shareholders and/or the general investing public can also make inquiries.

To promote the active participation of all Shareholders based on appropriate information, the Company's Bylaws sets forth that Ordinary and/or Extraordinary Shareholders' Meetings will be called by the Board of Directors or the Statutory Auditor in the cases provided for by law, or when deemed necessary by any of them or when requested by the shareholders of any class representing at least 5% of the share capital. In the latter case, the request will specify the items to be dealt with and the Board of Directors or the Statutory Auditor will call the Shareholders' Meeting to be held within a maximum term of 40 days after the receipt of the request. If the Board of Directors or the Statutory Auditor fails to do so, the Shareholders' Meeting may be called by the controlling authority or court order.

Without prejudice to the foregoing, the resolutions to be taken at Shareholders' Meetings are circulated in draft form to the participants by the Corporate Secretariat in advance of each meeting so that all of them can make comments, thereby facilitating the organization of each meeting. Nevertheless, after the free discussion that takes place at each Shareholders' Meeting, the final versions of the minutes in draft form are **projected** by the Corporate Secretariat.

- 28. The company's bylaws provide that Shareholders may receive the information packages for Shareholders' Meeting through virtual means and participate in Shareholders' Meetings through the use of electronic means of communication that allow for the simultaneous transmission of sound, images and words, ensuring compliance with the principle of equal treatment to participants.**

Although they are not contained in the Company's Bylaws, the Company complies with the application of the principles as it gives equal treatment to all the shareholders, guarantees equal access to non-confidential information that is relevant for decision-making in the Company's Shareholders' Meetings and promotes their participation in the Shareholders' Meetings. As already explained in previous practices, the Company facilitates the necessary means to keep a permanent and fluid dialogue with its shareholders.

The Company calls the shareholders to participate in Shareholder Meetings through the means set forth in both the Bylaws and current regulations, which are effective and do not undermine the principle of equal treatment to shareholders.

Due to the widely known health emergency situation occurred in 2021, and in compliance with the health-care and distancing measures provided for by current regulations, and in accordance with the provisions of General Resolution No. 830/2020 of the CNV, that authorized the holding of remote shareholder meetings during the period of the state of health emergency and restriction on free movement, even for those companies whose bylaws do not have an explicit provision thereon, as is the case of the Company, Shareholders' Meetings in 2021 were held remotely by audiovisual electronic means, which allowed for: a) the free accessibility of all the participants to the Shareholders' Meeting; b) the possibility to speak and vote at the Shareholders' Meetings through the simultaneous transmission of sound, images and words during the entire Shareholders' Meeting, ensuring the principle of equal treatment to all the participants; and c) the digital recording of the development of the entire Shareholders' Meeting and the preservation of a digital copy.

Furthermore, taking into account the good corporate governance practices and the current regulatory framework, the Company amended its Bylaws in order to make the holding of remote Board of Directors' meetings possible, incorporating the necessary technology. Such amendment is pending approval by the ENRE in order to proceed with its registration with the Public Registry.

**29. The Dividend Distribution Policy is aligned with the strategy and clearly provides for the criteria, frequency and conditions under which dividends will be distributed.**

The Company complies with the principles, even though it does not have a Dividend Distribution Policy in place. No dividends have been distributed since 2001, due to the fact that profits were reinvested; therefore, to date, the Company does not have such a Policy.

Nevertheless, the Board of Directors will prudently evaluate the possibility of making a proposal for the distribution of dividends to its shareholders in each fiscal year, taking into account the possibilities and the regulatory, legal and contractual limitations.

